

The City Council of the City of Charlotte, North Carolina convened for their annual Retreat on Monday, January 31, 2011 at Johnson C. Smith University with Mayor Anthony Foxx presiding. Council members present were Burgess, Nancy Carter, Patrick Cannon, Warren Cooksey, Andy Dulin, David Howard, Patsy Kinsey, James Mitchell, Edwin Peacock and Warren Turner.

**ABSENT:** Councilmember Michael Barnes

**Mike Whitehead, Facilitator,** said he and Nicholas Beamon would be their co-facilitator for the next two days and as you can see already, life is kind of fluid and things don't always go exactly as planned. Things happen and I'm sure that if you are on Council you get phone calls from time to time that interrupt your daily planned schedule. Life is like that so I would like to ask you to be open to the fluidity of the agenda and the fluidity of what we do and how it gets done because you never know what is going to happen and what kind of announcements happen and what kind of interruptions happens. I know there is a press conference here at 10:00 and also a press conference at 11:30 in the City and there could be press conferences at other places so just be open and know that things can change and we will do our best to adapt to those change and sort of guide those changes along. We will ask Mayor Foxx to start off this morning and we thank you for being here and we look forward to this time together.

**Mayor Anthony Foxx** said it is great to be here at Johnson C. Smith this morning to kick off this Council's retreat. I have a lot of things that I know all of us want to talk about over the next couple of days but in terms of explaining a little bit of how this morning evolved, I want to have some time to do that this morning. At 10:00 today there is going to be a very, very special announcement regarding the philanthropic group that has been working on solutions to the school situation. They are going to make an announcement of the findings and the recommendations and action steps that they are proposing today. I have been part of that group for the last several months. We tried to find a date and time that did not interfere with the City Council's schedule, but because there are so many of the family foundations etc. who have important members who spend most of their winter out of North Carolina, today was really the only day that we could make it work. I appreciate your indulgence as we try to work that into our day. What will happen at 9:30 is that we will get on a bus and head over to West Charlotte High School and we will actually be part of the announcement as a group. I want to thank the Retreat Committee for working with us to get that done so if some of you were confused about how that happened I hope that explanation suffices.

Having said all of that, we've really had an incredible year as a Council. It is hard to sometimes take a step back from the weekly things that we deal with and the various things that each of us takes an interest in and look at the aggregate at what we've been able to accomplish as a group. Think about the fact that a year ago there was a lot of uncertainty about the direction of our city and as we get further and further along we are starting to build more certainty that the City of Charlotte is not only strong, but has every bit a chance to be even stronger in the future. Consider the fact that about a year and a-half ago Well Fargo/Wachovia was going through its transition, which was a very difficult transition for our community and just think about a year and a-half later we are seeing Progress Energy and Duke Energy combine which will create that kind of catalyst for the energy cluster that all of us have been wanting to see. Think about the fact that the unemployment rate is stubbornly high, but is starting to inch down. Think about the fact that as we go out into the community, we are not historic lows in the crime rate, but we are near historic lows in the crime rate and that is something to be commended. We use these retreats as opportunities for us to talk about big picture issues and sort of where we are going. As you know last year we focused a lot on small business and we still need to keep that focus. Last year we focused a lot on our relationships in Raleigh and Washington and goodness knows we've got to keep that focus because we've got new leadership in Raleigh, we've got new leadership in Washington and we've got to make sure that we stay focused on those issues. We've also talked about keeping the quality of life high with Public Safety, Housing and Neighborhood Development and all the things that we continue to do. We still have a Housing Locational policy that needs to get worked through as we move through Council and I want to thank the Housing and Neighborhood Development Committee for their work.

Going forward I want to say a couple things about the State of the City speech that I did a couple weeks ago because there were three pieces of prioritization there that I want to continue high lighting a little bit. Number one, I do think, and I want to thank Council member Peacock for

bringing the consolidation issue up to us last week. I think that is an area where we are going to have to continue focusing, whether it is functional consolidation or whether it is full political consolidation, I think we've got to have that conversation at the county wide level and test whether there is support for moving forward with more of that type of activity. Secondly, on Transportation, when Secretary LaHood was here a few months ago many of you came and what he talked about was the need for regions to perform together and prioritize together in the new normal. The reality is that we are going to see some funding at the federal level for transportation infrastructure, but that funding is going to be contingent and probably dependent upon our ability as a region to work stronger together and again that is sort of an extra governmental issue for this City Council. It is not something that we can control by ourselves, but we've got to engage our partners across the region in a conversation about that so those are areas that I would try to help us focus on. Finally, children, which is relevant to what we are going to see this morning. I really think that this is a moment for our community to really rally around our children and whether it is this investment task force putting private money into helping our schools, whether it is us joining together with the School Board on a legislative agenda to promote more flexibility in the way that public funds are used, whether it is looking at our own relationship to youth through our after school programs and youth development programs, I think we've got to take some careful attention to what we are doing because the problem is running faster than we are right now. I think we've got a lot of capacity as a City Council to help figure that out and be part of the solution.

That is away from the typical things that we talk about but I think there will be ample time between sessions and during some of our informal time to sort of touch on those issues. I am very much looking forward to this and I hope you are. As always this is our opportunity to work together to try to collaborate and build on the strengths of this wonderful group. Thank you for being here and I am looking forward to spending the day with you today and tomorrow.

**Nicholas Beamon,** said as I think all of you know, we facilitated the retreat last year. The retreat was out of town so alternating fashion of in town and out of town, we are in town this year which means the dynamic of the retreat is already different. We all have more access to being distracted, more access to office stuff. We are all in town and will be sleeping in our own beds tonight with family and all those things. I want to ask for us to really start getting focused on the next two days and understand how valuable this time is in discussing, not only the what of what this Council and staff team has to accomplish over the next year, but the how. We will be talking about that when we get back from the press conference a little bit later this morning, but just for us to start transitioning into true retreat mode. The fact that we are about to take a bus ride, I'm going to give you an assignment. This is the official start of the retreat so we are going to start getting into the work. As you go over to the press conference, a couple of things, one sit with someone you don't know already. That is going to be different because normally by default we would walk down with somebody we know pretty well and maybe we have a piece of Council business or staff business to do, we know fairly well personally we will sit beside them and chit chat the whole way over. I'm going to ask you to change that pattern and pick someone to sit with that you don't know all that well and use it as an opportunity to get to know them a little better as we build relationships and this will be an on going theme for the next two days. Two questions that I want you to ask each other on the ride over and back. The first is, share with each other what is working well in your life personally right now. It may be something about children or it may be something about how great you are doing on a New Year's resolution, but share at least three or four things about what is working well in your life personally. The second is share with that person three or four things that are working well related to your role on this team, whether Council person or a staff member. By the time you get back you will have a new friend, you will have shared some of the things with each other about what is working well personally and several things with each other about what is working well related to your role with this team. When we get back, in true retreat fashion we will have a debriefing and you will get to share with each other what you learned about your new friend and what is working well in their life, personally and professionally.

I think everyone has seen or has a book so you can see the agenda so we are going to come back, debrief on the press conference, debrief on what you were able to share with your riding partner and then jump into a panel to start shaping up kind of where is the world. It is always relevant where the world is that we are leading, where the City is, is one of our major issues and we are

going to have a panel discussion and kind of just level set where some things are particularly economically.

The Council and staff loaded on buses and went to West Charlotte High School for the press Conference.

Mayor Foxx thanked everyone for making the trip over to West Charlotte and said it was an amazing moment for the City of Charlotte and for our community to see that kind of primate money come in to help our schools, so thank you for being part of that. I want to apologize to our panel, we have kept you waiting, but our panel is here to help us as we begin to talk through the state of our economy and how it impacts our budget and the decisions we have coming forward.

Mayor Foxx introduced the panel consisting of Anika Khan, Vice President and Economist with Wells Fargo Securities, LLC. Anika earned her BS in Economics from Florida A & M University and an MS in Economics from the University of North Carolina at Charlotte. Anika joined us on a trip to Washington in March where she gave Presidential Advisers her analysis of what kinds of solutions the economy needs and they have actually starting following some of them. John Connaughton is Professor of Economics at UNC-C. We all know him because he does his quarterly economic forecast and they are very closely followed by me and many others and we welcome you John. We have Matthew Martin who is an Economist and Senior Vice President, Reserve Bank in Richmond and the Charlotte Regional Executive. Mr. Martin joined the Charlotte Branch as a Regional Economist in 2006. He continues to work very much in analyzing national and regional economic issues and does so with meetings and others. We are glad to have all of them with us today and they are going to add some texture to our discussion on the revenue picture.

**Anika Khan, Vice President and Economist, Wells Fargo Securities,** said I want to start on a national level, just to talk about where we are in the business cycle and then delve into a little bit of what Charlotte is doing. Of course Charlotte is a microcosm of what the national economy is doing and you should have a hand-out that you can follow. I may skip around a bit, but I will always tell you where I am in the process. On Friday we got GDP numbers in and we saw that growth increased 3.2% annual pace, and on a good day that would be good growth. It would be growth that is at trend level, however it was a lot weaker than expected. The good news however, is that economic growth actually output reached the peak that we saw back in 2007. What does that mean? That means that officially the business cycle has turned from recovery to expansion. Now before we get excited, and it is good news, but before we get excited, we still know that the labor market continues to be sluggish and of course hiring continues to be rather slow. If you look at the second slide we will see what has been contributing to national economic growth and we will find that we saw that consumer spending has been extremely supportive of economic growth and more specifically holiday sales helped to push up that number. That means that in general Charlotte, being a microcosm should begin to see some momentum in sales taxes, but it is not going to be robust because we do not think in general that the national consumer spending numbers are going to stay that high. Again, holiday spending helped to boost those numbers. We will probably get growth somewhere around a 2.5% annual pace for consumer spending. It is not anything to write home about, but it is positive none the less and of course will trickle down to Charlotte as well. One of the biggest obstacles that consumers continue to face is being highly leveraged. We know that during the boom years, 2004 through 2007, these were called the go-go days where we took on debt mortgage equity withdrawals from our homes and of course credit cards soared. If you look at the third slide you will see that number reached as high as 123%. One of the key factors of the financial crisis is that not only consumers, but businesses over task as far as debt so it reached as high as 123% and so where are we today is around 110%. Where do most economists think that number is sustainable, what can households hold onto? That number could be around 100% or around 90% so we won't be able to see the consumer completely deliver until somewhere around 2014 or 2015. That means that Charlotte is a lagging city, we have lagged the overall economic recovery so that means a little bit further out we are going to continue to see the slower consumer spending piece. It is going to take some time to get there. Again, I mentioned that employment is one of the major obstacles for the overall economy and that is because if you look at the hiring rate, you will see that the hiring rate remains extremely low. Many businesses, as we go to the next slide, have actually, if you go to the corporate profit slide you will see that many businesses

have an unprecedented amount of money on the sidelines and corporate profits have soared as well. The problem with that is that hiring is not picking up. Where they are putting that money back into is equipment and soft ware. Until we start to get some of those numbers off the sideline, hiring will continue to remain sluggish. Now, let's got back to the labor markets. It is the chart that says U.S. versus Charlotte MSA employment, that is Chart #11. We are looking at Charlotte employment versus the national economy. We just have had just a bit of an increase in overall employment. If you look at when jobs peaked in Charlotte, you will see that we peaked somewhere in December 2007. We have lost about 72,000 jobs and have recovered only about 5,000 so we have a long way to go. As many of you know I report to John Silvia and right before I came over I said, John we have a long way to go for this employment recovery, when do you think we will actually recover all the job losses? He said 2014, so we are looking to around 2014 to 2015 to recover some of the job losses that we have sustained. If you look at slide #12 you see Charlotte versus the U.S. industries or sectors that are moving for employment and we see in particular that professional and business services and information definitely are sectors that continue to increase. We also know that healthcare is going to be a sector that will also have positive return, in particular for Charlotte population growth has been something that has been very important to Charlotte. We continue to get population coming from the northeast to the Charlotte area and North Carolina in particular, so we will probably get population driven sectors that are going to continue to see some growth. Education and healthcare definitely and tourism as well. If we look at the unemployment rate on slide #13 we know that the unemployment rate has reached an unprecedented number 10.6% well above the national economy. A lot of that has to do with the population that we talked about. As we get more folks coming into the Charlotte area we tend to get this push up in the unemployment rate. Again, it will take a long while to come off of it. For the national economy we see that in 2011 we actually had in 2010 the unemployment rate staying steadily in the 9% range and we don't think that will get into somewhere around the 8% range until 2012, but that gives you an indication of how long it is going to take Charlotte to start to come down off of that rate. Again, we are still looking at numbers somewhere around 2014 to 2015.

One of the obstacles for the employment numbers continues to be small business and this is one of the things we talked about when I went with Anthony to his delegation. Small businesses continue to lag and a lot of that of course has to do with access to credit. Access to credit is very hard for many of these businesses to get, but we are starting to see some momentum. If you look at slide #15, you will see that small business which represent 1 to 49 workers, they represent 45% of overall jobs, but they only contributed 38% to overall job growth. As we look at Charlotte in particular assistance in the small business area is going to help propel overall growth. The same thing with start-ups. Start-ups typically help a recovery move, but of course we need more access to capital for that. For the employment market in general those that have been unemployed for 27 weeks or more on the national level, that number is 6.4 million. If you look at the chart on slide #16 you will see that overall throughout the other business cycles, we have not seen a number this high. That represents almost 44% of the overall unemployed. That means that right here in Charlotte we have people that have been off the payroll and their skills to atrophy. We need investment into education and new tooling. Another thing that we look at on slide #17 is that if we look at things called structural unemployment, a phenomenal called structural unemployment. We see that the unemployment rate for those that don't have a high school diploma is extremely high at 15% on a national level and those with a college degree, that number is still 4.8%. It is very low so we find that structural employment is where jobs openings don't meet the skills of the employee. Clearly we've seen an increase and some of it is typical, but some of it is structural. That really speaks to where the jobs are happening and where they are not happen. If you look at the job opening numbers we find professional and business services, just like here in Charlotte, continues to add jobs, but many of those jobs are highly specialized and you can't plug someone from the construction and manufacturing industry into some of these jobs. One of the things that we continue to look at is initial job disclaims just to get a sense of where the overall employment market is going. We see that number is still above the threshold that we like to look at of 400,000 and as long as it stays in that area we would like that number to come sub 400,000 to acceleration in the job market.

We need to talk real estate rather quickly. I tend to follow the residential market and point out some things for you in particular because it is going to take a while for us to see a true recovery in housing. That means property taxes here in Charlotte are going to take some time to recover. Home prices got a boost from the home buyer's tax credits that we saw and of course during that

time period we saw sales increased, prices increased, but now we are outside of that period and what we are seeing is that home prices are now retracing once again. We think home prices will come off 5% to 8% on a national level and they will also do that in Charlotte as well. If you look at the Case-Shiller index in particular, home prices have declined 16%, very different than Phoenix or Miami that have the housing boom and have the housing bus cycle. We of course did not have the housing boom bus cycle so we are good with that, but however we've had some other issues as well. What will continue to plague the overall residential market continues to be foreclosures, distress transactions, short sales and if you will look at slide #25, and all I have is the state level, you will see that overall foreclosures, especially for states as we discussed that had the high boom bus cycles, these particular states had the highest number of foreclosures. If you look at North Carolina as in comparison to Florida, we only have 2.2% of mortgages in foreclosure versus 13%. We are well below the US average. As far as foreclosures, that means that the housing market is going to recover a little bit faster than some of these other areas. Another thing that continues to have problems for the overall housing market continues to be negative equity. Negative equity in places like Nevada and Arizona and I see the Nevada number is off, but that number is 68% so almost 7 out of 10 homes are under water in Nevada and if you live in Arizona it is almost 50% while in North Carolina we are substantially lower at around 10% to 11%. That is good news because what happens is when your home is under water it tends to constrain mobility. You can't move and if you loose your job you are unable to move and if you are in Hickory you can't move to Charlotte because you are under water. From that standpoint we are in good standing but it is still the way on the overall market. What I will do is I will start closing on commercial real estate, I will follow the commercial real estate market and what we are seeing is that across the board, and if you go to the next slide which is #29, you will see that the overall Charlotte apartment market is right in step with the overall national apartment market. It is staged for recovery. In the national markets we have seen the apartment markets have taken off. That is mainly because traditional renters, which are the younger generation are moving into apartments versus moving into houses and renting houses. We see that the apartment market is starting to take off. If you look at effective rent growth we see that rent has started to increase in the apartment market in Charlotte. If we look at the office market, in particular, very similar to national trends we see a migration from suburban office space into the central business district happen here. Office rent growth continues to be low so many of the suburban office tenants are looking for lower rent growth and better positioning so they are getting that. We've actually seen demand start to pick up, but of course we still have a way to go with the Charlotte office market. Finally retail, the retail fundamental will likely remain weak as long as the overall labor markets continue to be overall sluggish. We've had eight negative quarters of effective rent growth in the retail market and the vacancy rate in Charlotte is 11.3% so it remains extremely high and it will take some time for the overall retail market to clear up in Charlotte.

In closing I would say that Charlotte definitely lag the overall recovery but we didn't get a lot of the headwinds that many of the other states faced and many of the other cities faced. We are uniquely positioned and I didn't talk about trade and transportation, but we have the Airport that is here. We are centrally located so there are some positives. We will probably have trade and transportation start to pick up so as we look forward Charlotte is positioned for growth, but it is going to be slow and very modest.

**John Connaughton, Professor of Economics, UNCC,** said a lot of what I was going to talk about Anika has already covered so I will breeze through the early part of my presentation. What I want to do is basically is focus on what are some of the constraints that you all are going to be facing over the next several years. I don't think this is anywhere near over in terms of the trouble that this recession is going to cause on the public sector, whether it is state government, local government, city or county. I'm far less optimistic than my colleague Anika or her colleague John Silvia. I guess I'm the true believer of the dismal science so we will see if we can forward from there,.

Anika raised some interesting insight in a couple of things, but what I want to talk about here is number one, this has been a long recession, it was over in June of 2009. That is almost two years ago. How do you feel? Do you feel like good times are rolling again after two years of so called economic growth, and the answer is no you don't. You don't even feel close to it. This was an 18 month recession and most of the folks in this room are familiar with the 2001 and the 1990 recessions, both relatively short 8 month recessions, unemployment peaked at the 6 to 7% range

depending on the recession, a very short period of time. Some of you in here I can see remember the 1982 recession, a longer recession, but not nearly as severe as this one was in terms of the number of jobs lost. About 2.5 million jobs were lost. Folks in the United States lost 8.3 million jobs in two years so this thing began in December of 07 and when the job losses stopped it was December of 09. Twenty-four consecutive months where each and every month the United States lost jobs and some months in early 2009 there were 600,000 to 700,000 jobs per month that were disappearing. In North Carolina we had the same pattern, twenty-four straight months of job losses. We lost 283,000 jobs, our fair share of the 8.3 million. So how are we doing coming back. This year jobs started to grow in January of 2010 and for the twelve months in 2010 we've added almost 1.1 million jobs, 1.1 million of 8.3 million. That is not exciting and remember we started losing jobs in January of 07 and that is 36 months and we've still got, in my calculation, 7.2 million jobs to go to just get back to where we were. In North Carolina the picture is more bleak, 283,000 jobs and we added 10,000 jobs last year. We've got 273,000 jobs yet to go. You can do the math on this, lose 8.3 million, get 1.1 million back, you divide the big number by the little number and figure out how many years it is going to take. You do the same thing for North Carolina and the North Carolina number is really scary because that is 28 years and I don't think we want to wait that long to get back to that level of employment. The idea that somehow in 2013 or 2014 things are going to be back to normal, they are not going to be back to normal. This economy will not generate two or three million jobs per year, not at its current pace. Anika mentioned that last quarter we got 3.2% growth in GDP. Here is the math on that. If you add 2% productivity growth, which I suspect when the numbers come in from the feds, that is what we will get. When you get 2% productivity growth, you only need 1.2% more workers to get that job done. You can see how this is really going to be troublesome at those growth rates and is there anybody out there who sees growth rates in the US or North Carolina that is going to be better than 3% to 3.5% over the next several years? If you do you've got a different crystal ball than I have. That is one thing. It is going to be a long time before this gets back to where we were and there are a number of reasons why. Anika kind of raised this issue when she talked about where the jobs are coming from and she looked at business and professional services, health and educational services. We've got a couple charts in there and actually what our charts are going to show you is not so much where the jobs are coming from, which we have already covered, but where they went and who lost jobs. One of the great myths about those job losses, those 8.3 million job losses, is that somehow this is a financial recession. Not so, absolutely not so. All the people in the banks are doing fine, they all got their bonuses, they all got their jobs and they all got their parking spaces. There is a slide in there that has US job losses by sector, about the fourth page in and when you look at it you realize that half of those 8.3 million jobs came from blue collar workers, manufacturing and construction. Guess what? Those jobs aren't coming back. All the loss of manufacturing jobs did was kind of accelerate an on going trend in manufacturing in this country. We've had a decline in manufacturing employment going on for years and years for a variety of reasons and those jobs aren't coming back. Construction jobs, when you've got all the foreclosed properties that are out there, they are going to have to work their way through the system and the estimate I see of three to five years, depending on whether you are an optimist or pessimist, before those foreclosed properties work their way through the system and become un-vacant again and get sold. You are not going to see construction employment coming back as well. So it is going to be a long road before any of those jobs come back. There is a big mismatch between skill set of people who lost jobs and the skill set of where the jobs are being created in business and professional services health and educational services where college education is usually required. It is that pathway for high school graduates doing blue collar work to gain access to the middle class, those days are over and that is going to present a lot of problems to you folks over the next several years. It is not part of the economy per se or part of this economic forecast, but it is something that you need to be aware of that economic hardship among individuals who simply cannot not and don't have the skill set to find jobs in where this new economy is going. Even though it is going to be an addition, it is going to be a slow growth in terms of job losses. We think we are looking in the neighborhood of 5 to 6 years to get back to same level of employment we had in December of 2007. Why is that job growth so slow? One is one that we've already mentioned, slow GDP growth. When you come out of a recession you are typically looking at 5% to 6% growth for at least a year. The last time I checked, we've had 6 quarters of economic recovery. We had one quarter where we had 5% and that was almost all inventory adjustment, businesses basically building inventories back. Since then it has been 3.2% or less. That is not going to generate jobs.

The second thing, which hasn't been talked about a lot, is this thing called the new normal. I am now starting to refer to it as the new permanent. That is people are buying less, they are consuming less. Anika alluded to the fact that we are seeing consumers deleverage themselves and she gave you some numbers. She talked about 2013 to 2014 before deleveraging was complete when you get down to about 90% and we've seen this every single month. Since the fall of 2008 what we've seen every single month is consumers holding less and less debt. That sounds like a good thing. When it was 130% they had too much debt and it was not sustainable. The problem is that 71% of US GDP is personal consumption expenditures. Consumers run this economy and if consumers are constantly deleveraging, what does that mean about personal consumption? It is going to be lower. What does that mean about GDP? It is not going to grow very much. We are not going to see better than 3% sustainable growth rates until we get through with consumers deleveraging and we hope that it takes them 4 or 5 years to get to that point that they don't say this isn't a bad way to live. We hope that they will go out and borrow money and buy a new car, a big screen TV or refrigerator or something like that. But they are not going to do that anytime soon so it is really going to put a crimp on those manufacturing jobs.

The second thing is changing economic structure. We've already alluded to that a little bit in terms of moving away from manufacturing toward services. Finally the uncertainty of it all. Consumers are just not happy campers. Ever since we had the financial collapse in the late summer or early fall of 2008, consumer confidence has really been hammered, and it hasn't really changed very much. Consumers still aren't happy. They don't see job numbers that make them happy, they don't feel comfortable that if they go out and go into debt to buy something or if they reduce their savings to buy something, that they are going to have a job to either replace those savings or make those payments. They are still not there yet and nothing in the job growth numbers, nothing in the unemployment rate numbers have sent a signal yet to consumers to suggest to them it is okay to go out and behave irrationally. I give you one simple number on that. Before this all began in the United States, we sold about 17 million cars and light trucks per year. Not US generated, but that is how many cars and trucks Americans bought. This past year, 2010, it is about 11 million, maybe 12 million this year is the kind of high estimates I see. You can get a sense, if consumers are not buying the cars, and that's got nothing to do, the 17 million car purchase number a couple years ago, doesn't have anything to do with the housing bubble and the mortgages and the ATM machine. It doesn't have anything to do with all of that fancy, it has to do with just basic transportation and buying a car. Americans are buying 2/3 of the number of cars that they used to buy. That pretty much says it all.

