

2022 Bond Overview

AUGUST 31, 2022

Introduction to Bond Program

- ❖ AAA Bond Rating
- ❖ The Bond Referendum as Part of the Capital Program
- ❖ How the Capital Program is Funded

Charlotte's Bond Rating Compared to 20 Peer Cities



**List of
Peer Cities
(Alphabetical)**

Arlington
Atlanta
Austin
Columbus
Dallas

Denver
Fort Worth
Houston
Indianapolis
Kansas City

Long Beach
Louisville
Memphis
Minneapolis
Nashville

Omaha
Portland
San Diego
Seattle
Tulsa

Why it Matters... AAA

Rating Agency Comments from the latest GO Refunding, Oct 2021

Moody's

The stable outlook reflects the city's position as a regional economic center, which will continue to support tax base growth and a strong employment base. **The outlook also reflects the city's stable financial position that benefits from formal policies, long-term planning and conservative budgeting.**

S&P

Very strong management. We view the city's management as very strong, **with strong financial policies and practices...** In addition, the city engages in annually updated five-year operational forecasting to target balanced budgets, and **annually updated capital planning that identifies funding for projects five years in advance.**

Fitch

The city has demonstrated a **solid ability to manage spending pressures associated with growth...** Fitch expects the city to maintain a high level of fundamental financial flexibility throughout economic cycles based on its expenditure flexibility and conservative fund balance policy, supported by its strong economic revenue prospects.

Why it Matters... AAA

- ▶ **Wide pool of potential investors**
- ▶ **Ensures access to capital during market volatility**
- ▶ **Ability to access capital markets at lowest cost possible**
 - GO Debt Service Savings (per \$100M financed)
 - *\$50K estimated annual savings*
 - *\$1M estimated savings over 20-year financing*

What makes up the General Capital Budget?

Other Debt
(Certificates of Participation)

Example:
New Facilities

Bond Referendum

Affordable
Housing
Bonds

Example:
Housing Trust
Fund

Neighborhood
Bonds

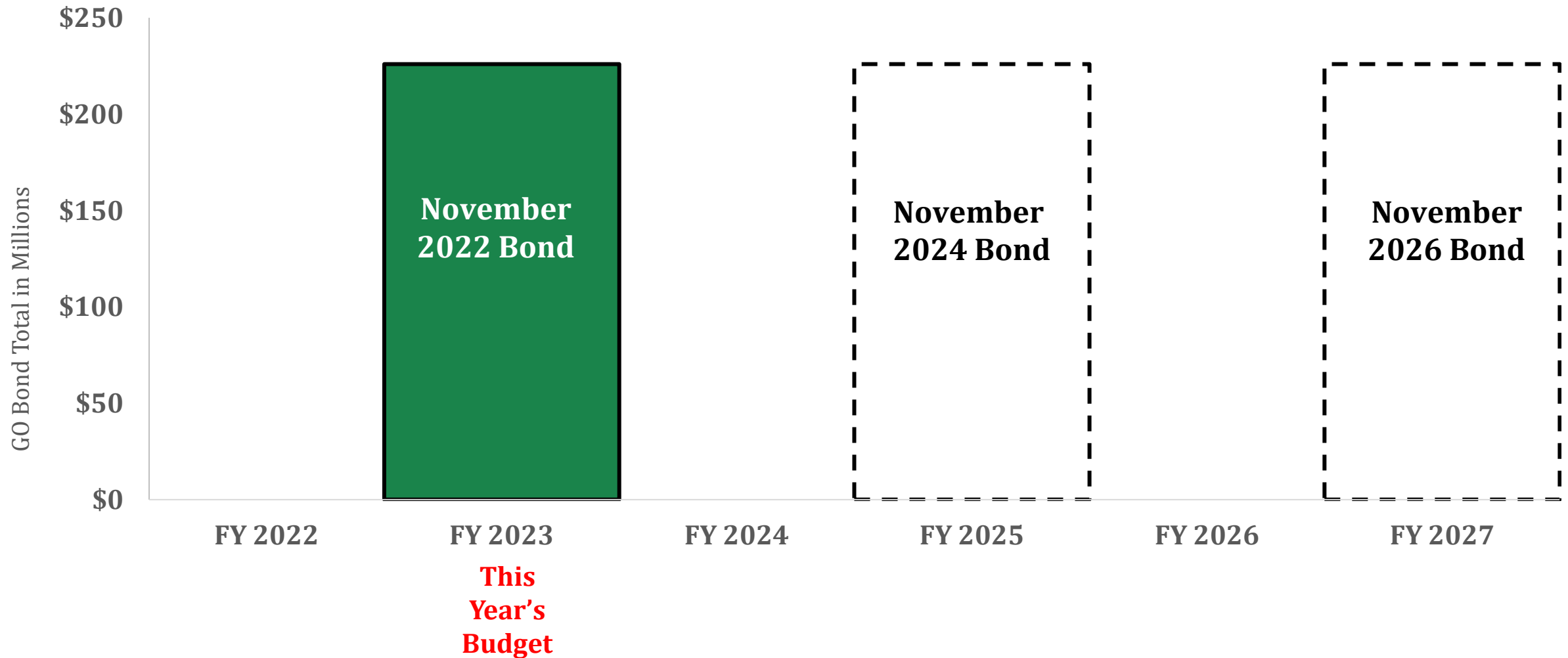
Example:
Corridors of
Opportunity

Transportation
Bonds

Examples:
-Sidewalks
-Bike Facilities
-Traffic Signals

Advanced
Planning
Program

Capital Investment Plan Bonds are Typically Requested Every Two Years



Current Capacity

The current Property Tax level can support \$226 million per bond over the next four cycles

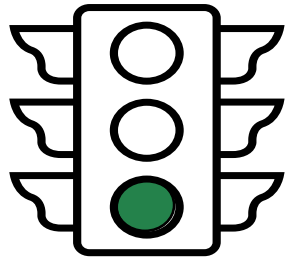
Steady State Bond Capacity for Next 4 Bond Cycles

	2022 Bond	2024 Bond	2026 Bond	2028 Bond	Total
Bond Capacity	\$226M	\$226M	\$226M	\$226M	\$904M

Steady State Bond Capacity

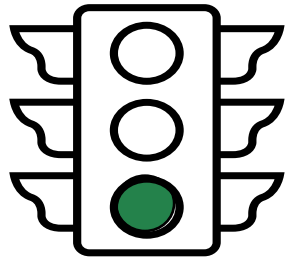
\$226M

Maintaining Capital Affordability for the City's Bond Program is a Tenant of Financial Resiliency



