

The City Council of the City of Charlotte, North Carolina convened for a Budget Workshop on Wednesday, April 10, 2013 at 3:08 p.m. in Room 267 of the Charlotte Mecklenburg Government Center with Mayor Anthony Foxx presiding. Councilmembers present were John Autry, Michael Barnes, Patrick Cannon, Warren Cooksey, Andy Dulin, Claire Fallon, David Howard, Patsy Kinsey, LaWana Mayfield, James Mitchell and Beth Pickering.

I. Introduction

Mayor Foxx called the meeting to order at 3:08 and said we are at another point along the way in our budget discussions. We've been at other points before, but we are back at the table. Today turns out to be a pretty pivotal day. It is the day that our staff has identified as the last day for the Council to offer its advice on what the Manager should propose back to us in the form of a capital budget. I don't want to go through all the steps we've been through, for we have been at this for the better part of a year and a half on the capital side of the budget. We have been through a very hot summer, three budget retreats in the fall and we've had several retreats since the fall. All pieces of the original recommendation from the previous City Manager have been sent to Council Committees for reporting out. Those report outs were done late last month and almost all were favorably reported out. There were two that were held back, the Informatics proposal relative to UNC Charlotte and the Streetcar. Today I think the desired outcome is for the Council to give some guidance to the staff on how to go forward with this recognizing that we could today give some guidance as to what we would like to see back in the early part of May. In addition to that one of the issues that has really created a lot of the gridlock on the budget, the Streetcar, has been the subject of a lot of discussion and conversation.

The new City Manager, as I've read recently, would like to take some additional time to gather his own thoughts about this project and digest some of the data and information that is still yet to be produced, such as the BAE Study update, and the fact that we have an MTC Finance working group that is studying the financing of the Transit System over all, which is as it turns out a \$3 billion system if it were built today. Over the course of the 2030 cycle it would be about \$4.5 billion system and that \$1.5 billion difference is tough. Today I came prepared to enable the City Manager to take the time he feels like he needs to digest what is there and to gather his thoughts about how, if at all, that project ought to be moving forward and that our conversations today would focus on the balance of the capital plan. I wanted you to know where I'm coming out on that today. I will say that it is my desire that we figure out a path forward for that project, even if the path forward for that project is a different way than inclusion in the capital investment plan. I've had some conversations with the City Manager about trying to figure out whether there is a different pathway and I hope as we go along in the summer that we get there. With that I will turn it over to Ron Carlee and we have some exciting news I understand.

II. General Capital Investment Plan

City Manager, Ron Carlee said I would like to begin the meeting with some good news if that is alright. I would ask that Carolyn Flowers come forward and share with us what she learned today.

CATS CEO, Carolyn Flowers said this morning the Department of Transportation published the President's budget and the recommendation for the Blue Line is \$100 million which is what we've signed our contract agreement for. We had been anticipating an impact of sequestration so this definitely helps us with managing our financial plan and it is good news for us that we are included in the budget and that we are fully funded in the budget.

Mr. Carlee said if I may continue behind that good news just to say an additional word with regard to the Streetcar process that I'm going through. I see this actually on a parallel track with the budget. It is not really a sequential process. The problem is that in terms of the operating budget and the remainder of the CIP as brought forward by the Economic Development Committee, I really have to make decisions, based on your feedback this afternoon, early next week in order to get from the production cycle for the books, to give you a budget in May. To be able to complete the Streetcar review within the next five days is not a feasible thing to give it the kind of attention and creativity it needs. I will be doing this in parallel and I don't expect to take it through the summer by any means. I expect to be back to you before you actually vote on

the operating budget and CIP for FY14. The VAE preliminary report has just come in, they are doing revisions for it. The impact of the Streetcar is a critical variable that needs to be understood and I would like time to work on that and fully understand it and also want to look at some alternative funding mechanisms recognizing the concerns around sales tax and property tax discussions you had previously.

The CIP which Randy is going to review with you in our next agenda item will not include either the Streetcar or the UNCC project, the latter of which I've not done much work on, although I understand it is mostly legal issues that we are dealing with on that one. I would not want the absence of the Streetcar to be read as an elimination or a dropping of the Streetcar, but merely an opportunity to have a chance to reanalyze it and present it with some additional information and impacts for you.

Councilmember Mitchell said what is your timeframe for bringing it back to us?

Mr. Carlee said my hope would be to bring some material back to you in May if I could or it may be early June, but I don't see a necessity to drag this beyond this fiscal year in terms of a decision making point.

Councilmember Dulin said what is the hurry in getting it back to us before a budget adoption if it is not going to be in the budget decision that we make over the next six weeks or so?

Mr. Carlee said I actually believe I will have sufficient information and that it would advantageous, if we have adequate data, to go ahead and wrap up the decision making on it one way or the other so that it is not hanging over our heads. If there were any implications in the budget you would see them up front, you would know them, understand them actually before you voted on your operating budget or your CIP revision.

Mr. Dulin said let me work through that for the group then. We are going to work through our budget process without discussing the Streetcar, then somewhere right before we vote you are going to either insert the Streetcar into the budget or not insert it into the budget.

Mr. Carlee said I would probably phrase it differently, but I think that is correct. Ultimately any action you would take on the Streetcar to fund it would be a budgetary action whether you did it as part of the budget adoption or as a pre-adoption or a supplemental adoption.

Mr. Dulin said I disagree with that process.

Councilmember Howard said you disagree with all of it. That is not anything new.

Mr. Dulin said I've got the floor Mr. Howard.

Mr. Howard said I would like the floor when I could Mr. Mayor.

Mr. Dulin said I'm more than prepared to go back and forth with you Mr. Howard or anybody else in the room.

Mr. Howard said I got it Andy.

Mr. Dulin said I don't think that is fair to the community. I don't think that is really fair to the Council. Some of the Council is going to love that because they are not going to have to worry about it or talk about it or answer questions in the community. They are just going to say oh, don't worry about it, we're not worrying about that right now. Then all of a sudden a week or ten days maybe or less before this Council has to vote on it, on the biggest divisionary issue this town has seen in decades if not ever, is going to get thrown in front of the Council and ask us to vote up or down on it. I don't agree with that methodology.