I want to talk a little bit about going forward. I've got a couple slides that give you positive indicators for a recovery, negative indicators for recovery and the arrows are not the fact that particular indicator is going up or going down, it is the effect that indicator has on the economy and you will notice that my positive indicators are all sideways. I don't have any up arrows. As a matter of fact I did this last week and if I was doing it this morning, I would have a down arrow by oil prices. How many people here have heard of the double dip possibility? Guess what, we've all pretty much dismissed that, not going there. How many people have been following what is going on in Egypt right now? How many people have been watching oil prices at the same time. Let me tell you what a \$4 per gallon gasoline price will do in this country. For every \$ .50 that gasoline goes up it takes \$150 billion out of American consumer's pockets that they don't spend going to the movies, going out to eat, going on vacation, getting a hair cut, or whatever it is. Because we import 65% of our oil you know where most of this 150 billion goes. The problem is that in the short run, our economist say that the demand for gasoline is very price in elastic, an expensive term for saying you live where you live, you work where you work and you drive what you drive so you don't have a lot of flexibility to respond to prices of gasoline in the short run. If we go from \$3 to \$4 that is not \$150 billion, it is \$300 billion. It is a nice number but what does it mean. How many people here remember the Bush stimulus back in 2007 when you got your \$600 or \$1,200 check back. That took the economy that was negative and created a situation where instead of having essentially 6 quarters of declining GDP, we actually had one quarter where GDP went up, the second quarter in 2008. Why? Bush's tax stimulus rebate was \$160 billion and it spiked GDP back when we didn't know what was going on so we took the money and did what we wanted with it. Like good Americans, we spent it. Take \$300 billion out of people's pockets and stop to imagine what that is going to do to GDP. I'm a firm believer that this recession started in the summer of 2007, long before the housing bubble and it was caused by \$4 per gallon in the summer of 2007. You don't want to see that again so this idea of the double dip, I don't think it was well founded before. I don't think we

knew what was going to happen. I'm not so sure now. We've got some negative indicators and Anika alluded to it in terms of credit markets, that is what we call access reserves, how much money is sitting in the vaults in banks. I don't have time to go through this and give you the real spectacular review, but before all of this began the entire banking system in the US sold about \$2 billion of access reserves and now they are holding over a trillion dollars. That is 500 fold increase if my math is correct in terms of the amount of money that is sitting in the vaults of banks. On top of that U.S. businesses, Fortune 500 companies holding another \$1.8 billion of cash. There is plenty of cash out there. It is just not getting into the hands of small business or other people who might be willing to borrow money to expand their businesses and to create jobs. That is one thing that is causing a good deal of problem.

The last thing I want to talk about, and I just have a few minutes to do that. I want to talk about one of the other constraints that has nothing to do with the economy, but has to do with the North Carolina tax system. You rely on sales tax as part of your budget without question. One thing we pretty much know, and I think the Mayor may have said something about this recently, about property tax growth being 1% per year for the near future. I've been asked 6 or 7 times recently by reporters and was asked by the County Commission whether or not that was a reasonable expectation and I said absolutely. When you've got all those foreclosed houses on the market you are not going to grow that base if you will. You are not going to benefit from any kind of phenomenal growth in property tax. That leaves your next source of income and that is sales tax. In North Carolina we've got a real problem because we only tax about 25% of the economy. We have a really high sales tax, 7.75%, 8.5% I don't know, it varies from week to week and depends on what you buy. I can't keep track of it and that is a pretty good number, but it only taxes a base of about 25% of the economy. Why is this trouble? I already gave you 71% of the economy's personal consumption expenditures. Back in 1950 it was still 65% so we are not nearly as bad as you think we are in terms of how irresponsible we've become over the years. We are pretty much the same as we were in 1950. We're just richer and therefore the absolute level of our irresponsibility looks bigger. Back in 1950 61% of what we bought was goods and only 38% was services. Today it has flip flopped, 68% of what we buy is services and only 39% are goods and that is all we are taxing. So you get a sense here of what is going on. You've got a tax base on goods and goods are becoming a smaller and smaller part of our GDP growth. Even if the economy grows 3% or 4% heaven forbid, even if something miraculous happens, and it grows at 5% and we get some real jobs, your budgets aren't going to grow at that rate because you are taxing a smaller and smaller share of the economic growth over time. That is something that is really a constraint outside of our forecast that you need to be concerned about. I'm going to leave you with the last slide that I have and you can figure that out on your own, but it basically the keys to watch as to whether or not things are going to look up or not, but I think it is fun for you to access reserves and keep your own watch on that. You will find that the Federal Reserve Bank of St. Louis keeps that data and that is a real good indicator. When that number starts trending down you know things are going to start to get better in a big way.

**Matthew Martin, Federal Reserve Bank of Richmond,** said you have had two perspectives that are largely in line and I will try to tailor my comments that haven't been covered in as much detail. The bottom line up front, looking at the national economy, I think 3.5% growth this year is in line. That is roughly what you've heard and gain that is fast enough to be real growth, but not fast enough to really cool down the unemployment rate that quickly. That said, I think regionally the typical patterns that we are use to seeing during expansions start to emerge as the years goes on. That is if you look at hierarchy, whatever the U.S. growth rate, North Carolina tends to be a little bit faster than that and Charlotte tends to be a little bit faster than that. Both Charlotte and North Carolina has a bigger hole to come out of so even if growth is somewhat higher than that seen nationally, it is not going to really get rid of the slack in the economy and put all the unemployed workers back to work anytime soon. I think as the year wears on it does still feel like recovery is underway. Job growth strengthens from last year and it starts to feel like recovery is taking place in terms of job growth. I don't want to retread a lot of the ground so I'm probably going to skip over a few slides you have. Let me talk about the national housing scene because the one difference between this cycle and past, even if you look at the early 80's and mid 70's, relatively more severe recessions in recent history, what was true about them was during the recovery phase you had a strong rebound in housing and that is not what is happening here. This chart has both new and existing home sales and in percentage terms new homes sales have pulled off considerably more than existing and that is just foreclosure issues. Foreclosure and other distressed properties are showing up in existing home sales, they haven't fallen as



much at the national level on slide #3 you can see the volatility, that is policy induced, right first time home buyers credit and when that ends you get the buy back and you get a lot of volatility there. If you turn to the next page it has the unemployment rate and the next two slides has the forecast. This is the federal overall market committees and this is all twelve Federal Reserve Bank Presidents and the Board of Governors. Every quarter they put a forecast into the mix, they throw out the highs and the lows and what you see here is called the central tendency for the unemployment rate. This is the one from November and next month when the minutes from the January meeting come out we will get an updated forecast which will look marginally better than what you see here. What it shows is by end of year national level an unemployment rate in the 9% range so the best case scenario that inches below 9% and even three years out, by the end of 2013 that is still fairly elevated unemployment rate. You have heard all the discussion about the persistence of high unemployment rate, this was really the driving force behind the FMC latest policy action to buy an additional slug of treasury bonds and keep the short term interest rates target basically at zero. I want to talk a little bit about that environment and what is going on. If you go to that next slide that has the consumer price index, again you get a forecast there and this is the overall price index. This is a little bit different from the CPI but it has a lot of the same components. It shows a forecast for inflation to be relatively low and stable. Everybody knows that food and energy prices are rising and actually I think for your consideration that is worth thinking about. I did see John's point well taken, the good sales are a very small part of what consumers buy, but I've seen forecast for the food prices this year that suggest that is the element, outside of energy, that is going to rise the most. Grain and other commodities are through the roof and there may be something, I've seen numbers in the order of 5% increase in food prices so in a relative basis retails sales offer an phenomenal figure. You are going to see tax receipts on food probably to up, but you've got to think about what that means as far as who is spending their greater share of their disposal income on food. It is going to be the lower income households. It is something to think about. There is concern now that the economy barring something like the issues in the Mideast throwing the recover off track or the world economy off track. I'm going to set that aside because that is kind of an un-forecastable event. If it happens all bets are off and if it doesn't happen and the base line forecast sort of plays out the concern becomes given the amount of liquidity that is out there, our balance sheet at the Federal Reserve is now \$2.5 trillion and headed to \$3 trillion and it was less than \$1 trillion before all of this began. That is showing up in bank's excess reserve balances right now. The concern is about the potential exit strategy and inflation down the road. This has a bearing on interest rates. If you look at this price forecast, most forecasters have inflation remaining relatively muted and that is an indication that the slack in the economy is so much that even though food and energy prices are rising, the ability of firms to pass through and pass along those higher energy costs is fairly limited right now. It is an open question about when that changes down the road and that is something we are going to be watching out for. If you go to the slide with the tips inflation compensation, this is market estimates of what inflation will be down the road, using differences in yields between normal 10-year treasury bonds and those that are inflation adjusted. That dark blue line is sort of a longer term inflation outlook for markets and you can see it is fairly steady. Last year it dipped when we had that soft patch in growth and then it recovered again when we got better growth figures and data at the end of the year. The light blue line is a more near term forecast for markets on inflation and it is lower so markets are based upon interrupting and inflation is a little low right now and in time it is going to pick up to where it had been during the last expansion. That is how we interrupt that and the reason that is important, if you take any nominal interest rate and divide into two components, a component that is centered on inflation expectation, compensation for what inflation is expected to be and then a real rate. If you go to the next page with capital market rates, it's got a bunch, and I will focus on the light blue line, the 10-year treasury, so if inflation expectations by market measure are fairly steady, that element is not moving a whole lot, you have seen in recent months longer term rates pick up and that is real rates moving primarily and they can move for a lot of different reasons. It looks like real rates have sort of bottomed out and what we do know that as economy goes into expansion phase that tends to be a period where real rates tend to trend higher. I would be really surprised if rates went down throughout the course of this year. They might stay where they are but they are likely to start trending higher if I were to try and make a forecast and that is based on the real rates.

I want to take up a comment you heard about consumer debt burdens. It is true that consumers are deleveraging and relative to income debt levels are still fairly high. What has come down is consumer debt service as a percentage of disposable income. Even though home sales have been

really anemic over the last couple of years in the wake of the housing bus, refinancing has been pretty robust. A lot of people are locking in lower rates and what they need out of their current paychecks to service their debt is at actually pretty manageable levels and trending lower. That is giving consumers a little bit of room on the spending side so I'm a little less pessimistic on where the consumers are with their balance sheets in deleveraging. It is an open question though, what kind of persistent behavioral changes are we going to see. My take on it would be those in their 20's, the young professions for whom this will have been their formative experience, they got out of college, got a job, it lasted six months before they got laid off. I think we are going to see a cohort, I think of my grandparents and how they reacted to the great depression. I think some cohort is going to have a permanently changed perspective on spending and that is going to carry through and they will probably be a little bit more thrifty relative, I'm supposedly a genexer, I don't see myself as avid and according to that the Mayor is as well. Perceived as not being as thrifty a generation and the baby boomers, we all know about them. A little bit about the regional economy and the next slide a couple of year over year figures on job growth. This is not in percentage terms, this is difference year over year in terms of thousands of jobs, it is for the Charlotte MSA and the private sector divided by goods and services. It is interesting, you've looked from where we are now and you've heard the figure already, 70,000 jobs lost in the Charlotte are, to where we are now given that we've covered some private sector services jobs, most of the jobs lost out of that 74,000 or so are actually a good sign. It is manufacturing and construction and I think John pointed out that construction employment is not going to come back. I would point out that does not mean that we are not producing nationally or in the Carolinas. The manufacturing jobs themselves are not going to come back, but we are still going to be able to produce. I think back in the early 90's when BMW put their plant in South Carolina, that was the time period when a lot of textile jobs were going over seas so we just moved up the value chain. Much more capital intensive high value added goods so we are still producing that. The jobs that exist in manufacturing and those sectors tend to be higher paying, but there is not near as many of them and I wanted to point that out. The other side of this is construction. At its peak for the US economy, construction was something like 6% of GDP and that was much higher than historical norms and it is now less than 3% and it is probably not going back to 6%. There are a lot of construction workers nationally and in this region that aren't going to get jobs back. A lot of them are high school graduates and do not have the skill set to go into professional services where we are starting to see some pretty strong job reforms again.

The next slide has residential growth, building permits and has two red lines there. We have been tracking over the last few years housing markets in the region pretty closely. At its peak the Charlotte MSA was adding something over 20,000 new homes, single family homes, maybe 3,000 multifamily units on top of that and I don't think Charlotte was massively over built because we had very strong in migration. You can see where we are now with just 5,000 and that is roughly the annualized pace focusing on the 12 month moving average on that chart. If you look at some of the numbers that are available from those companies tracking mortgage data, the inventory of either foreclosed or bank owned properties in the Charlotte MSA has got to be at least twice as many as the current building case we are seeing right now. There is a mismatch in different segments and different locations so it is hard to, even within Charlotte, to look at the overall market and you saw this in the *Charlotte Observer's* articles they've done. The wedge south of town through Myers Park, that is an area where you have middle class and above homes that are in high demand and that has held up well. Probably some over building in the entry level homes and you saw that in the maps east and west of the City. I generally think it is the lower end, that entry level homes and the higher end that are probably the ones most out of alignment as far as real estate sectors, but you could probably get more detail input from some of the realtors around town. Home prices, I have one measure there that is from FHA but it is broadly similar if you look at the Case Shiller data, Charlotte was late to the downturn in home prices. There never was a real ramp up in prices so I think it was surprising for a lot of us when prices actually fell. You can see where we are now relative to the U.S. economy and we are playing catch up. I think this market, we are still a little bit behind in the adjustments if you look at the US as a whole. Obviously, we are not as bad off as some place like Las Vegas, but I still think we have a little bit of a ways to go. This year will not be a good year for residential real estate. The last slide I think Anika has a much better grasp on commercial real estate. I would agree with her point, you are seeing the restacking from the suburban markets downtown. If you look at the last chart, in the suburban market the metropolitan vacancies are just for office. It never really came down very far during the last expansion and there was a lot of speculative building,

not all of it successful. The Ballantyne area has been pretty successful and is building buildings and having people show up. But look at the other one. If you talk to Ronnie Bryant or the Charlotte Chamber, they are looking at 10% vacancy rates in the central business district and saying we finally have something to market and they view that as an actual good thing because they know that is not going to last. The central business district is not going to stay at that level. We are actually hopeful of that as we actually have a little space to lease as well. We are hoping that market downtown will improve as well. The bottom line is it is going to be a better year than we have seen for 4 or 5 years but that doesn't mean everything is rosy. We've got a lot of catch up to do so hopefully that is a little bit of a positive where otherwise it is kind of a challenging market on a gloomy day.

Mr. Whitehead said thank you guys for being with us and we are going to take a few minutes here and I would like for you to write down three words, because we are going to do this slightly different at your tables and the three words are reaction, implications and questions, a reaction that you had at your table, what implications for Charlotte and if you have any questions for the panelist. Take a quick 5 minutes at your tables and then we will open it up for the panelist and you can respond that way.

Council member Mitchell said we had some reaction.... Very fluent and feed back for us. Implication I think when you look at the construction industry we've lost a lot of jobs and for those employees there, how do we facilitate yesterday's transferable skills to the health care and to the tourism sector. My personal question would be if it were not for the stimulus, and there is a lot of talk about the stimulus, was it the right solution for us. Without the stimulus, was there another option for us to try to keep the job losses ... I would like feedback on that.

Mr. Martin said if you want an actual reference to this, one of my old bosses, Mark Zandy together with Allen Blinder, who is a Princeton Econ Professor and a former Fed Governor, they actually did a what if scenario to see what would happen if we hadn't had physical monetary policy response and their conclusion was, instead of 8 million jobs lost would have been 16 million and the so called 8 million saved was 2/3 due to monetary policy and about 1/3 due to physical policy. That is one estimate and I think the report is publicly available. The numbers you are seeing on unemployment and where we are headed in the future, it is the unskilled workers. They've got 15% unemployment rate. College graduates are at 5% unemployment so you can't get into this discussion without also thinking about longer terms and how in the future you are going to have the workforce that you need that insulates your region. It starts in early childhood where the economic studies shows there are tremendous returns to the individual and society all the way through university system and you can't have a broken link in that chain. It's got to all work.

Mr. Connaughton said for all you guys that were groaning and complaining about TARP, but for TARP which is \$750 billion, we would all be selling pencils on the street corner right now. That is how close this thing really got so I think Mark Zandy is right in that the stimulus and mostly monetary policy and what the Feds did after the disaster was critical in making this a manageable problem. Back to the issue of these workers, I said in my 15 minutes that what we saw in manufacturing in particular was just a stimulation of what had been happening and if you go back in 1950 1/3 of American workers were involved in manufacturing sector. As recently as 1970 that was 25%, today it is under 10%. Don't get hung up as some people do and say we are losing all those jobs to outsourcing and foreign countries, China and all this kind of stuff because that hides the fact of what is going on and it couldn't be further from the truth. We still produce, and I think in 1950 we produced about 22% of our output using in manufacturing and today it is about 18% so really it hasn't changed that much in terms of our emphasis on manufacturing. So even if we were to have this incredible resurgence of manufacturing industry in the United States, we are still only going to go from 18% to 23% and it is not going to be a big change and you are not going to see a lot jobs. Where are the jobs in manufacturing are going are to robots. Let's get realistic about it. That is what is going on. By the way it is not such a bad thing because all the fenders on your cars are now straight. This problem is not going to go away and by the way, this is an educational issue that is going to be the number one issue for the twenty first century going forward. I was kind of mad at President Obama because I don't think he emphasized this enough in his state of the union message, and that is if in fact we are going to have a resurgence of the American economy as the world's greatest economy, and we are going to take our place in that, it is not going to be by stealing manufacturing jobs from China. That is

not where it is going to be. It is going to be in providing high level quality services to the rest of the world. Things like soft ware and all these things that we all know require advanced degrees, if not at least a college degree. We cannot become the economy that we need to become to generate or maintain or improve our standard of living unless it is an educated workforce. This is the number one problem.

Ms. Kahn said we talked about education around construction in particular. John and I actually wrote a piece on structural unemployment and what we found was that for every 20 unemployed construction workers there is one job opening. It is very different than manufacturing. For every 7 or 8 unemployed for one job opening so the ratio for construction workers are a lot higher. That is one of our key problems in structural unemployment. If we drill down into the housing market, what is constraining them? In typical recessions you can get mobility. Once you lose your job you can move to another place and I kind of highlighted that. As long as we have housing in ... and negative equity as a problem, many of these workers will remain constrained. Once the housing market starts to pick up again, we will start to see some of this mobility happen and at the same time they should be retooling.

Councilmember Mitchell said can you address the stimulus?

Ms. Kahn said oh absolutely, I agree with what Matt said. Clearly the stimulus we've seen, specific stimulus programs, there is pay back. We've seen the first time home buyers tax credit, we've seen unemployment insurance. The unemployment insurance is helping those manufacturing and construction workers. While it is quite contentious and debatable, clearly this was a severe recession and without it would have been a lot worse.

Councilmember Peacock said my reaction was sobering, the implication was eliminate the unnecessary, adapt to change and my question for each of you, if I were to give you a magic wand and you were on Charlotte City Council what would you do?

Ms. Kahn said I will tell you that another discussion that I had with my fearless leader, John Sylvia, who is not here, was if he had a magic wand what would he do and what he talked about a lot and I agree with John, in fact with overall growth in Charlotte slow, with employment taking a longer recovery that we need to be specifically vigilant on new projects that come to the table and really take a hard look because it is going to take a while for this particular economy to recover. We were hard hit, we weren't the hardest hit, but we will recover and it is going to take time. Again, we talked a lot about failed taxes, property taxes, it is going to be a long haul. We should be extremely vigilant about which projects we are funding.

Mr. Connaughton said what would I tell the City Council – get a new job. It is going to be a tough road and one of the things I would ask you to do, as a taxpayer more than anything else, as a professional economist, you are going to have to get through the short term, but your real job is the long term and that is making sure that you put programs in place that can deal with this structural unemployment. I don't know how you do that and I don't have an answer to it because that is not what I do, but I do know this is a problem that is not going to go away anytime soon, but it is going to be a constant drag on your city, on our state and our nation. Eventually we will age out of it and all of these structural unemployed people that don't have educations will eventually become retired or something like that. That is such a long way away that it is not realistic to use that as a reasonable plan. The other thing I would suggest to you, and I think this is very, very important to you to remember and that is the tank for stimulus funds is over. There will no longer be any federal government handouts to state and local governments. It is gone and it will not come back. If you are looking to the federal government to come up with some kind of program to deal with these structurally unemployed workers it is not going to be there. Secondly, with all due respect to Matt and the Federal Reserve, their balance sheet are about as big as it is going to get. There is not a lot of monetary policy left in the equation to stimulate this economy. You are left with the current situation and you are going to have to work your way through it and make sure you balance your budget and obviously that is why you are all here. I think you cannot lose sight of the longer term and dealing with this structural unemployment issue and putting in place those kinds of ingredients that can maybe make you a little bit stronger than you otherwise would.

Mr. Martin said now that I've had time to think about it, it is a tough situation and I think John is right, you've got to get through the short terms which means leverage your economic development companies through corporations that help work Bob Morgan, Ronnie Bryant and Center City. There is a limited amount of growth and in that sense there is something in the short term with a zero sum gain. Charlotte has a lot of advantages, making sure the word is getting out. I'm going to say this and it is easy for me to say it and not have a context for it, but make sure that City government removes as many obstacles as possible to business growth, particularly small business growth. Do what you can to get out of the way and I say without knowing if there is anything out there that you can do in that realm. I really don't know, if there is, it would be something to do and the third thing that occurs to me and this is an opportunity to get the focus on the longer terms, to focus on the workforce development issues and the way I use that term is thinking broadly from the whole pipeline and what does this community need over the long term to make sure it has the skilled workers that will develop the industries that will hold up better during these business...

Councilmember Cooksey said we talked about the housing issues. Matt talked about leveraging and refinancing. Do you a better sense on how much your leveraging is, consumers getting smart about their debt, working to bring it down and working to pay it off and how much of the leveraging is consumers walking away from their debt which may not indicate safe behavior change that a wiser consumer could ...

Mr. Martin said there are some of both clearly going on. Some of it is write-offs both home mortgage that obviously is a lot of foreclosure activity, and we are not near as bad off as a lot of places, but we definitely have a slug of foreclosed and income property around here. It is true on the consumer side as well. I will say this, if you talk to banks, they long ago sort of figured out their credit card portfolios, for example so you could have a little formula and you plug in an unemployment rate you sort of know what your write offs are going to be from bad debts from credit cards. I think credit card portfolios, while they haven't been great in some sense, but they have performed as expected. There is definitely write offs from that kind of revolving debt but some of it is consumers paying it down as well, so there is some of both going on there. In the end if you've got that going on, in either case it leaves them, assuming they have a job, in a better place than before.

Ms. Kahn said the only thing I would add to that is what you were referring to was strategic default. You find that you are under water with your home mortgage and you make the decision, do I just want to turn the keys in or do I want to try to work this out. We've found that of course the working out was pie in the sky and it really didn't work out so at the end of the day I have to ask myself who is most viably a strategic default candidate. You would have to look at folks who are a little older in age, the older generation that don't necessarily put as much on their credit ratings. That is where we are finding a lot of the strategic default happens in that cohort so from that perspective baby boomers and older, we are finding are doing more strategic default. You talked about the leveraging in general, Matt talked about revolving credit and that kind of work. Credit card companies did the hard work for us anyway. They came in and said we are going to charge you more, you are going to reduce limits and of course we had the credit card act and some of that has been helped out a little bit, but never the less, credit card debt is coming down as well. Mortgage debt in general, overall we see that Matt Martin said debt service is coming down so in general it is something that has to happen anytime you have a financial crisis. You have a build up and you have a bring down so you have to have this process happen in order to have a recovery.

Mr. Connaughton said Anika gave you some numbers in her presentation about the percentage of debt that consumers had relative to their incomes. I guess at the peak of the mortgage refinance, ATM deal we got to about 130% of that number. The long term number when we look at it going back over times close to the 90%, we are about half way back. I think going forward in the new normal that we still have some more deleveraging to do. Matt made a good point earlier on when he talked about the generation X or the younger generation, the 20 something. They may be permanently scarred by this and they may be a very conservative generation, but I think it is also true that the baby boomers got hammered by this as well and they are going to be a lot more cautious going forward, plus they are getting older. They took a big portfolio hit and despite the fact that the most leading indicator, how the stock market is going to perform over the next year, if an NFL team wins the NFC conference team and if we've got two NFC conference

teams or old NFL teams, the predictor should be relatively who wins the Super Bowl, the market should do better this year. How many people think the market is going to be better this year. I don't think that going forward that the baby boomers are going to get involved in the kind of buying that they have historically done over their life times. Remember they were the yuppies of the 80's and I think they are going to be a more conservative group going forward as well. I think that we are searching for that 90% level and I think when we find we are probably going to stay there for quite some time. It is going to be really, really painful until we get there.

Mr. Whitehead thanked the panel for being there and said Council member Mitchell, since we are in your District, would you come up and introduce our host today.

Council member Mitchell said I would be glad to do that. It is my pleasure to welcome one of the brightest young minds not only in the City of Charlotte, but in this country. I can't remember but I think it is two years now, but he has been here with a lot of energy and a lot of enthusiasm and he doesn't believe in taking the word "no" of things cannot happen on the Beatties Ford Road Corridor, so please welcome the President of this fine University, Dr. Carter.

**Dr. Ronald L. Carter, President of Johnson C. Smith University,** said Good Afternoon and welcome to your University. I am delighted that your are hosting your retreat here at Johnson C. Smith University. I emphasized the possessive your because we are a private institution with a public purpose. As a private institution we delight in educating young men and women to become social entrepreneurs all over the world. We are preparing them to be global citizens who speak the languages of the world and understand the key role that global information technology plays in all of the issues that we face today. In our public purpose, we look forward to being a strong business partner with you. I enjoy running the University as a business and I do not apologize for doing so. We are in the business of producing a very precious commodity, our future leaders in the world. We want them to have increased earnings over the year and I am delighted that today, the work of the Johnson C. Smith degree is \$1.33 million. For every degree we offer we are making it possible for young men and women to earn at least \$1.33 million. We want to continue to be a good business partner with you and that means that we have to help you serve as an economic engine. I have listened to some of the economic woes that you are wrestling with, but there is some good news. John C. Smith University, in the very simplest and broadest terms has an economic impact of \$68.4 million per year for the City of Charlotte. For every dollar we spend we contribute \$.48 to the region. That is very good news for us and we will continue to do just that. I also want to express my deeper appreciation to you for helping us revitalize Beatties Ford Road. I think that will continue to have strong economic impacts, but we could not do this without the strong support that you have given to us. We are getting ready to undergo a comprehensive campaign that will add new buildings on campus, new jobs on campus and that will continue to stimulate the economy here. So together, Johnson C. Smith, and you, we can make a very critical difference in all of the issues that we are facing in the City, in the state and in the country. We take our responsibilities very seriously. We will be strong leaders in the northwest corridor. I am delighted about the announcement concerning LIFT. That is an exciting initiative that will impact on the quality of education in the northwest corridor. That is a very strong symbol and a very strong sign that Charlotte is committed to the northwest corridor. We will be the stage, the lights, the microphone for you to tell that story and we will continue to be the stage, the mic, and the lights for the northwest corridor. We hope to continue to be a strong bridge that will help all of us understand our important roles in educating our young people, creating a strong economy and at the end of the day having a social network that simply says, We The People, so thank you very much for being here at Johnson C. Smith University, Charlotte's premier independent urban University.