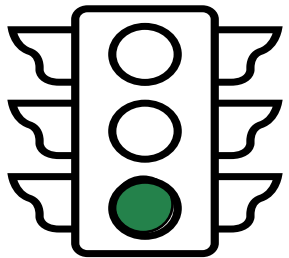
Structurally-Balanced Budget

- Ongoing expenses do not exceed ongoing revenues



Fully-Funded Reserves

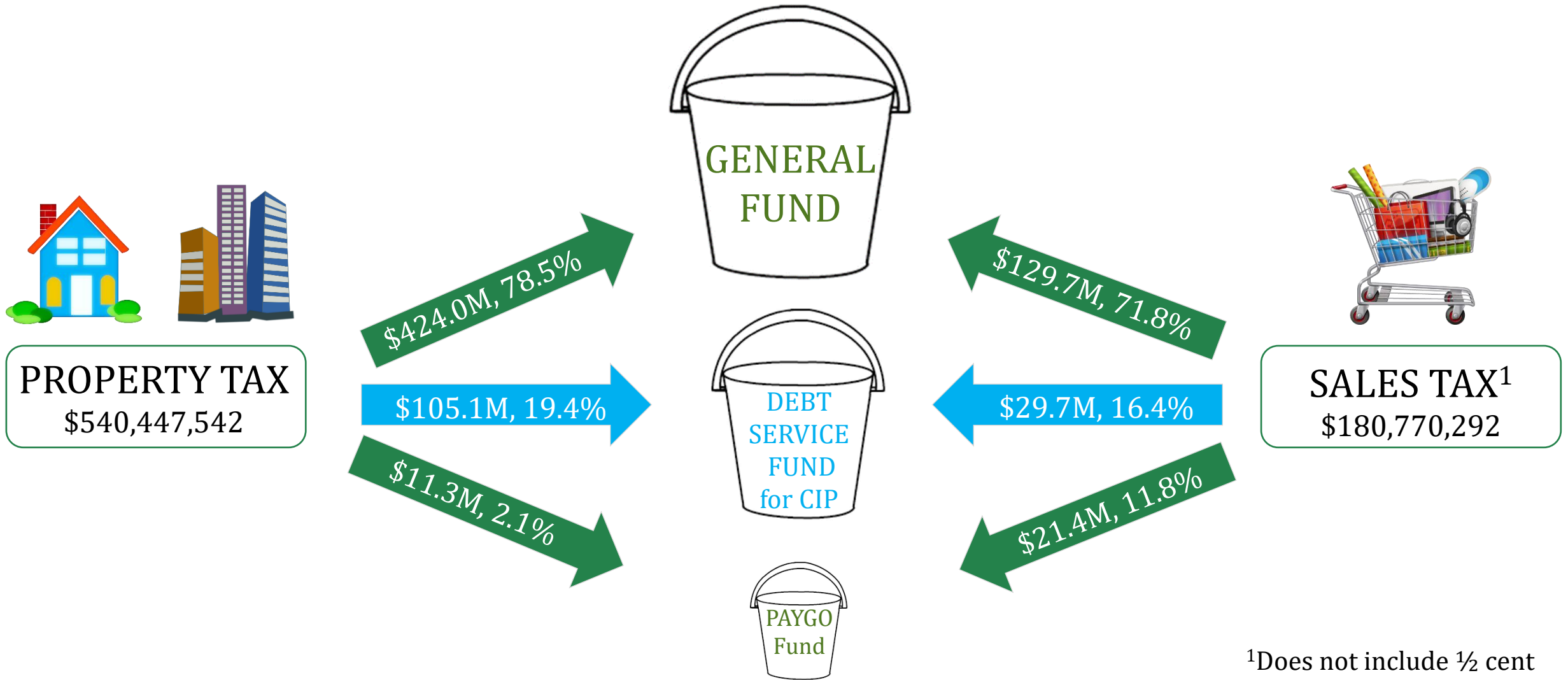
- Approximately two months (16%) in reserve in the General Fund



Maintaining Capital Affordability

- Steady State debt affordability reserved for future City capacity

How We Pay for our Bond Program



¹Does not include ½ cent sales tax restricted to CATS

The Capital Program is Primarily Supported by Property Taxes



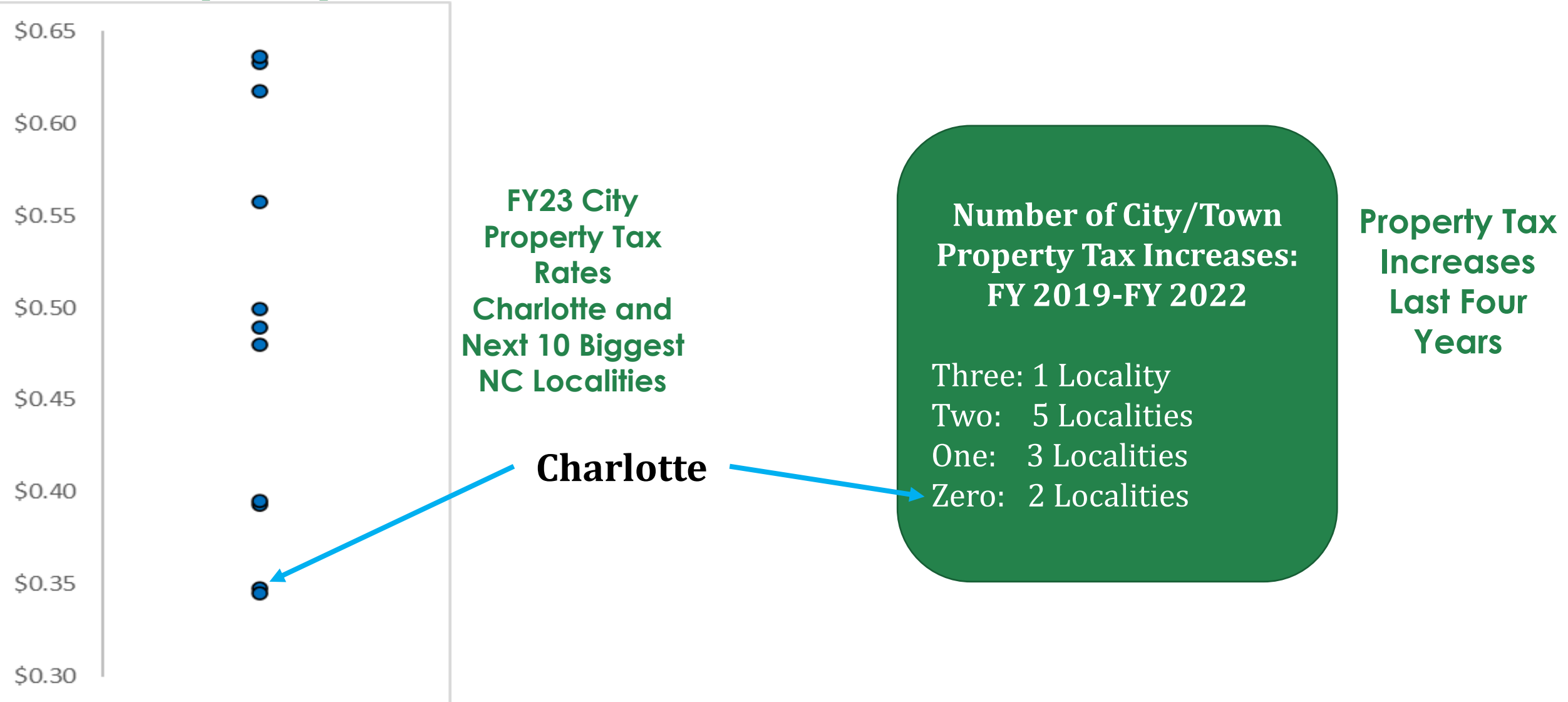
FY23 City Property Tax Rates
Charlotte and Next 10 Biggest NC Localities