Mayor Foxx said if I might insert one comment. This disposition of that issue, we sent everything to Committees and everything but two projects have come out of Committee to this point. Even a few weeks ago when the Committees reported out, I believe the motion that the
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Economic Development Committee made relative to this project anyway was to take additional time to await the MTC Finance Working Group Study, which is looking at the whole system and also to look at other ways to do the project outside of the capital budget and to look at ways to do something other than the project that would have a stimulative effect in the corridors we were talking about including what Mr. Cannon talked about, about the east/west strategy. The ED Committee had got plenty of work to do irrespective of what the Manager is proposing. I think what he is suggesting is he has not digested this project in a sufficient way to be able to have an opinion on it and he is just telling us he wants to take some time to study it.

Mr. Carlee said the time constraint that I'm suggesting is the time constraint on me to get reports back to you. The timeframe within which you consider it and how you consider it is of course your discretion.

Mr. Dulin said for that matter you ought to be taking a look at every project in the CIP with the same – you don't know what roads are what. UNCC you could find it but you don't know the incubators out there, you don't know about the road on the other side of the Airport. For that matter you ought to be saying lets pull them all until I study them all. Why segregate the Streetcar?

Mayor Foxx said if I might respond to that and I apologize, but we've been at this for a year and a half and he has been at it for 8 days. Part of the reason is because these issues have been in front of every single Committee, they've been reported out and this Council has taken responsibility for what is being presented to us today. In fact I can think back to several terms ago when a lot of members of the Council, including the person who used to occupy this chair, would talk about how we needed to take more ownership of the budget anyway and in effect that is what we've done. We haven't done it in a very artful way. It has been a little clumsy, but the Council is basically recommending to the staff what budget to recommend back to us.

Mr. Howard said the only thing I was saying to my good friend Mr. Dulin is that we should be careful about overdramatizing this. We've had more divisionary things than this and really what we are talking about is the mass transit system itself and we are talking about a piece of it. I want us to be careful about demonizing parts of it because we still have a system that we need to build and this is very much part of the system. It connects two of the stations that are very important and I want us to be careful about over doing it with this one because we still have to come back at some future and come back to the public and say we still need to build this in some kind of way because it is part of the five corridors plus this one that we've talked about and it has a very important function with this. As a matter of fact without this one you don't have the leg that gets you down to the Airport and there are a lot of things that happen with this one line so I just want us to be careful about overplaying, oh my God it is divisive, it is the worst thing, it is not. It is an important part of our future and we need to figure it out whether it be though this or some other way. As far as the budget implications I think the Mayor and Mr. Cannon actually covered what I wanted to say which is this whole process was about trying to figure out how to get projects that would be transformative to some of the areas in our community to get economic development going so we can throw off more revenues from different areas that are not producing now. I understand that Mr. Cannon actually talked about that. My frustration with all of this is that we spent a year and a half on it and we still have no other solutions from anybody about what would move the ball forward. We've had a lot of things thrown at this, but nothing that would move the ball forward in the area if you haven't seen it. Again, areas of town that have actually seen development, of course it doesn't mean anything to you guys, but the areas that haven't they are counting on us to figure it out around this table. I get a little frustrated when we demonize this project as the worst thing ever because if not this one then what is it. For a year and a half I haven't heard anything that would change my thought on the fact that this could will be the thing that could change these areas of town. Nobody has added anything to the conversation.

Councilmember Cannon said I don't want to belabor the point. I think the Manager has made at least a fair request in terms of trying to seek alternative funding sources which has been the issue that has been in my craw relative to the subject matter. I don't know that you find it in the timeframe that you suggested. It sounds to me that it is referencing whatever may be out there away from this whole issue around property taxes, which has caused some angst in terms of a
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source. I'm okay with where you want to go. I don't know that I'm asking you to rush the process per se. I'm asking that you use a true level of due diligence to determine what that might be to get up to speed. Obviously, you have to catch back up with those persons the Mayor has talked about that are working toward the same goal and/or the idea, but we do need to know what the thought might be so we can make the community aware of where we are trying to go and how we might be trying to get there.

Mayor Foxx said let me reiterate something I've said already. I Anthony Foxx would like to see us figure out a way to move forward with the capital budget and the Streetcar even it means pulling the Streetcar out of the capital budget so that we can move on. There is too much need out there from public safety assets, roads and bridges and improvements, but we've got to figure a pathway. I think we've got an opportunity to do that if we are creative so I'm hoping we can get there. I'm just telling you that what may end up out of this Andy is what you have saying all along. I just think we need to give it some time.

Councilmember Barnes said there is an issue that the Council referred to the Budget Committee regarding scheduling that is related to what Mr. Dulin brought up and we do have to figure out how to deal with it because we examined the various budget scheduling options that might be at play and decided recommending sticking with the current schedule for some very specific reasons regarding the end of our fiscal year, regarding potential action from Raleigh relative to the Business Privilege License Tax and other things. For example, we are currently scheduled to have a public hearing on the budget on May 13th. It would be of some concern to me to have the Manager come back, say in the second week of June, and recommend what we went through last summer as it was then. You should have an opportunity for a public hearing and some debate. We've been through it before obviously, but it strikes me that that could put a lot of negative pressure on us and on the community. I'm wondering Mr. Manager, if you could commit to having your work done by the middle of May if possible because I think the more we know the more the public knows, the better in terms of what our options may be, in terms of how we may want to pursue any options that may exist with respect to the Streetcar and everything else in the CIP. Andy actually raised a valid point and maybe I wouldn't have said it that way, but he raised a valid point.

Mr. Carlee said I very much understand that concern and I will try to have something out before the public hearing if I possibly can. In any event I will have a report to you so you know where things are and what I'm working on and where I'm going with it so it is not just hanging out there with no knowledge or no information about what I'm learning and where I see some opportunities for us.

Mr. Barnes said appreciate this if you would, I'm not suggesting that you rush your process, I'm just suggesting that you be aware of some of the things Mr. Dulin alluded to and some of the things we've been trying to deal with for the last 10 months.