Mr. Beamon said thank you Dr. Carter. We are very excited to be here and we've had a whirl wind morning, fast paced, taken a bus ride, met new friends, had some light conversation, heard an amazing announcement about education over at West Charlotte High and then we came right back into our economic panel and heard some sobering news from three different views. This is all part of the condition in which we much lead the City, so it is what we do and the environment in which we do it. Now we want to move in and feed you. You deserve to eat and we have a busy afternoon, so we are going to go and let you all continue in this discussion, what you've heard specifically from the economic panel, but stay in the conversation about the economic environment and its impact on our community and how we much lead through that.

**The meeting was recessed at 1:21 p.m. and reconvened at 1:54 p.m.**

Mr. White said welcome back – Welcome back again and if you can for a moment take a look at this slide just before we start here. You heard the economist refer to the new normal. Does anybody have a non-chaotic life by chance? I would like to know anybody who has a very stable, certain future, non-chaotic life. Not too many people do these days. I would also like to draw your attention to an article in the newspaper this morning, and you may have to look closely at it and I'll give you a chance to digest it to see if this resonates with anyone. We did get you on the bus together and that was good. You were sitting next to people and that is a common theme these days, civility and sitting next to people and trying to get things done. If we can get those steering wheels going in the same direction, alignment would be good. A lot of what we are working on, obviously we've got content to work on, but we also have how we go about working on the content which is just as important as the content itself and alignment. Let's review a few of the purposes and see if we are aligned on the purposes. The first one by the end of this session can be aligned on major priorities for 2011 and beyond, can we walk out of here with that alignment.

Secondly, can we gain new perspectives and insights on the various policy issues before us. Hopefully, a new insight or a new perspective would occur, otherwise there wouldn't be any need for coming to a retreat if you didn't have a new perspective. This other purpose is to continue building effective working relationships and trust with one another. I know we can always continue to do that and it takes being in the same room and having conversation together to do that. That is hopefully a great by product of what we are doing for the next day and half. Let's not also forget why we are really here. It is typical to look back and say what is the mission of this City again. I will give you a chance to revisit and look upon the screen at what the mission of this City is. Obviously, everything we do we should have this in mind. What about the vision of the City, a model of excellence that puts the citizens first. As we go through here let's ask ourselves the questions, is what I'm about to say or about to do really putting the citizens first and is it also being a model of excellence. Hopefully, we will see some gaps there because as we found out no-one is perfect so there are some gaps between what you say you are going to do and what you do all the time. Hopefully, all of us are on the journey to try to close that gap. That is part of what we are here for, to close that gap. Retreat agreements, it is really interesting because we discussed last time the word default. If we let this retreat go as it goes by default it would go in a particular direction, or we could be intentional about how we want it to go and craft it to go in a different way. By default, left to its own devices, we saw a little bit of that. Technology takes over, Blackberries, phones and computers and texting, twittering and all that takes over. One of the things we sometimes are not attentive to is when people are speaking up here and you are there with your computer or your phone, if you would look out sometimes when you are up here you might see that 65% of the room is not even listening to what you are saying. That would be disheartening if you were the speaker, trying to speak and other people are actually doing something else. Even know many of us can multitask and listen at the same time, but there is something about the "good ole days" when people didn't have anything like that and they actually talked to each other and listened to one another without a lot of technology in the way. Last year we asked you to consider making some agreements around paying attention and really having a conversation. You really can't have a conversation if people are doing two or three things at one time. So I'm going to revisit those again and ask you if you would consider responding to these agreements again and set the foundation for having the most effective retreat that we can have. I will put them on the screen and Nicholas will actually hand them out to you and give you an opportunity to say whether you accept them or you decline them or whether you have a counter offer. Some of you may have a counter offer because you've been know to bargain a little bit.

The first one was very simple. Would you agree to stay focused and attentive. That is why we ask you to respect the folks who are speaking, either at your table or up front. The second one was to be on time for the sessions and meals. Since we haven't signed this agreement yet we will forgive anything that happened before this point. Obviously, that means a lot to people also. When you are trying to have a conversation and have everybody in the same room at the same time is critically important. The only reason I'm giving you these is because in our 20 years of history, this is what works. It makes a difference to have effective meetings where people actually show up when they say they are going to show up and they are focused and attentive. The third one is to communicate in a constructive and respectful manner and we really hope that

there would be some dialogue in the room that might have some conflict associated with it because if there isn't we may not be working hard through some of the issues we need to work through so we would expect there would be some conflicting opinions. Not necessarily conflicting personalities per se but conflicting opinions which is at the heart of our democracy. I hope that you will speak your mind on the policy issues and your opinions and keep it civil and not directed at people personally. The fourth one is to limit the cell phone and computers to the breaks. We had this agreement last year at the retreat and it tended to work very well and there were a couple people who countered offered that because they had emergency family situations in which they need to have those available in case there was an emergency. If that is that the case then feel free to counter offer that. Then allow the facilitator to intervene to really just know that we are maybe seeing things that you don't see and we are seeing the dynamic of the group and open conversation, not just the content. There may be time that we might want to intervene and say we need to move on would you cut your conversation a little bit shorter and asks that you at least respect that. Very simply, we will just hand these to you and give you a chance to agree, disagree or counter offer each one of these and if you will bear with us, and I know some of you may not think this is as important as others, but in our experience it is very important to get at least a ground, that is why they call them ground rules. It sets up the foundation from the ground. Does anyone want to make any comments while we are handing them out. I think everyone was here last year except maybe a couple of folks who were not here last year. Any questions, comments or reactions related to the recommended agreements? If you will just turn your sheet over and leave it on the table, Nicholas will come around and pick those up.

There is always an interesting dynamic when we have a camera pointed right to everything that we do. I told some of you last year that is an unusual dynamic for us as facilitators and consultants in corporations, we don't tend to see cameras in the rooms while we are facilitating meetings and it is one of the dynamics that we observed about this group and how you all work together. There are a lot of factors that tend to impact your effectiveness, one of which is having media present. By the way we love you guys in the media, nothing against media, it is just noticing that what happens is the level of candor and the level of communication sometimes changes because people are concerned about what they say and how they say it. I recognize that dynamic and appreciate what it takes to be in this conversation and have cameras around and also have reporters around. They have to do their job just like we have to do our job, but I hope the reporters that are in the room and the cameramen that are in the room would also respect the subject, when we get into the working dynamics of the Council and staff, that can be a sensitive subject from time to time and it can also be taken out of context and that you would at least be respectful that it is not a moment just to be chosen just for controversy. I would request that you be considerate about that. Some of these discussions are around how people work together and can easily be misinterpreted in the media.

Another dynamic is of course the economy itself that has a dramatic impact on how you all operate together and another dynamic is the fact that you have a new Mayor who has been in office for about a year and they have been a lot of changes that have gone on this year and has been some controversies within your own City Council and your staff. You have had issues within the City, you've had to deal with so it has been a full year of uncertainty and sometimes chaos, which is sort of the new normal, so this is what we have. The question is how can we have constructive meetings knowing all of that and how can we have constructive meetings and at the same time being respectful of one another. That is what we are going to attempt to do over the next day and a half.

Do you want to go through these just to counter offer so you will know? The reason that we do that is so everybody knows what the agreements are. From what we can understand, there is an old Proverb that says "your life will work according to the degree that you keep your agreements". If you ever notice if you violate your agreement in an automobile and you speed, typically you get a ticket and it doesn't work very well. We know that things tend to work when people keep their agreements, things tend to break down when they don't. Meetings tend to work when people keep agreements so as long as we know what agreements you made, then you are just keeping those agreements and there is not a right or wrong, we just want to know where all the agreements stand.



Mr. Beamon said here are the declines or counters that we have and it is important that we all get free will, we all get our view, we all have things going on, but what is important as we now move into the meat of our retreat is that we have an agreement and if someone has declined or countered any of the agreements, that we all know what is behind it. Jason says he is countered with respect to phones and computers to breaks. If he has any emergency related to work he will have to grab a call. James has countered with respect to on time. His daughter has a basketball game at 5:30 so he is going to go and see her play for an hour. Pat says there is a City issue that he must be on standby for so that is related to phone and computers. Chief Monroe says there are several issues regarding the Police Department and he will check his Blackberry from time to time. Warren said that during the panel discussion there are times that he may not actively participate, he may check the twitter feed on the City Council what is being reported about the retreat. Mac is working on two important dead-line projects and will try to limit his Blackberry use to those two projects. Andy wants to live tweet, so you are going to continue live tweet during our sessions. Warren Turner said he has declined with respect to being on time and declined with respect to phone use and computers because he has a daughter he must take to class. Nancy said she was going to counter with respect to being on time for sessions and meals and will do the best she can coming up and down the stairs with bad knees. Everyone else was in the affirmative so we are ready and we have an agreement and are now ready to get our sleeves rolled up and go to work.

Councilmember Kinsey said I will conduct myself in an appropriate manner all the time, just like I did last year. You don't see me using my phone and I don't tweet or whatever you call it and I don't have a computer. I'm generally on time although I probably won't be this time because of my grandson, so I will do the best I can.

Mr. Beamon said so we are clear with Patsy.

Mr. Whitehead said in light of what has been accomplished this year we want to take a time out now to really look back over the year and see what has worked. What have you accomplished, because you set out for a lot of work last year and I would like for you to think through two different categories here. One is the work itself. What did you get accomplished this year in terms of the work. Also what did you get accomplished this year in terms of the team itself, in terms of how you went about the work itself? Did the relationships get built, was there stronger trust, what happened in the process of it. We are going to ask you to do this in small groups first and then we are actually going to capture some of this so you can see the accomplishment of the year before we start talking about going forward. This is an opportunity to brag a little bit and it is an opportunity to look back and say what are we proud of here. The theme was building on the strengths and if you as a City Council member had a lot to do with something we want to know that is and we want you to be able to toot your horn in this particular case. On the city staff, as well, what got accomplished this year. We will give you about 10 or 15 minutes to start to capture and we will need somebody to capture at your table just a list of some of the accomplishments. What you have done this year work wise and also the process by which you did it.

Mr. Beamon said we are going to share with the entire group what you all listed as accomplishments for this team during the past year. We will start with the table to my left and get some of the highlights from you conversation.

**Deputy City Manager, Ron Kimble,** said their table consisted of Mayor Pro Tem Patrick Cannon, Councilmember Edwin Peacock, Dana Fenton, Larry Campbell and I stated out a hit list of accomplishments. Small Business Access to Capital Conference, web portal, streamline the process for SBE, Disparity Study, Arts and Cultural Campus, Energy capital of the US, URI study on Beatties Ford Road, The Rose Fellowship ULI on Independence Boulevard, Moving over to Community Safety, lower crime rate, adding Police Officers from stimulus, implementing new Police Officers, Work on Police facilities, Providence Station, Steele Creek land, land in the Eastway Division, joint communication center, one of our three "T's" towing, Taxies and toxic noise, conducted survey of public opinion on Police visibility, stakeholder review process, recycling single stream, tree ordinance, housing locational policy, utility rate study, street car, mobility fund.

Mr. Dulin said one thing I've got to say, the two Council members at this table are flat out smart aren't they. Councilmember Mitchell is going to give our report, but I'm going to give you the line of the day. Everybody knows that James Mitchell like to eat. He said to Curt, I'd like for you to take us out. Curt said, you mean to shoot you?

Mr. Mitchell said one was the transition of having Jason Burgess to join us. Secondly was the passing of the bond, third pass the budget without tax increase, relatively low employee reduction, new job announcement with 7,000 new jobs, open NASCAR Hall of Fame on time, with savings and Gramede Bank.

Mayor Foxx said our Airport was voted one of the best in the world, a couple of policy pieces with non-residential building code was approved, Urban Street Design Guidelines and Tree Ordinance, we formed the Charlotte Mecklenburg Coalition on Housing, the budget process started earlier, helping us to work through adjustments to the new normal. Small Business Strategic Plan, Envision Charlotte which is the 1.5 million square feet in uptown that will be more efficient, third parallel at the Airport, solar energy project at the Airport which I understand is now in operation. Renovation of Discovery Place in addition to the Cultural Campus. A number of relocations and expansions such as Cellguard, Seamans and Electrolux. Supported the libraries that were about to close. We had a number of cabinet secretaries to visit Charlotte as well as the President. Eastland Mall was sold but that is more in the category of event.

Councilmember Carter said the environmental correction overall is really a big plus and focus. Streetcar, technological direction and keeping it within budget and pushing forward, the Leadership Team Shift and successfully working together, the civil conversation and consensus about budget decisions, and City services not decreasing was a huge compliment to the staff. The wide spread public meetings for utilities and the locational policy, full Council demonstration about the DNC.

**Carolyn Flowers, Director of CATS**, said what I didn't see up there were the creative financing for transit options for the future. We also touted the fiscal responsibility of the City in lieu of other governance bodies that we have seen here. I think the City compares very favorably in terms of fiscal responsibility. Basically from this point ditto because all of the planning accomplishments have already been put up there.

**Kim McMillan**, said we will start in the area of Utilities and precious resources, protection and defending our water rights on the Catawba. Successful migration of Charlotte, the website CharlotteMeck.org and a successful complete count committee for the 2010 census.

Mr. Beamon said first thing, a round of applause for a huge list of accomplishments. It is very, very important that we acknowledge that, that we note it, that we have documented it. It is a big deal. You all worked extremely hard in a tough year, in a tough environment and to have a list like this is something that you should be very, very proud of. Now we want to send you back to your tables and talk about what can be better. This is a very impressive list 2011 will bring.

Mr. White said I just noticed that most of this was around content being accomplished so was there any discussion around how you did it and what was accomplished? Is there anything else that you want to acknowledge about how you did it together or how you went about doing it that you would call it an accomplishment?

Ms. Flowers said on the Transit strategies it took a lot of team work and collaboration across the entire City spectrum to get us to where we are today. I just want to say team work and collaboration and cooperation.

Mr. Beamon said Carolyn, you told me this was your first year and I remember when we did this retreat you literally had just gotten in town. Two weeks on the job then and here you are now a veteran. Relative to other systems that you have worked in, how would you compare the way this team responded to your needs and how they supported you relative to you other experiences.

Ms. Flowers said I would characterize it as a more horizontal experience rather than vertical because vertical you are in the silo, you can't break those barriers to get things accomplished.

There were some obstacles and challenges that we encountered, but it took the entire village to break those barriers and to work together collaboratively to give us a solution for the future.

Mr. Beamon said very good, and I trust you will need the same in 2011.

Ms. Flowers said I think there are more challenges now than ever. The question that you asked, everything can be resolved if you have enough money, but now we don't have the money, so the way that we are going to have to look at the future is how can we optimize the resources and work together in a collaborative manner to deliver services in a constrained environment.

Ms. Carter said I think the Council has demonstrated a lot of personal support one for each other, and I think that came out particularly with Susan, and it is hard for me to say that, and I think it came out for James when we looked at where he has positioned Charlotte. In the personal relations I think they are richer and I'm very grateful.

Mr. Mitchell said one accomplishment we've put down here, but I think it is a reflection to your point, how did we do it was the Greater Galilee rezoning. The first time we took that vote it went down racial lines and I think it was an embarrassment to all of us, but to the Council member and to Debra Campbell who got involved, we were able to come up with a win/win for the community and church. That was definitely collaboration and taking a negative and turning it into a positive.

Councilmember Cannon said I think a lot of the success has come from public engagement. Look at how the Mayor has gone out and other members of Council. He has brought in folks to the table, he allowed Council to participate in bringing people to the table, for instance as it relates to the Small Business Task Force. But for that engagement with the general public who knows where we would be because now you are able to bring in other ideas, other expertise and give us another snapshot of what could be the issues that we may not be thinking about. Engagement also relative to working with City staff. That has been a good thing so whatever the different issues may be that Andy might have, or Warren or James, Nancy, etc. staff has been there I think to at least hear what has to be said and try to find a way to get to an area where it may be of a little bit of a challenge from their perspective from what it is that Council might want. I think that little engagement has continued to help although I think it is something that we need to continue to work toward.

Councilmember Cooksey said improvement to the stakeholder process is something we have also accomplished this year in terms of codifying what kind of stakeholder groups we have, what kind of advice we can get from citizens so that is a piece of the more public engagement that we've had. We have a much more regular way of approaching it now.

Ms. Carter said I think we are lot more engaged politically, and partially thanks to Dana, and being engaged in how we lobby and the education that we have earned and gained. I think that is exciting, opening our vista in D.C. and in Raleigh and the Mayor has led the way. It is great. James has been there to so it is wonderful and I think this is an example that we are all passing along. Andy is Large Cities Vice Chair, we are working ahead and Charlotte is up on a leadership scale.

Councilmember Howard said I think I am the only one that was new last year, so being a new person I really got a lot of help from current Council members and staff. The level that you took in the conversation about Charlotte in Washington I think is to be applauded. A lot of the Secretaries came because of your personal outreach and outside of Susan's efforts before her passing, whether or not the DNC coming here is because of a lot of hard work that you did.

Mayor Foxx said that you for saying that David. That happened also because we have an incredible staff because from the very beginning of this term we threw a lot at the staff immediately because the community was throwing a lot at us. It is really heartening to see a lot of these things get done that were just ideas a year ago. You all are to be commended for that. I think we've had some really challenging times and I hope we have some time to talk about some of the things that didn't really go as well as we wanted them to. The hardest part of the job for me this year has been situations where my motives have been questioned. I tried very hard to give you a very clear sense of what I think we need to do and it is never because I believe it is

about me. It is because of what I think this community expects of us. I think over the course of the year we are learning more how to listen to each other and I'm seeing some evidence of that even last week when Edwin put the consolidation issue on the table. It could have been a moment to create a lot of distrust and I hope you noticed that I tried really hard to assume your best intentions because I think that is what they were. I think we have to have a little of that because the job of this body is getting harder as the economy slides along. We have enough challenges that are already on our plate without adding to them ourselves. That is just a plug for the positive efforts that I'm seeing and I look forward to having more conversation about it.

Mr. Beamon said let's have a discussion about what can work better and let's cover both the what, whether it be policy procedure, etc. and the how, how we do our business together. Take about 5 minutes and talk about that among your tables. Anyone volunteer to go first?

Mr. Dulin said we went deeper into our conversations, but we don't have as long a list as Ron Kimble. I think this should get every table communicating with each other, Council to Council, Council to staff and staff to Council. The good doctor who works by the minute, because time is money, brought up promptness and even today where we were not prompt and it is on the list to show up for meetings on time. Nancy suggested that the next time we use one of your buses, send one with a bathroom. We got to talking about zoning and whether or not the Council wanted to be in the zoning business. We've got Planning staff, planning committees, etc. and do we want to get rid of the zoning and let other people handle it.

Councilmember Peacock said Ron gave some good context from the staff's perspective on what he likes when he is hearing from a Councilmember and he says help to understand what your goal is and what you want to accomplish and that will help me to direct it. I began to give my comments to our group from that perspective. My goal is, and one of the goals is, and this would be to your point Nicholas, which is what can work better. I guess one of my goals is, we tend to spend a lot of time when it relates to budget and finance issues, nibbling around the edges. We have a large budget and I think one of the largest pieces is clearly payroll and that would be (our 6,000 employees), which of course includes public safety employees. That is a big, big issue and my goal would be to have Council more focused on what matters there. The other part of the budget is, and it is an accomplishment that we didn't mention, but we have made some very big steps that are suddenly going to make a big change in our employees, which is the fact that we have a 6,000 person self-insured health insurance plan where we are putting in a lot of cost sharing arrangements with our employees and we are trying to improve the overall health and welfare of our employee base, which is going to impact how we operate as a community. One of my other goals is that we had talked about, I think we lost our mojo a little bit on the word "regionalism" and we are getting it back. My goal is to see us get that back and have it in the proper order. We certainly have been bombarded with some of the news of some of our cultural facilities, but we built it and now we've got to make it work. My goal would be to have us focus on what is it going to take for us to help make the NASCAR Hall of fame, make our cultural campus, make Discovery Place, make all these places the most attractive, the most viable and efficient facilities to continue to attract and bring in the best conventions in the world. That would be one of my goals and I think as a Council, everyone would agree on that.

Councilmember Cannon said I think it goes back to the comment that Andy make, something we harped on and it was Council to Council, Council to staff and staff to Council. That communication piece is going to be essential in order for us to do things better. At the last retreat, one of the things we talked about, and we engaged well, was the idea that after the retreat that we would sort of come together away from the dais and there have been some meetings where some of us have gathered and talked and it has been light stuff, but what happens is that sometimes we circle back to some of the issues. So where there is not a conflict of interest, per se we ought to go back and have a level of commitment, at least by way of one of us picking up the phone and just checking on one another to say how is it going, what is happening. The next thing you know we would probably be on the subject matter, as I got into subject matter with a member of the body last night and we went back and forth on the cons and the pros. We were at opposite ends, but then we found ourselves somewhere back in the middle. Those kinds of things will help us advance the public's agenda. Inasmuch as we can communicate in that fashion, that helps us. The other piece is continuing to work with staff. Manager Walton's idea, and Curt if I've got this wrong, please correct me, is when we as members of a body go to him or his staff with an idea or suggestion that the answer should not immediately be no about the idea

that the member of Council has, but instead, let's see what we can do to try to get to what you are trying to achieve this goal. Inasmuch as we can continue that, that still helps us get to the next level of what it is we are trying to do better, which is to bring about good environmental policies, economic development, public safety, transit or whatever it might be.

Mr. Howard said the first thing we had is don't question motives, stay on the issues. I took that another way and actually Jeff pointed out two of his principles, assume a positive intent and seek to understand before you seek to be understood. I think that is all about how we work together. Just to follow up on what you said Edwin, about regionalism, we've defined it as regional engagement and leadership. Something that I definitely agree with you, we've not done a great job on, i.e. the resolution that just went through the Transportation Committee about converting HOV lanes to hot lanes. A lot of other cities and towns have already dealt with that and then there was the re-venture, we were 7<sup>th</sup> on that one. Continue investment and focus on 311 and web base solutions. I actually had an opportunity to go to 311 and sit for about a half a morning and I was impressed. I think we have a great opportunity to expand on that advanced communication with the public and definitely with the web portal that we are working with. Invest in the business corridors, more recognition of income disparities, better utilized Council committee and citizen committee advisory structure. Do a better job of selling Charlotte as a leisure and business and tourist destination. I think that gets to what you were saying about the Hall of Fame and arts campus. Last, increase innovation as safe risk which we talked about a lot last year, but I'm not sure we did a lot with it this year.

Mayor Foxx said we also echoed Mayor Pro Tem Cannon's comments about the need to spend some off line time with each other because it does help you build relationships. A lot of times when we just come into structured meetings and we have a tense issue to deal with there are not shock absorbers because the relationships aren't there so it is helpful to have those relationships. Communication also came up and that has already been spoken about. I think the biggest thing in my mind and we did not talk about this, is I think the community is very fragile right now. I'm not talking about the buildings being fragile, I mean people's psychology is very fragile right now. I think the more they see us working well together the more confidence people feel that good things are going to happen for the community and the more they see us doing this, the less they feel that way. I think we have a responsibility collectively to manage our disagreements well because the community is watching us.

**Pat Mumford,** said we have three great things, three stupendous things and Ruffin is at our table also. One is relationships with the towns. This is where we deliver services across the City border, primarily utilities and Barry has done a great job with that. We are learning a lot that we can do better. Another issue for both staff and Council is to make sure that we put single voices into perspective, meaning on a Monday night when an individual comes down to express their concern about a certain policy, let's remember that is one voice and there a lot of other voices that might not be in the room. We are seeing a lot of that in the several policies that are under development right now. The last thing is, and this is a staff perspective, we need to celebrate our successes a little more so City Council knows what it takes to get that list of accomplishments. It doesn't happen without a lot of pain and effort and brain damage but it doesn't appear that it takes that so you all seem to continue to think that we will just pull the rabbit out of the hat. Well, there are no more rabbits and I'm wondering if there is a hat anymore. This is tough stuff and it takes a lot of work and we need to make sure that we communicate that to the Council so you are aware of the realities of what we are facing.

**Chief Rodney Monroe,** said speaking from the staff side we only came up with one and that is based on priorities, how we can do a better job in maintaining what the priorities are and whether we are meeting, whether we are identifying resources, funding, that all of those things match up. We want to make sure that we don't have one voice that takes us off course. If we come out of this retreat saying these are the priorities, these are the focus areas, that we match them up with our work and our efforts to make sure we stay on point and not become too distracted by going in different directions because we have a voice over here saying something else is important to us and causes us to lose focus of our priorities.