Number of City/Town Property Tax Increases: FY 2019-FY 2022

- Three: 1 Locality
- Two: 5 Localities
- One: 3 Localities
- Zero: 2 Localities

Property Tax Increases Last Four Years

The Capital Program is Primarily Supported by Property Taxes



Our Planned Bond Spending Level Did Not Require a Tax Increase



2022 Bond Referendum Projects

- ❖ Transportation Bond Projects
- ❖ Neighborhood Bond Projects
- ❖ Housing Bond Project (Housing Trust Fund)

Overview of 2022 Bond Projects

Transportation Bonds \$146.2M

- Enhance Transportation Safety (Vision Zero) \$12.6M
- Enhance Transportation Safety (Vision Zero)- Street Lighting \$4.5M
- Improve Sidewalks \$50M
- Improve Eastway Drive/Shamrock Drive Intersection \$12.7M
- Mitigate Congestion \$10M
- Connect Bicycle Facilities \$8M
- Resurface Streets \$21.6M
- Connect Northeast Corridor Infrastructure \$6M
- Improve Rea Road with Bonus Allocation Funding \$7.3M
- Repair and Replace Bridges \$5M
- Upgrade Traffic Control Devices \$4.5M
- Maintain Intelligent Transportation Systems \$4M

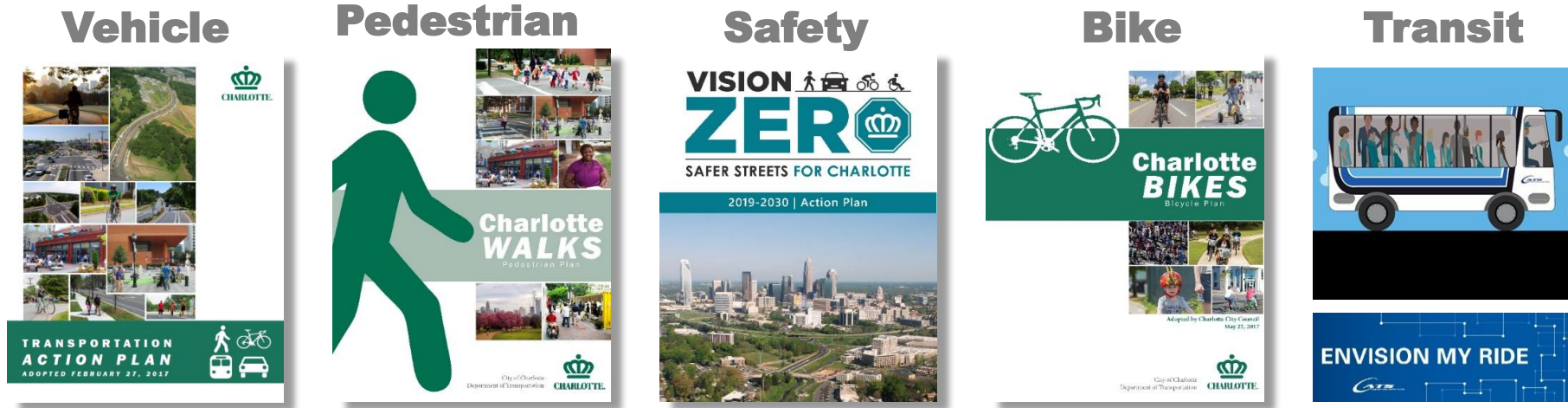
Neighborhood Bonds \$29.8M

- Invest in Corridors of Opportunity \$10M
- Promote Public/Private Partnerships \$3M
- Support Ballantyne Reimagined Infrastructure \$8.8M
- Improve Infrastructure for Centene Development \$3M
- Reimburse Innovation District Infrastructure (Atrium) \$5M

Housing Bonds \$50.0M

- Create and Preserve Affordable Housing \$50M

Transportation Bond Projects Are Based on Prioritization



Prioritization Criteria

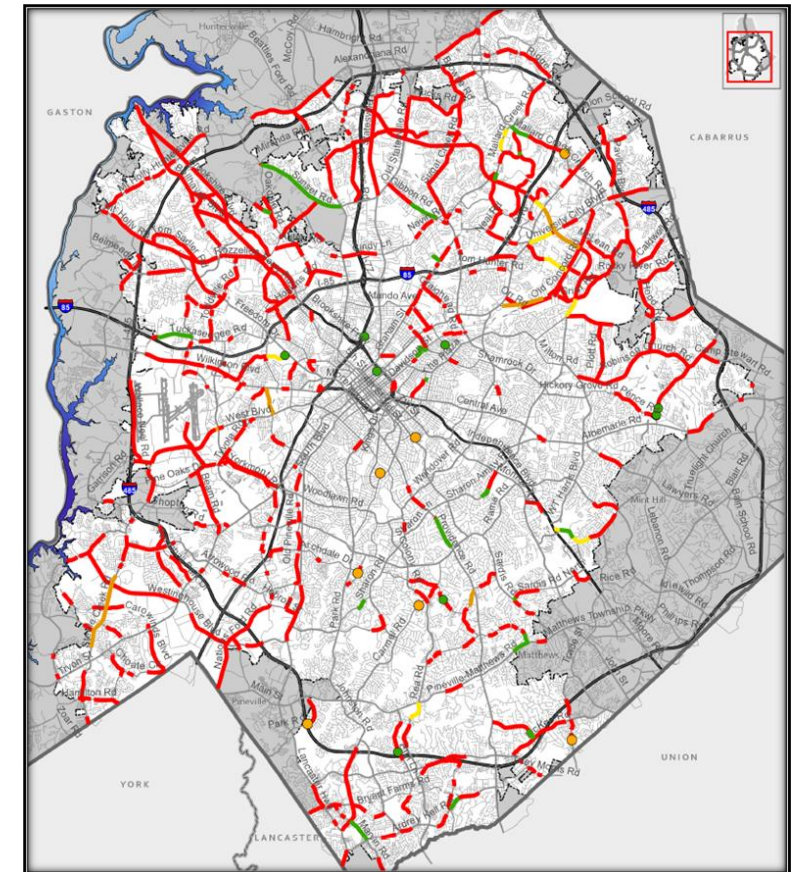
- Safety: crashes per mile based on High-Injury Network
- Congestion: traffic volumes or traffic delay during peak times
- Connectivity: access to employment, transit, sidewalk and bicycle facilities
- Leverage: public/private partnership opportunities

Sidewalks Program

CIP History for Sidewalks Program

2014 Bond	2016 Bond	2018 Bond	2020 Bond	2022 Bond
\$15 M	\$15 M	\$30 M	\$15 M	\$50 M

- ▶ **Aims to improve walkability and provide an experience that is safe, useful, and inviting**
- ▶ **Funding is used to:**
 - Construct new sidewalks
 - Fill gaps in existing sidewalks
 - Provide safe crossings
- ▶ **Prioritized by Charlotte WALKS Plan**



Bicycle Facilities

CIP History for Bicycle Facilities Program

2014 Bond	2016 Bond	2018 Bond	2020 Bond	2022 Bond
-	-	\$4 M	\$4 M	\$8 M

- ▶ **Funding supports the build-out of a bicycle network by connecting gaps between existing facilities**
- ▶ **Helps connect bikeways through:**
 - Pavement markings
 - Wayfinding signage
 - Redesign of existing infrastructure
- ▶ **Prioritized by Charlotte BIKES Plan**
- ▶ **Supported by the Bicycle Advisory Committee**



