

-The City Council of the City of Charlotte, North Carolina convened at 12:14 p.m. in Room 267 of the Charlotte Mecklenburg Government Center to take Straw Votes on the budget with Mayor Anthony Foxx presiding. Councilmembers present were John Autry, Michael Barnes, Patrick Cannon, Warren Cooksey, Andy Dulin, Clarie Fallon, David Howard, Patsy Kinsey, LaWana Mayfield, and Beth Pickering.

**ABSENT UNTIL NOTED:** Councilmember James Mitchell

Mayor Foxx called the meeting to order and reviewed the process which is the point in which we take the ideas that have been placed on the table during our last Budget Retreat and those ideas needed five votes to garner the opportunity to be heard again today. They now need six votes to land in the budget. This process has been a longer process for us than historically has been true, partly because I think the staff and we wanted to engage in a discussion about the future of the city and frankly as a fork in the road at which we are placed with not having a capital program in the next year or so funded, how best to go about that. I do want to say again that the citizens who came to speak to us last night did us a service and did the City a service by sharing their views and today we have an opportunity to take that input and express it in how we manage this budget going forward. I want to thank City Manager Walton and staff for giving us a recommendation and for doing so in a manner that I think is much more focused on the future of the City and the long-term health of our City than proposals may have been focused in the past. With that I will open the floor to the consideration of items that are currently on our list. Curt, do you want to go through the list of ideas that came up last time?

**City Manager, Curt Walton** said that will be fine Mayor. We have some comments relative to some of the statements in the last meeting, but we will forego those if things don't get enough.

Mayor Foxx said there are five ideas, one of which I want to spend some time at least talking through that which is number 3, which was an idea that was proposed as a conceptual idea and since we have met, staff has come back with some detail behind the concept and we will have some discussion about that.

**Item No. 1: One-time City funding of \$197,376 to cover 50% of the Greater Enrichment Program's FY 2012 to FY2013 funding difference of \$394,792 (shared 50% with county).**

Mayor Foxx said I believe the City Manager has sent a letter to County Manager, Harry Jones. Have we received any response from the County on that?

**Interim Budget Director, Randy Harrington** said this morning we received word back from the County that the request would not be in the Manager's recommended budget, so through the County's budget process it would have to be brought up by a Commissioner as part of their straw votes process. They do meet tonight, but it would need to be a Commissioner who brings that up for a straw vote for their Commission.

Mayor Foxx said so that is the state of play with that particular item. I wish Mr. Mitchell were here because he was the proposer of this. Having said that, is there a motion on Item No. 1?

Councilmember Cannon said can we defer any action on that Mr. Mayor, maybe go to next the next one and give Mr. Mitchell some time to get here?

Mayor Foxx said sure. We will then move to Item No. 2 which is Mr. Cooksey's proposal.

**Item No. 2: Delete General CIP package of \$926.4 million and corresponding recommended property tax increase of 3.6 cents.**

Councilmember Cooksey said I want to start by noting when I talk about the CIP, and I mentioned this to the Manager last night and I'll say it as part of this. I don't think he should be fired, I don't think he should be insulted, and I agree with comments that were made around the dais last night. He did his job and not it is time for me to do mine and for us to do ours, and that is to evaluate the proposal given to us by our hired Manager in light of larger community circumstances. I'm looking at this CIP and I want to stress first of all that I'm contending it is a  
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question between a CIP of \$3.2 billion and a CIP of \$4.1 billion. It is not about eliminating the CIP. Unchanged in the suggestion that I'm making is \$1.2 billion for CATS. Unchanged is \$1 billion for the Airport. Unchanged is \$622.9 million for water and sewer and unchanged is \$260.7 million for storm water. There is still a CIP in a proposal I'm offering. It is \$926 million less. We still go forward with these key elements of the city infrastructure. Furthermore, as we've seen we still have approved debt to be issued over the next four years. We've got \$137.6 million next year, followed by \$130.6 million, followed by \$87.2 million and as the approved amount dwindles by FY16 there was another \$12.5 million scheduled to be done so over the next four years, we will be still be issuing debt and completing projects on previously adopted general CIP's. That is the context I want to start with. There is still a five-year FY13 to FY17 CIP, just a little less and there are still projects going on for the next four years. This I assert gives us the breathing room to do our job as Councilmembers to really delve into the details of what has been presented as an innovative and transformative CIP to do more than what we just talk about the City's responsible for infrastructure and that is pretty standard. What has been presented recall is a goal to increase property values, increase job, increase economic development and it is in this whole crescent and wedge thing that this slide was part of our February Retreat and it introduced the crescent and wedges in the concept which I agree with the Mayor from last night, that has led to some interpretations that have gone beyond anyone's expectation in looking at this map and going beyond what we should hope to hear as one City. I've been thinking about this as it was presented to us and wondering about some of the assumptions that were made based on this snapshot. I wondered how different is this notion that we got 50% residential property value in this cluster. It is also worth noting that there is about 37% of the population of the City in there too. It is not like there are no people, it is a very densely populated area of the City.

I went to the quality of life study and there are a bunch of numbers coming up on the screen, but we will go through them. Assigning each neighborhood specific area to the crescent of the wedge, using the Quality of Life Report going back to 2000, it shows that we have a fairly consistent pattern of residential property values from 2000 to 2006. In 2008 it starts changing and in 2010 it changes even more and I think we all know why. That is when the recession started hitting us, but it has been fairly consistent. Almost 40% of our residential property values have been in the crescent and a little over 60% in the wedge. Operation wise, also fairly consistent, although as we get closer to 2010 the population in the crescent starts increasing and the percentage of the population in the wedge starts decreasing so more people are moving into the crescent that into the wedge. I have to wonder how much of that creates the lagging value of demand for additional housing and about the higher property values in the crescent. Part of the key question we've got to ask ourselves is does this CIP designed to improve jobs and improve property values increase the property value in the crescent, move fast enough to correct a 4-year change and will it do enough because it takes about \$4 billion to recover, \$4 billion of property values in the crescent to recover those percentages back to what they were. Four billion is a lot obviously. This is also not an unusual pattern, these are the value maps on residential sales and in this case the color has changed from what we experienced in previous slides. The red is higher valued property, green is lower valued property. You see in Charlotte we've got that wedge and crescent pattern although there are suburban edges to it. Actually a pattern that exist in Portland as well, with residential property values in one section and lower property values in another. I'm questioning whether this wedge/crescent concept that has caused so much consternation is truly an unsustainable idea. In a city about our size geographically, Jacksonville you don't quite see it as a wedge and crescent, but you definitely see a difference between your higher residential property and your lower residential property value. I could do more, but I'm trying to keep the slides somewhat short.

Let's talk about questioning some of these assumptions a tale of two bridges, both suburban areas, Community House Road, Ballentyne, Whitehall west of I-77. Those that were on Council last term remember the Community House Road Project, a tax creative innovative financing for infrastructure and then in the LRTP years and years out from being constructed, we are getting to it sooner through a public/private partnership. Over in Whitehall there is an overpass bridge that was identified in the 2008 rezoning that passed Council in 2009 actually. That plan was to be funded by citywide property tax increase, no connection between funding and economic impact. This bridge brings economic impact, this bridge we don't know, and if we do know the question arises, is it enough economic impact to build it as we see in this other suburban case. If the answer is no, are we getting economic value out of that bridge.

Councilmember Cannon said Mr. Cooksey, would you feel that there is another Mr. Bissel somewhere out there that will do over here in Whitehall what was done over there for Community House?

Mr. Cooksey said I don't know if we have asked. The rezoning in 2008 was one rezoning for about 1.8 million square feet of office, some retail and I think there was some residential included in it. I don't recall what the estimated property value increased for that project was but again most of what I'm pointing out here is the lack of data to make a decision, not that it is a bad decision. I'm not saying that the Whitehall Bridge was a bad idea, I'm saying if it was part of the CIP designed to improve economic development and improve property values, where is the evidence of it?

Mr. Cannon said I get that. I think I'm asking what is the likelihood of other projects, even away from this one that would get the same level of attention that Community House Road got by someone who actually probably had a vested interest in what was going on over there. I would say that the opposite, that those possibilities are very slim to none, but obviously, to your point an ask hasn't been made, I just suggesting that if an ask is made that it probably wouldn't happen.

**Councilmember Mitchell arrived at 12:27 p.m.**

Mr. Cooksey said the point of my amendment or my delete is to spend the time looking into that from the Council level. We don't know.

Mr. Cannon said I just think it is a bad comparison.