Mr. Beamon said in a city of this size there is going to be a lot of voices saying this is important, this is important, right. So what I hear you saying, once you all agree what the priorities are, don't be inattentive to voices, but don't let that become a major priority just because you have a

voice that may be loud. I heard communication mentioned several times. What is underneath that? What is really underneath this consistent theme of communication breakdown, Council to Council, staff to staff, Council to staff. What is underneath that?

Mr. Whitehead said one way I think we can get to that is what specific requests to you have that you can say I've got a very specific request that someone can respond to.

Ms. Kinsey said communication was one thing I mentioned when we were discussing it. I think we have a lot of things that keep us from communicating well. Number one may be just our schedules because most of us work. I, fortunately, don't work in the private sector any longer and I have retired from there, but I have things happening at home so it is difficult to get together. Number two, it is very difficult and we can't all get together unless we notice the meeting, so we've got the media out there or we've got the public because it is a public meeting. It is very difficult to have a real honest heart to heart conversation under those circumstances. I think there are five of us that can meet at one time, well the other people are out and it just doesn't accomplish what I think we need to accomplish. I catch people in the hall when I'm at the Government Center and I get to talk to Nancy and both Warrens, but it doesn't give you time to really talk in depth and to understand what is going on to really work things out before you get around the dais and understand where people are coming from, not necessarily agree, but at least understand where people are coming from and have a more civil conversation.

Mr. Whitehead said I think this is a really important questions because this is something we heard through the interview also. We need more communication. People say that in corporations and organizations all the time. Specifically what do you want because nothing moves forward until you say here is what I request. I request that we do X.

Mr. Mitchell said I shared this with the City Manager and I got very comfortable and spoiled about three years ago. We used to have this nice orange chart and it was a great tool in communicating our priorities based on at least three months out. I think that was a great tool for me and I know I got spoiled to it. I think that is one thing I would like to see us do more of, communicate our priorities because Andy is staff's biggest fan because if Mayor and Council are talking you always say, Gosh guys, staff has got so much on their plate, they don't need a new idea and I sit over there and say well what do they have on their plate. So I think it would be helpful for all of us to understand and make sure we are spending out time on our priorities. So having that piece City Manager to communicate what we are working on per committee in January, February and March for example was very helpful to me. That was a great tool.

Mr. Whitehead said that was quite an impression you made of Andy Dulin too. This is probably the best time, Mayor Foxx, if you've got requests of Council or staff as well. This might be a good time to make those requests, and vice versa. If you've got request this is a good time to offer those up.

Mayor Foxx said I think one of the issues that I've sensed is that in making the transition into a different Mayor and a different style there may be some questions that Council members have about how I'm managing this job differently and I'm open to those questions. I don't mind being asked the question so if there are questions like that go ahead and ask them.

Mr. Mitchell said Mayor, thank you for inviting us to the 11:30 a. m. agenda briefing. I think that will move things a lot quicker than waiting until the 5:00 p.m. to 5:30 p. m. meeting. I think that is a good idea so the Council members can hear the same thing that you are hearing

Mayor Foxx said I appreciate that and one of the things that is tough and people may not realize, but I'm realizing more is that I would love to be able to pick up the phone and call everybody, but I have found in the two or three times I've done that, that is a three-hour mission. It is almost got to be house on fire kind of stuff for me to do that. There are eleven of you and one of me so it is just the odds are stacked. I'm trying to find a way to keep the communication loop as tight as possible, and any suggestions you have on that I would be happy to hear them now or later. I will also add that I'm spending more time trying to think about some of these things like regionalism and this consolidation topic that we really need to get to as a community. That is stuff that has to do with trying to frame issues, not only in our group, but also elsewhere. I'm hoping that over the next two months I can come back to you with some very well formed ideas

based on conversations with leaders in other parts of the region on how we can advance the ball on those two things. I think they are important topics. I would rather you pick up the phone and just call me rather read about something in the newspaper because we've had a couple instances of that. I've actually had instance where I have actually talked to some of you before a newspaper article comes out and what you said was the opposite of what I told you. It is a tough thing to lead in uncertainty when the uncertainty is being cast in a way that I don't think is productive or constructive. I think communication can be improved, but when I communicate with you I would hope that you would take what I say ... I thought I could talk somebody into saying something.

Mr. Peacock said I don't know if this has been done in the past Mayor, but a lot of people will say they saw you here or saw you there, or just make comments to me that they say you and I generally have a quizzical look and say, oh, I didn't know he was doing that today. Is it possible, and have we done this in the past Mr. Manager, to have your calendar and assuming the calendaring is done with Pam, but maybe put a little ribbon in the bottom of the Council Manager Memo about where the Mayor is going to be in the next week or two? That would answer a lot of questions where we are all spending time. I'm talking about the public calendar.

Mayor Foxx said I think maybe a middle ground there would be having some regular communication on what has gone on in the last couple weeks or month. We can try to work on something. The problem is, for example, there are sometimes announcements of an economic development nature that are on my public calendar that can't be disclosed. It is sort of like this thing this morning, where there is something on my calendar that says special announcement, everybody says, well what does that mean and I can't tell you. It looks mysterious and in some cases I don't even know myself. I am a little hesitant to throw my calendar out there. I don't have anything to hide, but I have no problem with telling you what is going on and why from time to time. But again, if you hear that I'm some place and you have a question about why I was there, feel free to call me. The other thing that I have to be careful about is double standards because I don't want to do something now that would impact a future Mayor adversely, so part of what I'm thinking about is me and how I manage, but I also have the responsibility to manage whoever is here. Pat was never asked to give his calendar, but I'll try to find some way to accommodate that concern.

Mr. Cannon said I think it is a two-way street. Inasmuch as a request is made for your calendar I would probably like to see everybody else's calendar. There is a lot of administrative stuff, but if we really want to be on point about who is where in the public domain just so that everybody can be made aware of what is happening and places. For instance, I may get a call from the Mayor's office or someone else as a district rep to be in a certain place, but do I as Mayor Pro Tem or City Councilman Pat Cannon call you and say this is what is going on or where I'm going to be. I don't think you would get that call from Warren Cooksey or anybody in here that is a member of the Board, but I'm just saying I hear you, but all things being equal. If we are going to have one person of the body on this Council who is a public official to give us their calendar, we need to have everybody's calendar, and that might be okay for folks to share, but it is a two-way street.

Mr. Whitehead said there is some summary that we got that when we looked at the analysis of your team, even back last year, we noticed that just from a personality perspective, the majority of you are fairly introverted oriented. I just want you to know that, that just by design, except for some of you flaming extroverts in the room and you know who you are. The group as a whole seems to be more introverted and part of that personality, sometimes they don't communicate as much, or it doesn't occur to them to communicate as much until sometime after the fact. You almost have to reach out and say, tell me if there is something I should know. You've got to go both ways about this, but I just want you to know that from a personality standpoint, you all as a team are fairly introverted, you don't communicate as much as you should and when you don't that creates a lot of misperceptions. That is what we have discovered that you end up with a lot of misperceptions. I think I shared with you last year this formula that we use in Corporate America, called NC=MSU. It comes from Hartford's scientific study where there is no communication people make stuff up. What happens is, people end up making up a lot of stuff which creates a lot of drama and dysfunction sometimes if it goes to the extreme. The more you can get out front, and that was one of our recommendations as we observed your interactions was if you could just get out front of your communication, you would solve a lot of those problems.

In fact, I think your relationship to the media could be a lot of better if you would actually communicate to the media ahead of time so they were not hammering down your door trying to get answers to something that they probably have a right to know anyway. We would highly recommend that you be more proactive in communication, recognizing that your default style is for the most part to keep it to yourself for a while until you process it in your mind, and then you communicate. That has ramifications to it.

Councilmember Cooksey said I would be interested in know if the accusations are out there, what are some examples of detail so we know how to conduct ourselves.

Mayor Foxx said there have been instances where I've had direct conversations with people and I think they know who they are in this room, and I'm not going into any more detail on it. I will talk to those people after this as well, and I've talked to some of them before. The equation that Mike just gave us, NC=MSU, the problem that I've started to see in some instances, and they are limited instances, is that C=MSU and that is a problem. It is a waste of my time to talk to somebody about something and then for it to come out the other end a different way. It is a waste of all of our time and I'm just saying that is a general proposition that if you are communicated with by me, I would appreciate at least the courtesy, if you have a different interpretation, sharing that with me.

Mr. Cooksey said when a blanket statement is made I don't know if I'm covered by it or not.

Mayor Foxx said I just told you, you are not.

Mr. Whitehead said I think this is where the offline communication can happen and the breaks of going to each other face to face, which is very useful because we are in a group dynamic. We did want to bring to light though, there is a dynamic of less communication in the room which creates a lot of misperceptions and you have been operating under a lot of misperceptions and the way you handle that is of course you go face to face with the person and get it sorted out. However, there is another thing in your personality that most of you are conflict diverse, so you couple being fairly conflict adverse and you want to be cordial and then not communicating, then you end up with a lot of made up stuff. There is room for improvement from our end and as consultants, that is what we would advise you to do, get outside your comfort zone, have a little bit of conflict, have conversations one on one so that you are not having in the media nor are you having it outside the room. We understand it is hard to get into a public forum, we could have those kind of conversations which is a very different dynamic than what we are use to even in this room with the media. We are not use to that.

Mr. Howard said were there other big things that you noticed after looking at our profiles from last year.

Mr. Whitehead said we are actually go sprinkle that in throughout the time.

**The meeting was recessed at 3:26 p.m. and reconvened at 3:41 p.m.**

Mr. Whitehead said an organizational development tip for you today, and we will give you one or two every time. If you look upon the screen you will see that everybody is always wanting to know how do you change people's behavior. Well, in most cases people think I'm going to change their behavior by giving them an incentive. I'm going to reward them, or sometimes you change people's behavior by giving them some punishment. That is the typical old fashioned way of thinking, right? Here is something, if you see that driving down the road and you see that in front of your car, it will probably shift your behavior. Most of us would have a reaction to that if we saw it, but that would never happen in Charlotte, North Carolina because of our City and the folks who take care of our roads, but this was taken in another city of course, not Charlotte. But if you saw this it would change your behavior and you swerve and try to avoid that, correct? What if it actually was this? What you see is that was actually just a painting or a piece of covering over the road. Perception is reality so it shifts people's behavior by the way we see something. So if you see something, the way you perceive it, typically that is what drives our behavior. Hopefully we are going to shift the way we see things a little bit in the next couple of days and if we shift the way we see things we will actually shift the way we behave. This great panel is going to give us a perspective for which we can see new things.



**City Manager, Curt Walton**, said as we talked this morning with the economic advisors, we are three years into new normal, or maybe permanent normal as they called it this morning. I think we have two more years to go. With that in mind I think we are in pretty good shape. We are financially sound. We are recommending this year that we go back to the two-year budget cycle that we had abandoned for several years because we thought the horizon was just too hard to project. Also included in your materials that Greg and Ruffin will go over, we have five-year projections that we haven't been doing in the last several years because of the revenue volatility. It is getting a little bit more manageable. The message I want to leave you with is if we can control the variable we are going to manage our way through it. We always have and we always will and we will continue to do that. If we can't control a variable then we need to talk about how to affect the outcomes of how that variable is going to turn out. As I mentioned we are financially strong and I think that goes back to the financial policies that we've had in place for 40 years so it goes to people who have preceded us and made very good decisions along the way. Our margins are getting thinner however, and that is in the operating budgets and departments, that is in some of our fund balances and our reserves. We are still within all of our policies, but the margins are getting thinner. I will give you a couple of examples. Rolling stock, police cars, fire trucks, pick-up trucks, over the last several years we've had to cut back on the purpose of those so we are not starting to see the maintenance costs of those increase. There is a consequence for some of the decisions we've made in the past and will make in the future. Generally, in some areas our customer response is getting slower and that is because our customer demand keeps going up, but the people that we have to respond to those customers is in most cases down. The discretionary budgets that departments have, there isn't a great deal of wiggle room anymore as the budgets are lower now than they were in 2007 from an operating perspective. We will talk about several of the outcomes of that as I go through this list. The last introductory comment I will make, I am convinced that as long as we focus on our core businesses that we are going to be fine. Continuing in this third year of the recession and then moving forward, we just have to be very deliberate about our spending plans and priorities and sticking to those priorities once we choose them. I have listed ten things here that I wanted to highlight for you, and there are certainly many more things that could be here. It is a complicated \$1.6 billion budget so we are not talking about all of that much money comparatively, but just to frame these issues. Number one is the one I'm least worried about and number ten is the one I'm most worried about so they do go through the progression.

Fuel is something one of the economic advisors talked about this morning. We are a city that travels a lot of miles. We traveled 46 million miles in 2010, so a ten cent per gallon shift can change our budget greatly. I want to put a caveat on that, if you today see gas at X and it is ten cents higher next week, that doesn't necessarily mean that our gas just went up ten cents because we buy a lot through futures. CATS has done a great job and I think we are still operating off of a price that we did six months ago. We have lots of different types of fuel so we are not going to see the volatility in the City budget that we will see in our own pockets. It is going to be volatile, but not to that magnitude.

Number two, I just want to make sure that with number two and number four that we keep those on our radar screen. The street car process is moving through the federal process to move on the grant, the mile and a half street car line, and that will become operational, hopefully in January of 2015. The five-year projection that you will see has six months or \$800,000 in the projection for 2015.

Property re-evaluation, you know very well about and we had a presentation in January from the County on that. I think the message that I want to leave with you on that is there will be a very large number of appeals and that is going to make the number very difficult to predict going into our budget process. Because of the different types of property, whether it is residential or whether it is commercial, vehicles or state certified, they are all going in different directions at different rates. A residential property tax payer is going to know that we went X% in Mecklenburg County for residential and they would automatically think that the tax rate might come down that same percentage. It is just not that clean. It is going to be a difficult message that we will emphasize as we go through.

Number four goes back to the stimulus as well. The Police Officers that we have added, the 75 from our own budget that are now taken care of, the 50 from the stimulus dollars, the dollars begin to phase out in 2013 and continue to phase out through 2015. I just want to make sure that

we don't lose track of that because a lot of governments are seeing that the loss of stimulus dollars have snuck up on them. That is something that is going to be an issue, particularly this year for a lot of governments and for us in the future, with the street car and the police officers.

Utilities budget is something that as you know for the last several years, we've had difficult rate discussions and the rates have been pretty much limited to the amount of money necessary to make our bond holders whole. Basically to fill those covenants in our bond sales. We have a tremendous number of vacancies in Utilities and that has directly impacted customer service. We've made a lot of changes and Barry has done a great job working with us on 311 and we have that center now within the 311 call center. That has helped but we will have 19 vacant field crews, so it is something that this year the rate increase, which we don't know what that will be, but it will have a component for the operating budget because we just can't keep up with it. You see the number of leaks that we have and it is taking two plus months optimistically to address leaks. There is a business reason and a customer service reason to invest more in the operating side.

Insurance and Risk Management, we are self-insured and that is Worker's Comp and General Liability. We are seeing a dramatic increase in that for a couple of reasons. We are seeing rulings from the Industrial Commission that we think are beyond reasonable and the General Assembly has noticed that. Last week at the League of Municipalities meeting the Speaker Pro Tem of the North Carolina House said there would be a focus on Worker's Comp because it is getting out of kilter. They are hopefully going to help us recalibrate that. We do have more employees and that is driving up the cost, particularly relative to those 46 million miles that we drove last year. We've had some large settlements over the last several months so it is something that we've made an initiative in our organization and we are making good progress. Eric Campbell is leading that for us on staff, but actuarially speaking with any insurance industry it is going to take a long time to turn that curve. Even if we reduced things by 50% in the next year, actuarially speaking it is not going to help us a great deal for several more years.

Technology is something that we're still not where we need to be, but we are making great progress. Jeff has shown us great leadership in that and it is something that is a priority for the organization. BRP which would begin with the procurement module is our first priority and we have \$16 million that you have already approved for that. We haven't gone through the process to know whether that is a good number, whether it is too fat or too slim, but we will know that within the next 6 to 9 months. One thing I want to mention and come back to, in the Mayor's Efficient and Effective Task Force Report, they identified \$8 million of critical technology needs that they recommend that we take \$8 million from our fund balance and address. We certainly agree with the criticality of those systems, but it is not something I can recommend right now and we will talk about that in conjunction with the State.

Number eight, you are very well aware of the November 2010 referendum was the last referendum for which we have funding. Unless organically the revenues begin to grow and spin off additional debt capacity which is very, very unlikely, we don't have money for future referendums. As you know we usually go to the voters for bonds for the roads, affordable housing and neighborhood improvement, but also Certificates of Participation. That is how we build fire stations and police stations. Without additional debt capacity we won't be able to move further with any more of those going forward. The 2.6 cents tax increase from FY07 yielded \$551 million of debt capacity. That requires an annual revenue stream of about \$20 million so it is not an insignificant amount of money that was generated then, but is now obligated except for \$5 million to \$7 million.

Numbers nine and ten are tied for my biggest concerns. The State, as you very well know, \$3.7 billion deficit on a \$19 billion budget. Most of their money comes from challenged sources, personal income and corporate income and sales. Seventy percent of their expenses go to public schools, higher education and Medicaid so you see that their money almost all comes from the same three sources and their money almost all goes to the same three places. It is a difficult balance. State collected local revenues and the Business Privilege License will be vulnerable from municipalities and at the League meeting on the 20<sup>th</sup> they made retention of these one of their top priorities. Counties are more vulnerable for their cost shifting. There aren't that many things for us except for Transit that the State pays directly for. Transit has been one of the things that they have always been most supportive of. We haven't gotten any indication that there is

not going to be money there from the State side for the Blue Line extension. It is something that they do contribute sizeable money for.

Because of this my recommendation to you right now is that the amount of capital reserve we have over 16% in our general fund, the \$18.4 million, a portion of that not go to the technology that the Task Force recommended, but that we hold the \$18.4 million in reserve until we see what the State does. It would be highly unusual for the State to adopt a budget before we do, but Speaker Tillis has committed to wanting to do that sooner, and I hope that they can. I only remember once or twice in my career that they did that before June 30<sup>th</sup>. We are probably going to need a hedge going into next year.

Last, maintaining our AAA bond rating is something we talk a lot about and it can become sort of a cliché but I want to assure you that it is not just symbolic. There have been a lot of governments, particularly over the last three years that couldn't issue debt under any terms because of their bond rating. It is something that makes a big difference to us. Also our enterprise funds, not all of which are AAA, there are various reasons for those, but if CATS, Utilities, Storm Water, Aviation were Authorities and didn't have our AAA to piggy back on, they would have the same issues. They would have difficulty selling debt and debt would be more expensive than it currently is. So maintaining that over arching AAA is very, very important for us. The key factors for doing that are maintaining sufficient reserves which we have done. Having stable financial policies, which we have and we have followed them. Anticipating and mitigating risks do pop up and when they do we will address them, but I don't think we have any of those outstanding right now. Consistently good management practices is something that the rating agencies always comment on for Charlotte.

The last one, the budget plans to address community needs. It is very important to the rating agents that they see that the City continue to invest in the community to meet future needs. That probably goes back to number 8 which is probably our biggest challenge, and Greg can speak to this later, if there is a different challenge to the AAA. I think rebuilding the capital program is something they will be looking at, maybe not this year, but next year and the following year as to how we are going to address that going forward.

With that I will turn it over to Greg and Ruffin who know much more of the details than I do and then we will be glad to answer questions.

**Finance Director, Greg Gaskins,** said I think that is a great summary Curt. I would like to say to the Council members and the press and everybody else that every other finance director in the US wishes they were me because our situation is considerably better than many other people for the reason that Curt stated, because of the policies that we have in place and because of the wonderful economy that we've had and the things we do to help support that economy. I want to cover two things very quickly. On the property tax, we are working with the tax assessor who met with you to make sure that we get the best possible number that we can to use as you adopt your budget. The way we are doing is, we talk to them regularly to get their feedback about where they are in doing various parts of their assessment. Their bill goes out first for the residential real estate and then secondly to commercial real estate so they are a little bit behind on commercial real estate versus where they are on residential real estate. We work with them to try to get the best possible number that we can. A couple years ago Curt had the idea that we work closer with the County Finance Office in the process of making sure that we were operating off the same number. As you know, at some point in the past, because they did the timing different than the City Council did and we were not actually operating off the same number simply because it had to do with the timing when that number was created. We are now operating on the process with them where the three of us are working together to try to come up with the best possible process we can. Let me tell you what he is telling us. As he told you he is continuing to say if you look at Charlotte there is a wedge, which he described to you as S1, S2, and S3 where he knows that the property values are actually going to go up. The rest of the area is less certain. There are some pockets that he can definitely tell you are down, but what the overall impact is we still don't know at this point in time. I think his latest number is somewhere around 5%.

That doesn't mean that we will get any more money, we are simply changing around where those values fall in the county from where they are today based on what has happened. The number one issue is we have less sales therefore it is much more difficult to make this call in the fourth quarter because you are having to take that last minute impact and it is going to make adjustments to what those tax values are. For Council the issue to focus on this will be coming up with a tax equivalent rate. The number one factor that will be difficult, and he highlighted this for you, is going to be the volume of appeals and how many of these appeals will be successful. It has been a long time since we've had this few sales on which to base some of those appeals. Depending on your area and how much sales activity there is. We do know that business, personal property, automobiles and boats are down in value. We do expect some growth in real estate, not the kind we've had in the past. Sales taxes are coming back up a little bit. We are expecting when we get the March report we will have reported a good Christmas season. This is expected state wide as well as here locally with regards to sales tax. We are going to be below what we had before we started in the downturn so those numbers are factored in. Tourism revenues – you have a chart on that. This has rebounded around the state but they have not rebounded to the extent of where we started in this process. We projected that these revenues were going to increase. On the debt capacity, the rating agencies are now in the process of visiting us and what they call a surveillance fall. Because we haven't had a recent issuance of debt they are checking in with us to see where we are on our numbers. We just had the first on, Fitch Rating Agency, and they were asking where we were with our capital program and when we were expected to be back. The economist pointed out to you that Charlotte doesn't fall as fast pr as far as others in the state and we come back faster than the country or the state and that is the expectation we have. We have issues but we are in a relatively good position to handle these, but it is not smooth sailing.

**Ruffin Hall, Budget Director,** I'm going to wrap up with three points – the first is looking at the budget for the current year. Everything looks on track to be fine and we don't have to make any mid-year adjustments and we have some projected savings in our General fund and appear to be slightly ahead on our revenues. Point #2 page 13 of handout. We went ahead this year and did a five year projection, for the purpose of illustration, but the projections in that material is not necessarily what we are going to recommend. We are starting a much lower number. Property tax ... that doesn't take into account re-evaluation. We projected no pay increases over the four years to see what it looks like. All of the assumptions are listed in your book. Using those assumptions we are projecting a \$5.4 million gap. We believe we have different options we can talk about as well as getting more data. If things do not change I think we are in pretty good shape. Third, the state budget, we gave you some info about what makes up the state budget

**At this point the recorder malfunctioned and no further recording was obtained for the remainder of the first day of the Retreat.**

## **February 1, 2011**

The meeting was reconvened at 8:35 a. m. Council members present were Jason Burgess, Nancy Carter, Warren Cooksey, Andy Dulin, David Howard, Patsy Kinsey, James Mitchell, and Warren Turner.

Absent: Council members Michael Barnes and Patrick Cannon.

Absent Until Noted: Council members James Mitchell and Edwin Peacock.

Mr. Whitehead said just to fill you in on a few things this morning. We did receive a call from Edwin Peacock whose car broke down and he is now on the transit so he is testing the public transportation system this morning. The Street Car would have gotten him faster, is that what you are saying? We also had a call from Patrick Cannon, who is not feeling well this morning and said he would not be here this morning. We know that Michael Barnes isn't here because of a deposition. As we talked about the other day how fluid things need to be because this is the environment when you have a retreat in town isn't it. It seems that this is what happens when you have an in town meeting. Things like this happens and makes it hard for everybody to be in the same room at the same time. Yet we go with whatever you've got, whatever you have in the room.

As we kick off this morning, let's reflect a little bit on last night and give you a chance to think about the conversation last night, to think about the day yesterday and some of the speakers you heard last night. Let's just hear from a few of you, what was your take away from the conversation yesterday and from the conversation last night at dinner. What did you enjoy about that, what did you take from it?

Mr. Dulin said I shared with the Mayor a little while ago that yesterday was a long informative day and after Mr. Ferguson had spoken, I don't know about you all, but I was ready to go, Okay, let's call it a day and split. But then Ron Carter stood up and Richard Vinroot stood up and they just kept layering on all this information on us and as tired as we were at the end of the day, I went home, saying that was a heck of a days work and those guys just put the big old triple cherry on top.

Mayor Fox said I thought last night was one of the really amazing things was just how many great resources we already have in our community. These are people that are among us and their sharing last night gave me a couple of thoughts. First of all that regardless of how much outside pressure is on us from time to time or what issues are going on, there are people who have gone through harder issues than anything we are likely to see on the City Council dais, and have managed to do those things well. I also thought it was for me very personally fulfilling to have Mayor Vinroot here because as I thought about it, I didn't tell the story quite right as a postscript to the story about the young person he met earlier. He showed up at her graduation from high school and she was not expecting that, but it just shows you that kind of personal touch he placed on the office and what a great person he was. The final thing that he said that struck me was the importance of being friends because a lot of times there are issues you have having very tough fights over things, but the friendship is what allows you to have those discussions in a way that reflects well on the community. That is a take home for me and I'm going to work a little harder on that myself.