Mr. Carlee said understood.

Councilmember Cooksey said not to belabor the point but just to chime down the Warren Cooksey perspective. Based on the Committee analysis and based on the goal of a system that is governed by the MTC and not this body, my expectation is that the CIP that is included in the FY14-FY15 budget will not have the Streetcar line item in it at all ever. Council may return to the topic matter, it may come back at a later time, there may be hearings or may be discussions of funding possibilities, there may be a discussion March, April, May, June of next year about modifying the CIP because it is up for modification every year. But speaking for this Councilmember based on what we've done so far in Committee work and in Budget Workshops I don't expect to see that line item at all ever between now and the vote on the budget in the CIP for the FY14 budget.

Mr. Howard said speaking as David Howard I would be just fine seeing it given a recommendation from the Manager.

Mayor Foxx said and there is democracy right there. Here is a larger point. Presumably a capital budget will be passed leaving aside what its contents are. Presumably at some point there will be
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a bond referendum on the ballot and if the half of the Council is saying I don't support these bonds and the other half are saying these bonds are the best things since sliced bread the community is going to be just as confused and that is not a good receipt for the future of this City. The reason why I'm saying what I'm saying is the capital budget in theory could happen without the Streetcar, in theory, but I don't think this Council will enthusiastically support the capital budget if that issue is dangling. It needs to have a pathway to get done and I'm hoping that can happen.

Mr. Howard said it is interesting how you just said that. A pathway to get done does not necessarily mean CIP. A pathway to get done could be everything that you and Andy just spoke about. What I'm trying to say is let's be careful about demonizing this project the way we have for the last year and a half because if we come back as a part, and I'm sensitive to this because in this very room I have sat with a group of people trying to figure out how to fund the whole \$3 billion gap that we've got. In that situation we come back with something and all I got from this Council is a bunch of rhetoric about how bad it is then we have a problem with the whole system. Now whether it is part of this or not, I agree with the Mayor on that part, we will try to figure it out, but one way or the other we have to keep moving the system forward. Either we agree to that or we don't. Let's just be careful about demonizing this piece or any other piece of this system.

Mr. Cooksey said I'll say it again. I do not believe it is the City Council's job to move this system forward because the system is governed by the Metropolitan Transit Commission set up by interlocal agreement with the Mayors of the towns and the Chairs of the Board of County Commissioners in charge of the system. I continue to go back to the discussions and the vote in 1998 and the repeal effort that failed in 2007 about how this was a regional system with regional governance and regional leadership. So I don't think it is our responsibility to get this done at all. It is the MTC's and I appreciate the work that the MTC has finally shifted to do on addressing these funding issues. It is not us. We gave that up, this city gave that up in 1998. That is my story and I'm sticking to it.

Mayor Foxx said I'm going to say a couple more things about this and then maybe we can talk about the rest of the budget. In 1998 the ½ cent sales tax was passed and I've actually taken the time to go back and look at the plan. I think everybody who talks about transit and asserts an opinion in one way or the other on different projects ought to look at the 1998 Plan. The 1998 Plan has no Blue Line Extension, it had a commuter rail line going north, but it had no Blue Line Extension, it had no Streetcar. The flaw in that plan from the very beginning was that it assumed the same percentage of support from all of our partners, 50% federal match, 25% local match and 25% state match. As pieces of the plan were put into it over time nobody ever went back to true up the assumptions on the different projects. You have projects that were hoped to have qualified that don't qualify. Some that weren't even on the table that got on the table and I can remind you that Mayor Reed was here a few weeks ago and he said that when Marta was built in Atlanta in the early 70's they were getting 80% matches and we believe 50% matches are good today. The trend line on that is what we need to be looking at. I'll also remind us that the entire system is probably \$4.5 billion on the schedule that is set out there right now. If we built it today it would be \$3 billion so we actually save money by accelerating pieces of the system. Furthermore I will tell you that if the pieces of the system we are talking about, the Blue Line, Streetcar or whatever, are put in place that does no damage to the system. It actually gives the system more capacity to grow. Are there regional politics in this, absolutely. Do we need to work more collaboratively with the MTC, not only on this Streetcar, but also the Red Line and other pieces of the system, absolutely, but time is money and every year we don't make more progress on the system we are spending money we don't have. What I'm basically saying is the ½ cent sales tax is not set up to finish the system even it were performing perfectly because the ratios were not accurate. What we are now doing through this working group and I'm very glad this working group, they are doing a great job by the way, but they are working to true up those assumptions. They are looking at all kind of different ways to finance the system that don't even involve government money in some cases. I've urged them to hit the target. Don't shoot for half way to the moon. If we are going to get the system built, let's design a financing structure that actually achieves the objective and doesn't over promise because I think that is what has happened with the system at this point. When people say a promise was broken, I'm asking which promise do you want us to break. You want us to break the so called promise not to use

certain taxes to get the system built even though we've increased property taxes to help the Blue Line Extension keep its financing intact or do you want us to break the promise to get the Plan built in 2030 because one of them is going to get broken. No easy answers to this and I would say this, our system goals of getting the whole thing done, we are probably two years away from actually deploying anything because you've got to work through the ideas, you've got to build the coalitions, you've got to go to the General Assembly in most cases and we are almost done with the long session. If we could get them out of town today I would say go home. We are two years away from that conversation. What we are talking about with this project is incremental deployment of a piece of the system. It is not the whole Streetcar, it is not the whole system. So more conversation on that but I appreciate the point and I just want us to excise our demons and move on and that is what I'm trying to get us to do and to think about. Why don't we go ahead with the rest of the budget and I appreciate that 40 minute interlude.

Mr. Dulin said for something that is not on our agenda today, we've sure divided by it.