Mr. Cooksey said I was looking I-485 overpasses adjacent to growing office development areas in suburban parts of Charlotte. I appreciate the distinction, although Ballentyne has been around versus I think Whitehall goes back to a 1994 rezoning and it has been growing since then. To your point there may be greater differences in the similarities I'm point out. Another thing I think we should be cautious about and this is just one particular little detail that jumped out at me as I was going through the CIP. I think we need to be very cautious and aware of what we understand the proposed CIP to be, especially when it comes to neighborhood development and the message that is being conveyed out in the community about what they should expect about them. I got a little from an Observer editorial to demonstrate where I'm going with this sense of caution. This was from an editorial on page 14 about Curt proposing looking at unlikely places, investing in less affluent and struggling parts of the city. Mayor, you referenced that in making over an old neglected bedroom. In fact last night made reference to that same kind of concept of looking at the middle ring area of Charlotte. That is the message that came out, that is the way it has been interpreted, whether intentional or not, but let's think about that looking at the actual map. You've for five areas there, two of them are suburban, three of them are in kind of the middle ring. So there is more going on than just the idea of refurbishing or looking at the middle ring area. It is larger than that and we should be very cautious about how we communicate it, what the expectations are because there is more to it and the worst thing that occurred is when people find out the reality doesn't match the intention. We can't control off of the communication, but we can control what we say about it.

Councilmember Barnes said you don't have to go back to the slide, but the Observer Editorial, the reason why the bedroom analogy makes sense, and it depends upon your perspective on how to grow a city, is that what we worry about is the fact that the economic generator for this city is uptown and most of what is developing around it is not necessarily in the long-term economic interest of the city. For example, if you think about each of those green areas that you've highlighted I believe the intent was to invest in those areas to create economic activity to create economic development jobs to grow the tax base. That would be true with each one of those, so you have to look at the entire city as the bedroom, not just certain parts of it. That red and green in the Portland map and the Jacksonville map, that is true in every city in this country. There is some part of this city that is wealthier than the other. What we are trying to do is get ahead of Charlotte becoming a city where there is only one nice part of the city, otherwise it is decay, dilapidation, squalor, etc. I'm going along with you here but there is a reason for what people have been saying.

Mr. Cooksey said I have yet to question the reason, I'm questioning the assumptions and the data. Do we know that what we are meaning to do is going to happen? That is the gist of my point in calling for a further study by Council. Do we know that?

Councilmember Fallon said you forget one part of component. In the past the planning and zoning in this city sent a lot of stuff they didn't want uptown to these areas and you now have an obligation to do something about past policies that have caused the problems in these areas. We do have an obligation as a city to cure what we cause.

Mr. Cooksey said I'm not questioning anything. I'm worried that we are falling into the ... Something must be done, this is something, therefore we must do this. That is not the way the logic works. I'm suggesting an alternative. I'm suggesting a different approach as a Council to address every concern raised. I'm not saying no to investment, I'm not saying none to nothing at all. I'm saying are we comfortable that we have the information we need to know that we are going to accomplish what we are setting out to do.

Ms. Fallon said I don't think any of us are psyche, like baseball, you can't project out that something is going to be a success. You can only hope that the policies you put in place make a difference.

Mr. Cooksey said I would disagree, I think we can do better than that. I think staff would disagree with you about the predictions on development around the baseball stadium too. So going on with questioning the assumptions. Let's take a look at Prosperity Church Road area. Using the quality of life data we can see this is a stable neighborhood where the population is growing, the number of housing units is growing and the tax value is growing. It doesn't need to be an area headed toward squalor and dilapidation as Mr. Barnes expressed concern. Are we achieving our goal to improve the city by targeting this particular area?

Mr. Barnes said now that you are digging into my district let me get you straight on some things. If you were to take the time to understand from an infrastructure perspective what has not happened along Johnston-Oehler Road, along Ridge Road and the other farm to market roads in the area and Dearmon Road and also appreciate the fact that when I-485 comes through there we will either have inundated, and they are already inundated to some extent, farm to market roads or we'll have an opportunity to create better infrastructure, the greater potential for reasonable economic development, it makes sense that we make this investment. Again where you and I are differing here Mr. Cooksey, and by the way I don't believe in every part of everyone of these projects, and I was going to get to that after this Retreat conversation, but the fact of the matter is if you take a look at specifically for example the two bridges across I-85, that will foster development in the URP, over in Bellgate and other areas in that part of the city. If you look at the Airport project in Councilmember Mayfield's district, if we are successful in creating that road network and that infrastructure it should open up that land for residential, commercial and retail development. You say, how can you be so sure and I understand that question. Smokey Bissell had some data when he did what he did in Ballentyne and I'm fairly certain if I ask the Manager whether he just pulled this out of his rear end or they actually had some data behind, I think there is some information behind it that led them to make these suggestions, to make these recommendations and the conversations I've had with them, we talked about some of the things behind the assumptions. It is not okay let's do the streetcar, let's do these two bridges, let's do the intermodal yard, it is not like that.

Mr. Cooksey said and that goes to my second point. Why are we having conversation on Council about capturing that improved value to help pay for the infrastructure, as is being done with the Community House Road Bridge. As being done with IKEA Boulevard. There is about 20 or so public/private partnerships including ... that leveraged \$283 million of public sector investments to \$4 billion in private sector investments. This is the CIP presented as increasing economic development, increasing property values and it does not contain the evidence that it can use valued property values to help fund the projects locally. Not totally, but perhaps help. That is the contention I keep making that the data lacking in the plan. The studies may have been done, but I'm sure it is not going ... like the last one where they have been looked at. That can raise the question that we can capture value in 20 projects, leveraging \$283 million in public investments and \$4 billion in private development, why aren't we doing here, will we have that

kind of economic development? It shows in the Quality of Life data, too new of a neighborhood to even have that, so again this is where I'm going with this idea that the CIP is focused on older neighborhoods, some of them are, but not all of them are. It is a larger concept than that.

From the supplemental material here is the subject on the Central, Eastland, Albemarle Road area and the first item under the Central, Eastland, Albemarle Road area says ... Area Plans and Council recommendations Rocky River Area Plan 2006 recommends 22 capital projects. Again I'm over in Councilmember Barnes' District 4, but I bring that up because what that means is in the CIP before us the Central, Eastland, Albemarle Neighborhood Area has projects that are in the Rocky River Area Plan way over here. I don't know if Councilmember Autry knew that, but that is the kind of thing that is in this plan. These may be good projects, but why are they under the Central, Eastland, Albemarle Road area, why aren't they a separate element for us to evaluate them?

Mr. Barnes said Debra Campbell is here and I was actually a stakeholder in the Rocky River Area Plan process. Ms. Campbell I don't remember us actually dealing with projects in the Eastland area at all and I don't know where you got the information, but do you recall us putting Eastland projects in the Rocky River Area Plan?

**Planning Director, Debra Campbell** comments inaudible.

Mr. Barnes said the boundaries are fairly well defined, Plaza Extension, west toward Old Concord, up to 49 and down to Old Concord Road. I don't recall Mr. Cooksey that that is actually accurate and I don't know where it came from.

Ms. Campbell said it could be correct in that there is an Eastland Area Plan which I'm not sure what your reference was.

Mr. Cooksey said it is available on line and when you go to the website it has the data about the proposed CIP and there is a link to it in a PDF file called supplemental material. This is a cut and paste from the supplemental material for the Central, Eastland, Albemarle Capital Neighborhood Improvement Plan.

Mr. Barnes said in other words it says including colon, what is the including stuff?

Mr. Cooksey said it is a list of some of the projects in the Rocky River Plan.

Mr. Barnes said do you have that.

Mr. Cooksey said it is on line and I'm sorry it isn't visible in the slide.

Mr. Barnes said I'm just suggesting somebody made a mistake.

Mr. Cooksey said it is in the plan for us to vote on it. Are we voting on mistakes in this plan, I don't know.

Mr. Cooksey continued his presentation – building tax base. I don't want to pick on too many neighborhoods and I've been trying to analyze the impact of neighborhood improvements by neighborhoods from the Quality of Life index. \$177.8 million in neighborhood improvement bonds since 2000, \$10 million for Ashley Park in 2000. Ashley Park is a challenged neighborhood, it deserves our attention, but is this kind of investment fulfilling the goal of the CIP to improve property taxes, to increase tax base. \$10 million may very well have been necessary improvements in Ashley Park. I'm not questioning that, they deserve infrastructure improvements as much as anyone in Charlotte, but what happened in a 2000 neighborhood bond to \$10 million from 2002 to 2010 in this neighborhood. Population declined, housing industry declined, median household income declined and while the average house value did go up there were fewer units. As a function of the city's responsibility to provide infrastructure ... as a function or stated goal in the future plan, here is an example where \$10 million in neighborhood improvements did not generate additional property value over and above what was spent in the

area. That is the kind of analysis to look for in the CIP proposed to us to accomplish the goals that are set forth in it.

Measuring outcome – last night at the add and deletes we got a list of the outcomes to be measured, new building permits, new occupied source of square feet, new jobs created and increased tax base. I took five-year increments since we are dealing with a 5-year plan and they coincide nicely with periods between recessions and the ... in the future. These are what we are measuring so what are we starting with? What are we looking to accomplish? New building permits is a measure, what is going on now on the ground, what do we anticipate will happen, what we anticipate will happen when we invest public dollars in the CIP. We don't have that data. If the data exists, I'm arguing that Council doesn't have it. The data may very well exist. I can't evaluate the stated goal for the CIP with the measurable outcomes if I don't know what the numbers are. The construction schedule, also unknown as of the add and deletes and if there has been a submission since then I apologize, I haven't seen it. I did want to say this was done as of today. We've got some debt issuance numbers that I've been asking for since March 21<sup>st</sup>. At the add and delete session on the 16<sup>th</sup> we still have construction .. and unless I have overlooked something ...