Mr. Howard said the thing that was interesting to me was the part that I think I kind of knew already, but I wasn't sure, and Anthony you set the tone yesterday when you said the public was looking to us for stability. They are looking at us and the way we treat each other and it is almost like we are looking at some of the other Boards, you kind of see the state of that body in the way the act and interact with each other. The fact that so many people watch us on TV, and while we were down here last night they were right in the zoning meeting I guess and they are always texting me saying why did you do that, what are you doing, and always giving me advice from the sidelines, and they thought we were doing it last night. So many people watch us so we have to be cognizant of what you are saying. People are looking at us to see whether Charlotte is going in the right direction just in the way we act and the way we treat each other. Even if we are having conversation where things are hard, if we could do that in a civil way it says to the public, that body is together and going in the right direction.

Ms. Carter said to me the statements last night were life changing and the basis on which to rest a life. They were statements of life's experiences and capsulated in three fine gentlemen, and they were from Charlotte, and that is what Charlotte is all about. I am so grateful for those icons to be lifted up to us so thank you for the planning and thank you for a new basis for life and life experiences.

Mr. Whitehead said Nancy actually said some things that we didn't put up on the screen, but a couple of things she talked about were civility and they mentioned it last night a few times, George Washington's rules of civility and decent behavior in company and in conversation. I pulled a few of the things that Nancy had suggested to us and thought we would take a look at these. Undertake not what you cannot perform, but be careful to keep your promise. Let your discourse with men of business be short and comprehensive. Let your conversation be without malice or envy for it is a sign of attractable and commendable nature and in all cases of passion admit reason to govern. When another speaks be attentive yourself and disturb not the audience. Be not angry at table whatever happens, and if you have reason to be so, show it not. Put on a cheerful countenance, especially if there be strangers for good humor makes one dish of meat a feast. Treat with men at fit times about business and whisper not in the company of others. Thank you Nancy for that, and she said she was inspired by those rules among others. It is great to hear it from somebody like George Washington.

Councilmember Burgess said coming as the rookie member, and I will be rotating off in December, I've been very impressed with how well I think the City Council does work together. We talked about civility last night and we talked about being able to communicate with each other. I feel like everybody has really rallied together and everybody has been very helpful to me and the staff has been very helpful. I'm a member of a big surgical group and there are times in our meetings where things aren't so civil, and we are not on TV. I'm unbelievably impressed with how well the City runs, and Mayor Foxx and I think you all have done a great job. I think my mother would be proud of what you have done for the city and how you have helped me get through this time also. Thank you.

Mr. Whitehead said we had discussed last year about the process of leading a retreat and when you bring groups together, what is the process to follow. I'm going to give you a quick overview of what we did and where we are in the process. We said when you start any meeting there are always mental models in place, and people bring baggage to the table and always have agendas. We call them filters and everybody has a filter about what is going to happen and have filters of each other right in front of them. We often times don't see people the way they really are. We see people the way our filter sees people. We see people through stereotypes so the first step was to surface those and the second was to build trusting relationships. To a degree you can only build relationships when you actually have conversation with one another and get to know one another and as Anthony said, that is where friendships begin. Once you have that rapport and that kind of relationship built, then you can move up to step three. Step three is now I can have candid communication with you and I can have straight and honest dialogue because I trust you and I know you trust me, therefore I can say things to you even about your performance or your department's performance without you have it come across as personal or without you being defensive. If you do that and you have step three then you can move on to step four, which is I can establish alignment with you about a certain direction, or certain vision. Once I've got alignment and I've got direction, then I can move up to step five, which is now we can create strategy together and once we create strategy together then we can move on to executing that strategy. Typically in corporations we find that people go backwards with this. They start from the top and they forget that the basis of it is at the bottom. What you all have been doing over the past year is working on number two and number three and you've had a lot of success in that area and you've had some breakdowns in those areas as well. Clearly there has been a lack of trust in certain pockets of the city, the staff, the Council so we know there have been those breakdowns and how we handle those breakdowns is what really turns us back into a high performance team. We are looking at when you have a breakdown, do you go back to that person and create more relationship and clean up the misperception so that you can then move back up the chart again. You are always move up and down this chart. What we are looking for as you keep moving forward is when you have these trust issues or uncivil issues, what do you do afterwards. We know we have human beings in the room and there will be times when you are going to say something that you wish you hadn't said. I don't think there is anybody in the room that hasn't said something you wish you could retract. The good news is that you can actually go back and apologize for what you said and then try to communicate that with the other person. If we do that we continue to have the kind of relationships that you all were talking about earlier. Is there any reaction to this? Does this resonate with everybody in terms of your own department. It is an important concept that we use in our work, that without the foundation of trust, it is very difficult to execute strategy. Most people get frustrated because people haven't executed what they asked them to execute and we typically advise people that if that is happening in your work, go back down to level one and two and see where the breakdown is. Usually the breakdown is at the bottom of the pyramid and not the top.

Mr. Beamon said one of the things that really jumped out at me last night was the comments we heard from the three speakers relative to Box one and Box two, particularly Box one. We heard three people speak about three really focusing on their experiences in three different parts of the world, three different areas, three different circumstances. One was South Africa and all that was going on that Dr. Carter experienced and he mentioned several times, you don't understand where I'm coming from. You are not really listening to understand where I'm coming from. We heard scenarios of being in court fighting for civil rights. Mr. Ferguson spoke about when I come in I know that we are having an opposing view, but listening and trying to find in the other person's view why they are coming from that angle. Of course, Mayor Vinroot the same scenario. What we often find is if we are unwilling to look for the mental models, why is this person coming from this perspective, genuinely listen for and try to understand where they are

coming from, things start to break down rapidly. We are going to continue to pull you all back over the course of today to one and two, even as we start talking about alignment, strategy and execution. It still comes back down to box one and two and working on those relationships.

Mr. Whitehead said is there any comments or reactions to this? We have created a document that says the City of Charlotte accomplishments – 2010 which is a draft, but I want to put a couple of these on your table so you can see the full page of things you have done over the past year. I want you to help me edit it a little bit and I want to also add to it. Ron had a bunch of stuff yesterday that didn't get on the page so Ron, this is your opportunity to add some more. I've got a couple for each table.

### **Focus Area Plans Review**

Mr. Dulin said one of the things that I noticed right away is that our Mission Statement said Charlotte will be America's safest community. That is a change. The old one said Charlotte will be the safest large city in America. We changed it from safest large city in America that Charlotte will be America's safest community. Other than that this committee is staffed by Eric Campbell and his group, chaired by Pat Cannon, Patsy Kinsey, Michael Barnes, Andy Dulin and Edwin Peacock. Major accomplishments, crime on the economic development priorities corridors, solved 6.7% reduction and compared with most recent six months from July 1, 2010 to December 31, 2010. From the same six months in 09, fiscal year 2010 CMPD Citizens Satisfaction Survey indicated that increased police visibility and engagement in community has resulted in a rating of 7 or better. That was a goal that the Chief worked with us on. In fiscal year 2011 this survey will be conducted this coming May. CMPD competed and adopted a police facilities strategic plan that is serving as a guide to locate future division offices. We've opened up Beatties Ford Road and we drove by it, don't know if you took the time to look out the window yesterday, going back and forth to West Charlotte High School. I have been over there a couple times in the last year since we opened it, just to kick the tires and say hello to the folks standing inside the front door. Chief, I'm proud of that building and will be equally proud of the new ones as they come on line, regardless of how many trees we've cut down. Increased opportunities to collaborate with internal and external partners, CMPD has received a grant and made progress on the electronic case papering system. We all say we want more technology, here is the Community Safety Committee chasing that. This process would expedite the transfer of case information between CMPD and the District Attorney's Office. Eighty-one percent of the Fire Department first due responders were on scene within 6 minutes, meeting the focus area goal. Thank you Chief Hannan and your crowd is fabulous. Charlotte Fire Department is on track to reach 80% of the third grade classrooms with fire education programs. Eighty percent of the third grade classrooms would probably be 325 visits.

### **Councilmember Mitchell arrived at 8:58 a.m.**

Something else that is interesting about the Fire Department, the cross training this crowd does, and Jason this will be news to you, but all of them are trained in swift water rescue. They are all trained medics, the training those folks have, and when they go to work they are away for three days. Major challenges for the coming year, CMPD will be challenged to maintain its current crime reduction rate based on double digit reductions in the last two fiscal years, but we are not going to let you off on hammering it every single shift. He is running a three shift per day, 24-hour per day business as is Chief Hannan, as is Curt which means we are running a three shift per day business, except Debra. CMPD anticipates continued reduction in crime, no debt capacity available to move forward with additional projects in the Police Department's Strategic Facilities Plan. Chief, do you have any update on that no debt capacity. Do you have any big requests coming up?

**Chief Monroe, CMPD,** said Providence is coming out of the ground now. Steele Creek will be the next and we have a site selection on that one. We are working on the Eastway Division. It looks like we may be shifting a couple lower priorities up, depending on how we are looking at the Blue Line going out north, so we can make sure we support that effort. Right now we have three that are on plan for the next two or three years coming out of the ground.

### **Councilmember Peacock arrived at 9:00 a.m.**

Mr. Dulin said last on the list is CMPD is changing its diversity measure to reflect opportunities for hiring, now that the 125 new officers positions have been filled. We've got the stimulus officers in place, we've got that one stimulus in place and there are still some community impeding in today's social media streams that are going on out there that the police officers won't be able to be paid, and I had to remind someone that we've got that money set aside to pick up the stimulus officers when they drop off. We are going to continue to push the diversity there. I had a question a couple years ago when we were doing a focus area plan about diversity and said why do we need to have that in there. It looks to me like we've got a pretty diverse force and you made the point that we do, but we can't drop that.

**City Manager, Curt Walton,** said as you are talking about future stations, we talked a little bit yesterday about the Consolidated Communication Center and the Emergency Operation Center combined. We have funded and have started the process for the Fire Admin Building. It faces Dalton Avenue where the old Seal Test Building was. We couldn't save that building and meet current code, and right behind that you have already approved for us purchasing the land, about 7 acres, to put the Consolidated Communication Center. That is something that is very, very rare and it is because of very, very rare Chiefs that we have been able to do that. If we could get Medic to be equally rare we would have all three of them in one place, on the same cab system and with the same operators on down the line. That is a great accomplishment for Rodney and John. We don't have the funding for that yet and it is probably a \$30 million to \$40 million building because of the technology that has to go into that building. It is an extraordinarily complex building so we will probably use some of that \$5 million to \$7 million I talked to you about yesterday for planning and design to keep it moving the next year, but we don't have the funding long term. We have some funding but we don't have enough. That is one we need to keep on the radar, but I just wanted to make sure you understood the really big deal that this is that they can operate off the same CAD and co-locate in the same building.

**Assistant City Manager, Eric Campbell,** said I just wanted to add some quick comments about the new plan that is actually in the binder. One of the things the committee was really concerned about was the actual focus area for the upcoming year, actually was inclusive of both CMPD and Fire so we made a conscious effort to make sure that Fire and CMPD was included throughout the plan. The new plan also focuses on four primary areas, collaboration, prevention, technology and safety overall. Those are the four areas that are covered in the new plan.

Mr. Beamon said we are going to do some more work on this priority at your tables and as a reminder, last year this group went through and was making a decision on what the priorities were going to be. This year this decision was, let's not revisit what the priorities are, let's go deeper and make sure they are moving in the direction that we want them to go. We are now in Step number 4, looking at the priorities and trying to see if we are aligned to get what we really want to get out of these priorities.. As an analogy, how many of you do any woodwork, any light or heavy woodwork? When you are trying to do woodwork and you connecting boards with nails, what happens when you are trying to drive the nail and it bends and you have a bent nail. After you cuss, you realize this isn't working because you can't drive a bent nail. If it is not aligned, you can't drive the performance that you are trying to get out of these areas. We want to make sure that while we are all together, staff and Council, that we identify what is aligned with these priorities and what is not aligned. I want you to go to your tables and take about ten minutes to do some work and do two things. One, I want you to define the three or four things that are aligned and working well with this priority of safety and then three or four things that are not aligned. We will come back in about 7 minutes and share openly, with the group about those two things. As a reminder, step number three is candied conversation so be very candid about those and take advantage of what we are doing and the fact that we have an opportunity to uncover what is aligned and what is not aligned.

Let's come back together and have table report outs with candied communication and share what you all came up with what is aligned and what is not aligned.

Mr. Dulin said I am really smart. Regarding collaboration, we think we are collaborating well with CMPD and the Fire folks are collaborating well. They don't see all that much other but they do well. The community acceptance of the direction that CMPD and Fire are going in, I get zero feedback from about don't move the Police Department up on the road where we can see them. We are tired of that Police Officer driving down our road, we just don't hear that. Or



we hate it when the fire truck comes over here on Halloween and lets everybody crawl on it. I think they are doing well in their community outreach. We think that code enforcement is aligned with fire and PD because they are involved with a lot of what we do over there in code enforcement. We think something that is aligned that we don't see much of, but I've reported a couple of sidewalks in my district that are badly disfigured and need repair. The sidewalk people have gotten on it pretty quickly because it is a community safety issue. They are concerned about ADA and they are concerned about somebody tripping on a disfigured sidewalk or falling in a hole and suing us. It is a community safety issue. We think we are well aligned with the Gang of One. We need to be aligned and make sure that we are helpful, and this is new to all of us as of yesterday, with the LIFT initiative. If there are some ways that we can help with the LIFT initiative I don't think we should be missing an opportunity to align ourselves with that. Now some things that we are not aligned with, correct? We are not aligned with the County and the towns with Fire and PD as well as we ought to be. We are not aligned on funding of more facilities and personnel sometimes along with what we are doing and the state, etc. We are not aligned with the state with structured sentencing with the VA staffing. We are not aligned with the lack of technology with the state and we are not aligned with the state in the ...

Mr. Beamon said is here any reaction to that?

Mr. Howard said the focus says Charlotte to be America's safest community and that statement doesn't necessarily align with the measurements we have assigned because if we did we would be the safest community in all the categories. I think last year it was pointed out that we changed from largest city in America to safest in America and if we do that we need to be even safer than Matthews in certain areas. Maybe we need to change that back to largest city. The other not aligned is plans for consolidation don't line up with the capital plan. We have some pretty aggressive plans to consolidate, but the capital side is not there right now. Where we do lineup is the whole idea that the police and fire are coming together to share the same CAD system is something we should be proud of. The next one is moving toward consolidation of 311, 911 and other response functions with the EOC. Chief Hannan I think I need your help with this one. The fact that we are part of something called the ALERT system which is the regional alert system for major crisis and the fact that we don't get credit for it because it is not one of our measurements. Maybe you could give us a quick minute on what that is.

**Chief Hannan, Charlotte Fire Department,** said the ALERT system is really the Urban Area Security Initiative that we are talking about. We are about one of 70 cities in the US that the federal Government has decided that there is enough targets here to attract terrorist act so they resource us every year with money and right now it is as high as \$8 million and runs about \$4 million per year. The Fire Department Departments acts as a clearing house for it and technically the point person is the Mayor is the way the Federal Government reviews it. The money comes in and then we direct it to programs that support this urban area which is 11 counties. It is Mecklenburg and ten surrounding counties and we try to drive that money and the votes all come through you and the infrastructure. The largest amount of money has gone into the radio backbone and the radio infrastructure. We are trying to make it easier for any police officer, fire fighter or EMS person to be able to move anywhere in the region and still be fully functional. It supports the specialty teams in our department, the urban search and rescue folks who can deal with a collapsed building with people in it. Chief Monroe's bomb squad, Medic's Mess Casualty Unit and things like that. It also gives us training money to train together across divisions and disciplines. It goes on and on and I could probably talk about it longer than you would want to listen.

Ms. Flowers said on the Transit side, we also applied for Homeland Security grants under UIZ so I think for the alignment issue we should also be talking to you about what we get and how we are using our funds. I just got a notice last night that we had an application in that is now being reviewed and it looks like we will get funding to heighten the security on the light rail system.

Chief Hannan said that is great and actually our people work together a good bit on buffer zone protection plans and table top training. That goes on now and there is a retired fire guy that sits on the review committee for a lot of these.

Ms. Flowers said Chief Monroe also arranged for us to have a security assessment of the light rail system that actually helps us align ourselves for future grants because any weakness they see in the system, we can put it on a list and then apply for grants in the future.

Chief Hannan said these come through a lot and you all actually voted a few months ago to give us permission to ask for a grant. We had to ask for it because we are the UIZ city, but it was actually for Gastonia. It is going to put radio infrastructure in Gaston County. They will pay the match, but you had to authorize it and it will come into our system and it will make their system function with ours and will also give the west side of Charlotte and Mecklenburg County better coverage from the Gaston County tower. Things like that are going on every day.

Mr. Howard said Representative Myrick uses this system as a model when she is talking about ALERT and how it should be done. I thought we should add that to the list because it is not listed right now.

Chief Monroe said Andy talked about regionalism and we're probably in the first year of developing a system that would allow 26 law enforcement agencies in the region to share their records management system, CAD data and a host of other systems that have been having a lot of trouble talking with one another for years. We are spearheading that under a federal grant, but there are a lot of things that are connecting us as a region, even the NC aware. We now can pull up a person's record and see where they have been arrested, incarcerated or within some court system anywhere in the state. We are trying to bring a lot of that connectivity throughout the region as well as throughout the state that will allow us to identify offenders much quicker and really understand their full background versus just seeing a snapshot of what they may have done here in Mecklenburg County. A couple things that we believe we are really in align with and that is citizen and police relationships. We've done a lot of things to try to enhance those relationships and we are starting to see some great results from it. One of the things on which we measure those results is the amount of interactions that citizens bring back to us as it relates to what is going on in their community. We patrol those areas 24 hours per day, normally we are patrolling with a car, on foot or on a bike, but people that are living in those communities, having that dialogue with them, understanding what they are seeing each and every day allows us to put forth strategies to address their problems. We become more focused on what we are addressing. We become more focused on the people that we need to address on the problems and the communities. Everything is at the neighborhood level. Our federal partners have been outstanding and we've been able to move them away from this "holier than thou" type of enforcement back into our neighborhoods where we are looking for the neighborhood drug dealers, we are looking for the neighborhood person who is out here carrying and selling guns and we are focusing on gang members who are affecting our communities versus looking for all these national cartels that many of us wouldn't be able to recognize if we saw them. A couple of things that I feel we need better alignment and that is our youth programs. If we are really going to focus on the enablers of crime, we have to do more to better partner with organizations and others that are working with our youth toward the goal of steering them away from crime. Whether that is working with at risk youth, youth that are educationally challenged, youth that have health, both mental and other health issues, those are the types of things we have to focus on to bring about real reduction as well as trying to focus a little more our own internal cooperation because there are so many things that can enable crime to occur within communities. Our rental ordinance, we have to look at that again and see how best we can utilize that to hold owners accountable for their properties. We have met with Neighborhood Development to see how we can support what they are doing citywide but in areas in which we see a little more nuisance related issues and how we can go about addressing those. That is where we are looking to move ourselves further and align ourselves better in the future.

Ms. Carter said we do agree with you Chief. At this table we talked about a holistic approach for the whole city to look at Neighborhood and Business Services and Economic Development and pair them as we look at crime issues and make that an entity as we go out into the community that we are the whole force and I mean the whole city staff going in and impacting an area very thoroughly. We think that there are good solid plans for the future that they are being very responsibly enacted, that you all have met or closely approached your targets and truly solute you on that success. We think that the judicial system was a focus several years ago and should be an ongoing. When it is not it is reflected in the targets for the coming year. The technology aspect, the better use of our police force, rather than compiling all these thick books going into

our court system. We think we can improve there. We are looking at three 3B-1 of the targets for next year and saying there are 65 neighborhood issues be to targeted and addressed and thinking a percentage would be better expression of a target, maybe 100% instead of 65%. Carolyn was saying, am I number 66. Saying that this is a good thing to look at percentages to measure our success and we think they can be expressed a little bit better in that fashion. Personally, I would like to Thanks for the Court Watch System and the collaboration of the Police Department. There are four Court Watches, one being founded tonight, and that does establish community as does our crime watch. Thank you very much for the police system and I think we are having an impact on our judicial system by our citizens sitting there in different colored t-shirts and we've had that response.

Chief Hannan said I don't know how we landed on fire at this table, but we did talk a little bit and one thing is accountability, and I know it is alignment, but we've drawn up the response standards for fire out from last year. I was talking to the group and it is how I would look to my Board of Directors for guidance. You give me about \$90 million per year for that target and I feel like you should tell me to do it well and you are dropping that target out of this focus area in the coming year and I just wanted to make sure that is where you wanted to be on that. Eighty percent of the time we will be there in six minutes from phone pick-up and it may appear to be more of a tactical issue but it is how we save lives, property and save money on insurance rates so it is the core of what we do and you may want to give some thought to that.

Mr. Beamon said your recommendation is to put it back in?

Chief Hannan said it is the Council's plan and I know they will expect me to do it anyway, but it is just something you may want to enshrine in your expectations from the Fire Department.

Mr. Beamon said Council members are you all clear on that?

Mr. Dulin said I visited the Chief at his office a couple weeks ago and it was the first time I'd been in there in five years as a elected official. Obviously, they were pleased to see me, or at least they acted that way. They were pleased to see me go, but it was very neat. They were in old quarters, but I would suggest to Council members and even to senior staff that haven't ever been to see where the Chief is working out of. A lot of us are in and out of Rodney's office, but go down and visit, it is pretty neat.

Chief Hannan said that is a leased property and one reason we went there it was an area where we were trying to see some growth and investment and all the buildings around us are full and it is Daniel Levine's stuff and the buildings around us are full now and we hope that we are going to have the same impact there at Statesville and Graham. I know all the neighbors around us are asking when the building is going to come out of the ground because they are anxious to see things come out there that came at Ninth and Church.

Mr. Dulin said plus you will get one of those little stickers that says "I'm a firefighter for the day".

Councilmember Peacock said I'm pleased to be bookended by two communication directors and I'm going to turn it over to Kim to articulate the thoughts of one here.

Ms. McMillan said Edwin filled two pages of notes. In the areas of alignment very clearly that Council, in terms of funding and policy, has lived the vision and walked the talk in terms of safety being a priority. CS III – Build collaborative relationships aligned with youth initiatives in our community such as reducing crime among our youth, gang prevention, truancy reduction, mentoring and you have your organizations such as Gang of One, Pall and Right Moves for Youth. Partnering with neighborhoods, and I think that was mentioned already, so I won't elaborate, but on CS II distributing information and engagement of citizens. CMPD Alert is now one of the most prominent areas on our new website and that is being accessed and is one of the largest areas of communication dialogue we have with citizens so we are making it easier to engage citizens and we are using tools. If you look at this brochure you will get an idea of how prominent the crew reporting is and you will also get an idea new mobile app which is being utilized and is growing every day. In the areas of non-alignment, fire has not been as prominent in the focus area plan, but it is rising up there and that is a good thing. Lots of discussion about

measures and what are the measures we need to measure and what does success look like across the board. We put out stats on homicide and larcenies, but there was discussion about how do we measure leadership, professional development in the areas of community safety and again are we measuring the right things. We benchmark with other cities, but are there specific things we should be looking at locally in our community. We had a discussion about what are those national rating agencies and magazines that Edwin asked us to communicate more out on. That is something we could look at. While we have recognized technology, the use of it in terms of it being a growing increasing effective tool for crime fighting, we had some discussion about that.

Councilmember Turner said I have a couple questions. The first is to Chief Hannan, could you look at your CS II-C, your target was 85% fire code inspections and it is reported that you completed 88.4% of those fire code inspections. Do you know what made you fall behind or what kept you from having 100% and what area would those inspections fall in?

Chief Hannon said there are two things that affect us. One is businesses close and a new business opens and it doesn't always hit the data base where the inspector sees it and hits it. The other thing it depends what is in the business. The state mandates 6 month, one year, two year and three year inspections. Depending on when they were open and when the system started, there is a gallop in it. The three year inspections aren't evenly distributed so we get these huge bumps in them. I think it was Councilmember Barnes who questioned why is it 85%, it should be higher and we actually internalize that and he was right so we have moved it to 95% and the Fire Department expectation of the Fire Prevention Bureau is they manage it and maybe do a few of the three-year ones a year early and even the work load, but get it consistently above 95% and approaching 100% from now on. They committed the other day to take care of 8,000 of the problems by June 30<sup>th</sup> of this year.

Mr. Turner said I think, if I heard you correct, one of the things I heard you indicate is that you definitely have identified what affects you and kept you from meeting your target. More importantly, you did set a new goal of 95% which I think is realistic, 100% would be even better. But in order to do that there are certain things that need to be corrected in order for you to accomplish those things that we don't have some control over. Is that correct?

Mr. Hannan said yes sir. My expectation to them and we've met about this at length over the last week is that we are always approaching 100% and the only ones that we don't get are the one that are out of our control.

Mr. Turner said my next question is to Chief Monroe, Chief can you help us better understand the realignment when we redrew and changed the alignment for policing? There seems to be a concern of disconnect, not directly dealing with you, but that we didn't align code enforcement to stay within those police district areas where those officers could work and get to know those individuals. Have we come up with a way that we could suggest to the City Manager or Mr. Abernathy to better align those so they could work better with our Police Department?

Chief Monroe said that is part of a conversation we've had with Neighborhood Development whereby we want to look at as a pilot project, possibly look at six areas within the city, six patrol divisions, North Tryon, Metro, Eastway, Freedom and I'm not sure of the other two. Whereby we look at different communities and problems associated with public safety in those communities and see what other enablers are in those communities forbidding us from reducing crime further and go in with a team of people from Planning, Code Enforcement, the Attorney's office and some others to see whether or not we could look at other factors that are contributing to what we believe are, not only crime problems, but the perception of crime in those neighborhoods to see whether or not we could get better results with that strategy.