Mr. Howard said just so you know a couple weeks ago before we went to Washington, a couple of you know that I was working really hard to amend the legislative agenda to add some language about the Red Line just because I think it is our job as a part of the MTC to take some leadership and really what I've heard as a part of the Red Line, because I've been involved in these conversations a lot more than most people around this table. We are working on all parts of it. As a matter of fact I have talked to Mayor Woods who has been chairing the Red Line Task Force about putting together a list of requests from this body on ways we can take leadership on getting that line going. This is not just me kind of picking out one of them. This is the one that makes the most sense right now. Washington influenced and some other reasons. But there are some things I think we could be doing on the Red Line that have come out of the conversations with this Committee, and it will require Charlotte to take some leadership, so Charlotte does have a role in this, let's not forget that. We are the biggest City in the MTC by thousands and thousands and hundreds of thousands of people so we have some leadership role in this. The majority of the system is inside the boundaries of Charlotte and we should care about making sure this moves forward. You will hear more from me on all of them, it won't be just this one.

Mayor Foxx said great conversation and you know what, that is actually clarifying because we got that out of our system.

Mr. Carlee said I'm going to turn it over to Randy Harrington to review the other elements of the CIP. There are some scenarios that he will present to you at the end of the presentation. There are two pieces of feedback in particular that we are looking for from you this afternoon. You can be as definitive as you feel comfortable but these scenarios are really two key pieces that are important for you. One is on funding the CIP. You will have different property tax rate options to look at and your guidance on that would be helpful. Among the key question there beside the amount is whether you are comfortable in considering a property tax change this fiscal year as opposed to next fiscal year, which has a fairly significant impact on what we are able to do. The second variable is bond referendum and whether to have a bond referendum this fall or to wait until next fall and get back on the City's regular cycle. As you listen to Mr. Harrington's presentation and see those options at the end, those are places for feedback that would be particularly helpful to us.

Mayor Foxx said I want to make it very clear what we are doing so we can have a good visual for this. What we give the staff today in terms of facts will likely be what we get back in May. Once we get this back in the form of a recommendation from the staff in May, it will be off to the races in terms of the public's watching this and following our deliberations, etc. so if you have heartburn about any piece of this, today is a real good time to express that because you have a chance now if there is something that the Council doesn't wish to have come back to us, there is a chance to say that today.

Budget Director, Randy Harrington said it is my pleasure to share with you some preliminary or draft recommendations at this particular point as it relates to the General CIP. One of the things I will point out is that you do have a hand-out at your place setting, Hand-out 1 which gives the material for my presentation. I would like to cover essentially three areas, and first off

to provide an overview of the components of the General CIP being the debt and the PAYGO components as well as how those are funded through the property tax rate. Next I would like to jump into this reminder of some information that we presented back in February at your annual retreat related to debt capacity, project savings and capital reserves. Then jump into some PAYGO program recommended changes, just a brief reminder on our past bond referendum history, and then jumping into the last piece that Manager Carlee alluded to related to the options and the piece that you asked us to bring back from your March 20th Budget Workshop.

Starting out, just an overview, as you will recall, the allocation of the current 43.7 cent property tax rate is divided or allocated three different ways. First to the general fund, 36 cents which funds your basic general fund operations, Police, Fire, Transportation, Neighborhood and Business Services, Solid Waste and those types of services, then you have two other allocations that go to the capital program. To the debt service fund which funds your debt side and then the PAYGO fund which funds the cash side. As you see there at the bottom of the slide, kind of an overview, trying to think of the differences between the two, the debt component funds your larger longer life type big capital investments in the community whereas the PAYGO program is typically our smaller projects or projects that don't lend themselves very well to a debt type financing. Then typically most of the projects and programs in your PAYGO Program are related to capital maintenance of existing infrastructure that we have here in the City.

As you will recall at your February Retreat we messaged the debt capacity, existing capacity based off of the existing current property tax rate of \$25 million. Project savings related to some street bond project savings as well as some facility savings totaling \$12 million and then capital reserves at \$5.3 million. Capital reserves is the amount above your 16% general fund fund balance policy target. It is the amount above that that is available for transfer over to the PAYGO program per your policy, so we have those identified as well.

Mr. Howard said Randy remind me again why is 16%?

Mr. Harrington said for a variety of reasons. Primarily the AAA credit rating is one of the primary factors. Cash flow and then one of the other big components is emergency uses, like a Hurricane Hugo or something like that comes through can have tens of millions of dollars of damage. It is an emergency rainy day fund for that particular purpose. Greg, you want to add anything to that?

Mr. Howard said I would like to hear Greg's response, why 16% and what is the standard for most cities our size?

Finance Director, Greg Gaskins said there are a number of answers to that, let me give you a couple of short answers. One is that there was a policy obviously made by a prior Council related to that and that is the most obvious reason. It is approximately one month of expenditures which is considered almost a minimum in terms of having a major emergency to have that much cash available. At one point in time considerations of higher levels were made at the Budget Committee level because there are in fact places that have much higher than that, smaller places in some cases have 100% to 125% because it is the relative size of the amount of money versus the size of budget expenditures they have. In North Carolina if you did an average, it would probably exceed 16%. There is a Local Government Commission minimum recommendation of 8% so therefore for a lot of the major ones you see it falling somewhere between 8% and 25%. There are a number of reasons, but actually after looking at all of that prior Council made a determination of 16%.

Mr. Howard said do you mind at least getting back to me what other Metropolitan areas, Asheville, Greensboro, Raleigh and then our peer cities in other parts of the country, what their capital reserves are and then that information that you just mentioned Greg, about the School of Government and what they have to say about it?

Mr. Gaskins said the Local Government Commission is one that has the recommended 8%.

Mr. Howard said I don't want to mess with it, I just want to understand it better.

Councilmember Fallon said isn't it basically an insurance policy for the City and didn't the bond people want us to add a percent to it to make it 17%?

Mr. Gaskins said two things. It is for an emergency in the event that you have some disruption that either does one of two things. It either interrupts the flow of funds to you or you have additional expenditures that you don't have other funds to cover in the event of an emergency. In addition to that yes, when the committee looked at it in the past it was to determine whether or not as a result of certain events in the world certainly in terms of natural events, disasters and storms etc., but also because we now have terrorism is a risk factor that we did not have at one point in time. There was consideration as to whether 16% was enough.