That is my presentation, that is my concern, that is my request to Council to take a look at this proposal and really turn it into something that we can all support, that we can all lobby for and not have risks that the bond referendum in November 2012 will fail. Not have risk that a tax increase this year will drive more people out of Charlotte than we are looking to gain. That is the concern that I have. I'm not negating all the risk of higher cost of construction, higher costs of interest that is what we have to balance. That is why it goes to the Mayor's point last night about choosing from bad options. I just happen to think that the ... we are bringing back this year for a CIP that has a lot of unanswered questions that may very well fail, just like the Airport bonds failed the first time they went before the voters in the 70's. In 1975 the bonds failed, three years later it passed because people either didn't get it the first go round and they had to be persuaded the next go round.

Mayor Foxx said what Warren just articulated are some perspectives that do exist out in the community and I'd like to have staff respond if there is data difference, information difference or context that may illuminate the conversation that Warren has opened up.

Mr. Walton said I'll try to be polite. This was presented 10 weeks ago, anybody could have chosen to come by at any point and see the mountain of data that led to this \$926 million proposal. Neighborhood improvements, there are a sea of area plans. People have participated in the development of these plans for 20 to 30 years and we have a woeful record of funding area plans. This aggregates area plans into much larger areas and there is a sea of data behind them. Some of the specifics such as construction schedules, we haven't done yet. We don't have a plan yet. We don't know whether we are doing \$926 million, we don't know if we are doing half of that, we don't know if we are doing 10% less, 10% more so how many different permutations of construction schedules could we do and the answer is, not that many because we are still churning away in the salt mine to get the budget done. I respect the perspective, but I feel a little bit blindsided and the opportunity was there to get any and everything that was needed and no effort was made.

Mr. Cooksey said maintaining the air of politeness, when I asked March 21<sup>st</sup> when this was presented about debt issuance schedule, I was focusing on big picture items, how are we going to manage this debt, what kind of construction schedules do we have for the projects that are already approved? So to the point that it takes approval to create a schedule I can appreciate that and yet as of the response on May 26<sup>th</sup> we had debt issuance schedules for the existing \$412 million that hasn't been issued, but we don't have, unless I've missed it, we don't have the construction schedules of what has been approved. I appreciate that point of view and to the extent that I was focused on a bigger picture item and got nowhere with my request for the bigger picture item, then delve into all the research about the Quality of Life Report, you will see a chart. If a majority of Council is comfortable that they know the answers to the questions then that is the way the vote will go. My concern was when I didn't get until May 16<sup>th</sup> some of the answers to the questions I'd brought up on March 21<sup>st</sup>, it didn't occur to me that there would be

other answers that could be provided once I got to those questions. I was focused on different questions and waiting for those answers.

Mr. Walton said we tried to answer your questions four or five different ways and never found the one that you were looking for. In a nutshell that \$400 million that had been approved by the voters were specific projects earmarked for those projects. They in no way provide capacity for any of this \$926 million so unless we are going to say to the voters that the projects they approved in 2006, 2008, 2010 are not going to be done then that money has no relevance to the \$926 million.

Mr. Cooksey said that was not my point. My point on the \$412 and why I kept asking for issuance schedules and construction schedules, I would know full well that they are already approved and that they are tied to specific projects. I was trying to get a sense of how long it takes projects to be done because again, part of my concern on the \$926 million is as it is being presented as an economic development generator for Charlotte, we've got to turn things around. How long does it take to turn things around? How long does it take to get projects done? We know from experience, and I keep citing Rea, but to be broader in the City perspective I cite Statesville Avenue as well. The Statesville Avenue widening project took a good bit of time from start to finish. Trying to estimate from existing projects what the future may hold I think is part of the task of evaluating and without knowing until 2 weeks ago at the add/delete session we didn't have the debt issuance schedule for the outstanding \$412 million but again neither I nor I think anyone else proposed changing spending that money. I'm trying to figure out how long it is going to take to spend it. We did get that number and I put it in my presentation. We will be spending the existing \$412 million over the next four fiscal years. I presume the project will take a little longer than that because there is a lag between spend and completion. That is the kind of data I was trying to get at for a while and never did I ever claim that we could redirect the \$412 million. I was trying to use the \$412 million outstanding to figure out how long it takes us to do projects. I think we will just keep going back and forth on that for a while, but that is where I am on that.

Mr. Walton said my last point on that. You are going to see a bit of an aberration in that \$400 because we put a stop to our capital program half way through it during the worst of the economic downturn. Something that even though the rating agencies support capital investment thought that was absolutely the wisest thing to do. The correlation between what happened with the \$2006, 2008 and 2010 bonds and what is going to happen and 2012, 2014, 2016 and 2018 are not necessarily one to one.

Mayor Foxx said is there a motion on Item #2?

Councilmember Dulin said I'll make a motion in a moment, but if we are going to have some more dialogue on this I need to say it now because we are getting ready to move.

Mayor Foxx said you can make the motion and if there is a second we can have the discussion on the motion.

[ Motion was made by Councilmember Dulin to support Mr. Cooksey's presentation and ]  
[ eliminate the 3.6 cents per \$100 value, thereby creating \$926 million in corresponding ]  
[ property tax increase and delete that from the 2012/2013 budget. ]

Mr. Cooksey said I'll seconded the motion if the motion also includes the proposal about splitting out the CIP for Council Committees to study.

Mr. Dulin said I'd like very much to add additional study to the motion.

Mr. Dulin said all of us are out in community meetings every week. I was in three last week and everywhere we go we talk about community safety and nobody ever talks to us about the dog catcher. Charlotte Mecklenburg Police Department and our Firemen, community safety is our number one deal and right after that is infrastructure. When I look at a road or a bridge that I've something to do with over the last six years I'm really proud of that. The big storm water relief project that has gone through District 6 and is now in District 3 and headed to District 4, I'm  
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really proud of that and I'm proud of the work we do when we go to District 1, but I'm proud of that and I'm proud of the work we do on that sort of thing in Washington when we go to our delegation up there. I'm all for building roads and bridges and infrastructure. I'm also for being cognizant of every corner of this community that we love, being in a position now where they are all hurting. It doesn't matter all colors, all sizes, all genders, all sexual orientations, all religions, I don't want to leave anybody out, we are all hurting and they are looking for us to be cognizant of their situation. Nobody is calling me saying I'm crushing it at work right now, this is awesome, we'd love to pay some more property tax. Not one call like that. The calls and the people stopping me in the grocery store, stopping me at the soccer field on Saturday morning and they are saying what are you thinking? I say I'm sorry we are in the budget process, we are studying this thing, I agree the timing is pretty bad and we are going to see what we can do to knock it down some or stop it and my guess is you all might be hearing a little bit of the same thing in your neighborhoods and at your churches and at your soccer games. This is not the right time, the City Manager is thinking outside the box and he is doing what we've asked him to do and I appreciate that Curt, and I understand how much work goes into that kind of planning and I've been a big supporter over the years. We have really got to step up and show the leadership that we've been asked to not only contain but obtain and we've been asked to be leaders by the people that go into the voting booth and push the button next to our name and the little check mark comes up. Now is the time for us to be those leaders and to say let's put it off, let's continue to study, let's learn a little bit more, let's find out if at Whitehall, I voted for that rezoning out there and not a tree, not a shrub has been cut down, no site work, it's the recession. They are getting killed too at Whitehall, but I don't know if we've had that conversation. I haven't had a conversation with the folks that are running the Bissell Company but I suspect those folks would be relatively irritated that they are getting ready to pay \$11 million of their own money up front to build a bridge over I-485 five miles down the road and now all of a sudden we are going to spend tax dollars to build one for free to the developers at Whitehall. I have not had either conversation with those folks. One group is getting ready to build one at their cost of \$11 million and one group is getting ready to get one for free from the taxpayers. I don't think that is very fair.

I am not going to support the property tax increase. These projects are all good projects. If you feel strongly about it, study them for another year and then let's put it on the ballot in 2013. That is an election year for us, but let's put it on the ballot and we can go door to door when we campaign and we can go from neighborhood to neighborhood and explain to the people why these are good projects and why they will help the community as a whole. That is putting your money where your mouth is, or your elected seat where your mouth is and being a leader. We've got to really step up right now and say we cannot lay 3.6 cents per \$100 value on our community. Mr. Cooksey did a lot of hard work and we work hard on this end of the table every budget year, don't get very far most years, but this is worth doing and worth continued study. Mayor you can call it to a vote and the motion on the table might win or lose, but I'd love to have some other thoughts from people and what they are thinking about because I know the people outside this building that don't know we are in here today, the only time they will ever know we were in here is when they get their property tax next year and wonder what is this increase. We just got hammered by the County on the reevaluation and by the way people don't know that it is the county that did the reevaluation so they call us because they look to the City Council for the leadership of the community. Now is the time for us to lead.