Mr. Turner said on a personal note I want to thank you and Chief Hannan in regards to your support. I think we have been able to prove that it definitely worked where we've been able to, and I think we had it scheduled where staff was there about four hours where we've pulled a lot of these different agencies together and what we've found out is that you come across a lot of things that one department would not be able to have access to without the other. I was doing that in the neighborhood when we had this neighborhood effort, knowing that we found criminal issues that were going on whether it was crime, housing, and code inspection and there were even violations from fire and there were a lot of violations that dealt with Duke Energy to the

fact that people had illegal meters on their homes. That was a very interesting point the day we were out there because quickly the Fire Department and Police Department came to realize that we didn't want to walk away from this guy and we are going to arrest this guy because it was a Duke Energy issue, but we all realized we didn't want to take the liability so we had to report it. I think the thing that fell through the crack, after we left we never got feedback how Duke Energy handled that and I ended up getting more phone calls from the gentlemen who had the meter because he was expecting someone to do something about his electrical issue. I wanted Council to know that because a lot of times people think that it is grandstanding or it is political when we have these kinds of gatherings. I think we could at least say there was a particular house in this neighborhood that a lot of people have been complaining about, including the President of the Homeowners Association. What was so bad her daughter came out of the house that had been labeled to be a drug house in this community, but the reality is that the Police Department got in there at a much later date and was able to do some legal things that would clean up that area. I have not had any more complaints or concerns other a few code issues and of course that house where the meter is missing. I wanted you to know and I wanted staff to know that when we take that time out and it was a week-end that we did that and Chief you sent your people out and I want to say thank you because all I got was positive feedback from the citizens because they were very active in that role. I think that was what you were talking about earlier in bridge building the relationships. We would not have been as successful going into that community if it had not been for the citizens that actually live there and took part in that exercise, so thank you.

Chief Monroe said I want to give Pat an opportunity to speak to this because it is a partnership with Neighborhood Development and we want to report up through his committee on the work that we are doing.

**Pat Mumford, Neighborhood Development,** said we are actually looking at this beyond public safety. There is a working group of staff that has expanded from City to include County and non-profit groups and we've been discussing a way to have a pilot geography for a holistic approach to the city services. Interestingly enough I made a call this morning that maybe we've got that geography now and it just might be the West Charlotte feeder zone. We are tracking with schools and they are changing from elementary and middle schools to a Pre-K to 8<sup>th</sup> grade school and we thought maybe we could gather around that geography and look at all, from infrastructure resources to human service resources, code, police and fire and figure out a way we can leverage all of our investments to better support broad community goals. You are going to hear later in the HAND focus area of looking to recalibrate the quality of life. The idea there is to have buy in from all these community groups to what is success, what is a viable community. We are really pretty charged up about how we can do things differently, bringing the schools to the table. We had an interesting report, not just from CMS, but also from Union County Schools, helping us better understand the issues that they face and no longer can we say that is the schools issue. Human services is the County and we are going to take care of police and code. We know that they are linked directly and we are working diligently to bring these forces together so all the planets seem to be aligning at the same time but yesterday's announcement of a \$55 million private investment seems worthy of leveraging from a public standpoint. I also want to make sure you want to know, when the Chief said he had six areas to focus, just because we picked one we are really going to hit hard, doesn't mean the rest of the city is going to be forgotten. We are going to continue to do these services there, but we want to really test this pilot of integrating these services to leverage the limited funds that we have to support approved outcome measures that the community says are important and that you all want to see as well as the quality of life.

Ms. Carter said thank you Pat for that report. Chiefs you all are amazing and I can say that because the apartment focus that you've had in my district has been very effective and supporting what you said Mr. Turner. That is exactly the focus that we need and we do hope that other areas of town will not fall off the map because balance is important and the services that we provide our citizens. I do want to emphasize that collaborative spirit. It is absolutely crucial when we look at the health and well being of our city. Please don't forget us on the East side and I'm sorry to be very specific about that, but there is a feeling of neglect in that area that is perhaps when the emphasis is placed so thoroughly on \$55 million focused in one area and schools closing on the East side as well as decreased emphasis on libraries, decreased emphasis on rec center and other services. We were looking for a like location for this meeting on the East

side and it was absolutely zero. So there are services that are needed there as well and I'm going to be asking Council members for some help.

Mr. Beamon said we are doing great. We've got momentum on this second morning and we are building momentum and this time together is so valuable. We can get everybody in a room together and get focused and get very specific on how we improve the priority areas.

Councilmember Cooksey said my concern on un-alignment is the statement made from focus area plan, Charlotte will be America's safest community is not reflected in the measurements. We measure ourselves against ourselves, not against the nation as a whole. If you look at our measurements when we talk about wanting to reduce the crime rate in Charlotte, what our actual goal is, is that Charlotte will be a safer city this year than it was last year. If our true goal is to be the safest community in America or the old goal of the safest largest city, I think our measurements need to be national. We have to compare ourselves with the rest of the country. A 16.8% reduction in the crime rate for 100,000 population is great, thank you Chief, but if the nationwide average is 20% we are actually not better off. If the nationwide drop is 10% then we know we are even better off so without any measurements that let us know where we are nationwide, the goal of Charlotte being America's safest community just doesn't happen and that is a fundamental misalignment that I think we should be concerned about.

Mr. Beamon said robust, honest, specific. This is the theme of our dialogue today.

**The meeting was recessed at 9:54 a.m. and reconvened at 10:25 a.m.**

Mr. Beamon said we are now moving to the economic discussion.

Mr. Mitchell said he would report on the Economic Development Committee. He recognized the Committee members, Patsy Kinsey, Jason Burgess, Andy Dulin and Patrick Cannon. We want to thank Ron Kimble for putting up with the committee. Here are some of our major accomplishments for 2011. First of all I think it is a major accomplishment for what we did for Gramead Bank. I think that is a new idea, a new initiative that we think will be very successful. I would like to thank Pat Mumford and his staff for bringing that new initiative to us. That was sort of out the box thing. The next category is small business. We completed the Small Business Strategy Plan. Small Business Procurement increased from 2009 to 2010 by 21% and if we want to put dollar figures, that was a total of \$3.3 million increased spending with our SBE's. What is passionate with all of the District Reps is our business corridor revitalization and as I call out your corridor please stand up and cheer for them. North Tryon, for Patsy Kinsey, redevelopment is moving forward to Phase I infrastructure for Dalton Avenue to 30<sup>th</sup> Street. Funding is \$9.5 million which came from bonds. The city has hired a design firm for planning. Central Avenue streetscape around Eastland Mall, let's hear it for District 5 and District 1. The planning, design and real estate work is complete and the first contract for \$1.2 million was awarded. Greenway Business Park and Rozzelles Ferry Road, one vacant building has been ...

Mayor Foxx said we need to interrupt to go into closed session. He asked for a motion to go into closed session.

[ Motion was made by Councilmember Mitchell and seconded by Councilmember Dulin and ]  
[ carried unanimously, to go into closed session to discuss matters related to the location or ]  
[ expansion of industries or businesses in the area. ]

The Council went into closed session at 10:33 a. m.

**Back in Open Session.**

Mayor Foxx said we are now in open session and is there any business before the Council. Is there a motion?

[ Motion was made by Councilmember Burgess, seconded by Councilmember Carter, and ]  
[ carried unanimously to (A) approve the 2012 Democratic National Convention Agreement ]  
[ and License Agreement by and among the 2012 Democratic National Convention Committee, ]  
[ Inc.; the Charlotte DNC Host Committee and Committee for Charlotte 2012; and Charlotte ]  
[ Arena Operations, LLC; (B) Authorize the City Manager to award all contracts in ]  
[ furtherance of the City's obligation under the agreements approved in A above. ]

Mayor Foxx said we will go into recess and we need a motion on how to move forward.

Mr. McCarley suggested the motion be to adjourn this meeting to reconvene at 5:00 p.m. next Monday.

[ Motion was made by Councilmember Cannon, seconded by Councilmember Carter and ]  
[ carried unanimously, to adjourn this meeting to reconvene at 5:00 p.m. next Monday. ]

Mayor Foxx said we will see you at the Chamber of Commerce at 1:00 p. m.

**The meeting was adjourned at 11:42 p.m.**

## **February 7, 2001**

The City Council convened on February 7, 2011 at 5:18 p.m. in Room CH-14 of the Charlotte Mecklenburg Government Center for the last portion of their annual retreat, with Mayor Anthony Fox presiding. Council members present were Michael Barnes, Jason Burgess, Patrick Cannon, Nancy Carter, Warren Cooksey, Andy Dulin, David Howard, Patsy Kinsey, James Mitchell and Edwin Peacock.

**ABSENT UNTIL NOTED:** Councilmember Warren Turner.

Mr. Beamon said we will continue with our discussions on what is aligned and working and what is not aligned and working as well as it needs to.

Councilmember Barnes said our group through that on what is working side that the Web portal is an effective tool. The Business Investment Grant is an effective tool. I thought that the SBE Program itself has become increasingly effective, particularly at the Airport. We frequently see contracts there that exceed the participation numbers and I still have some questions about the way we compute those efforts but I think that is something we will continue to struggle with. All in all I think the program has become more effective. On the what needs improvement side of things, one of the things we talked about is that there are a lot of business people in our community who want to participate in either City business or want to gain access to capital so they can run their own private enterprise and I'm not sure what the thresholds are for assisting them. Some people need ten grand to get going and some people need a hundred grand and I don't know if the annual revenues can be no more than a half million, a million or what. That may be ... but communicating that information will be useful, as we all know with the DNC coming, there are a lot of people who want to participate in the economic opportunities, but have small businesses and sometimes very small with one man type shops and they don't feel like they have the access to capital and credit. Continuing to find ways to communicate that, I think would be to the community's benefit. We also talked about some of the challenges that a lot of folks have with respect to regulations and permitting. I know we are working on that and there is a piece in here about the efforts to improve the efficiency we are making with respect to permitting and regulations. That would help also.

Councilmember Mitchell said that table was right on the mark and some of our discussion was about better access to capital, but what is the next step to make sure we are being compassion about small business. One idea that David brought up is using our House Charlotte model for business. We could pool our resources, the City and other entities to get involved like we did for Grameade Bank which was totally a community effort. We have the model in place and I think we as a City should facilitate that and use our leverage. We are the second largest banking capital so to leverage that and somehow have those dollars in a pool for small businesses to grow access and have other opportunities. There were three other things we talked about and one was

youth unemployment. Each summer we take on this task to make sure our youth gain employment and I think we need to continue to expand that program, especially in this day in time. I think last year our goal was, we ended up helping about 100 kids and we need to raise that bar to 400 or 500 and be more proactive and build more capacity in our youth employment. How successful is our partnership working with CPCC to give entrepreneurs what they need to be successful. Nancy and I just got back from Savannah and one thing the other cities are doing is they are calling it Entrepreneur Service Office where they have someone on staff whose main focus and responsibility is to talk about entrepreneurs and encourage entrepreneurship in their city. It is almost like a different mindset. You encourage creativity, you encourage people to look at opportunity, but having someone on staff to champion that seems to be working in other cities. I think that is something that we should look at and call it ESO, Entrepreneur Service Office. The last one, I think we need to revisit Eastland Mall again and have a more proactive stand about what we are going to about Eastland Mall. I think we've been kind of behind the eight-ball as it relates to Eastland Mall and the redevelopment of that.

Councilmember Carter said we went thought some of this and supporting the ESO, it looks at small business and it is retention as well as engaging and encouraging small business. We have so much targeting small businesses, but it could enfold in this whole process the web portal, etc. and we are building that structure, but to have that one person focus for that office would really take us to another level and recognizing how important to our recovery is this small business effort. Ninety percent of our workforce is within small business, versus our large corporations. We are looking at really good statements from the business corridors, from the hospitality and tourism rebounding and think this is such a good thing that we need to celebrate. The Economic Development Seminar we went to, is choose those things you've done well, put them out in the public and acknowledge that good things are being done. Looking forward to studying functional consolidation, starting in July 2012 for permitting. That is moving along in our staff. We've got that good history of what we have been doing to streamline permitting and hopefully moving that forward to a unification of rapid ... approach for those who want to come in. That was one of the points that we learned this week-end. It is so crucial to getting business into your city. I would echo the plea about at Eastland, looking at what can we do, not just reacting to what is proposed because what is being proposed right now is very negative and not supported by the neighborhoods around a night club on premises which is supported by the person who bought the portion of Eastland, saying that this would go exactly with what he is trying to do. The neighbors are in a twit so we need some help about being proactive and looking at 80 acres of land, a million square feet of retail space. Independence has not been finished and we've got the report coming out in Transportation, but looking at what we can do, resolving that issue, we've got a great ULI study and hopefully that will come out. Economic Development proposed auto oriented businesses. The drive-ins, things like Home Depot, Target, Wal-Mart figured this out and consequently this is something that could be very proactive for us in recruiting businesses to the area.

Mr. Beamon said as an FYI we are capturing your ideas in areas of the Carolinas. He asked about the next table and someone said that is all staff.

**City Attorney, Mac McCarley,** said we are here as a resource and will be happy to answer any questions you may have.

Councilmember Cooksey said on the alignment side, one of the things we mentioned was a lot of the items that are listed here are matters that actually Council has taken care of on the Council side of it and it is in the hands of staff to implement. There is a lot of implementation elements here, so that tells us that Council has done its part and it is about monitoring. On the non-alignment side there was some discussion and concern that there is not enough measurable here, not enough that we can be able to say once all these are implemented, what is going to happen and what will change. We can talk about streamlining permitting, we can talk about improved opportunities for small businesses, etc. but whatever gets implemented, the dial moved from what to what. How many jobs? Item 4, grow businesses in the targeted industry sector. Grow from what to what, and how? That I think was the main concern of non-alignment. Also talk about streamlining your permitting and it tied into what Mr. Connaughton said in the Economic Presentation about government getting out of the way so the small businesses can do their thing. It is interesting to see how you can measure. How much time does it take now versus how much time would it take in the streamline system. What are our expectations there and how many



more permits could be handled under the streamline system. There is just not as much actual measurement here of what we will see when these are implemented.

Mr. Beamon said, point of clarification, these goals or targets came from the Committee. Is that right?

Mr. Cooksey said yes.

Councilmember Kinsey said I'm on the Committee and I didn't participate. I think it is great.

**Councilmember Turner arrived at 5:40 p.m.**

Mr. Barnes said I'm not on the committee so I'm trying to learn and I was going to ask the Chairman the same questions. There are some things that I noted that I wanted to talk about under the, for example the second Focus Area Initiative regarding the business corridor. The thing that came to mind for me is the importance of us being intentional about the business corridor. For example, the North Tryon Area Plan goes through Patsy's District and my District and the Plan itself lays out particular divisions for that portion of North Tryon, south of Old Concord Road and then we are hoping the Blue Line Extension will take advantage of helping redevelop the portion of Old Concord Road north to UNCC. What struck me was that there may be a fantastic opportunity for economic development along that line by connecting businesses and institutions between the University's main campus and the uptown campus. You have a transportation connection there. What also struck me as I read through the yellow page for example that we've got to have greater certainty where the Blue Line Extension is. Right now I'm not sure what can happen in Raleigh with 25% and I'm not sure it is going to happen in Washington with 50%. Hopefully, the President will be supportive of transit and Congress will allow those funds to keep flowing. It just struck me that there is a significant economic development potential along that line and also where under the mid-year status report where we talked about the target of \$500 million of building permit value being located within that half mile of that transit station location. The more certain the Blue Line Extension becomes, the more certain we are to have concrete economic development occurring along that line. I also wanted to ask about the enhanced workforce development. The target was 1,500 youth trained and so far there has been 121. I wanted to know what are the challenges that are prohibiting us from reaching even a third of the goal.

Mr. Mitchell said we did not have the discussion, but I think that is our relationship with Goodwill so I'll yield to Pat.

**Pat Mumford, Neighborhood Services,** said there are several issues around the stimulus dollars for workforce development. The stipulation on the respective youth that could actually use those funds is pretty restrictive. We have no challenge there. You all instructed us to move some of the dollars to Goodwill to support that training and the training is great and you have to have that, but you also have to have the jobs available for them to use that training. In working with businesses, what we found is because of the economy, several small businesses said we would love to help with the youth, but we really don't have a role for them. It takes some time away, with the limited staff they have to monitor the youth there. They agreed with the concept, it was the challenge getting that so what we done is ramped up this year, actually the past six months and we are working toward a stronger effort this summer so we have better connections. If you recall last year the effort really started in the spring and we found out that really wasn't enough time because of the compounded issues with the economy to get businesses on board and ready to go with the new initiative. It is a bunch of different things that kind of mixed together that caused us not to be as successful as we hoped to be. We've been working hard in the off season to make sure we are ramped up when it starts back up again.

Mr. Barnes said do you think we will get closer to a third of the goal, or half the goal? Where do you think we will wind up next year?

Mr. Mumford said it depends on how we calculate that goal. If it is direct youth employment through city dollars with the Mayor's Youth Employment Program, that is one goal that we can control, but if we can't leverage those dollars very far so it would be a smaller number. If we take into account the work that Goodwill is doing in Workforce Development, then we can count

those successes, we think we can do a much better job of getting close to the number. I'm not trying to be vague, it is just how far can we stretch the dollars and how much success we can get out of that.

Mr. Barnes said under the third focus area, the Develop Collaborative Solutions piece, the measure says achieve greater collaboration among the City, County and NCDOT to shorten the time it takes ... Can somebody explain the implications of NCDOT in that?

**Deputy City Manager, Ron Kimble,** said whenever there is an issue involving driveway issues along state streets that is a big issue and a lot of times NCDOT has to be at the table for a joint sign-off for the Charlotte Department of Transportation. We've made some strides there and we have more presence at times by NCDOT working with us, but it needs to go extra steps to streamline the sign-off process for development to move forward. That would be my explanation.

Mr. Mitchell said I can't remember where District 4 picks up from District 1, but on North Tryon we have more like \$9.5 million to fund from Dalton Avenue to 30<sup>th</sup> Street. Does that take in some of District 4?

Mr. Barnes said it is 1 but it is inclusive of the geography we talked about. The healthier we can make that entire corridor, the healthier North Charlotte is.

Mr. Mitchell said we now have hired a design firm to start the plans and we have \$9.5 million earmarked.

Mr. Barnes said is WSOC going to sell some of that 55 acres?

**City Manager, Curt Walton** said a couple of things that haven't been mentioned, the transit corridors and integrating them with our economic development strategy I think is what Michael was talking about. We've leveraged our infrastructure dollars, otherwise there could be ... in the middle of North Tryon which would be the death of it. What Pat was doing in Neighborhood Business Services to organize around the business corridors that residential and business component to that so it is not one or the other, but integrated whatever the investment is. On the non-aligned, I think James's point on the amateur sports is a good one because most of taxes that would support that are levied by County Commission county wide and at least some of the ... would be outside so it is something that we are not really aligned with now. There are funds budgeted and I will use Eastland as an example, the voters approved \$16 million in 2008 and we also have \$3.5 million in pay as you go reserve for Eastland. That is a lot of money to sit in an economy like this so that is an example of not really being aligned with the budget side with where the current policy is.

Councilmember Howard said it is not just the Blue Line. We are talking about using the value capture around our stations to help pay for some of the infrastructure and in order to do that we need to make sure we are maximizing the economic development that happens around the stations. If you want to do a half mile around the stations to help pay for the infrastructure you've got to care about it being the best half mile that you can get out of it. How we marry transportation with economic development in those areas is something I personally feel like we need to spend some time on. We were real nice going down the south line but gave TOD away because we wanted to get that going. Going down these future lines, how do we charge for it or figure out some way to get that value back we are creating by putting that infrastructure in. It is one of the challenges I feel is important because it helps pay for the infrastructure and I think that is a conversation we need to have sooner rather than later.

Mr. Beamon said we are going to move to the next Focus Area, but I want to add one component to your discussion. In order to make great things happen you have to have vision, strategy, and execution and I think you are set up in a way that once you as a Council determine the direction you want to go, starts execute. What I would like to have is to make sure that the staff is sharing what you need that you don't have to be able to execute. So take a big pot of money off the table, what do you need that you don't have in order to execute. I want to make sure that staff gets in and is openly sharing what they need to execute to hold up their end of the bargain. Mr. Peacock I think you are up to that.

Councilmember Peacock said that was a good tie-in for what we celebrated in on Tuesday with the Mayor and the announcement and the reason why is that I tied the subject of the environment very closely to the activity that the Mayor was involved in, particularly as it relates to envision Charlotte. I think it is by far the biggest accomplishment in the city and your relationship Mr. Mayor with Jim Rogers, as being next to a former President doesn't hurt in the pitch for Charlotte as an environmental leader in the country and the world and secondly I think it helps us accomplish what we set two years ago in 2007 which was the subject of making this a much more central component to all of our five focus area plans. I think Envision Charlotte was by far one of the biggest announcements that's we've seen in this City. We didn't take that much about it primarily because it came up so quick. The second piece that I want to talk about as it relates to the environment as far as accomplishment is Kim McMillan and Power Charlotte. If you all haven't seen what she has done there and the amount of receptivity that we received from the folks in the environmental community on that I would say without question you ... That portal is going to serve the great communication tool to describe a lot of the benchmarks and a lot of the measures. I think the successes in Envision Charlotte, we can learn in all of our focus area plans and the reason that Cisco got their arms around this and Duke Energy got around this and why we are setting the definition of 75 buildings within 277 is very measureable, very tactical in what their goal is and I think that is what people can get their arms around. We talk about reduction of carbon emissions, reducing air pollution as it relates to our emissions fleet, these are the things we need to learn to measure and we need to have a way to communicate it as well. The other big scenario was set forth last year which was the single stream recycling. Curt put us on our path a couple years ago that will save us over \$45 million over a 10 year window. Obviously, I think it has received pretty good receptivity from the community and we've got 25% increase in the tons of recycling material collected city-wide. Some of the challenges we have going forward, I think marrying economic development with the environment, I think by the Envision Charlotte announcement, by all the economic development announcements that we are seeing and hearing from have so much to do with energy related jobs. Not only are we becoming an energy capital, but now the question is how do we marry those two goals together and build off of that and more importantly how do we build upon the success of small businesses getting involved in it. The Mayor had some breakfasts this summer that I attended and we heard very loud and clear from those small business people. They wanted a way to jump onto that, but we were hearing very clearly that they were having issues that I don't know if necessarily we could resolve, but I think the Mayor heard it and I heard it as well. That communicating with Duke Energy and Piedmont Natural Gas. Toshiba, and Seaman, how does that work for somebody that is getting ready to set up a solar operation or somebody who wants to do green ... in their particular residential homes. That is something that I think economic development focus area plan should tie together. James, regarding some of your work nationally, I'd be curious to hear what your colleagues are doing as far as marrying those two together. I would say if you read our focus area plan you will see that we spent a lot of time on this. I have been paying great attention to our words and what we are saying there. I would like for us to use this as a document that when someone reads it, and believe it or not we have six partners out there, Sierra Club, Carolina Clean Air Coalition and I can't remember the other four right off, but as you know they came to us with almost a four-page sheet of how they thought it should read. They were encouraging as to have more measures. I wish they and other groups would get bigger as we get behind all of our focus area plan because I think it helps staff move into the next level. My committee members have been very patient with me, but we've been very deliberate for the last three or four meetings, trying to get as detail and let this plan read something that people will come back to a year later and know that we tried to do our best on that.

Mr. Peacock said I will open it up to Vice Chair Carter if you have anything to add Nancy. Mr. Dulin, Dr. Burgess, who is our newest attendee this year and a faithful one. Mr. Howard was there firing away at the Tree Ordinance. Actually I forgot to talk about the Tree Ordinance. There has been so much work I can't remember it all, but that was by far the biggest policy accomplishment. It involved three Council and five years.

Councilmember Carter said looking at economic development push with community gardens and fresh food. That is something new on our horizon that we are doing partnerships with neighborhood grants and making expirations at the farmer's market so I think it is a very positive economic engine in the city potential.

Mr. Peacock said Rob, we need to call on you because you are the one that implemented the \$6.7 million that we are spending from the federal energy efficient community block grant. It kicked off Kim's ability to be able to do what she has done. Do you have any highlights you want to add to this?

**Rob Phocis**, said I could highlight the \$6.7 million and where we are. One of the goals we had that was really put forth by DOE was to have that money under contract by this past Friday. I'm happy to say that we have this development under contract and are waiting on a few signatures here and there. There are a few projects that something has happened beyond our control but all those projects are moving forward. Power to Charlotte has been a great tool and people really respond well. If I'm out speaking we are able to show that to them. One of the great ideas that Kim had in bringing this forward was using this as an opportunity to try and bring word of energy projects and opportunities to small businesses in Charlotte. As our projects get rolling and underway I think it will be a great opportunity for economic development in the city.

Mayor Foxx said I want to applaud you on your committee as well as staff on the very open process that you went through to develop our energy efficiency block grant program. It was more brain damage than you would normally go through but I think it was worth it in terms of the community owning it and managing that grant has been more than a notion so you are to be commended for your hard work on that. Also I would add another piece of the workload this year that has taken a lot of staff time which is ReVenture. It hasn't been finalized yet, but I know a lot of blood, sweat and tears has been poured over getting that project to the point where it is, so Ron and others who have worked on it, I want to say thank you.