Councilmember Pickering said Greg, in your professional opinion is 16% your recommended number or would you have a different number, and if so what would it be?

Mr. Gaskins said I'm pretty conservative and I think I've been on record before Council before to say that when this was discussed before my personal recommendation was 20%, but that was not the Manager's recommendation and Mr. Carlee is smiling as I say that and I haven't talked to him about it. In the past that was my personal recommendation.

Mr. Carlee said it is an issue I've looked at considerably. I think the previous Council policy is prudent in Charlotte and I'm very comfortable with the 16%.

Mr. Howard said I was going to ask him, given the fact that you were at an organization that advised on that, what is your organization advise cities?

Mr. Carlee said neither our organization or Government Finance Officer Association nor the bond rating agencies recommend a specific percentage. What they recommend is that local governments have comprehensive financial policies and the level of your reserves be created relative to your risks within your revenue streams and the expenses that you face and your ability to make adjustments operationally when bad things happen. Even among AAA jurisdictions you will see a wide range of different reserves and it is really hard to compare apples to apples when you start looking at them. There is really a deeper financial analysis to understand what other funding you may have that could be reallocated or frozen to insure your – in essence what the bond rating agencies are looking for is assurance that you are financially sustainable in the context of your total financial condition.

Mr. Howard said you actually make another good point. I would assume that we keep capital reserves for our enterprise operations as well separate and apart from this one. I'd be interested in what those are and what our policies are there and what the balances are there.

Mr. Harrington said I'm happy to provide that.

Mr. Gaskins said there are individual policies for each of the enterprise funds. They have their own policies that are different and we will be happy to share that with you as well.

Mr. Howard said do we decide those policies? Did a prior Council decide what it should be for Utilities?

Mr. Gaskins said that was in consultation with obviously the enterprise funds and then recommendations were made to the full Council.

Mr. Howard I would love to know those and the balances.

Mr. Harrington said I would like to talk about two recommended changes in the PAYGO Program related to maintenance items. The first one is related to the Solid Waste Services Administration Building, HVAC, heating, air conditioning retrofit and as you may recall this facility was completed in 2010. Since its completion the HVAC system has not been performing adequately and staff believes that there were design errors made in the design of the HVAC mechanical system. A retrofit is required and the funding for that would be \$1.2 million but one of the things I will note is the City has been in negotiations and conversation with the architect
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and the contractor and have been unable to achieve a resolution so we have sought legal action to recover damages as well as the retrofit costs, but at this particular point they are recommending up fronting that costs to get the project going.

Councilmember Mayfield said so realistically does it look like we have a solid chance of being able to recoup those funds since it has been determined that there were errors in the original construction of this? If we are saying we are going to identify \$1.2 million in order to make sure that the staff is in a healthy environment while working what are the chances of us making sure that we are able to recoup those funds and once those funds are recouped are we making sure that it is going to cover the total funding balance and where are those funds going to be returned to?

Mr. Harrington said I think generally speaking we feel like there is a good case and that is moving forward. As far as getting damages and compensation for the retrofit, it is always a question mark and I can have the City Attorney comment a little bit, but we will certainly seek the full amount. A jury ward could be something different of course if it were to lead to that, but we are pursuing the full amount and the damages associated with that. Any payment back to the City would come back to your PAYGO fund for re-appropriation.

City Attorney, Bob Hagemann said to briefly elaborate, we did not do anything wrong. We do have a problem. This is one of those situations where you have a contractor and an architect pointing the finger at each other which is why we've had to go to litigation. We will do our best to recover as much, if not all of this money, but we will also have to evaluate as we go through that process, risks and possible settlement.

Ms. Mayfield said is this one of the projects that we bid out and the lowest bidder won the project?

Mr. Hagemann said yes.

Mr. Barnes said is it a contractor who has done work for us before?

City Engineer, Jeb Blackwell said there are some minor construction issues with the contractor. The primary problems here have to do with the mechanical design. We believe that the system was not designed correctly and so we are dealing with the designer.

Mr. Barnes said had we worked with that vendor before?

Mr. Blackwell said the lead design firm, the architecture firm, we have dealt with on a great many projects and have not had this problem. Our largest problem isn't actually with the lead architectural firm, although they are in the middle of this of course. There was a mechanical sub-contractor that we believe is predominantly responsible for this and they have not been very responsive as far as responding and dealing with this problem.

Mr. Barnes said have we had a relationship with that vendor before?

Mr. Blackwell said I don't believe they had done work prior to this.

Unidentified speak: They have done a couple of projects for us before as a sub-consultant, but not as a prime. Obviously, we usually deal with the architecture engineering directly and they have worked with us on several.

Mr. Harrington said the second maintenance item in the PAYGO Program is the seat replacement at the Blumenthal Theatre. There are approximately 2,100 seats and about 21 years old. The theatre was opened I believe in 1992. The seats are deteriorating and this includes the cushions, the mechanical retraction components, the physical nature of the seats have reached their useful life. We recommend replacement of those.

Mr. Barnes said I've heard the story before about the Blumenthal Theatre. Do we own that building?

Mr. Harrington said we do.

Mr. Barnes said how much do we spend annually for maintenance on that building?

Mr. Harrington said I don't know the number off the top of my head.

Mr. Barnes said we own the dirt and the structure?

Mr. Harrington said we own the facility and this is the type of capital expense that would be the City's responsibility. I'll be happy to get more details in terms of what we have in our maintenance budget.

Councilmember Mitchell said as a follow-up to Mr. Barnes I guess I'm getting a little confused because when we developed a cultural facility I thought one of the discussions we had was not to get out of the maintenance business so did I miss something?

Mr. Harrington said I'm sorry and I apologize for the confusion. There is an element of maintenance as part of the cultural facilities plan that they do carry and cover, but in this particular case this would not be one of those items.

Mr. Mitchell said what other facilities do we have some maintenance responsibility? Do we have the Harvey Gantt?

Mr. Harrington said we do for all those cultural facilities.