Vision Zero and Vision Zero Street Lighting

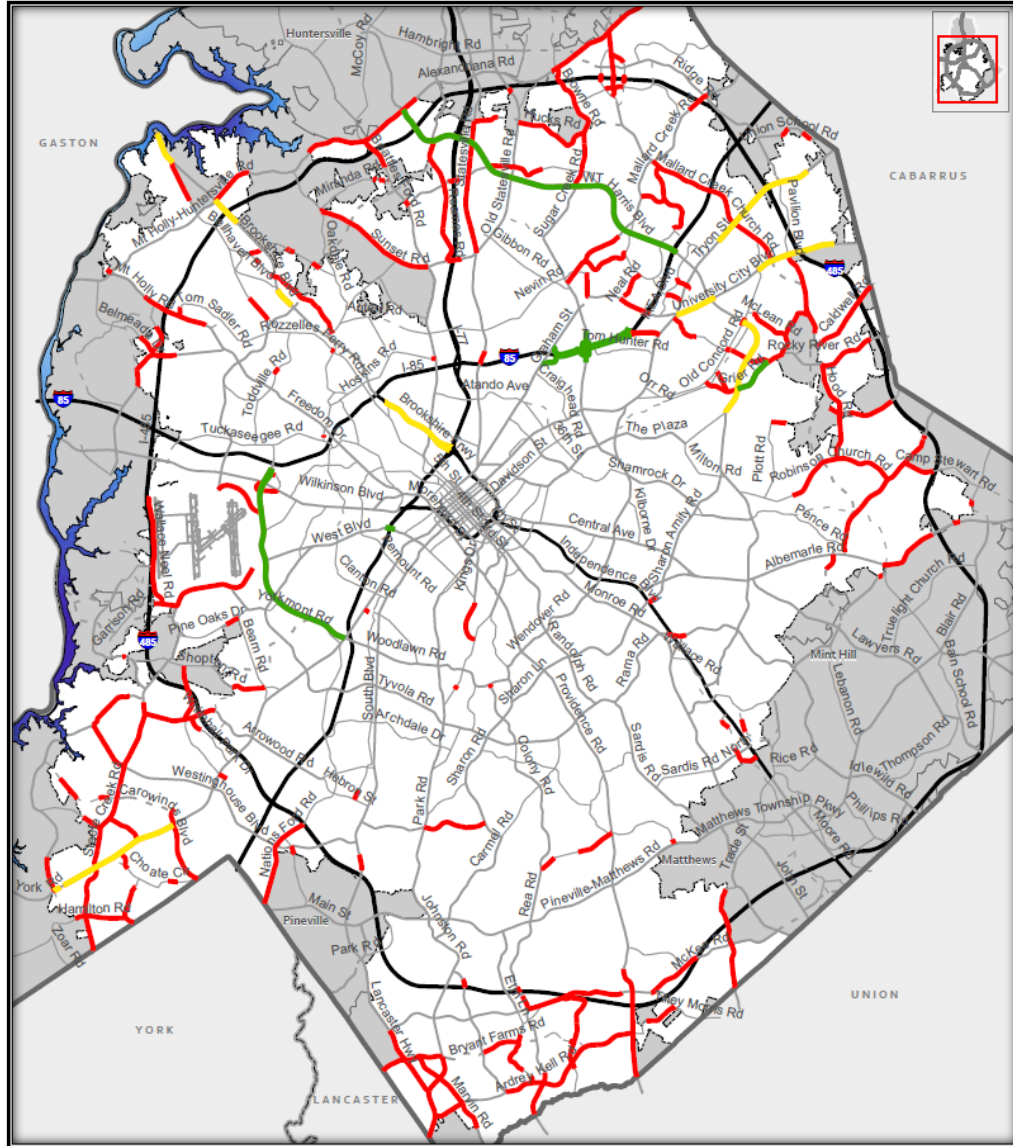
CIP History for Vision Zero Program

2014 Bond	2016 Bond	2018 Bond	2020 Bond	2022 Bond
-	-	\$2.0 M	\$2.0 M	\$17.1 M

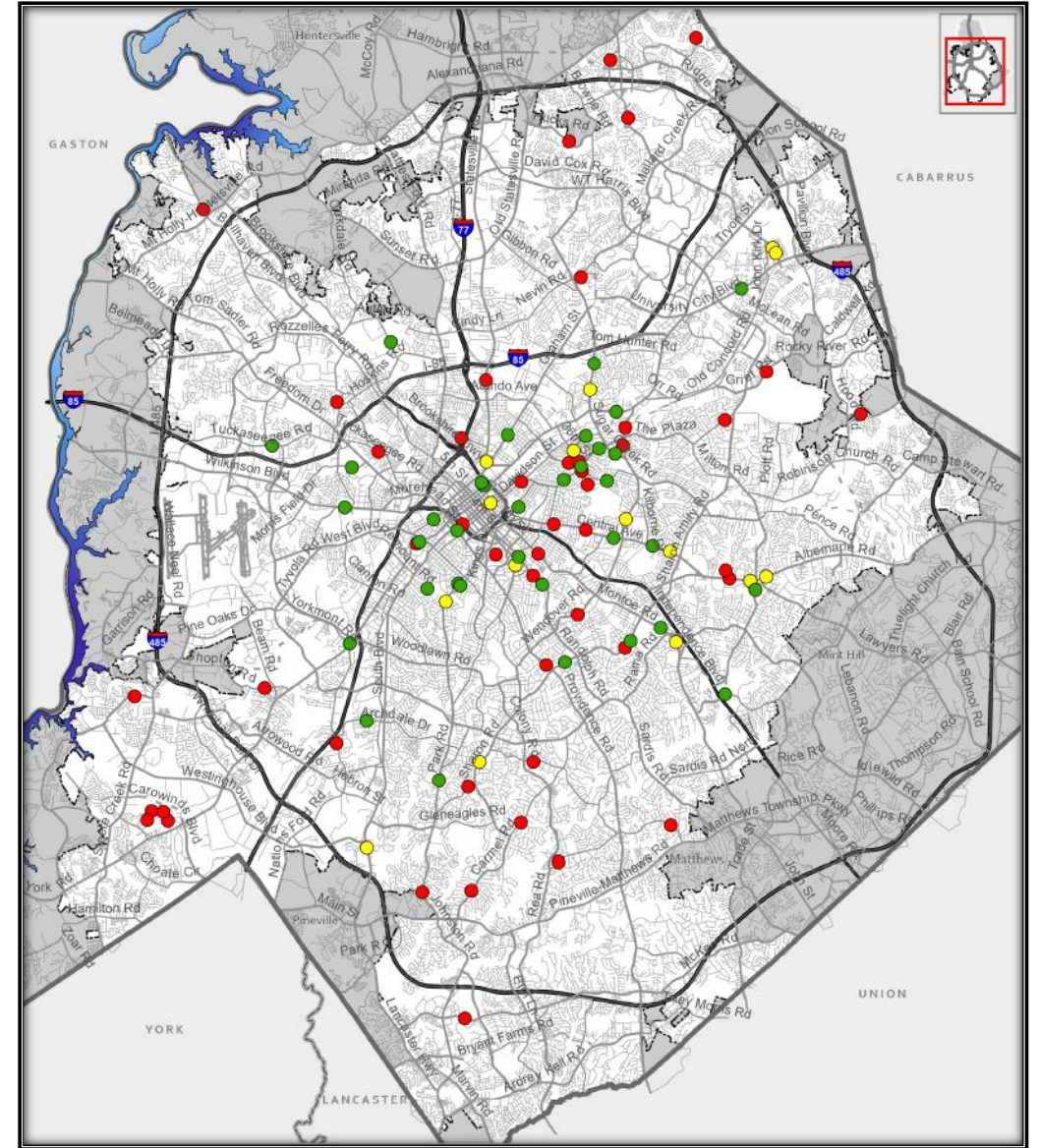


- ▶ Supports the Vision Zero philosophy by making the transportation system safer for all modes
- ▶ Program focuses on:
 - Street Lighting
 - Neighborhood Traffic Calming
 - Spot Safety Projects
 - Technology Improvements
- ▶ Prioritized using data from the High Injury Network & Vision Zero Action Plan

Thoroughfares Without Street Lighting



Pedestrian Crossings



Congestion Mitigation Program

Funding Summary

2020 Bond

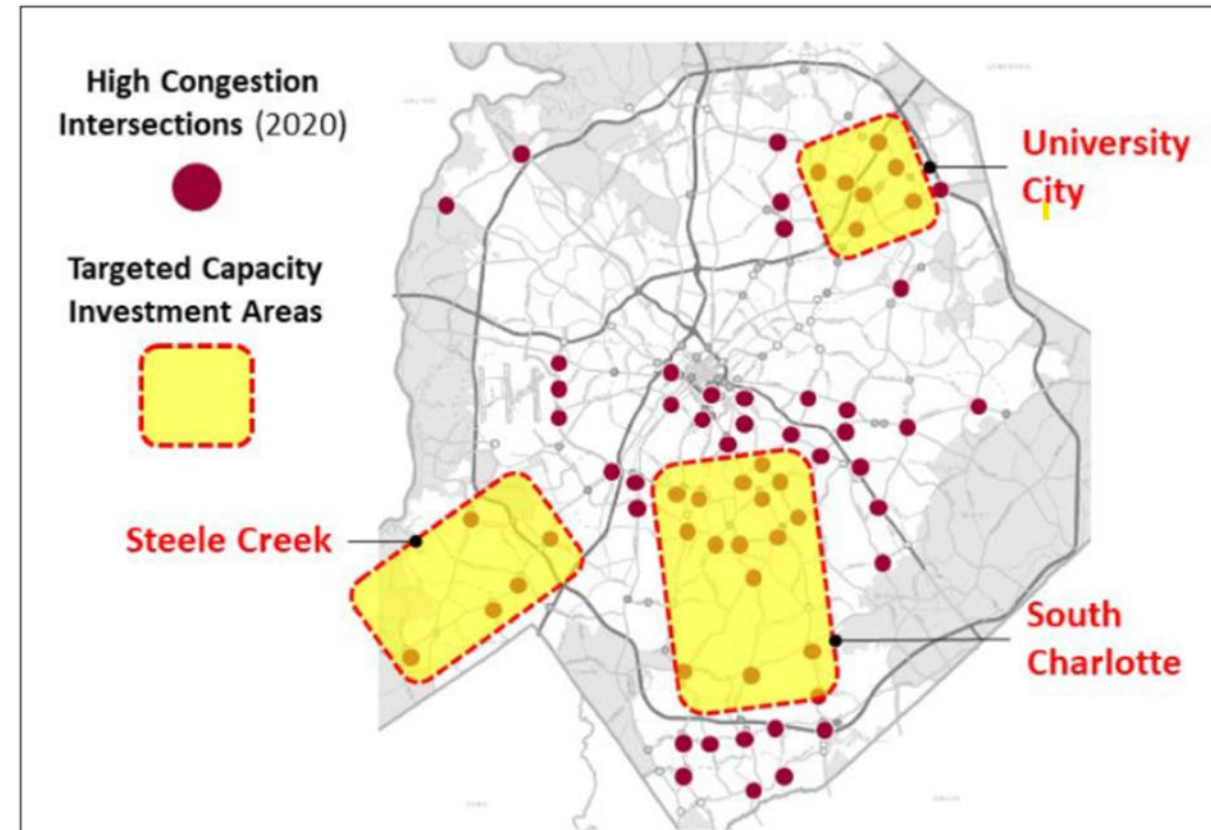
2022 Bond

\$7.6*

\$10M

*+\$6.7 Million in PAYGO

- ▶ Improve traffic flow in targeted areas
- ▶ Small-scale, quick infrastructure projects
- ▶ Prioritized using intersection congestion data



Repair and Replace Bridges

CIP History for Bridges Program

2014 Bond	2016 Bond	2018 Bond	2020 Bond	2022 Bond
\$4 M	\$3 M	\$3 M	\$4 M	\$5M

- ▶ **Ensures 200+ bridges are safe and well-maintained**
- ▶ **Funding is used to:**
 - Inspect bridges every two years
 - Complete required repairs
 - Replace bridges
- ▶ **Federally-mandated work**
- ▶ **Prioritized by the state's inspection program**