Mr. Barnes said I agree with you Mr. Dulin and now is the time to lead and I don't like the idea of raising taxes anymore than you do or more than anybody else might. I had a conversation with Mr. Cooksey last night about when would ever be a good time to raise taxes and his answer, if you don't mind me saying, was never. Ultimately I think you agreed that if times are great then you don't need to and if times are bad then you shouldn't do it so I said would you ever do it and you said no. My point is, and I recognize we've got this partisan thing, the Republican, the Democrats, and I get all of that, but you in the time I've known you have always talked about figuring out how to do what is best for Charlotte. For example, along the Blue Line, South Corridor we've had about \$1.8 million in private sector development since that line opened and people said it would just be a rail line and no rail would run from uptown down to I-485 and nothing would really happen about the line except maybe one or two things. The result has been a tremendous amount of economic activity that has benefited us, the City, you and me. We hope that the same thing will happen with the Blue Line Extension and I say all of that to say that it is



very easy to say I'm ever going to support a tax increase and I can appreciate why people may say that but what I want to do is something we were doing last night and that is squeezing the lemon. We did it with baseball and I still there is some more juice in there, but I want to talk about squeezing the lemon. This relates to this motion and I don't know if it is absolutely proper, stop me if it is not.

Mayor Foxx said if you are going to make an amendment to the motion great, if you are going to support the motion great, if you are going to oppose the motion great, but I want to stick to the motion until we get into anything else.

Mr. Barnes said what I want to do is talk about some of the specific projects within the CIP that would perhaps lead to an amendment of the motion, but I've got to get some answers to these questions first. If it is not timely I'll wait and let us vote on this.

Mayor Foxx said why don't you want and let us do a clean up and down on the motion.

Ms. Fallon said I give every honor to the Bissell Company for what they are doing, but in Whitehall that bridge is not free. Those people up there pay taxes too and are entitled to have those taxes spent on all areas, including that area. This business of the wedge and you and we are paying the taxes. In 2006 our area paid the second highest taxes in Charlotte. Unfortunately there has been a downturn, the banks were there and we have a lot of bankers living there who do not have jobs now, which should be our main problem and our main focus to get this place moving for jobs. To separate people that way, Warren that drives me crazy. We are one city and everybody here pays taxes, maybe not in the same percentage that your so called wedge pays, but they pay taxes and they are entitled to have those taxes used to improve the area here.

Mr. Cooksey said I regret as I was misunderstood. My point in offering that comparison was there are ways to build infrastructure that people deserve to have other than raises taxes on the entire city. That is simply my point. We have a map of 20 cases where we've done infrastructure deals, focused on capturing the value from the development in the area. I am making no claims about this side of the city versus that, I'm not intending to say anything that sets one side against the other. I'm trying to be a good Councilmember for all of Charlotte and approach this very large CIP with some pretty good goals to it and match the approach to financing that CIP more towards the goals presented in it.

Ms. Fallon said but also the other fact is Bissell will be paid back from tax money, so the people in Whitehall have a right to use tax money for a bridge because this is one city, one tax.

Mr. Cooksey said I'm suggesting that we could do a better job of exploring as Councilmembers treating Whitehall just like Ballentyne. I think that is equality. I think that is looking at people the same. That is my goal.

Ms. Fallon said unfortunately you can't always look at everybody evenly. Some people need more help and that is called a safety net and obligation of this Council.

Mr. Dulin said I'll drop it.

Mayor Foxx said I'll start out the way I started out before, anyone who spends times digging through this budget and coming up with an idea deserves commendation because this is a hard process and it is hard subject for us to deal with period. Capital budgets are not like operating budgets in the sense that we are talking about the long term investments in our city. Regardless of whether one agrees or disagrees with what the proposal says, if a sidewalk is planned, a sidewalk is going to get built. If a road is planned a road is going to get built and if a bridge is planned a bridge is going to get built. The improvements happen. I'm actually shocked a little by some of the discussion however, because it almost sounds as if we are saying that if I put money into the tax base, if I don't get 100% of that money back directly in my back yard that the tax system is flawed. I don't agree with that. That is not even how District 7 got built.

Mr. Cooksey said who said that?

Mayor Foxx said I didn't say that you said it, I said that is what I'm hearing. Back when that area was sticks taxpayers in this city paid to put infrastructure out there and there was not a promise that that money would get paid back. There wasn't a pro forma that was developed around that investment. It was done because the view was, that was what was good for this city. I'm not as good at power point and I'm a lot more basic than that, but if I were to go up to that chart up there I would draw three circles, one small, one medium and one large. The small one would represent center city and represent the fact that we spent zillions of dollars in center city to try to build it up so it could be an attractive place for 65,000 people to come to work and even thousands more to come to recreate, to build the tax base, to grow the vibrancy of our city because it was in the community's interest. I'd look at the large circle and say we did the same thing in the suburban ring, building that infrastructure so that people could live, work, and play and in the life of this city you've got areas like Independence Boulevard, you've got areas like the Beatties Ford Road Corridor, West Boulevard and the list goes on and on. Where the City has sprinkled resources in there on small projects from time to time, but there has never been a real strategy around getting those areas turned around so they could be more productive, more valuable in terms of how the tax base grows long-term. It is a fair debate whether now is the time to do it, it is a fair debate over whether the projects themselves are adequate to the task, but I will tell you, I think the thing that strikes me the most about this conversation is that we had a Retreat back in February when we started talking about all this stuff and if at any point along the way someone had decided you know what, I don't think now is the time for us to go down this path, there was perfectly sound opportunities to say at that point in time to say I'm readiness. That is a motion we use to make in college clubs, I'm unready and we could have talked about it. Here we are a week and a half before the budget and there is unreadiness after months and months of conversation about it. I'm not saying that the debate is incorrect, I'm just saying we are at the eleventh hour and I just think there needs to be a little more discussion about the philosophical piece of this because it sounds like we are not on the same page as a group.

Mr. Cooksey said I appreciate that you said I didn't say what you heard, although that leaves me puzzled as to how you heard it if I didn't say it. I've been trying very specifically to approach this from the views that we are one city and that we have responsibilities for the entire city. This isn't about, as you spoke last night, this district, that district, it's about a citywide CIP because we are all in this together, absolutely. I would point out that in November when you called us all together before the Oath of Office Ceremony, we went around the table and ask the question, who are you, how did you wind up on Council and what are your priorities. The number one priority I said in November of last year was, it is a bad time to raise taxes and we should not do it. That has consistently been a point I've made from November on, so it should come as no surprise to anyone that I do not want to see a budget that raises the tax rate this year. It has been my message since November. If you go back in the press coverage of our meetings, you find the coverage about our Budget Retreat prior to the Manager's presentation on the 21<sup>st</sup>, the theme of that message is, Council discusses budget for the first time, begins talking about capital projects, stopped short of recommending a tax increase. Yeah, we were not on board with the idea of a tax increase in February, but that is what was presented to us and has become part of the conversation since then. I would suggest that there is much to be unready about it and I appreciate that observation and I think it is our responsibility to vote for things when we are ready to do so when we feel confident about the plan, in which some around this table may very well be. I'm particularly disturbed to think of this as an us versus them scenario. I am all about approaching this from the perspective that we are in this together, and in fact some of the most significant property tax bill increases the people in this city saw are not in District 7, they are in District 1 and District 3. In the close-in neighborhoods around uptown where property values went up 50%, 75% to 100%, I've got friends in those areas who are concerned about whether or not they keep their houses. These are not District 7 residents, these are folks who live on Rozzelles Ferry Road and Fifth Street. I'm trying to be very holistic Mayor about this is a City and I don't want you to hear me say anything otherwise.

Mayor Foxx said if we had said back in 1990 we'll put as much infrastructure in District 7 as we can use in a Municipal Service District, do you know how much infrastructure would be there, almost none. To say that we ought to look at exclusively these municipal service ideas or the TIF or whatever to do infrastructure we've done throughout this city for ever I just think is wrong. If you are wondering where that came from and how it got heard that way I'm telling you that is how it got heard.

Mr. Cooksey said I think with study we can find a better balance between the two. We know we are good at grant financing, we know we have municipal service districts, we know those are options and those are tools in the tool box as the cliché goes. If we can find ways of supplementing projects, I'm not necessarily calling for the replacement of the entire \$690 million of the general obligation bonds with localized dollars, we haven't explored as a Council these options. We haven't gone project by project to go down and talk about this, we've always talked about this in terms of the entirety of the package when we as a Council has talked about it, or some specific questions about the projects, but never in evaluation of individual ones. Again, the goal of my motion is not no, is not squelch, is not we are not going to build anything anywhere anytime. The goal of my motion is for Council to investigate each one, determine if there are opportunities, as we've done at least 20 times before, to find more creative financing opportunities. That is my point. I'm trying to keep this as a whole city approach.

Mayor Foxx said I hear you and I think everyone hears you. I just wanted to make clear my disagreement with you on that point. I think when you start creating different rules for different parts of the city it is just not a good idea. We never applied that theory wholesale across projects in our city. Having said that there are public/private partnerships that are part of this set of projects and I expect part of the goal of it is to create momentum for others. It is a real debate because I think there are numbers of people who have the same concerns that you have so I'm not mad at you, I just think we got to find a way to talk apples to apples.