Mr. Mitchell said would it be helpful for you to provide for us a list of what maintenance responsibility we still have because I can remember that was part of a lot of our discussion. I remember Patsy kind of being our resident art expert really focusing on we don't mind building and paying for development but we need to get out of the maintenance business. I'm kind of surprised that we still are to a certain extent so if you can provide a list at what level we still have some responsibility I think it would be helpful.

Mr. Harrington said I'd be happy to and as a part of that plan a large bit of the maintenance was shifted to the operators in terms of taking care of them, but certainly in our write-up we will clarify that for you and outline all that for you.

Mr. Howard said just to keep going with that, talking about reserves a little while ago, do not each one of these buildings have reserve set up that they put money aside from their tickets to keep the building up. Actually all of our buildings, because we own the Belk Theatre as well. I don't know if we have an interest in Spirit Square, but do they not have reserves set up to take of maintenance?

Mr. Harrington said the City as part of the PAYGO maintenance some of those components, that is where some of these larger maintenance items would be funded from. As far as a reserve I'm not aware of a particular reserve and I'm looking at our City Engineer and he is shaking his head no, there is not a specific reserve that is set aside for each facility to cover expenses like this.

Mr. Howard said what you are telling me is that we've decided in the past that PAYGO will act as a reserve for replacement issues. So we don't have a maintenance reserve, we just put money in every year to take care of all these. Is that what this is?

Mr. Harrington said we do, but this is a unique item. We do have some ongoing programs but given the size and the nature of this, that is why we are recommending and noting it separately, and it is a onetime only expenditure and that is why we are pulling that out and making that transparency for Council.

Mr. Howard said I'm not necessarily concerned about this one per se as much as if there was something that happened with the City, could these buildings not be kept up on their own. It is not just one thing, it is whether or not – I didn't realize that these theatres were kind of like the

Arena and those things where we were just covering a bunch of things. I thought they kind of functioned on their own and they don't.

Mr. Harrington said they do to some degree, but for the larger capital, the City is responsible for the buildings themselves and then we do participate on that front.

Mr. Blackwell said the Arena has a cap ex-account. Some of the partner ones we do have an account for the arena. Most of the buildings, the vast majority of maintenance is scheduled maintenance. We know when mechanical units or what age they are so we work through that schedule and work through those numbers with the Budget Office. There are occasional emergencies that happen on unexpected failure of equipment or the Police Station was struck by lightning and you end up with unexpected costs and usually we have enough flexibility in the budget to address those, but the vast majority of the buildings are dealt with through a planned set of maintenance, repairs and replacement. There are a few like the Arena that the cap-ex account that we and the Bobcats each contribute an amount to and we agree on what projects will be done each year.

Mr. Howard said Jeb, is there a reason why you didn't do that on all of the buildings that way so that part of the ticket sales and proceeds go to fund up front?

Mr. Blackwell said the cap-ex account has a look ahead in it where we look at what our anticipated costs are and we are able to plan those expenditures out and if necessary we will talk about adjusting them out. At this point we haven't had to talk about adjusting the cap-ex account amount, but at some point as the building gets older it could be that we would have to look at adjusting that. We are trying to do that through a proactive several year out planning process.

Mr. Harrington continued his presentation with the slides on Page 4 – Capital Reserves – a part of the overall program we do recommend retaining that \$5.3 million at this point for budget flexibility as potential contingency needs. If this capital reserve of \$5.3 million is not needed or used as part of the budget process we would recommend two additional projects and that would include Americans with Disabilities Act facility improvements. We recently had a study that reviewed all of the City's facilities and identified areas where improvements could be made to increase and improve accessibility in compliance with the ADA federal law. Then the CMGC Plaza Waterproofing. I hope none of you have been in your car and have been walking in the deck underneath and had water drip on you, you might have and I know that there have been times when the Plaza area does have some seepage and some leaking of water that comes through. That can get into the parking deck area as well as other mechanical rooms that we have underneath the Plaza and Jeb has shared with me that in a number of cases we've had to put tarps in our mechanical room to cover our electrical equipment to prevent any potential shortages of water leaking through. It is a concern and a safety risk and that is one additional item that we would recommend in the budget if the capital reserves are not used.

Ms. Mayfield said is the water proofing going to be a shared costs since more than just City employees do utilize that parking?

Mr. Harrington said yes, it could be shared with the entire facility and the County and CMS does pay for share of the building.

Ms. Mayfield said so that \$.3 million would be the City's share? Basically if you could provide a breakdown of what we are anticipating those costs to be and what the shared costs would be so the City is not taking the bulk of the repair costs on this.

Mr. Harrington said CDBG and Home Grants, at this particular point we don't have a confirmation back from the Federal Government on what the exact allocation reduction will be, but at this particular point we are anticipating about an 8.4% reduction.

Mr. Mitchell said because this is very important that we use CDBG for a lot of our programs what was the reduction last year or are you just being consistent? Was it 8.4% reduction last year and is that why you feel comfortable with the 8.4%?

Mr. Harrington said the 8.4% is what we are hearing and feeling so to speak from our contacts in the Federal Government. Last year we had a reduction of 6%.

Mr. Mitchell said 6% reduction last year and the two dollar amounts, what are we talking about?

Mr. Harrington said the dollar amount equates to a couple hundred thousand I believe. I will be happy to confirm that back to you in one of the Q and A but it is about 8.4% at this particular point. We will know more hopefully toward the end of April and of course we will have those specifics for you as part of the Manager's recommendation.

Mr. Harrington continued with the Rental Assistance Program and said at the April 1st Workshop they did have a brief discussion on the Rental Assistance Program and a concept or an idea to fund that endowment. I'm not sure if the Council wants to speak to it now. The Budget Committee did review that item and it is on your agenda at a later point for discussion but I did want to note at this particular point that we have recognized that piece and wanted to include it here in terms of whether the Council would like to have continued discussion.