Traffic Control Devices

CIP History for Traffic Control Devices

2014 Bond	2016 Bond	2018 Bond	2020 Bond	2022 Bond
\$7.0 M	\$4.0 M	\$4.0 M	\$4.0 M	\$4.5M

- ▶ **Ensures traffic control devices are performing properly**
- ▶ **Funding is used to:**
 - Install, maintain, and replace 883 traffic signals
 - Install leading pedestrian intervals and Accessibility Pedestrian Signal devices
- ▶ **Federally-mandated work**
- ▶ **Prioritized by age of equipment**



Intelligent Transportation Systems

CIP History for Intelligent Transportation Systems

2014 Bond	2016 Bond	2018 Bond	2020 Bond	2022 Bond
\$3 M	\$3 M	\$3 M	\$4 M	\$4M

- ▶ **Maximizes the capacity of existing streets through a coordinated communications network**
- ▶ **Funding is used to install and maintain:**
 - 330 miles of fiber-optic cable
 - 458 traffic management cameras
 - Traffic signal priority
- ▶ **Prioritized by the Intelligent Transportation Systems Master Plan**



Resurface Streets: \$21.6 Million in 2022 Bond

- ▶ **Current Pavement Condition Rating is 82 out of 100**
- ▶ **State Powell Bill distribution decreased by \$6.8M in FY 2021**
- ▶ **Additional Bond funds for street resurfacing helps offset eliminated State Powell Bill funds**
- ▶ **\$3.4 million in operating resources were also added**