Mr. Howard said I want to piggyback on what Nancy said about the fresh food. After our last rezoning meeting we had a lot discussion about the gentlemen and his son who came up about why we were even talking about this and where did it come from. I had an opportunity to talk to Debra, who could not attend that night, about it and one of the things I thought we should put on the table and be proud of is that some of that origination came from the hospital. It came from Carolinas Health Care System who is actually interested in using their own properties to provide fresh produce. Now one of our biggest industries is seeing the importance of providing fresh food and taking the lead and supporting and asking for this text amendment.

Mayor Foxx said on that same topic, I do want to also add that the ULI Study that was done on Independence Boulevard, one of the great ideas, and I don't know how feasible it is, but one of the really good ideas I thought came out of that was the idea of relocating the State Farmer's Market from where it is off Billy Graham over to Independence Boulevard. We don't control that decision obviously, but it has been the subject of discussion for a number of years and I hope that we can at least push the Department of Agriculture to consider that. I think it would be great for everybody.

Mr. Peacock said I know there is going to be a lot written about this, but one of the things that convinced me that the Host Committee was going to get the DNC was when Jim Rogers talked at the King's Kitchen luncheon we had when we had all the committee there and the Governor was there. He started out talking about taking downtown Charlotte and turning it into like an Olympic Village. I know that metaphor was used, but Rob I know the work that you are doing, the block grant money, I know that the efforts that we have for recyclable materials, Charlotte Center City Partners, a lot of this stuff from the focus area and environment is really going to be very much on the national stage. I think a lot of the work we are doing right now, a lot of the details we are putting together right now on this focus area plan are going to really mean a lot in the coming months if what Jim is talking about and how they are planning on spending that money. Manager Walton, I think we talked about whether some of that \$50 million could be used for beautification. We may see extremely visible presence of our efforts in downtown Charlotte in the coming 18 months.

Ms. Carter said if I could partner on that. It could be an opportunity for something like the green core that we saw in Chicago on the Chamber trip. Training young people to beautify our city at this point and it could be a real mix and be an interesting thing.

Mr. Barnes said I wanted to ask a questions about something the Chair mentioned regarding partnering with the Sierra Club. You all got an e-mail I believe from the Sierra Club about  
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ReVenture and their perspective on it is considerably contradictory to what the proponents of the project's perspective is and it may be somewhat consistent with my own perspective. How are you going about marrying those two?

Mr. Peacock said when we put together the sustainability report by CDM, the Sierra Club was referred to as a partner. Was that correct?

Mr. Phocis said we had several we called energy partners who put together the strategy submitted to the Department of Energy.

Mr. Peacock said had sent us their critic of the focus area plan, and nothing about ReVenture, or maybe there was some reference to it, but my point was that those partners had gotten together to look at our focus area plan and give us their critic and what they thought were better measurables. I did not receive their document in a sense that, and there have been a slew of e-mails from the Sierra Club regarding ReVenture.

Mr. Barnes said have you tested the validity of their intensions?

Mr. Kimble said right now there is a ReVenture Advisory Committee of the County. They have analyzed it and made a recommendation to what is called the Solid Waste Advisory Committee of County Government. The item now is resting with the Solid Waste Advisory Committee. Mr. Duction with the Sierra Club is scheduled to come in front of a County Commissioner's sub-committee I believe is February 8<sup>th</sup>. He has been given 30 minutes to appear in front of the County's committee so they can get the information about what he can convey. It is all resting right now with a combination of Solid Waste Advisory Committee and County Commissioner's sub-committee on the issue of ReVenture. They are the ones who will eventually make the determination on whether or not they contract with them on what they call the Refuse to Ride Fuel Facility, but that has a long way to go in terms of whether or not they approve that contract.

Mr. Barnes said you've told me that part before Ron in terms of length. What I'm curious about is whether ReVenture itself is as consistent with this very long focus area plan as we'd like it to be. I recognize that our last vote essentially removed from our laps that proposal. If however, I discover that my vote, in fact I think I voted against it, but the majority vote was gained by way of fraud, I will have more to say about it. That is why I want to know whether anyone has looked at what the Sierra folks are saying in comparison with what the ReVenture proponents have been saying, and they haven't said a whole lot. You all know that it is no secret with me that I'm still a little frustrated by the fact that we can't get a demonstration of the use of this ... technology. They are burning garbage like crazy over off the Catawba River and they won't even show us what they are really going to be doing. That still causes me a problem, so I want to know if someone is going to be testing or least exploring what we are seeing in a Sierra Club document to compare with what the ReVenture proponents have been telling us. I read the e-mail we got today and it seems to me to be pretty damning. There are a lot of arguable issues in that last e-mail.

Mr. Kimble said either the County or the State will have to permit from an air quality permit perspective and they are still talking about which one of those two agencies would be the permitting agency. There will be a long review and in depth study by one of those two entities who will be responsible for issuing the air quality permit. You have a long way to go in terms of that analysis and that scrutiny on what comes out of that particular plant if it were to be located on the site. The City of Charlotte is not the direct overseer of that, but we certainly need to follow that and feed information as it becomes available in that permitting process.

Mr. Barnes said we haven't paid for the ... property yet, to which Mr. Kimble said we have not.

Councilmember Dulin said I have not seen an e-mail today. I have seen plenty of them and I get contacted by people who live along the Catawba River and their home is there. I'm comfortable with where we are. I just want to let the group know I'm comfortable with where we are. I'm sure we will keep looking at it, but if we are going to be a leader in those types of issues, this is the kind of deal you lead with. I'm reading every comment that comes by me, but I'm comfortable with where we are.

Councilmember Turner said I really appreciate the work the committee has done in environment. Over the years we've had a lot discussion about this particular issue and a lot of people have a lot of passion about it. I think one of the things that is very important is the affect it has on all the topics of Community Safety, Transportation, Housing and Neighborhood Development and Neighborhood Development. We've touched on that briefly, but I think even now the discussion you just had is really important to the quality of life of our city and the quality of life for our citizens that live in our city and the county. But from an economical standpoint, there is no way around it, but I think what I've gotten out of this report this year, Mr. Peacock from your committee and staff, is the amount of detail that I think you focus on, pulling all these things together. Over the years most people would not have wanted to chair this committee. I know this time it was done a little different and for a different focus areas. Sometimes it is not always about being good, but sometimes being in the right place at the right time, more than being good. I'm not saying you are not good or committed, but I know there has been a lot of discussion over the years about how do we tie to the quality of life, the things that we take for granted, how does it affect our water, how does building developments affect us from run-offs and I know Debra puts a lot of work into that. This is proof that this is how you lead. This is how you look at and have good policies in place that try to minimize those things that can come out and be received as a negative impact on our neighborhoods. I want to commend them for that but talking about ReVenture, I too have a lot of reservations about this and being open about some things. I think the problem they are going to have going forward is transparency. People are just not comfortable with them and everybody has an opinion about it. I've received e-mails, phone calls and when you start talking about fraud, when you hear folks that is serving on the board and making these recommendations are employed by those people and that concerns me. I have nothing to prove whether that is a fact, but it has been stated in an e-mail and I hope that we are looking at those things. That has a negative impact on whether or not this thing is being driven by their own interest versus whether or not we are getting the truth about all the issues. I think when you start talking about the smell, it is not so much about the odor, but there is a safety component that I think the operations that people still have questions about. I don't think that is a negative thing, but a good thing because we have to want out constituents in the community to be involved in those kind of questions. Once you build it, it is there and I think if we can make sure that we've addressed those issues, whether they are real or not, I think we have got to start getting our arms around these things and start addressing the concerns the citizens have and not be so much in defense about who is standing and what group do they represent. They represent preservation and they have an interest in that, but all they want to do is see it done correctly. I think that should be our primary interest but I hear you to continue to say we don't have any interest in it anymore based on our last vote. My interest is this, it is our garbage and if we don't give it to them and the county right now has control over that. That part concerns me and I think that part came the night they came before us and by us making that vote that night and approving for us to go forward for them to be considered in the bid process in taking our garbage, did that remove us from having any authority or power in this discussion down the road. It sounds like more and more every day that it did and if that is the case I think it puts this Council and our government in a bad position. If we find out that something has happened that is not in our best interest how do we recover from that?

Mr. Beamon said I'm going to let you respond and then I'm going to let Mr. Mitchell have the last word then I'm going to move us because we are playing a very delicate dance in time because we have two more focus areas to go.

Mr. Kimble said I understand the concern and there is a long way to go in terms of striking a contract agreement between the county and the company for the Refuse Derived Fuel Facility or the garbage would be brought and there is a long way to go before any governmental agency, either the state or the county, were to issue a county or state air quality permit on the ReVenture side. I hear all your concerns and they are valid concerns and there is a long way to go on that testing evaluation.

Mr. Mitchell said to Ed's committee and to Kim and Ron, this is really a testimony that the North Carolina Militate Business Center would like to select Charlotte to an environmental conference. Their construction conference draws over 1,200 people and they think their environmental conference can draw several hundred. They are looking at an August timeframe so I will make sure I give Dianna Parks your names and I think it is great that we are on the map for being the energy hub and an environmental friendly city. My hat is off to you.

Mr. Beamon said good robust discussion on environment. Now let's move to Patsy and she will give us a report on Housing and Neighborhood Development.

Councilmember Dulin said back up just a minute. That is a big deal. Is that news? Is that the first time that has been...

Mr. Mitchell said yes, we were in the running with Greensboro and they decided to come to Charlotte.

Councilmember Kinsey said this is going to be short and sweet. First I want to thank the committee, James Mitchell, Vice Chair, Michael Barnes, Warren Cooksey and Patrick Cannon. Most of you know that I came into this position in September so I'm going to defer a lot to Mr. Mitchell and some of the other committee members who have been around longer than I. I want to speak about some of our major accomplishments and then Mr. Mumford is going to tag team and talk about some of the challenges. I think this is what focus area plans should look like. I think when he talks about the challenges you will see they are pretty much aligned with the focus area plan. Accomplishments – Coalition for Housing – Created for the purpose of implementing the ten-year plan to end and prevent homelessness and also charged with advising Council on the allocation of the Housing Trust Fund. As you may recall a number of meetings were conducted to get community input in the locational policy that we had been working on. Several drafts have come to the committee and as of last week the committee did vote to send it on to you and you will have a briefing at a Dinner meeting. We heard what the public said and we heard what you said and we tried to address those issues. Now it is coming back to you and hopefully there won't be too many more changes and we can go ahead and get it approved. We fulfilled the neighborhood stabilization program by establishing partnership with the Housing Authority, and Self Help Credit Union. We will meet our goal of bringing into compliance 250 commercial structures under the ... building code. I think the last time I saw anything we were at 200 and that was some time ago so I am very confident that we are going to meet that goal. Now I'm going to tag Mr. Mumford and he is going to talk about the challenges. It is a real pleasure to work with Mr. Mumford again as well as Pam Wideman. They do a lot of good work, especially Pam with the locational policies. The other staff person we work with is Assistant City Manager Julie Burch, but she is on vacation skiing.

Mr. Mumford said it is unfortunate the other two who are also both short and sweet because I'm neither short nor sweet. However, we have seen a challenge on the production of affordable housing. That is based on economy. You all, over the past two bond periods, approved \$10 million for projects that we've committed but those dollars haven't been matched by other funds so projects are still waiting to be started. Our projected goals are predicated on those projects actually going through the system. Hopefully, at some point down the road we will have a big year when all these things get going, but that has been challenging for us and for the foreseeable future that will be a challenge. The debt capacity, as you all know, going forward issuing more debt for bonds for housing will be a challenge as well. Probably not as big a deal for the next go round in that we do have this lag, but at some point that will come into play. The foreclosure issues, you all are very aware of the negative impact that has on not only those homeowners specifically, but the neighborhoods. We have been wrestling with that in several of the outlying neighborhoods, trying to get our hands around and how to get in front of that going forward, but that is something to a large degree is out of our direct control. However, when the houses are foreclosed, it directly becomes part of our responsibility to fix it so we want to make sure that we can get a head of that if we can because it is a lot less expensive and less damaging to the community. That speaks to the quality of life statistics. We are not moving as many neighborhoods into the stable category as we would like, but that is because of a lot of the issues I have been describing and have a negative impact on the community, but to that end we are going to spend a lot of time and we are underway right now looking at the quality of life, making sure that we have the right measures. We have some pretty exciting work going on and will bring that to the committee shortly on some recommendations on how to align the categories and the measures for some of the other work going on in the community. I referenced this a bit at the retreat and we are going to look a lot more integrated going forward and we hope that will help us get more focused. I do want to speak to Ms. Kinsey's comment about the shortness of the plan. The idea was to keep the measures that are high outcome level. We do understand that we have to have measurable activity. We feel that is more a part of the work plan to get to the outcome measures, so it is a bit of a balancing act, but we feel the community does a very good

job of capturing a high level way. A lot of detail work is going to take place to make those happen.

Mr. Beamon said before we hand this off and have a broad discussion, is there anything your team need that you don't have now?

Mr. Mumford said it follows the last part that I said. If we really want to make sure that we are clear on expectations. I think that is the most damaging thing we could do, especially at the beginning of the two-year plan. It ... some expectations that don't really work for either side, the implementation side or the policy side. We feel really good about where we are. We feel good that it allows us to clearly understand the what of what is expected and it gives us the flexibility on the how side, how to get done. It gives us the opportunity to respond to dynamic change out there is the world which we really need. I would say that what we need is continuing that partnership and that open discussion and that trust level and we get the work done that you all would have done.

Mr. Peacock said this time last year, Pat you and the Mayor and the county all got together for I guess it was a first Mr. Mayor with all the folks from the homeless that supported housing group. I don't see a broad measure about the ten-year plan in homelessness. I've had people ask me about that since that meeting last year. I don't mean this flippantly, but we implemented that ten-year plan a while ago and now I'm going to call it a 6 1/2 year plan. I know you have been working on it and I would like to get an update as to where we are one year later since that discussion with all those people.

Mr. Mumford said it is in our prime measure plan for the department and it does roll up into the broader health and vibrancy of the neighborhood. What we have done, you have seated the board, you and the county, great choices, really hard working, sharp people on the board. We've met two times as a board and will meet monthly. We have three standing committees with that board. The committees meet in between those standard board meetings. We are pushing hard right now and one of the committees has an ex officio member that I not only chair, but I sit on that committee. Looking at the trust fund recommendations, we are not going to do that the way we did it in the past because of the changing dynamics. We are going to bring those recommendations to you as a board. This slug of money and the future for the trust fund, we are taking a look at how to integrate or combine all sources of revenue from city, county, private sector to support the strategic goals that are outlined in the ten-year plan. That is different.

Mr. Peacock said Commissioner Murray at the time had asked to come and present to the City Council about the example that he had about an ID card. About identifying somebody who has had issues, one card helping him as sort of a master card if you will. Is that idea still alive?

Mr. Mumford said that idea is kind of still out there, but that is on the human service side. It is an easy point of entry into the system instead of going to some place for housing or some place for emergency service and some place for mental health services, you could go in and have all that data appear. It is still being discussed, but not as robustly as he is no longer on the board. What we are trying to figure out is when someone comes into the housing system, where are they along that continuum, how do we make sure that we have at this stage allows them to move and progress through or the services are aligned with that individual if they have to stay where they are. That is what that committee does and the other committee is looking at outreach and education and the last committee is looking at data. That speaks to that point. There are several different data systems out there. Some required by HUD, not very well managed, some private sector people keeping track of housing data. What we want to do is make sure we align that and keep it updated and keep it accurate and then use that data to present to you strategies that we have going forward. All of that is a longwinded way to say the board is finally in gear, working really diligently and really fired up to do a good work they are passionate about.

Mr. Beamon said let's stay together as a group and share any areas of misalignment related to difficulties. Is there any feedback from the committee or staff on it?

Mr. Dulin said I know Habitat for Humanity is doing a good job of going and getting foreclosed houses. They can buy a house in foreclosure and fix it and get it back on the market, get a family in it cheaper than they can go build a house. We spend a lot of time in and around Habitat for  
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Humanity, including that rezoning they have in front of us this month that by the way I plan to support. Do we talk about how we can help Habitat for Humanity even it is Habitat going in and getting these houses and getting a family in it, I think it is better than having it empty and boarded up. I know there is plenty of discussion about that, but that is where I am now.

Mr. Mumford said I'll play Jerry Orr and say yes and sit back down. The neighborhood stabilization use Habitat as our in support of that. The money went to Habitat to go back in.

Mr. Dulin said wasn't it \$2.4 million, what did you give them?

Mr. Mumford said there were several different sums. There was one chunk about that amount coming through the state and various different buckets, but we have other partners. Self-Help is out there doing this, Builders of Hope, a group that is doing the same kind of thing. Builders of Hope is in Lincoln Heights working to save and preserve those homes, keep them out of foreclosure and rebuild those rehab so there is a lot of effort occurring along those lines right now. You all have been very supportive of that.

Mr. Barnes said this actually relates in some ways to Andy's issue and that is that there are a number of communities that been built in the city in the last 5 to 10 years that are already in need of rehab. Part of that has to do with design standards, materials, etc., part of it has to do with management, part of it has to do with the fact that not everybody can own a home. Part of it has to do with the fact that the lenders were irresponsible and some borrowers were irresponsible so there are a number of issues there. A lot of it relates, in my opinion, to our regulations and past Council's policies, but when you say that we will allow Habitat or any other non-profit group to buy homes that are in foreclosure and rehab it and resell it that is a notable goal and I understand why you would say that. We've also talked about the fact that there are a lot of older multifamily properties that they could use to rehab and be reoccupied. When we talk about our housing locational policy for example and other policies that help us try to avoid the concentration of property I think we are presented with a moral dilemma because on the one hand we want everybody to have a safe and healthy community to grow up in and on the other hand we want to provide people with the opportunity for success by the way of housing, but what we are not doing is taking advantage of or even considering what is already out there. I have been talking about this since I have been on Council. We are ultimately talking about free housing. We are not talking about affordable housing because if you go down Sunset Road, Old Statesville, some parts of Harris Boulevard there are plenty of signs saying from the 90's. There is a lot of cheap housing, cheap in terms of price and quality. What we do is say rather than direct people to those communities, let's take the foreclosed houses, rehab them and put people in them, but we are really talking about the issues. There are a lot of people who cannot afford houses – period. Somebody had got to pay for that and until we are serious about that we are going to have what I call this shadow problem. It is not something that the Council talks about or anyone talks about, but it is the truth. It is a level above homelessness. It is people who work, but they can't afford a mortgage payment so they are not living on the streets. They can afford some place, but the maximum they can afford may be \$400 to \$500 a month. You talk about home ownership and maintenance costs running about 1% of the value of the house annually and they cannot afford it. I don't know if we have the energy to undertake that conversation, certainly not necessarily tonight, but as we move forward perhaps the Chair of the Committee might explore it at some point. It is something that we've got to start talking about. As the government has closed a lot of public housing complexes you've put people out in the community who are essentially still under that same framework, they are not in the frame. There needs to be some system for success for those people.

Mr. Beamon said for this body, the short, intermediate and long-term, you will have to figure out where on that continuum you want to place this community. There are a lot of ways to get at housing in this country, but where we want to play on that continuum is very important.

Mayor Foxx said if there is one department in our city that has become the focal point for a lot of the challenges we face right now it is Neighborhoods and Business Services because that is really where the integration of economic development, which is on the revenue side of the ledger and in terms of improving and preserving neighborhood health, which is on the asset side of the ledger. You all have been managing a lot that we have been throwing at you and at the same time you are still working to integrate two departments that historically were in two different  
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places. I want to acknowledge the hard work that has been going on last year to do that so thank you for that. To sort of touch on what Mr. Barnes was talking about, I think this year and maybe the next couple years are going to be the toughest for citizens in our community, and particularly for citizens who live in the most challenged parts of our community. There is a substantial likelihood that Community Development Block Grant Funds will be reduced this year and that is what we use to try to help neighborhoods that are in distress. At the same time we know the school system is closing schools and it is likely that some libraries are going to be closed. I think we should do a couple of things in the context of trying to figure out our own role in all of this, and I fully appreciate the work you guys are doing to integrate the economic development piece within neighborhoods along with the community engagement. The county and the school board has seen a report that shows the combined impact of these closings and I think it would be good for us as a group to see that because a lot of that is within our City-Within-A-City territory. I am particularly concerned about neighborhoods becoming even more destabilized so I think if we look at how we manage resources and direct the policy activities with Neighborhood and Business Services, we need to be mindful that we may not be dealing with a static situation with our neighborhoods and it may actually be one that is more challenged next year and the year after than they were last year. I would like to start with having that presentation and then see what we develop there. Secondly and somewhat related is this locational policy. I think a lot of hard work and input from the community has gone into it and it strikes me as there are sort of two aspects of the policy that I think we've got to think through. One is how do you utilize resources that exist whether it is rehabbing a property or whatever and does a solution like acquisition and rehab further concentrate poverty overall and how do you answer the question about how you develop a disbursement strategy when it relates to affordable housing. Mac has done some work on the legalities of looking at solutions included in the zoning, etc. but it sounds, after reading what you have put together, that the General Assembly has not clearly articulated that we have the power to do it, although some jurisdictions have already done it and they just haven't been caught on it yet. There may be some additional things we can look at outside of that or maybe you can deal with those jurisdictions there, I don't know, but we need to start to sort of figure out what our answer is to that concentration problem is because it is clearly affecting our community. Finally, with the potential of destabilization neighborhoods, I think it is all the more important that our youth strategy be very robust and very coordinated. It came up in the Public Safety report and it came up in the Economic Development Report so I thought I would add my voice to it in this particular report because I think we are seeing increasing numbers of kids who are facing significant challenges. I think that we as a group are going to have to decide, do we have our toe in the water on this issue, do we jump in the pool or do we stay dry when it comes to youth development and I am more, get in the pool on it. I think at some point we need to have that conversation as a group so staff has a clear sense of where Council is on that issue.

Mr. Beamon said I'm going to give the last word on how to be a neighborhood to Mr. Cooksey and then David is going to report on our last topic, Transportation.

Mr. Cooksey said I want to make sure I understood your concern correctly about that sector of population between homelessness and home ownership.

Mr. Barnes said that is a much larger group than the homeless population.

Mr. Cooksey said absolutely, but if I heard you correctly, my concern is that we leave on the table the notion that there is not a way of addressing that group. That is exactly what the Housing Trust Fund is for. I remember ten years or so ago there was a study of housing affordability in Charlotte that was done that ten years ago the study showed that for purchase for home ownership, the market met the demand very well in a broad distribution across the city. The key was for rental property, for folks who were not ready for home ownership. That is where the market not meet ... and that is what led to the beginning of housing bonds in 2002, 2004, 2006, 2008 and 2010 and to fund the Housing Trust Fund and that is why it specifically supports multifamily rental. That is why the policy is guided toward multifamily rental and not home ownership is because the market handled home ownership. I think the issue is not so much that it is not being addressed as the need is much greater than the resources that are available to address it. I wouldn't want to leave here thinking that we weren't looking at the population between homelessness and home ownership. What were the last numbers, 17,000 units or so? When you work out the math and factor in the transportation needs we need to address, public safety, and all that we do the resource allocation toward building multifamily

rental for folks who can't afford home ownership but aren't homeless is not quite fair. There is a way of addressing it and that is what Housing Trust Fund does.

Mr. Barnes said actually I think the bulk of the population I'm describing is above the HTF threshold, above homelessness yet slightly below self sufficiency. Just as an example, it is the people who have historically, certainly in the last decade, been directed to some of the communities I described where you can get a no money down type mortgage product so they were not ready for an apartment, the regular single family home perhaps ready to buy one, but not really and now we are seeing the legacy of that in terms of how these communities that are deteriorating. The communities themselves are deteriorating and what I have said before and I will say it again, you are going to have one part of this city paying to redevelop the rest of the city because as the communities continue to fall apart they become less and less appealing, less and less attractive and nobody wants to live there so you have a cascading array of slums that ring the city from west to northwest, to north east to east and that is going to become a burden for this city that we are not calculating right now in a realistic way. Again they are not apartment dwellers and they are not on Section 8 for example, but they are still not quite ready for complete self sufficiency and I'm not sure that that crowd is really being addressed because they are in what we call the market. They are not a crown that typically bubble up to us except by way of rezoning.

Mr. Beamon said we are going to Transportation and David for our final report.

Mr. Howard said there is a copy of the focus action plan in your book and we have passed out the most updated one and Jim has copies, so the one in your book is not the most updated one. Major accomplishments for 2011, revise Transportation System Financial Plan, keeping the Blue Line Extension viable and in conformance with the FTA New Starts Program requirements, completed 30% design for the Street Car Project and received a \$25 million grant from the FTA for the first mile and a half of that project. Voters approved \$156.6 million in bonds for street and intersection projects throughout the city. We adopted the update for centers, corridors and wedges framework for guided growth. Additional we also provided some assistance for the 2020 Plan for the City, completed the Catawba Plan and the North Tryon Corridor Plan and the Steele Creek Plan is underway. Additional the Urban Street Development Guidelines were approved as well as the five year update for .. that is underway. What are the challenges going forth, I added this one to the list, regional planning, financial constraints that limit the extension of bus and rapid transit routes. No source of funding for full implementation of the Street Car Project, no debt capacity for funding street and intersection projects in the foreseeable future and no adequate funding for roadways at state and federal levels and in summary of what I have said so far, there is no money.