Mr. Barnes said Mr. Cooksey I will share with you that one of the things that is becoming increasingly disturbing to me, and we talked about it last night, this issue of division in the city. There are people in your district who want to create a town and break away from the city. They say they don't want to pay taxes to Charlotte and feel under represented and your proposal has this flavor of you all pay for it over there, we don't want to do it down here. I say that because when I think about what we are planning out at the Airport, there will be no TIF capacity out there for that. There will be no MSD capacity out there for that because there is nothing but trees and such now. I think we talked about the Northeast Corridor and it is the thing I've been telling you all for years now, there is not enough value in that corridor to capture \$170 million or \$200 million in value in order to do the improvements. I actually asked a few years ago about the TIF potential and MSD potential along the streetcar corridor. They came back and said it might get, and I don't remember the number, but it wasn't a lot of money for the \$500 million construction costs. As a community we're either going to decide Andy, this applies to you too my friend, that we are going to live in the city and try to grow the city because remember what we were trying to do was get rid of the pink and red and the yellow and turn it more green so that the entire city pays more property tax and grows the general fund. But if you've got people saying we want to be out of the city and we don't want to contribute to anything and just take care of me, me, me, I want my own school system, I want my own town, what you get is this sort of bitter division that we are seeing on the national level that is ripping the country apart. Now it is being visited upon us in Charlotte. It is happening in Raleigh, thanks to the new leadership up there where you don't want people to go to school with your kids, let them have their schools, we'll have our schools. It really pains me and I'm sure you've got a lot to say Andy, but I've got a lot to say right back to you. It pains me that you've got people who are meaning something and not being willing to say it. If you don't want to be in Charlotte and don't want be around those people, say it. I've been straight up about my opinion on affordable housing and I'll keep saying it despite the e-mail, so just say what you mean.

Mr. Dulin said Michael sometime you go way overboard. I am proud of the work I have done in the University area and District 5. I am proud of the work I have done in and around Johnson C. Smith and the Mosaic, I drove by that project the other day and it is almost finished. I went over there to see it because I'm proud of that. I'm proud of the infrastructure work I've done in Steele Creek over the years and I go down there and see it. I go down there to opening of the Fire Station #42 down in Steele Creek and I'm still proud of that Fire Station. I've been working around this community as an elected official for going on 7 years now, the same as you, and I don't go around saying I'm not voting for that if I can't have some in my district. I go around saying what can we do to make this place better. It turns out when something like this comes up I get a say too partner. You can go over there and you can push people away and you can tell people and I'm about to get fired up Michael because your attitude is not appreciate from this side of the table. This is big stuff we are talking about today and everybody at this table gets a  
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say and if you don't like what I say, fine, but this is something and there is a motion on the table and you can vote it down and lay 8% property tax on the heads and shoulders of everybody in District 4 right now. I'd like to call the vote Mr. Mayor.

Mr. Cooksey said I'm trying to figure out if I should continue to proceed as I envision trying to communicate or should I simply say that the motive that has been cast upon me with which I disagree and do not feel or share, should I actually just go ahead and motivate it. A comment, again the Mayor made last night, about being able to see issues from each side and in fact I recall you read a Davidson paper that was made more interesting when a professor asked you to write it from the opposite side of what you actually wanted to present. I think that is a valid skill and a good practice to have. In fact it occurred to me last night that I should have offered to present the arguments today in favor of this plan and ask the Mayor to make the arguments against it. That would be interesting. I am not going to give in to that. I am going to maintain that my goal here is good financing for a CIP for the entirety of Charlotte that recognizes the situation that exists in the entirety of Charlotte, although I will acknowledge that if I wanted to engage in the cheap shot variety of discussion the one I could make in spite of the fact that I can show you plenty of evidence that the Councilmember who gets beat up the most by City of Providence secessionist is yours truly because I'm not perceived as being supportive of their efforts, so I must not be a good representative for the District. I think I'm a good representative for Charlotte and that is what my goal is. I would suggest that if you try to look at things from other perspectives that the message the city sent by approving the Community House Road Bridge proposal is we as a city don't have to pay for kind of infrastructure in south Charlotte because you can ... yourselves. It is actually the kind of message in District 4 too, you didn't have to have the whole city pay for IKEA Boulevard, you all can pay for it yourselves. There are examples of each of those in infrastructure financing of this city, infrastructure that the city as a whole paid for, infrastructure where we capture value in individual projects. My proposal has simply been from the moment I offered it at the add/delete, let us as a Council comb through the CIP when we know it takes years for projects to take flight anyway, and see if we can identify projects that could be done in a more value capture approach rather than raises taxes on my friends on Rozzelles Ferry Road and my friends on Fifth Street.

Mr. Howard said the only thing that is bugging me about this whole thing other than the tone is the fact that this community has always done a bond referendum every two years except for the last year, with the idea of investing in our community going forward. These dollar amounts are not that different from what we've normally done so we are not doing something so far off from the norm that it deserves this type of approach. When we were making investments in all of these other parts of the community, going back bond referendum after bond referendum, what we did was we used whatever capacity we had to deal with the needs in the community and we did this year after year after year after year. I don't think Curt is saying anything different. Now the approach when you started talking about just not annexing, but now trying to deal with building a base inside of infill development, inside of your boundaries has to be a different approach, but we've never done anything different and taking all the projects off the table, this community has always done about this amount every two years in order to get in front of our future needs, not just the needs right now which is your point about how fast can we do it. We are running a big city and projects take a long time in a big city. That is just the nature of running a city of 739,000 people. They are going to take time to do them right because we are not doing it for now, we're doing it for the next ten to 20 years. The people who started talking about Ballentyne and I remember back in the early 90's, had no idea where it was going, but the idea was we have an area, we've got some woods, let's make it taxable. We are doing the same thing now and we've done this year after year, every two years, the same thing.

Mr. Cooksey said what is unusual about this proposal is the tax increase, which this city hasn't done more than twice in the past 25 years. That is what triggers the unusual approach. I agree every two years, we do that, but we've had to raise the tax rate twice in 25 years, that is what makes it unusual.

Mr. Howard said that wouldn't change the need to make that level of investment every two years anyway. What we know as a city that is growing and it has been pretty good for us so far to have that formula. We need to keep making those investments so we can keep that growth going.

Mayor Foxx said here is the story on this, we need to vote on this because we've only got 45 minutes left, although this conversation has been tense at times, I think it is a necessary conversation because frankly at some point our citizens are going to be having the same conversation. So if we can sort it out here we need to sort it out. But, if this motion passes I guess we go home. If the motion fails the motion actually comes up again by default in the final vote on the budget because a vote against the budget is necessarily a vote against the tax increase.

Councilmember Pickering said I met with Mr. Cooksey at his request and I was happy to do so and I enjoyed our conversation and I appreciate your information. Just for the rest of Council's information in reference to a minute ago, but I will repeat what you told me then which was that you had been taming down, I believe was the phrase you used, the desire among some in District 7 to secede and to form their own Town of Providence. I was happy to hear that and I believe you. I know that you can't control the folks that may have attended last night who feel otherwise and I'm sure you are getting a lot of pressure from some of those folks. I believe in my heart that both of you are genuine in your belief and I believe that you do care about all of Charlotte. I have struggled with this budget and I listened to you carefully, as you know. I am here to do what is best in my view for all of Charlotte. Looking at the total picture I think we do have to invest in these areas that the Manager has identified and I think you have agreed too, it is just a question of how and have we looked at every possible way is what you are saying. I feel like I have to move forward with the capital projects at this point so I'm not going to be able to support the motion, but I have struggled with it. I applaud you, I thank you for all the hard work and for the sincerity that I believe both of you bring to the table and it is just a difference of philosophy. We can work together and thank you.

Mayor Foxx said I do think it is sincere and I don't doubt the sincerity.

The vote was taken on the motion on Item 2 and was recorded as follows:

YEAS: Councilmembers Cooksey and Dulin

NAYS: Councilmembers Autry, Barnes, Cannon, Fallon, Howard, Kinsey, Mayfield, Mitchell, and Pickering.

Mayor Foxx said we will now go back to Item 1 which we deferred earlier which was offered by Mr. Mitchell, one-time City funding of \$197,376 to cover 50% of the Greater Enrichment Program's FY2012 to FY2013 funding difference shared by 50% from the County. Mr. Mitchell, we got a report from the City Manager that the County Manager has not recommended the additional 50% in his recommendation and at this point the County has straw votes tonight and the issue would have to come up by a member of the County Commission for the Commission to add that into their straw vote process.

Councilmember Mitchell said they are prepared to do that. They are aware that the County Manager, Harry Jones was not going to put it in their budget. He removed it two years ago so they are favorable about funding the Greater Enrichment Program.

[ Motion was made by Councilmember Howard, seconded by Councilmember Cannon, to ]  
[ approve Item No. 1. ]

Councilmember Mayfield said what happens if it is not supported this evening by the County and they decide to vote down the request of \$197,376? Are we still saying the only thing we are committing to is the \$197,376 or are we going back to that previous discussion where we were using other funds to fulfill the full grant request? I want to make sure I'm clear on what we are moving forward on. Are we only moving forward on the City covering \$197,376 and no additional regardless of what the County does?