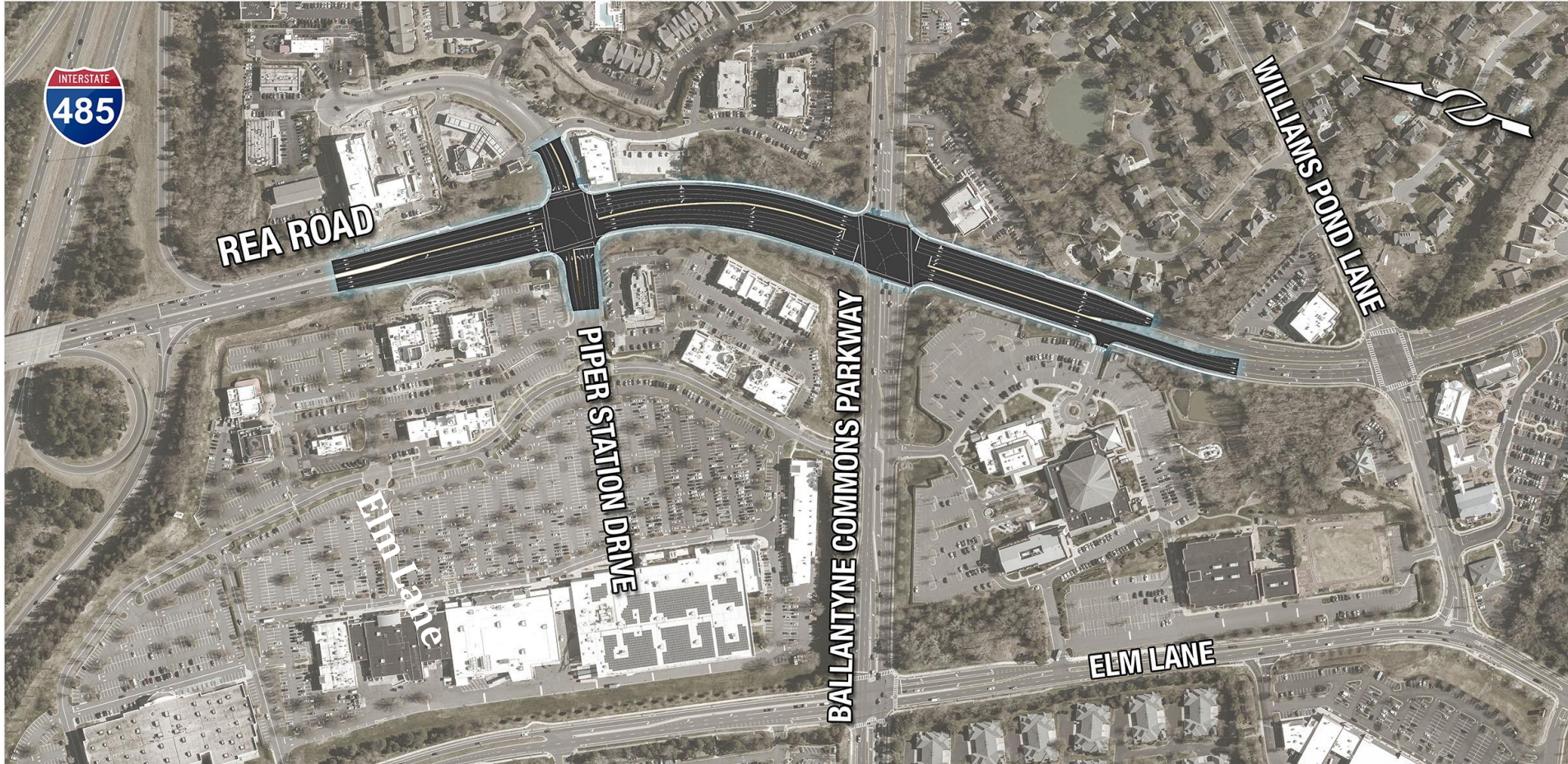
Pavement Condition Rating (PCR) Range	Condition Description	Percent of Charlotte Streets
91-100	Very Good	12.99%
81-90	Good	49.13%
66-80	Fair	33.96%
51-65	Poor	3.63%
0-50	Very Poor	0.29%
Total		100.00%

Eastway Dr / Shamrock Dr Intersection



\$39 M (\$23.2 M City; \$8 M State; \$7.8 M CRTPO) **\$12.7 M of City Contribution from 2022 Bond**

State Bonus Allocation - Rea Road Widening



Partially Reimbursed
by State Bonus
Allocation Funding

\$7,300,000 2022 CIP
\$6,673,940 State

Complete Streets Example


Before



After



Leveraging City Funds for Corridor Investments



Corridors of Opportunity

- 01 Beatties Ford Road/ Rozzelles Ferry
- 02 Sugar Creek/ I-85
- 03 Graham Street North Tryon
- 04 Central/ Albemarle
- 05 West Boulevard
- 06 Freedom Drive/ Wilkinson

\$60M in city funds



THE MAYOR'S RACIAL EQUITY INITIATIVE
A Public-Private Partnership for an Equitable Charlotte

WELLS FARGO

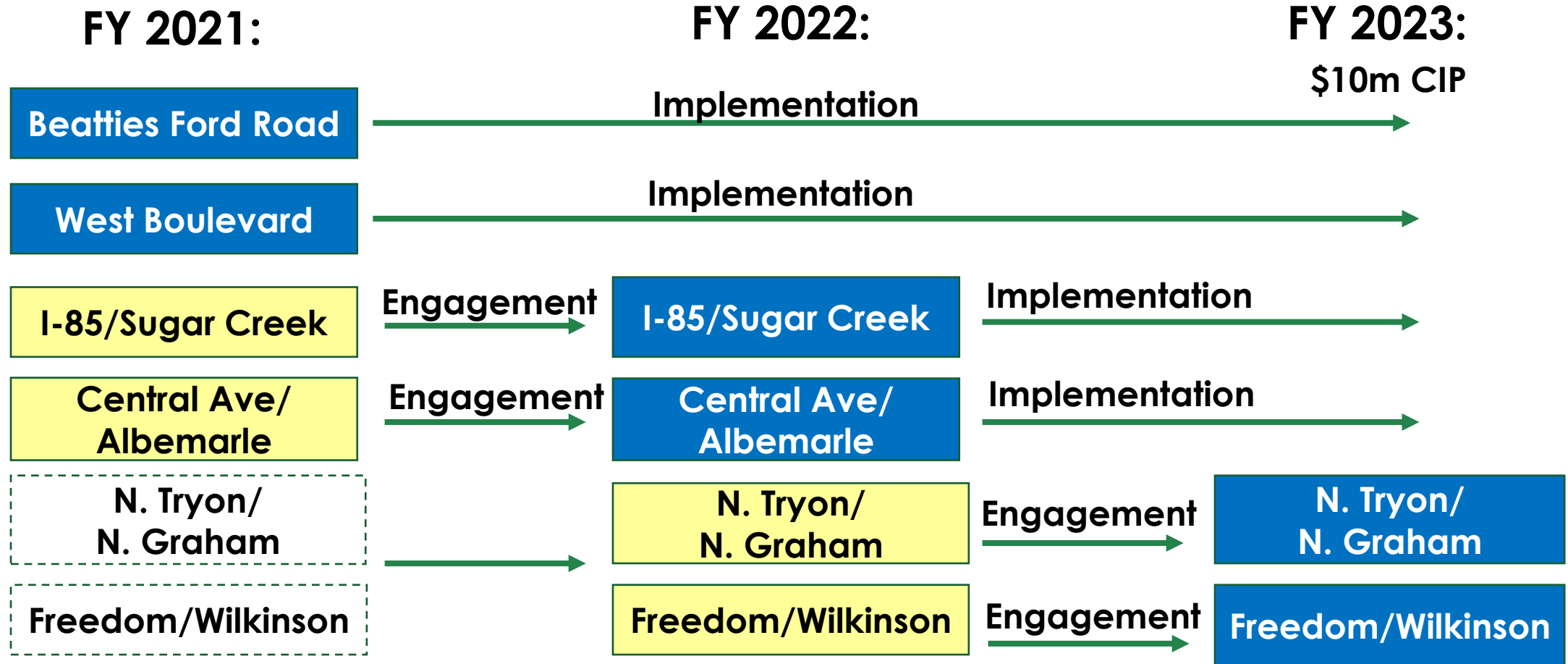
FIFTH THIRD BANK

United Way
United Way of Central Carolinas

the Y
YMCA OF GREATER CHARLOTTE

\$60M in City investment since inception leveraged almost **\$100M** in private and philanthropic investment