**Assistant City Manager, Jim Schumacher,** said what I handed out has some yellow highlighting in it and those highlights are areas that are different from the draft that was in your notebook. The snow storm prevented our committee meeting so the notebook actually got prepared before the committee actually reviewed the draft budgetary plan. These changes in yellow resulted from the committee's review. On the first page, basically deleting the second half of that paragraph, the committee members point out that it was awkwardly worded and it confused CATS and the MTC and the City. It was written from a CATS and MTC perspective rather than a city perspective so taking some of that language out I think cleans that up. Under II-C, third page again cleaning up the wording a little bit to make it more clear that the regional transportation planning work that COG has done is complete and we will in the next year be working along with the COG and MUMPO as well as all the other jurisdictions throughout the region and other cities, counties and towns in the region to figure out what to do with the result of that study, how we might get more regional in our transportation planning. Finally in III-B the staff is asking in the revision to take the word accelerate out and the committee felt that we should leave that in there. Never knowing what opportunity might come along and basically have an opportunity to accelerate the plan rather than simply implement it.

Mr. Beamon said are there any questions, thoughts, misalignments or execution needs?

Mr. Walton said could I add an accomplishment? The MTC near decimation, slowing up, any kind of word you want to use in 2010 and Jennifer Roberts chaired it last year. The Mayor is chairing it this year and CATS has done exceptional work over this past year. I want to thank

Jennifer and the Mayor and Anthony probably has had a dozen meetings in the last quarter of 2010 to keep it from blowing up. As tempting as it was to blow it up it wouldn't be best for the region so it took a lot of time and effort from Jennifer and Anthony particularly to keep it ...

Mr. Barnes said I want to echo some of the Manager's sentiments. I think that we've got some very solid leadership on the local level and our CATS staff has done a heck of a job to revive the Blue Line Extension Plan. It is very creative and you all helped us define potential cost savings to at least keep that project viable and alive if nothing else. A few weeks ago I attended a dinner with the Mecklenburg County Delegation up in Cornelius and they are very much a spirit of outreach from the towns. In fact one of the Town Council members from either Mint Hill or Matthews asked if we could all get together, and I know it is a very tall order to try to get all the elected bodies together, but they actually wanted to meet with us, the Council and the Mayor and start talking more in those six towns and the folks to the north in those three towns are very much interested in partnering with us to not only improve I-77 and that corridor but to bring the rail line that way. I think they acknowledge and everybody knows that Charlotte is actually the 800 pound gorilla in the county, but they want to work with us so that we can all help each other as a county develop and grow. There is a spirit I believe of outreach there.

Mr. Howard said Debra I don't know if the Planning Coordinator Committee has set their date yet, but the spring meeting is the one time of year when all the elected bodies in Mecklenburg County are invited to come together around planning issues. It is a great opportunity to come together and I don't know what the agenda is right now, but the subject matter that you are talking about Michael should be brought up. That is the one time of year that all of us can sit in the same room and talk about anything dealing with big planning issues that concern us all.

Mr. Barnes said I think I got an e-mail about it, but maybe we could do a special push this year and have each of the Town Managers highlight it with their elected body so that everyone is aware that at least put us at 2011 opportunities.

Mr. Howard said I think the direction is economic development this year so I think that could include ... but Matthews and Huntersville has already started talking about it. Matthews is already doing it as a matter of fact. It would be a great opportunity for all of us to come together around those very issues.

**Debra Campbell, Planning Director,** said we have a formal way, we have assigned representatives from the City Council to the Planning Coordinating Committee and they can bring agenda topics to the group.

Mr. Dulin said you mentioned bus routes, was that to expand bus routes?

Mr. Howard said no, no that was under challenges. Under the new CATS scenario of funding the whole idea was to freeze that so we are saying that is a challenge. With no funding for that we will be just kind of where we are right now when it comes to the expansion of buses and the express routes.

Mr. Dulin said I've got less year round bus ridership than a lot of the other districts, but in the several neighborhoods that I do represent that rely on the bus for their daily lives, we fought hard over some cuts back when Keith was still the head of CATS and we saved some bus routes and that is some of the best work I've done on Council, trying to save those bus routes. If that comes up I would really like to have some heads up as to what the planning is so that on the Council level I can get in there and know what is going on so I can either report or fight or both.

Mr. Howard said if you think about it, we could have greater need in new areas over this time. That means you will be moving less used resources to accommodate that because they won't be new resources. I understand we are working with the same cap and we will have to make growth from taking it from somewhere else.

Mr. Dulin said I get that, and we all do this, at large or whoever. It is when we get in there and really fight for something and fight for people that don't have a voice that I think is where I've gotten my most satisfying work done and getting those bus routes saved a couple years ago, I remember how good I felt driving home that night after delivering the news. We might have to lose some, move some or whatever, I just want to make sure we keep that up.

Mr. Beamon said I want to invite John to share a few thoughts from CATS perspective. Have any of you thought particularly around what you all need as you transition your long and immediate plan to the new financial reality. What is it you all need that you don't have.

**John Muth, CATS,** said part of it is what Mr. Dulin said, understanding what Council wants to know, what information they need to try and make tradeoffs with limited resources or reduced resources that we have. Supporting the Blue Line Extension, supporting when we are meeting with the state, to make sure that we get that state share for the local Blue Line and at the federal level. There are lot of moving parts.

Mr. Howard said it seems we have a wonderful asset with the Airport but we don't take advantage of measurement in our measurements in this and I just thought about it while sitting here. Can we measure that somewhere else or is there a reason why we haven't take advantage of adding those accomplishments in there?

Mr. Walton said usually the Airport is listed in Economic Development Focus Area if it is going to be balanced scorecard measures.

Mr. Turner said my concern is still that over the years transportation has always been a priority and trying to minimize the impact where we have development and without a doubt development is at a greater rate than what we can keep up with bringing our farm to market roads up to date. When you look at some areas, I think you mentioned Steele Creek was still on for implementation so we haven't finished that plan yet. I think about South Tryon Street when we widened it from two lanes to four lanes and you look at the growth rate there, we complained because we couldn't move when it was two lanes and we can't move now because it is four lanes and we've always said if you build it they will come and they will use it. The issue still is when I look at worrying about reduce some of your intersection collision by 2%, 3% or to reduce that – period, your vehicle crashes in those intersections still at farm to market roads that still have yet to be improved, but the population and growth has outpaced itself. I think that is unattainable unless you tell us today about how we plan to come up with the funding to bring those intersections that exist on farm to market roads that have yet to be improved. I think if you pull the hit list from the Charlotte Mecklenburg Police Department you will find that our accident rate has increased in those areas. That is simply because of growth and has nothing to do with we can't keep up with it and it is a funding issue. Have we decided and are we targeting those that have a high crash rate that is on the outer part of our city versus on the inter city loop that we have focused on that needs improvement there. When you start getting out in the further outskirts of the city those issues have gotten to be even worse than what they were before we started this plan. Have we looked at that and do we have a plan where we are going to address that?

Mr. Walton said I think you are right, the farm to market roads are one of our biggest transportation problems. The November 2010 bonds had four or five farm to market roads in it, including Johnson-Oehler Road which is one of the worst because there is a high school on it now. I think movement of those five will help some but I think whatever we have for transportation going to the voters next time, probably the majority of it will be farm to market. You are right the city has developed on the fringes around those old roads and they are just not sufficient.

Mr. Turner said we have put a lot of money on those roads. You take Shopton Road West, we spent a lot of money there and you can see the improvements coming about, but when you look at the footprint of the development that is going to take place on that parcel of land right now, it exceeds the improvements and when you factor in the high school and the middle schools and elementary schools that we have built on #160, it is just unbearable. I don't know where we may catch up based on our borrowing rate because we can't project what the economy is going to be and we have absolutely no idea how to get our arms around that. What I would want to focus on and at least have the community to start looking at, are those areas where we have seen a bigger growth where we are still pulling ... that did now slow down until this economy, like some other areas came to halt, and they already had a problem and that problem has only gotten worse, but the framework is not there to help us budget for those transportation issues. I think we need to look at that and we need to have a conversation with the Police Department to see where those crashes are taking place.

Mr. Beamon said Mr. Dulin, not only do you have the last word on Transportation, but you have the last word on our focus portion of the meeting.

Mr. Dulin said my question about this is in the report here there is mention of the Centralina Council of Government. I have been open over the last couple of years about where I think other entities overlap with the Centralina Council of Government and I think it is more of a budget discussion than a focus area discussion tonight, but while we are here and discussing it I just wanted to make it public that I will be discussing that again during our budget discussions this year.

Mr. Beamon said this discussion about Transportation in the future is really a good ...to the final 30 minutes of our time together. We've gone through the focus areas and we have talked about in the next 12 months where we are going to focus. What I would like to do as we close out the conversation is extend it a little further out from the tip of our nose. I have really been intrigued with the conversation about the Chinese Government and how they operate. You have been tracking it and you know what I'm referring to, but I heard of a concept that the Chinese Government use every readily and that is regarding whatever the issue is that they are working on they have two questions. One is where do we want to be on this issue in ten years. The second question is what do we want to sacrifice to be where we want to be on this issue in ten years. We now transition to the open conversation, any open issues and I want you all to be thinking about the challenges of managing the short with the long-term and as leaders of the city, how do you start to not kick the can down the road, but how do you start preparing the city for what is coming in 10, 15, 20 years. With that let's transition into open discussion to anywhere you all want to go in the next 25 minutes or so.

Mr. Turner said based on what you just said I think we have to continue to look at public/private partnerships because government is not going to be able to continue all the needs of our society. It is very obvious and we are going to have to be serious when we look at what is we fund and what do we define as priority. Even when we have our priority focus points from the Council, we still have other things that influence us to deviate us from our budget and fund things that I think today you are going to have to ask the question, is that really something that we can do without. If we do without it who is going to pick it up. We were talking about the Mayor's Alliance for Youth Employment, and we fund a particular after school agency and we spend a lot of money doing that and it is a great program, but the question I would ask is how many kids to they employ during the summer. Where private companies are not able to pick that bill up anymore because they are suffering from a business standpoint, so what about the agencies that we fund through our budget. Should we require them to hire some of these kids and give them the opportunity to work with them because we are the one providing the money in the first place. I think if we are going to continue down that road, we are going to have to start looking at do we apply some policies to that or do we put some stipulations to it. If you want this money then you need to hire 50 students this summer from the area that we focus on that needs this assistance.

Ms. Carter said I think the most defining issue for Charlotte in the future is transit. I think it is absolutely imperative that we move that program forward as fast as we can in its entirety. I think funding, and Mr. Turner I think you absolutely hit on this, public/private partnership and I think there is possibility within our construct of our transit system for more public/private partnership and I would love to see that move ahead. To me it is the definition of the New Charlotte.

Mr. Howard said I want to re-introduce a word we heard a lot when we were up in the mountains and I haven't heard at all lately and that is the word risk. We talked a lot about risk and even with the economy I would venture to say we could add the word safe to it but it is still risk. I think being innovative and intentional means a lot but I don't think I have heard that come up a lot in my first year on Council at all when we started talking about different problems and different issues and different solutions to problems is taking risk and trying to figure out how to do it other ways.

Mr. Beamon said I think it is a great word and to me it means make some commitment. Given the challenges you all face of maintaining the status quo on everything probably will put us in a position where we don't want to be several years down the road. From the staff perspective, and we talked about this last year, being willing to take risk and then from a Council perspective, I think it is very good advice to be willing to add that to your conversation.

Mr. Barnes said I want to say something to actually connect with Ms. Carter and Mr. Howard regarding the risk in transit piece. That is, since I've been on Council we've talked about a dedicated fund source for transportation. We can never get it barely beyond the committee because when you talk about money sources, revenue streams, which means a tax for one source or another, our people are not willing to step out there and take that risk. I want to say something to you all as Budget Chair and as a citizen and that is that the goose that has been laying the golden egg in Charlotte is getting tired. The less assistance we get from Raleigh and Washington from these very large scale initiatives, the more challenges we are going to face on the local level. If they begin to confiscate local revenue for their own needs that puts even more pressure on our budget. Right now we do not have the capacity to issue another bond. Our inability to issue another bond affects our AAA bond rating. The only way for us to issue a bond is to finance that bond and the way we do that is by saving a lot of money within our already tight budget or creating a new source of revenue. That is a reality we are going to have to deal with going into the 2012 budget. People don't want to talk about it but it is a reality of the environment we are operating in right now. For example, if we find that Raleigh and Washington are no longer willing to assist us with respect to our transit plan, the ... would be to rush to determine how to move forward with the Blue Line, the Red Line and our other efforts, the southeast down 74 because as we look at our growth and development as a community, it is increasingly becoming our issue to deal with how we take care of certain things in Charlotte. It is up to us and there are people who have grown accustomed to Charlotte taking care of itself, and don't really believe we need anything else which is somewhat frustrating. The fact of the matter is you are correct, we have to start taking some risk, but I'm not certain that in the current, twisted, sick political environment that we operate in that people are really going to be willing to do what is necessary to protect and grow this community. We can come together in the short term for political gain, but 25 years ago Democrats and Republicans used to get together and do what was right for the city, the state and the nation, but right now the environment has become so cynical and so ascetic that people are very rarely willing to take any real risk because of the political ramifications of taking risk.

Mr. Beamon said every day this group works and you have the choice individually and collectively opportunity to make that decision.

Mr. Dulin said speaking of new tone in Raleigh, do we know if there has been discussion of them taking on the equity formula?

Mr. Walton said the League did not put it forward as one of their advocacy goals to address the equity formula. There is great division among the league as to whether it is good or bad and there is more that it is good than it is bad.

**Danny Pleasant, C-DOT,** said what they did do is establish a mobility fund to take care of statewide projects the same way we have the Yadkin River bridge on I-85 is the first of the mobility fund. From a ranking perspective, actually Independence Boulevard came up next. Now whether that is a stage through the political process or not I can't say, but the mobility fund is designed to be that greater pile of funds that can move around the state and take care of large projects that can't be done out of the equity formula.

Mr. Howard said since we know that the Yadkin River bridge is coming under budget, have they started talking about how to pick the next project? One of the things I was really keen on when I supported the whole resolution about that, what was the process for determining what projects come next and how has politics gone into that process. The Yadkin River bridge is coming in at about half of what they thought it would come. Have they started talking about what is next?

Mr. Pleasant said they started talking about that actually some months ago, even before the motility fund got established. It has something to do with the Strategic Investment Plan statewide to really objectively look at projects and rank for purposes of congestion and economic development and a number of factors. It was supposed to take the political considerations out of it and really be a needs based ranked system statewide. That work did start quite a while ago.

Mr. Howard said I hope we stay on top of that. I don't know what that means, if it is us, you all or whatever it means. I can see that going to the coast or somewhere because we didn't pay attention to what criteria they used.

Mr. Cooksey said looking at a ten-year window, the Committee of 21 identified road needs and they are not talking about abstract more roads concept, but a list of identified road needs in the city and unfunded as we talk about the lack of funds for that. I want to turn that around and perhaps engage a little risk and suggest that the bond situation inspired by Mr. Barnes isn't as gloomy as it could be. Many of us in the room are familiar with pennies for progress concept that South Carolina does for road funding where they have identified road projects that if the voters approve a penny sales tax that is what the tax will fund. I would contend that we have the same option with our current bonding situation. Typically we promote roads, typically we explain to our voters that the way the city structures debt we don't require any tax increases to fund bonds because we stay within that. Can we not, based on that, also go to voters and say this \$150 million road bond in 2012, if you vote for it we will raise the property tax rate three cents to pay for it. Voters are you willing to take on that additional tax burden to accomplish the road needs that we need to do? Twice the voters have said yes, we will tax ourselves for transit so transit has its dedicated local revenue stream. If we have come to the end of our road bond, may I suggest that would be a way to approach it. I am pulling the \$150 million out of the air because that is a number that has been done recently, somewhere in the range of \$100 million to \$150 million, it is also what we saw in Transportation Committee for Transportation Action Plan, where is the next infusion. That would be a two year and not a one year and one year was where it was going, but contemplate that for the next bond cycle, to outright tell voters here is the bonds, here are the projects, vote for it and we will get these projects done, but we will do it with a tax increase.

Mr. Beamon said a little transparency, to which Mr. Cooksey said absolutely.

Mayor Foxx said I want to thank you for taking a little risk. That actually dove tails into a topic that I want to talk a little bit more about because I think in the 20<sup>th</sup> century the city had the luxury of working within the lines of our responsibility. We had other bodies doing other things and that was great, but it seems to me there are two transformational things that this community can do. One of them is transit and I agree with what Nancy said about that. The other one is education and right, wrong or indifferent, fortunate or unfortunate, the very voters that we would go to for a referendum on that issue would also be the very voters who would be assessing transit for transportation needs against other community needs, which we as a group don't do. For that reason I have been arguing publically that we should engage in a discussion with other bodies within our county about consolidation precisely for that reason. Community resources are getting more and more restrictive and we ought to at least engage as elected officials in a discussion about whether a different structure would allow us to manage the limited public resources we have and prioritize those resources according to community needs. That is not to take away from the point you were making, which was independent of that, but the way that I receive that is if we are trying to calibrate ourselves to success, I think we are going to have to think a little different about how we approach any bond referendum measured against the transformational things our community needs. Having said that, the step that I would love to see us take, and I would ask for your thoughts on this, would be convening a discussion with the other elected bodies within the region, including the business community in that conversation as well, really for a day or half day to survey consolidation and what it means, what it has meant in the past, looking at what we've done in the past, saving a significant amount of time at the end for elected officials to talk to each other about whether it is something we want to pursue. If that is a successful meeting, and actually it will be successful regardless, but perhaps success means everybody agrees not to do it, maybe everyone agrees that there is another step that we want to take. I think opening that conversation with the region is the next step. I want to tell you that I'm candidly working to help develop a tentative agenda for that kind of meeting and a date for that meeting. I think that would be a great first step in terms of trying to open a discussion about how we frame community priorities through a consolidated government. I'm talking now about things that I think we as a group can do in the next year and maybe longer to make a lasting impression for that ten-year period that Nicholas was talking about.

There are two other things that I would add to that list. It is in the Transportation Focus Area Plan, but I really think that one of our real challenges is developing a real Regional Transportation Vision. COG has done some incredible work in convening our regional players in the discussion and there seems there is a table being set right now for us to really take some steps forward there. I think the next step is a regional conversation and it goes outside of our county. I have met with COD recently to talk about doing that and I think in the next three or four months



we will have that conversation. We are not going to be competitive for any kind of federal transportation dollars if we haven't figured out a way as a region to prioritize our transportation priorities. I think that is a critical path for it.

The final major piece, and I mentioned education before, but we've got to figure out where we play there. I don't mean education necessarily in the school house, but this stuff with youth employment and after school and mentoring all the stuff that we are doing, to the extent that we are doing it I would describe our efforts now as toe in the water effort because measured against the magnitude of the number of kids that are moving in and out of our system, and frankly not graduating from school, not moving into productive lives, etc. I don't know that we are ever going to get all of them captured, but I do agree with some of what has been said that we need to start looking at different ways of doing things. For example, after school, why couldn't we model ways to the top and take those dollars and put them aside and say we want after school programs throughout the community to apply and we are going to develop a board like the Housing Trust Fund to evaluate those proposals and we are looking to get the most reach for the dollars that we invest, and the most success out of those dollars. Those kinds of things are things I think we should be thinking about. Finally, we have three carryovers from last year that I think we need to still work on. Small business was talked about a lot. Housing, we still got to work on the locational policy and transit. I think one big decision for us this year is do we bite off this last design piece that has to be done before we can qualify for a full funding grant agreement. Do we deal with that as a Council to position ourselves to get into the President's budget to get the Blue Line Extension built? I do think we are going to see fewer federal dollars for transit. I think we are going to see a more open ended competitive process through grant making, but they are building that plane while they are flying it. If we want certainty around getting ourselves positioned to get a full fund grant agreement, I think we are going to have to take a look at some options. By the way, all of this is unencumbered by the knowledge of what is going to happen with our budget this year as it relates to the state, etc. All of what I just said is subject to what we learn as we go through the budget process. The bottom line is I think we are still set pretty well to make some very transformational decisions and I want to say parenthetically that last week, I have never been prouder of this City Council than last week. While we were sitting in that room, there were news reports on CNN, MSN, NBC and all over the world waiting on this City Council to make a decision and you guys from then to now have managed that extremely well so I just want to say thank you to all of you for that. Does anyone have any reactions to what I just said?

Mr. Dulin said I concur with you on the work we did before the announcement. That session we had with just us in the room while we were waiting Mac was as good a closed session I've had in five years. We do a good job of staying on the point in closed sessions, but we were right there and got done what we needed to get done. I thought we had priorities in regionalism and actually I don't want to bring this up now because it is an in depth thing and it is another viewpoint from what we are doing and it has the street car involved in it and I just don't think it is productive for what we are trying to do today, but there is still a little bit of a sore point there, at least for me, in a minority role on Council about how the street has gotten out of line and taken us out of regionalism and it has got some of partners sort of looking around a little bit. That is a longer discussion than we should have tonight. I just couldn't leave that sitting out there without saying hello to it.

Mr. Howard said when I spoke about risk that is exactly the kind of thing I'm talking about. The fact that we know that the greater business community is moving in one direction, we need to take leadership and help pull people in that direction. The leadership I'm talking about is that the federal funding requirements have changed. The way the money works has changed and we need to take leadership in saying that. The Mayor said it clearly and we've heard it from a bunch of people, it won't happen the way you guys intended for it to happen. It took a lot of risk and we all got to stand up and take some ownership and say to the rest of the region that it is going to be different and this is the way we go forward with it and we are willing to risk doing that. I have said it often, our five corridors were not built around transit. They were built around growth. The way that whole five corridor system was put in place, it was a regional conversation because each one of those road corridors go into other counties and it is the way those people come into our city, and with us being in the center of it, and I have talked to Carolyn about this, if you go out to Concord, Concord has the ability right now the ability to leverage a quarter cent sales tax right now and how that plays into the conversation about the Northeast Line for

instance, is something we need to have a more real conversation about. If we can get it out to the Concord line, those folks still get to take advantage of having the ability to go to their city to get on a train and come to downtown Charlotte. The same thing, going up north with the rail line to Iredell County, and their quarter cent sales tax. The whole idea of bringing everybody into the conversation to further these goals we have is something I think we make real because these plans are what we are talking about now, not in the future. A lot of times we say we will talk about that in the years, but no, it matters now if Concord will do it to help us with the Northeast Line. Who knows what that would leverage for them and we need to do a better job of telling them how getting them will help them as well. That is a conversation that is real now is what I'm trying to say.

Mr. Barnes said in response to your thoughts, I like the idea of creating a trust fund type model for after school and I have talked to staff, especially Julie Burch. On a number of occasions, people have come to me about after school type programs and obviously there is an issue there on how to fund such a program, but I think it is worth exploring. Regarding the consolidation issue, I would urge you or someone to do some informal polling of the other elected officials in the county because I don't want to have a meeting and expect 150 people to show up and have only 6. I think there is some very strong silence about consolidation and I have not sensed a great deal of comfort with it. In fact I sense a great deal of resistance among some of the elected leaders in the other counties. I don't know how we can go about determining the extent of support, or the lack therefore, but I think it might be worth doing as we move forward. You mentioned that you were working on an agenda for a meeting but I think there is another step to consider as you move in that direction. I don't even know how our folks feel about it. The Manager changed colors a couple of times. I think there is a discussion to be had, but as we move forward with any idea, and I've told you I'm open to hearing any idea, but right now I'm not hearing things that are persuasive or compelling to me. I don't know where other elected people are. I heard people say the night we took that vote out in the Chamber that that was the referendum on how people feel, but it wasn't in terms of what we were really voting on, but in terms of the sentiment that I think a lot of people have about it, it might have been at least indicative of the amount of uphill work that has to be done.

Mayor Foxx said in my lifetime I've done a little bit of uphill work so I know that this is not an easy conversation to have. I wouldn't be putting it in front of you if I didn't think it was an important conversation. I would suggest that we as a group, having had some of the background to know what has been done before, and some of us may have dug into some of the documents and had the benefit of experience from people who have gone through this experience outside of Charlotte, to frame the pros and cons effectively. What I'm asking is not to agree to it, I'm asking you to come and hear more about it so that you can come from a point of information. You may still feel that it is not something that you can support, but I fine that sometimes my fears are assuaged by things when I learn more about what is and what isn't, so I'm just suggesting we create a forum for a discussion within the county and having our departments with us so that we are not hearing something they are not hearing at the same time and see where it goes. That is what I'm asking.

Mr. Beamon said a couple notes to close. One, I want to thank you for your hard work and what you have done over the course of now three days. It has been a real exciting week from the time we started to now. There are many question marks in terms of how the year will unfold, but I'm certain that 2011 year will be as challenging for you all as 2010 was. Committees, staff, Council you will have to be really good and you will have to continue to stand the ...of getting better. A couple I will close on, transformative leadership, to truly help this community transform into what it is going to become will take putting risks back on the table and risks encourage... I think you have done some great work over the last three days.

Mr. Whitehead said I just want to acknowledge the quality of the conversation. We've said we would do content, but we also looked at how you did it together and just observing over the past week the quality of conversation, the quality of listening, the quality of communication. From the outside looking in it was a very constructive retreat. I just want to acknowledge you all for the work you are doing.

Mayor said can we thank Mike and Nicholas and we ought to thank Saskia and the entire team.

January 31, February 1, 2011  
Council Retreat  
Minute Book 131, Page 560

The meeting was adjourned at 7:34 p.m.

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Stephanie S. Kelly, City Clerk

Length of Meeting: 13 Hours, 5 Minutes  
Minutes Completed: February 28, 2011