I will shift a little now into the debt side of the general CIP and just a brief history as you are familiar with in terms of past bond referenda history, at the last Workshop you requested staff to go back and essentially take the original recommendation for the CIP, exclude the Streetcar and the UNCC Informatics and run that number and see what level of tax rate is produced. We have done that and as part of that we have also looked at three other scenarios that could reduce the property tax rate yet still have all the projects, but essentially what we were looking at was the original concept in the CIP had a higher level of projects and funding requirements in the earlier stages so you had a high level at the top and kind of decreased over the course of the four cycles. We played with that and reversed it, having lower costs and fewer projects in the front side of the cycle and then pushing projects to the later part of the cycle and looking at opportunities for getting planning and design going early up front and getting projects that would have greater economic benefit, trying to get those closer to the front side. We did that not as a recommendation or any proposal but simply as an illustration of what that would look like.

Mr. Howard said the way that this was explained last time is that this was presented to us in the framework with helping us with economic development in that donut area around the center city. It was to put as much in as fast as you can to get that economic return going as quickly as you can. Was that taken into consideration with this inverted approach?

Mr. Harrington said yes.

Mr. Howard said and you still feel like that is the projects that you would put forth first would still, well not the same effect, it couldn't, it is not as much investment.

Mr. Harrington said the timing could alter the timing of when those economic impacts occur, but in terms of looking at the totality of the plan that all of the projects were still in, but it could be that you would experience some delay and some of those economic benefits if projects are pushed out further, but ultimately at the end of implementation of the entire plan conceivably then those economic benefits in total would occur.

Mr. Howard said the only thing I'm saying is that we talked leveraging against other investments going on in the areas. I'd like to make sure that is still a part of the thought process so it leverages it faster. To have the Blue Line come on line and then NEISSE be ten years out doesn't make a lot of sense to me and I'm sure that is not one of the ones you did, but that is the kind of thinking I'm talking about that it makes sense with the investment that is going in those corridors.

Mr. Harrington said you can see the assumptions that are in all four scenarios and I will highlight those for you. (Page 6) If you look at those four scenarios, scenario one being the Council request at the last Workshop, assuming bonds start in 2013 the associated property tax rate would be 3.99 cents. If you took that same plan but instead of starting the first bond in 2013 you shifted it to 2014 start, that would equate to a 3.17 cent tax increase. Scenarios three and four, this is what I mentioned earlier about trying to push projects later in the cycles, do more planning and
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design up front, looking at those particular example and these are outlined later in your packet behind the PowerPoint presentation. If you did that assuming a 2013 bond start the tax rate would be 3.64 cents if you shifted it by one year to start in 2014 in terms of the bond vote that rate would go to 2.78 cents.

Mr. Carlee said this gets to the point I was making at the beginning of the presentation so you can see the difference based on the bond start. The tax rate in each scenario assumes a July 1, 2013 tax rate

Mr. Harrington said correct. The other thing that I will add is that you know these tax rates are based off of current assumptions and what we know the economic environment to be. Of course those change over time and we re-evaluate those annually, but this particular point, this is what comes back.

Mr. Cannon said Mr. Manager, would you want to describe today from your perspective what might be the pros and the cons of each one of those scenarios or bring something back to us with regard to that?

Mr. Carlee said there are three dimensions to them. One is the actual capital projects themselves and how we advance them and maintain continuity. That is obviously a really critical thing. A second one is the capacity issue which is really the tax rate and around that, which is your purview and not mine, is the little political issue of amount of tax rate and when you may do it. The third one is more of a strategic issue around what is on the ballot when our bonds are on the ballot. One of the things that I've learned as I have been going through my review is that the County or Schools are likely to have bonds on this year's ballot and from a strategic standpoint the question is would that disadvantage our having a bond issue and risk some confusion about what the City is doing and why we are doing it with a discussion in the community about other bonds on the same ballot.

Mr. Howard said you are saying if we raise taxes this year but don't start projects until next year, that is number four?

Mr. Harrington said that would be two. If you took the original recommendation on the CIP, excluding the Streetcar and UNCC Informatics and started the tax rate effective this July, but you had the first bond in November of 2014, it goes down to 3.17 cents.

Mr. Howard said the scenario you are talking about is the inverted part where you do most of the projects up front. What are the two scenarios?

Mr. Harrington said scenarios three and four are the ones that invert the projects in terms of pushing more to the latter cycles.

Mr. Howard said scenario one is timed just the way it was presented?

Mr. Harrington said correct, one and two are both timed essentially in similar fashion than what you have been seeing and reading and reviewing over the past year.

Mr. Howard said so you get everything we talked about except the Streetcar and the Informatics if we did number four? You just time it different?

Mr. Harrington said correct.

Mayor Foxx said now let me make sure I understand it because now I'm confused. What David just said is true also of one and two as well. I thought one and two were fully loaded except for Streetcar and Informatics.

Mr. Harrington said correct.

Mr. Carlee said let me try to clarify it. One and two maintains the schedule that you've previously talked about. The difference is when you have the bond referendum and so we will do
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some adjustment in terms of scheduling design and contracting and bond so you get some bond savings which enables you to have a lower rate. In three and four you are actually pushing some of the projects out and they are the same projects that are pushing out on both of them, again the difference is when you have the bond referendum and start paying debt service. We front load the payment of our bonds so we have high payments in the early years which is a leading practice in financial policies. That is why you get a lower tax rate by holding off on your bond referendum into 2014 in either scenario.

Mr. Howard said but it is still 8 years? Bond referendum every two years?

Mr. Harrington said correct, four cycles.

Mayor Foxx said so this chart, just sort of flag this chart because we are going to come back to it at the end of this discussion because one question is which plan do we want to do, but the other one is when do the bonds come in for the public to consider. Essentially what the staff is telling us is that you can actually have a lower property tax rate by delaying the bonds into 2014.

Mr. Carlee said which does put you back on your regular cycle, but has some other damages in terms of what the public is used to.

Mayor Foxx said and not potentially competing with the County.

Mr. Harrington said just for clarification there is an overview of those scenarios on Page 9 of your Handout #1. Then the following four pages spell out those four scenarios and the timing of the projects within the four cycles. Again, just to make sure it is completely clear, all of these cycles assume a property tax rate increase effective this July 1.