Continuing Plan in Corridors:



Ballantyne Reimagined- Approved June 2020 by City Council

Public Investment:

\$17.5 Million CIP — \$8.8 M in
+ \$25 Million TIG 2022 Bond
\$42.5 Million Total

Private Investment:

\$ 31.9 Million Public Benefit
+ \$32.3 Million Roads/Intersections
\$64.5 Million Total

**\$103 Million Total
Infrastructure Investments**

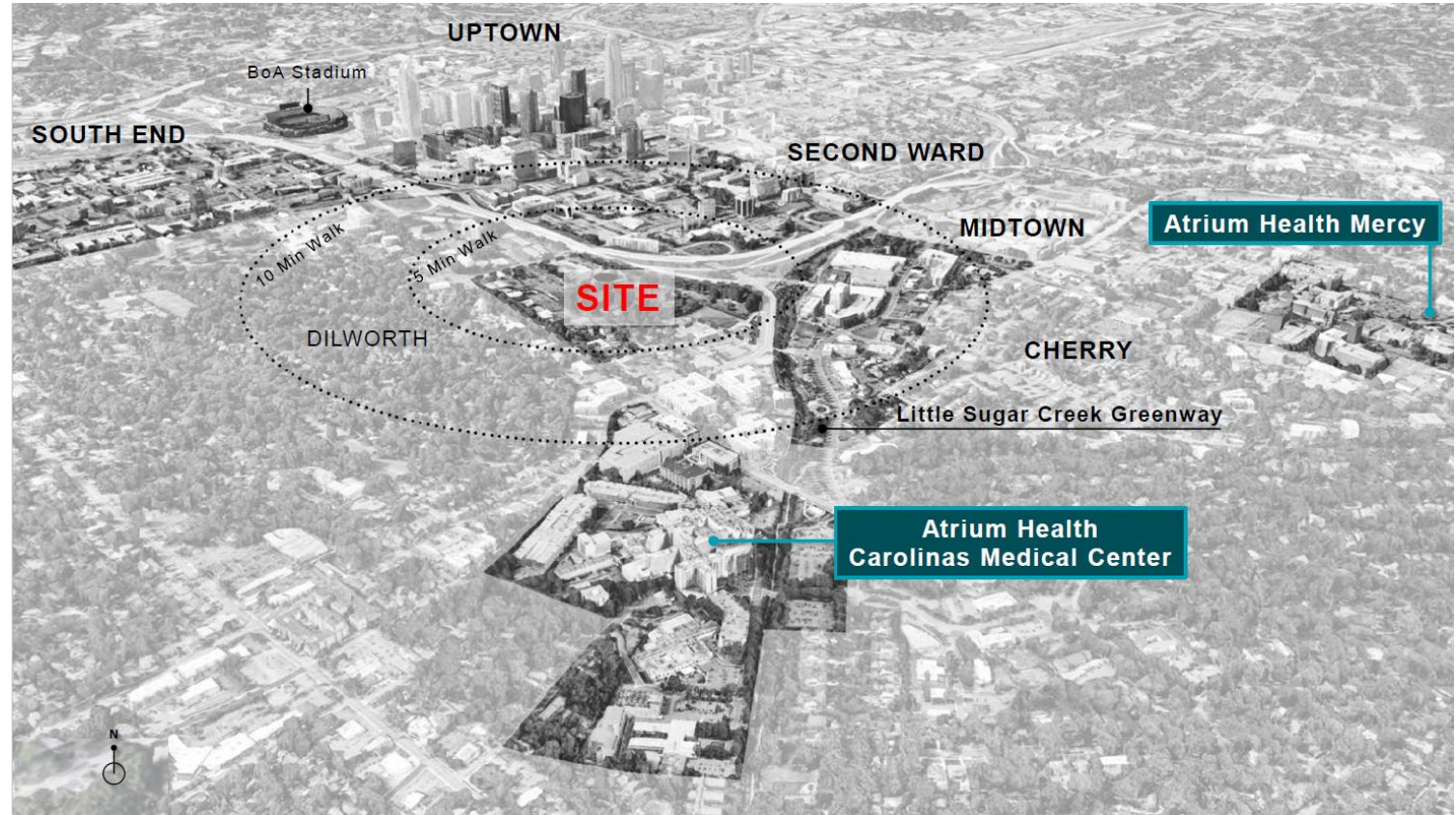


**Supporting
\$1.5 Billion of Private
Investment over 12 years**



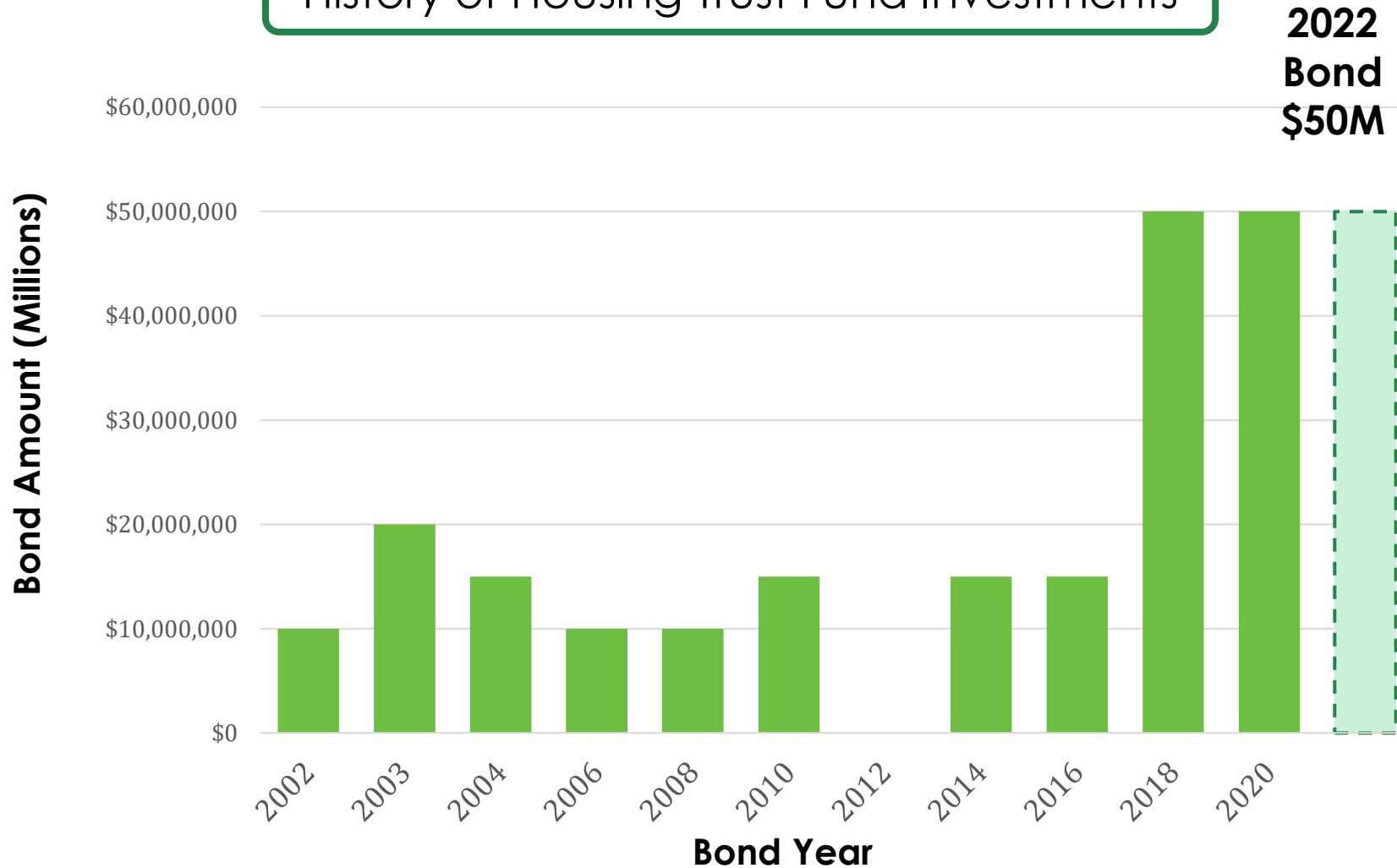
Innovation District- Approved November 2021 by City Council

- ▶ **\$60M Tax Increment Grant (TIG) City/County**
- ▶ **\$15M CIP reimbursement**
 - \$5 M in 2022 Bond
 - Reimburses for public roadway, intersection, and utility improvements
- ▶ **Leverages \$1.5 billion in private investment and 11,500 jobs**



Affordable Housing: Keeping Momentum

History of Housing Trust Fund Investments



Nearly **50%** of units created and preserved were funded through the last two bond cycles

Over **12,000** units and shelter beds were created and preserved since the Housing Trust Fund began

Update on Projects from Past Two Bonds

- ❖ 2018 Bond Projects
- ❖ 2020 Bond Projects

Update on 2018 Bond Projects

Projects	Funding Amount	Status	Projects	Funding Amount	Status
Dixie Berryhill Area Roads	\$8,520,000	This project is currently in design and will be constructed by a private developer	Bicycle Travel	\$4,000,000	Ongoing- Charlotte's Bicycle Network is continually providing recommendations and improvements
Monroe Road Streetscape	\$1,000,000	Current Project Phase: Real Estate Acquisition	Transportation Safety (Vision Zero)	\$2,000,000	Ongoing- Vision Zero continues its strategy to eliminate all traffic-related deaths and severe injuries, while increasing safety
Public Private Redevelopment Opportunities (Independence Corridor/ Central Eastland Corridor)	\$10,000,000	Current Project Phase: Construction to start in August	McKee Road/Providence Road Intersection	\$800,000	Project complete
Sidewalk and Bikeway Improvements	\$4,000,000	Ongoing- annual goal to construct 10 to 12 miles of new sidewalks and 15 new pedestrian crossings	Traffic Signal System Coordination	\$3,000,000	Ongoing- funding for continued cabling and equipment for traffic signal coordination
Research Drive- J.W. Clay Connector over I-85 (North Bridge)	\$9,700,000	Current Project Phase: Bid	Traffic Control Devices	\$4,000,000	Ongoing- funding for scheduled maintenance and replacement of obsolete traffic control devices
Northeast Corridor Infrastructure (NECI)	\$27,300,000	Ongoing- 11 active projects	Repair and Replace Bridges	\$3,000,000	Ongoing- 4 active projects