Mr. Mitchell said correct.

Mr. Dulin said to clarify further, that is one-time.

Mayor Foxx said correct.

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Mr. Howard said one time through this process. They still can apply through the RFP process next year.

Mr. Walton said I don't know if we are going to do the RFP every year or not.

Mr. Cannon said Mr. Mumford says yes, Mr. Walton.

Mr. Walton said then yes.

Mr. Howard said we are moving real fast on this whole thing with the County. I know we need to be careful not to spend the County the wrong message so I'll leave it alone.

Mr. Barnes said the question I have Mr. Mitchell and you know I have been very supportive of this effort, but what happens if we are only able to contribute the \$197,376 which represents all of our remaining 2012 discretionary budget? What happens with the \$197,376, will that allow them to, obviously it wouldn't make them whole or where they were but what position would it put them in?

Mr. Mitchell said that is a good question and I think having a discussion with the Board, they would pretty much like the whole funding, but if they only get half, I think they have to make staff changes and not serve some children in the community so they would have to make some reduction in the children so whether it is Merry Oaks, Ashley Park or Bruns, they will have to make some tough decisions.

Mr. Walton said if I could follow-up on Mr. Howard's question, they could reapply next year through the RFP process. The whole process would be \$197,000 less. It would go back to the \$1.25 million. For after school the total was \$1.25 so that would still be the amount. That \$197 as Mr. Dulin said, this is one time in this motion so it goes away after this.

Mr. Howard said your point is that they would have to compete for their share of that amount?

Mr. Walton said right, for that smaller amount, the amount we have had in there for a number of years.

Mr. Howard said they could compete and somebody else would get less is what you are saying?

Mr. Walton said yes. The sum of the part doesn't change but the whole stays.

Mayor Foxx said in effect what you are doing is adding money to the after school budget and what would have happened, had there been this extra money, is Greater Enrichment would have gotten it anyway because it was part of the requests that they made, but the way they did the requests was the first one got all the money they requested and it kept going until they ran out of money. So in effect you are really adding money and it is actually following the process.

Mr. Dulin said I just wanted to make sure that we were clear that this \$197,000 was a given and then it goes away next year. It doesn't perpetual like we did with COG.

Mr. Walton said it is one-time money.

Ms. Fallon said I think when we discussed it we talked about shrinking some of their administration and not affecting the kids. Also there were improvements they had to make regarding the way they did things that were recommended.

Mr. Mitchell said did the recommendation come from the RFP?

Ms. Fallon said I don't think so, but it is one year.

Mayor Foxx said one other proviso on this, I think some of the money we get for after school comes out of the CDBG funds and those funds are on the chopping block every single year in Washington because the Federal Government has made a deal that I think there will be like a  
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trillion dollars in spending cuts at the federal level and no-one yet has figured out exactly what those spending cuts will be, but my guess is that CDBG will be one of those. We think the number next year will be \$1.2 million, but it actually could end up being smaller. That is just an FYI.

The vote was taken on the motion to approve Item #1 and was recorded as unanimous.

**Item No. 3: Reduce General CIP Package by 10%, in the amount of \$92.6 million.**

Mayor Foxx said let's skip Item #3 as I want to take that up last. What is the difference between Item #1 and #4?

**Item No. 4: Request one-time Mecklenburg County funding of \$197,376 to cover 50% of the Greater Enrichment Program's FY2012 to FY2013 funding difference of \$394,792 (shared 50% with City).**

**Budget Director, Randy Harrington** said I was just going to suggest as a process. I don't know that you need a vote on that particular item. We are waiting for the County to oppose or not oppose their piece.

**Item No. 5: Request Mecklenburg County reimbursement of F Request Mecklenburg County reimbursement of FY2011 City contribution to Library System in the amount of \$1.4 million.**

Mayor Foxx said Item #5, we've already done that too, so Items 4 and 5 are already done.

Mr. Dulin said I know the conversations we've had about the Mecklenburg portion of the \$197,000. What was the report about the \$1.4 about the Library?

Mr. Harrington said that applies the same for both of those two that they were not part of the Manager's recommended budget and that they both would have to be brought up by Commissioners at their Straw Votes meeting.

Mayor Foxx said did you confirm that the ledger was used for that \$1.4 million?

Mr. Dulin said it sounds to me like Greater Enrichment will have somebody at their meeting tonight lobbying for the \$197,000, possibly Ms. Wheeler or whoever it might be from their Board. What do we need to do? Do we need to make a formal ask tonight from one of the Commissioners about our Library funds and the ledger? How should we proceed with that?

Mr. Walton said that was in the letter that I sent to Harry as well so they are aware of it.

Mr. Dulin said I would like to capture that money Mr. Mayor if we could.

Mayor Foxx said are you going to attend tonight?

Mr. Dulin said if I need to, it is a work night. Business before pleasure.

Mayor Foxx said maybe you will be our envoy.

Mayor Foxx said Amendment 3, I really didn't propose it as an amendment. I proposed it as a request for information on what the staff would do to reduce the scope of the CIP by 10%. We have their work here and I actually have spent some time since I received it talking to staff about some of these deductions and personally I think I need a little more time with it before I am prepared to recommend it so I'd like to take that time. There is no need of getting something out to Council in the middle of next week, but I'd like to take some more time with that.

Mr. Dulin said if we are going to take some more time to study 10%, can we study 50% and cut 8% down to 4% tax increase?

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Mayor Foxx said you can study whatever you want to study Mr. Dulin.

Mr. Dulin said but after today I've got to be quiet about it.

Mayor Foxx said what do you mean you have to be quiet about it?

Mr. Dulin said today is the last day we have a chance to adjust from a Council position. The Mayor's got obviously more flexibility.

Mayor Foxx said do you have a proposal?

Mr. Dulin said that proposal would have had to come at adds and deletes from my seat two weeks ago to get it presented here. If we are going to study knocking it down 10%, after today I don't know if we would look at it and say 20% or 50%. I would vote at this point, since we are going to do something, I'll vote for anything less than 100% that I can get to the table.

Mayor Foxx said does that mean you will support final passage of the budget?

Mr. Dulin said no sir, but I would certainly like to get it down as low as we could.

Mayor Foxx said I don't know what to advise you on that. You made a motion today to eliminate the capital improvement program and the tax increase. If you want to make another motion on a lesser amount to see how that goes today I won't dissuade you from doing that.

Mr. Dulin said given that opportunity one will be forthwith, but if the Mayor is going to take some extra time to come back between now and June 11<sup>th</sup> with I've finally decided to propose a 10% cut, then that is a little bit out of order. Not that you are out of order, it is just out of the order of our process.

Mayor Foxx said let me give you an example of something that I'm trying to understand a little more. If you recall one of the things I said was I would like to see the 10% reduction occur with no elimination of projects. So what I was really asking the staff to do was to really drill into the scope of projects that were planned in here. For example the Police Division Station, if you read the write-up, one of the things it says, it says the reduction would result in the elimination of funding for two of the recommended Police Stations. So they achieve a 10% reduction in the amount, but they achieved it by doing what I ask not to have happen. Those types of things I would like to be able to work through and I think there are some tradeoffs that were made. I'm not fussing with staff over that.

Mr. Dulin said I read the stuff too and I get that you want to keep everything in and cutting \$92 million is a good chunk of change. Maybe we just build the bridges with one-third of the uprights on them or something. We won't put any bike lanes on the bridges and that will save a lot of money right there. We have tried to save 8% but if you will give me the leeway to make another motion I'd like to run that up the flag pole Mr. Mayor.

Mr. Barnes said can I squeeze my lemons yet? I have some questions that might result in trimming and if I could I would like to ask them. Mr. Manager, with respect to the Airport West Corridor proposal I believe it was Mr. Kimble who told us that part of that area is not currently in the city. In light of what the State Legislature appears to be doing with respect to annexation, if the people in that area don't agree to it and we are not able to do it, how could we go about getting it done, for one, and then two if we are raising the tax 3.6 cents to pay for that project and we ultimately can't even do the project, how would we go about rebating that money back to the taxpayers? How would we go about accounting for it in the budget? The second question I have is with respect to that \$412 million in unspent capital money, I learned as a result of baseball and some other things that we can redefine things however we like. How could we go about using that money, for example part of it for roads and infrastructure, part of it for sidewalks or what have you. How could we go about reprogramming that money from those previous bond packages into this one to essentially replace almost half of this proposal in terms of the dollar value or the capacity? Thirdly, I had always said that I would not support a general property tax increase to support the streetcar. I would still like for us to investigate ways to fund that without

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making it a part of the CIP. On the East and Southeast Corridor piece there is \$8 million for sidewalks and bikeway improvements under the increasing connections piece of the budget there is \$60 million for sidewalks and pedestrian safety. I assume that is a total of \$68 million and not really a total of \$60 million and if that is the case and I understand that we are actually going to be doing sidewalk projects and bike facilities in all of these road projects that we would be doing, why isn't that \$8 million under the Southeast Corridor and then the rest of sidewalks in pedestrian safety money included under increasing connections? Is there other money for sidewalks and bike facilities buried within the other parts of the budget? Those are my initial three, I actually have two more.