Applied Innovation Corridor	\$13,760,000	Ongoing- 4 active projects	Affordable Housing	\$50,000,000	Ongoing- 5 active programs
Cross Charlotte Multi-Use Trail	\$5,000,000	Ongoing-Segments 1, 3, 4 & 5 are completed	Comprehensive Neighborhood Improvement Program (CNIP)	\$30,000,000	Ongoing- 6 active neighborhoods
Sidewalk and Pedestrian Safety	\$30,000,000	Ongoing- annual goal to construct 10 to 12 miles of new sidewalks and 15 new pedestrian crossings	SouthPark CNIP	\$10,000,000	Ongoing- 1 active project, construction complete on other projects
Bryant Farms Road Extension (Elm Lane to Rea Road)	\$2,000,000	Current Project Phase: Design	Neighborhood Reinvestment Program	\$5,000,000	Ongoing- 1 active project

Update on 2020 Bond Projects

Projects	Funding Amount	Status	Projects	Funding Amount	Status
Northeast Corridor Infrastructure (NECI)	\$20,300,000	Ongoing- 9 active projects, construction complete at 25th Street & Tryon at North Chase	Repair and Replace Bridges	\$4,000,000	Ongoing- 1 active project, construction complete at the 4 other projects
Bryant Farms Road Extension (Elm Lane to Rea Road)	\$18,000,000	Current Project Phase: Design	Idlewild Road and Monroe Road Intersection	\$2,500,000	Current Project Phase: Utility Relocation
Resurface Streets	\$8,000,000	Ongoing- funding to ensure Charlotte streets, drainage structures and sidewalks are in safe condition	ADA Transition Plan Rights-of-Way	\$1,000,000	Ongoing
Mitigate Congestion	\$7,612,000	Ongoing- initial funding is dedicated to projects in the Steele Creek, South Charlotte and University City areas	Affordable Housing	\$50,000,000	Ongoing- 5 active programs
Bicycle Travel	\$4,000,000	Ongoing- Charlotte's Bicycle Network is continually providing recommendations and improvements	Comprehensive Neighborhood Improvement Program (CNIP)	\$30,000,000	Ongoing- 6 active neighborhoods
Traffic Signal System Coordination	\$4,000,000	Ongoing- funding for continued cabling and equipment for traffic signal coordination	Sidewalk and Pedestrian Safety	\$15,000,000	Ongoing- annual goal to construct 10 to 12 miles of new sidewalks and 15 new pedestrian crossings
Traffic Control Devices	\$4,000,000	Ongoing- funding for scheduled maintenance and replacement of obsolete traffic control devices	Opportunity Corridors	\$14,500,000	Ongoing- 6 key corridors
East/Southeast Sidewalk and Bikeway Connections	\$2,000,000	Ongoing-1 active project, construction complete on other projects	Transportation Safety (Vision Zero)	\$2,000,000	Ongoing- Vision Zero continues its strategy to eliminate all traffic-related deaths and severe injuries, while increasing safety
Monroe Road Streetscape	\$10,320,000	Current Project Phase: Real Estate Acquisition			

Questions?