Mr. Walton said actually that is four so I can give you one more. Annexations, that is one reason it is pushed further out. We technically could build roads in areas that are not in our City limits so we could not maintain them so we probably wouldn't do that. The owners of the land are going to have to see enough value in the infrastructure to probably voluntarily because we can consider annexation a thing of the past at this point unless it is voluntary. I think there is significant interest from the people who do own that land that the infrastructure would probably be a reason for them to eventually come in, but it will take us time to assembly that and that is why it is pushed out.

Mr. Barnes said based upon the way the Legislation is written would it be the owner of the property who would have say so with regards to whether the area is annexed or all the people who live in that NSA? Does anyone know how that would be?

Mr. Walton said there are not many people.

Mr. Barnes said right, 60% is it? So to your point if there are only 50 people living there and all of them are related then they could agree to not be a part of the annexation.

**City Attorney, Bob Hagemann** said voluntary annexation is a process by the property owners. If we attempted to do an involuntary the action to qualify for involuntary annexation can be stopped by a referendum of 60% of the registered voters. Voluntary is a land owners petition, but involuntary under the new legislation is moving toward would be a 50% vote of registered voters who voted to stop the involuntary.

Mr. Barnes said let's say it fails, how would we go about accounting for the tax increase if we agreed to 3.6 cents in June of 2012?

Mr. Walton said if it ultimately failed you could either reallocate the money to another project or you could take the equivalent of that amount of money and reduce the tax rate. It would be a small fraction, but you could do one or the other. When we get to that point I think it is 2014. On the \$400 million there are three levers that citizens push for our bonds, transportation, streets and roads, affordable housing and neighborhood improvements. Technically, you can reallocate under those three categories by policies. Council's positions over the decades really here have been if you are going to divert from the plan that was put forward to the voters for specific roads, specific neighborhoods for example, then you would have to bring that list back up and say I'm deleting this project and reallocating it to something else. The only thing that would not be the case of are programmatic accounts such as sidewalks and that money is gone. We supplemented that to do Tyvola Road West so that money is out of the equation. Whatever roads are there, whatever neighborhoods and usually there are 20 or so neighborhoods in a neighborhood improvement program, you would say I'm taking out neighborhoods 15 through 20 and reallocating it to some other neighborhood project. You couldn't go outside of the neighborhood concept because of the way the voters approved the money. You could say I'm relinquishing that capacity and put it forward to them again for transportation.

Mr. Barnes said I don't know if you guys have a list of what was in that 412 and I know we've talked about it a lot, but I'm wondering whether it might be worth a discussion among us about reallocating. If you've got something in there from 10 years ago off of Ridge Road that we just never got to and say the private sector is taking care of it down in Ballentyne and Bissell Company is taking care of it and we don't need it, maybe we could reallocate that money, but I don't have the list.

Mr. Walton said we can find it. It is in here. The oldest projects are those from the 1998 road bonds and that is because we have had a devil of a time getting the state to agree to an engineering solution. We've just gone forward with Statesville, Freedom has been done, the contract has been let so those are our oldest bonds, but you would literally have to go down the list of projects and say I'm going to take out project #16 and either reallocate it to something within those three levers or send it back to the voters.

Mr. Harrington said there was a handout at your May 16<sup>th</sup> Adjustments meeting and it was some Q and A's related to capital items and on page 7 is a list of projects that were part of that \$412 million. My understanding is that virtually all of these projects there has already been money spent on them as well and either design or have already completed construction, but the full list is on page 7 of that handout.

**Finance Director, Greg Gaskins** said I believe that when we went over them with Engineering virtually all of them had some level of commitment that would make it almost impossible to ..

Mr. Walton said let me skip over the streetcar and come back to that last. On the sidewalks you mentioned \$60 million and then the \$8 million. There is connection money whether it is road connection or sidewalks, bikeways throughout all of the program so that was one of the things that was different, looking at it more holistically. The ones that you mentioned, the Monroe Road Streetscape and the ULI recommendations for Independence would be reasons that there would be sidewalks ... southeast.

Mr. Barnes said so that is separate and apart from the \$60 million?

Mr. Walton said yes so that would be a total of \$68 million for those two examples and there is a lot of that sort of money throughout, including the comprehensive neighborhood improvement program.

Mr. Barnes said we had gotten a request from the folks at ... or at least one of them were indicating that we weren't funding bike facilities anymore and I there is a lot that we are still doing.

Mr. Walton said with regards to the streetcar I left that for last because this is just half opinion because we just don't know and there has been a lot of talk about commitments and not go outside the ½ cent sales tax. The truth is, we've already done that. We had to supplement the Blue Line Extension with general fund dollars from the SKIP type money, so we've already done that. The Red Line relies exclusively on doing that and that is not a viable project yet financially, but it relied on a whole lot of other things than the ½ cent sales tax. I think the streetcar is one of those too. In my opinion the Federal Government, going to what the Mayor said at the beginning, which I completely agree with, I think the Federal Government and the FTA will look completely different in five years than it has looked over the last 30 years so it could be that the Blue Line extension is one of the last 50/25/25 projects. That is just an opinion and we don't know, but I don't know where they would get the money. I think if we were going to build out our 20/30 plan whatever corridor it is in, it is going to require a different mindset than what we've been able to do. At the same time they have started to shift away from that they've started to shift more toward specific programmatic grants such as streetcars. The FTA is very big on streetcars and so for this \$119 million there may be the possibility of getting grant money going forward. If not there is probably grant money going forward to extend the next length that we want to go. In my opinion it is going to be virtually impossible to do anything in our transportation plan that doesn't involve some property tax.

Mr. Barnes said is the operating budget for the streetcar within the CATS budget?

Mr. Walton said no because it is not an MTC project so streetcar is a true city project, not a CATS project, managed by Engineering. The operating budget for the piece that we have the first grant for is in the pay as you go and will be transferred to CATS. The operating money for the recommended streetcar project here is outside the five-year window so we can't show you the operating costs, but that would also be transferred to CATS. Basically CATS would be operating it on our behalf. Did I hit all of your questions?

Mr. Barnes said I think you did. Thank you.

Mr. Walton said Mayor on the streetcar as our MTC rep do you see anything different?

Mayor Foxx said what the Manager said I think is right. The federal environment is changing. The '98 plan contemplated that the funds that we obtained for transit would be at a 50/25/25 split and all indications I can gather are that that is out the window. In fact the Blue Line Extension is probably going to be one of the last projects to have its preliminary engineering and design funded through earmarks because earmarks are now gone away and those are now given administratively. In fact the Blue Line Extension is the only project in the program in which it is housed that has actually got the green light for moving through the process toward the full finding grant agreement this year. That is significant because of the funding caps we are hitting and Congress doesn't know how they are going to reduce spending by a trillion dollars, but I bet transportation will get hit pretty hard, which means that we are probably going to have to increase the local share one way or the other and added to that is the time value of money which if you amortize the cost of doing any portion of the streetcar or any of the projects actually over 25 years, then the number gets a lot larger. In addition to that the streetcar is being deployed in some of the most expensive real estate along the 10-mile length of it so over time as additional extensions get built, those extensions will actually be more cost effective on a per mile basis. I understand a lot of the questions and consternation but frankly we have a chance right now to get the Blue Line Extension done, have innovatively financed Red Line, trying to get the streetcar going, it basically gets all components of our 20/30 plan moving at a time when most communities across the country can't do that, or won't. I think that is a competitive advantage for the city. Here is what I think. Number one, we are going to have a budget discussion on June 11<sup>th</sup>, perhaps with a refined version of this plan, but we've made one amendment to this budget so far, after two hours of very interesting and robust conversation. I also think this conversation needs to get outside of this room. I think we are talking about the future of our community in a very important and significant way regardless of how you actually feel about the proposal, but the conversation is in a ... chamber right now and it needs to be out in the community because this is probably the biggest capital budget the city has ever tried to do. It is the longest one and it does provide certainty in terms of our capital tax rate over an 8-year period. We need to figure out a way to amplify the discussion about this even in advance of June 11<sup>th</sup> and I'm not exactly sure how is to occur, but one of the things I'm concerned about is that we are having a lot of this conversation over several months and we make a decision in June and then people say well, why didn't anyone come talk to me about this. That is not a good position for us to be in as a group and I actually applaud Mr. Cooksey because the conversation that you initiated was a very good conversation and I think it is going to mimic some of what we have out in the community regardless.

Mr. Barnes said I wanted to revisit something that I raised at one of our Budget Committee meetings and it was this idea of having a community meeting to talk about the budget. The Committee didn't feel it was necessary at that time to do it. I'm still willing to do that and I recognize that our window is fairly short. It would have to be next week if it is to happen and that presents some challenges and I don't know what staff's capacity is for advertising and organizing a meeting like that but I'm willing to do it. The point I was making last night during the public hearing was that almost no-one in the audience had the benefit of the presentation that we received from the Manager and the Budget Director where a lot of the background was provided and a lot of the context was provided. I still think it would be perhaps useful and people may not come and they will just assume that we are going to pass this package, but I'm still willing to do that if the Committee is interested or anybody else.

Mayor Foxx said I actually think you should and I think anybody around this dais that wants to create that kind of conversation and staff's heads are about to explode when I say this, but I actually think that is healthy.

Mr. Cooksey said some of the people that spoke last night actually attended the town hall meeting I held on the CIP and thanks again to Kim Oliver for putting that together and Ruffin and Ron for being there to assist in the presentation. To the point of whatever kind of conversation goes forward I think it would be worthwhile to take a lesson from the conversations we've had in the past about stakeholder groups and if such a meeting is to be held, be very clear  
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from the beginning, during the middle and at the end about what kind of impact a citizen's response or citizen reaction will have to this. As has been said, we are the 11<sup>th</sup> hour, a vote is on June 11<sup>th</sup> and the ability to change much of this proposal has gotten very slim in deed so I think once you give a lot of thought to the message about what kind of a meeting is being held. If you either create or allow the perception that it is a feedback meeting and the possibility for change is slim to none, you've actually done a worse job in citizen interaction than if we just do nothing between now and June 11 and vote it in. I would suggest that we be very cognizant about what might occur from such a meeting and think of it as a community meeting like we require for CD rezoning where we expect there may be changes to the petition afterwards. Do we think there will be any changes in what and how we are going to go forward on the budget as a result of the community meeting. If so approach it from that perspective, but if not, if there is nothing that is going to change, be up front about that when you go to the community and say here is what we are going to do.

Mr. Barnes said I think that is a reasonable point Mr. Cooksey and I'll share with you that there is one person who spoke last night who seemed fairly genuine about his inability to a tax increase. I'm fairly certain that I represent people who will struggle just as much as anybody else in the City with a tax increase. A lot of my folks have the devaluation and their taxes are about to go up, but it is kind of a whammy that their house isn't worth as much as thought and they are going to have to pay more for it, which is problematic. I say all of that to say that if we are able to do an event and people come and just explain why they can't afford it, I have no problem saying no. I'm still waiting for my opportunity to deal with that storm water fee. We keep avoiding the operating side of the budget for some reason and I'm not sure what the protocol is to get over to it.

Mayor Foxx said the protocol would have been during the last meeting to make a recommendation on that and then today have a vote on it. The protocol is kind up to the Council but if you have a proposal make it.

Mr. Barnes said I would have no issue Mr. Cooksey, of not supporting the package if I heard good reasons why I shouldn't and if I heard reasons that helped me determine how to help the city grow and avoid ... that is why I was trying to figure out whether that \$412 million could be used to replace almost half of the current package and I see why that is difficult. It is challenging times for a lot of people and I get that, seniors and people on fixed incomes. But I have to deal with the operating piece separately because there are some things in there I want to talk about. I'll do what you do and take a week and bring it back.

Mr. Howard said at the last meeting we had a conversation about the recommendation in the Manager's budget to deal with our garbage collection and one of the things I brought up was that I would like to see that issue referred to a committee to talk about whether or not we have that set up correctly, maybe looking at whether or not we have another tonnage analysis done. I'd like to refer that to the Environment Committee if I could, with permission from Council.

Mayor Foxx said a tonnage analysis?

Mr. Howard said I think it is fairly easy to surmise that if we go away from the supplemental we may have some quality of life issues that need to be addressed. I just want to make sure the City has done everything it could to study whether or not there is another way to help out. Right now it is one dumpster per 30 units and that came from doing the tonnage analysis to make sure that was the correct ratio. I think we should look at doing another one of those to make sure we are getting that right. All I'm really asking for is that it be referred to the Environment Committee to talk about if there is something else the city could do with it.

Mayor Foxx said how would a garbage collection fee play into that issue?

Mr. Howard said I think it should be part of the conversation.

Mr. Harrington said if a study was done and based on that study and the proportion of refuse that is distributed among multifamily units versus solid waste units it is possible it could come and show a different set of tonnage than what is currently estimated and if that were the case that

would plan that into the fee consideration component of the single family or the multifamily piece and who is paying for what and how much.

Mr. Howard said my understanding is that this budget situation is really dealing somewhat with the lawsuit issue that we have right now that we need to be fair to everybody. That is why I'm not asking to change what we are doing with the budget recommendation, but going forward I do think it is worth studying the whole garbage issue to see if there is something else we could do.

Mayor Foxx said without objection. There is no objection so we'll do that referral.

Mayor Foxx said most of these budget sessions I felt at the end of this meeting that we have closed our books on this, but I don't feel that way with this for some reason. It feels like we are still ruminating. Let's hope, and what I want to avoid is people bringing up stuff on the floor on June 11<sup>th</sup> at the last minute asking for changes to the budget. That is the most unhelpful thing we can do if you actually want to see something get passed and I don't think that is the right way to do it. I'm going to endeavor to get you guys my thoughts on this 10% thing by the middle of next week, in your Wednesday packet. I'll try to get that out to you, but I would also ask you if you have other ideas, Michael you mentioned some operating ideas. I think it would be helpful to get those in advance of the meeting and if we can establish Wednesday as the deadline that would be helpful. I know we are supposed to end the process now, but Andy you have mentioned some things and Michael you have mentioned some things. Patrick is saying Tuesday so Tuesday is the deadline.

Mr. Cannon said so it is certain to get into the package on Wednesday, Mayor.

Ms. Mayfield said the question that Mr. Dulin asked earlier with the possibility of looking at a 50% reduction since we are still discussing the 10%, as with most of us around the table I am definitely having challenges around this budget. Yes, I see the need for growth, but I'm also thinking about the fact that we do have people who are already upside down and I have residents that have contacted me personally and I have been out speaking to the community that have a large concern about this increase. Can some of these things wait and when we had the last meeting I mentioned a couple of things that were in operating that really didn't go far and I think that may have been my fault with not really knowing the whole process with the budget, but I would definitely like the opportunity to look at some of those operating lines because I still believe we have some room to negotiate, not negating any of the amazing work that staff has done but this is just very difficult to try to move forward. Is the time and let me know if this is out of order to support the suggestion that was thrown on the table to look at a possible 50% along with the 10% that you are still going to be working on now ahead of time while we are already in the room together as opposed to me walking out and thinking maybe I should have ask.

Mayor Foxx said I think if what you are asking is can you do a similar exercise as I suggested last time of asking the staff to look at what a 10% reduction would look like, just to give you a sense of their recommendation on that. You guys can ask for that but I think you have to have a motion and a second and a vote to request that information. Curt is that ....

Mr. Walton said and it really shouldn't come from us. I've recommended to you what I think you ought to do. If it is the direction we'll be glad to do a 50% reduction but it doesn't sound like we've got the 10% right. At this point since we've told you what we thought you should do it seems like the Council ought to be deciding which projects you don't want to do or which ones you want to cut by 50%.

Mayor Foxx said I'm not going to try to characterize what I sense, but I sense something but let me say this, I have found the process that you went through on the 10% helpful because what it does, it helps me understand staff's thinking in terms of what types of cuts would do damage to the goal of the effort versus which ones would do more surgical so I did find that helpful so I don't want you to think this was not helpful because it was. Then you get into questions that you can't answer of what is your comfort level with this thing or that thing and I get that. If there is interest in that you and Andy can go and work on it.

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Ms. Mayfield said are you saying that would be a conversation that we would have off line and not a conversation that we would motion and either second or not second to have staff just to give – I'm just trying to have as many options as possible.

Mayor Foxx said you could do it either way. I guess the point between the conversation Curt and I were having were if you are trying to achieve the same objective as the capital program is trying to achieve and wanted staff's guidance on what the minimal damage would be of cutting half of the budget out, they could be assisted with that, but you are still going to be stuck with if they come back with something that you may or may not like, you are still going to have to make a judgment as to whether that is something you want to do or not. Is that fair?

Mr. Walton said yes, that's fair.

Mayor Foxx said and by the way it is not an insignificant amount of work that goes into doing that.

Mr. Dulin said technically Ms. Mayfield all of that work needed to be done before this meeting at the add and deletes where you would delete 4% of the 8% budget and you would have to go through every single one of these projects and figure out how you are going to get rid of \$413.5 million. Then you bring it back to us and then Lord knows you are going to have trouble getting everybody to agree on that. Historically what has happened is after this meeting it is done and that gives staffs the opportunity to go back and spend the next 13 days putting the budget together that you will get a week out and then you vote on it up or down on June 11<sup>th</sup>. What happened today is we made a motion to cut the property tax out and it failed and then the motion was to leave it in and all of you voted for it so it is in. An 8% property tax is coming to your neighborhood soon.

Mayor Foxx said I think that concludes our business for the moment. We will pick this up again on June 11<sup>th</sup> and I'll try to get you more refinement on this next Wednesday.

The meeting was adjourned at 2:19 p.m.

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Ashleigh Price, Deputy City Clerk

Length of Meeting: 2 Hours, 5 Minutes  
Minutes Completed: August 2, 2012