Mayor Foxx said just for the public's benefit I'm going to make another point, which is that scenario two, last year scenario two and let me say scenario one was 3 cents, so it has gone up a penny just with one year's delay. We in this sector like to tell people we are saving them money when we don't go forward with property tax increases, but you can see here that the same set of projects are actually more expensive when compared apples to apples and to further the point we are in an extremely low interest rate environment and low construction pricing environment and we could find ourselves losing money by waiting over years and years. That is a real challenge.

Ms. Fallon said have you figured in a raise on that scenario two?

Mr. Harrington said yes and one of the assumptions, where appropriate, as I mentioned on the previous slide, we have factored in project cost inflation if the project was moving out. A number of you like to see and understand what does that impact then translate into for a residential property owner and I just prepared this slide that gives an overview. Just looking at just the difference component of what that increase would translate into on a monthly basis as well as an annual basis.

Mayor Foxx said I could probably back in and figure this out, but what does \$100 million in capital capacity correlate to in terms of tax rate?

Mr. Harrington said it depends a lot on timing but roughly under one cent.

Mayor Foxx said ½ cent? I know it kind of depends on what the overall program is.

Mr. Gaskins said what we could do on any scenario, we could take it and run you a number based on the scenario.

Mayor Foxx said the reason I'm asking is for a \$400,000 house, scenario one is \$119 more on an annual basis and if you back it out monthly, it is \$10. When you back it out weekly it is \$2.50 and you are getting close to a billion dollars in projects done.

Mr. Harrington said the Manager has already alluded to some of the questions and if there is any additional feedback that the Mayor and Council would wish to give we would be happy to receive that or any other questions of feedback that you might have.

Mayor Foxx said are the questions that we need to answer?

Mr. Harrington said I think you did two earlier with our 40-minute discussion, but the first one is the one I framed at the beginning of this in terms of guidance and how I then proceed forward in putting together the core CIP.

Mayor Foxx said is this the time to pause and have this discussion?

Mr. Harrington said yes sir.

Mayor Foxx said the one issue we need to deal with is item #1 that has two parts to it. Again this is in the frame of where we want the staff to come back to us with, so input.

Councilmember Kinsey said all of these scenarios assume that we would raise taxes this year. I don't know where I am on this but I'm just saying this is an election year. If for some reason this council decided not to raise taxes this year is it correct to assume that the tax increase would be larger next year?

Mr. Carlee said to do the same projects on the same schedule yes.

Ms. Kinsey said do we have any idea what that increase might be?

Scott Greer, Finance said delay the tax a year. It was 3 cents last year and it is 3.17 cents this year, that 14 is a one year lag of ... like we would have done if we had done in 13, so the 3 and the 3.17 are roughly equal. The 3.99 is the fact that you are pulling it closer. You are only collecting taxes for one year so I'm saying 20.2 is probably about what the impact would be if we wait another year because that is where the inflation and all the other stuff comes in.

Mr. Gaskins said if conditions remain the same.

Mayor Foxx said I would have thought scenario one would be closer because we were talking last year about the tax rate and the bond package happening in the same year, the first one, and I know you've got four bond cycles, two of which are stacked one year after the other, which may account for some of the difference, but it strikes me that scenario two is the scenario we didn't actually consider last year which was voting for the rate and delaying the bond package for a year after.

Mr. Greer said scenario two is what we did last year.

Mayor Foxx said scenario one was last year as well. I just want to make sure we are getting this right.

Mr. Greer said last year we were going to have a referendum in 2013 and another one in 2015. I'm sorry it would have been last November so 2012, 2014, 2016 and 2018. Now we are talking about 2013, 2014, 2016 and 2018. So we are compacting the projects into a closer period and the key is that you didn't collect the taxes that you would have collected in FY13 so you have less money to start out.

Mayor Foxx said I understand that but it seems to me that there is a difference between 2013, 2014, 2016 and 2018 and 2012, 2014, 2016 and 2018.

Mr. Greer said it is one more year of collection.

Mayor Foxx said I understand but what we did last year strikes me as more similar to scenario one than scenario two. I understand the compression issue, but isn't that counterbalanced by the fact that you in scenario two you are doing something we never did last year and never
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contemplated which is we didn't contemplate raising the tax rate in 2012 and putting a bond on the ballot in 2013.

Mr. Gaskins said there is now another factor. As you know I reported to Council about the fact that we now have the re-evaluation issue and so all the numbers you looked at last time are not the same because now we have lower start values across the board. You've got a double impact, it is not just the impact from last year to this year, you have to also realize that you've got start values that are lower. You've got two factors that are influencing the difference in the numbers.

Mayor Foxx said right and we are only adjusting for one of them. When we compare last year to this year scenario two is factoring both factors.

Mr. Gaskins said yes, you've got two things different and last year you didn't have that.

Mayor Foxx said to answer your question, it is probably somewhere between 3.99 and 3.17 but we don't know where.

Ms. Kinsey said I just thought I might emphasize the fact if we don't raise taxes this year most likely they will be higher next year if we go with the same package.

Mayor Foxx said that is right.

Mr. Cooksey said I will just reiterate something I've said in the past since this is the time for it. Scenario that I favor wasn't actually modeled and that goes back to premise that for a CIP to happen as laid out, two things have to happen. There has got to be a tax increase and the voters have to approve it and I've said going back to last September, I don't see the point in separating those two decisions. The General Statutes give us the authority to ask the voters to vote on a tax increase and because the sole purpose of the tax increase is to fund the CIP, the vast majority of which the voters have to approve when they vote on general obligation bonds and I think the voters should vote on the tax increase as well, which would put levying it out to June 1, 2014 assuming the referendum takes place in the City elections as general statutes contemplate this November. That is the scenario I backed. Tax increase shouldn't happen in the budget this go around and should be on the ballot in November for changing the budget next year.

Mr. Howard said I was wondering if we had any indication from the County about their schedule for re-evaluation in the future? Are they prepared to do that on a more consistent basis, and if they are is that factored into the assumptions that you've made?

Mr. Gaskins said if you will remember Mr. Howard, when we talked to you before we were in consultation with the County about what they were doing. We do know that they are going to use the same methodology for creating the numbers that were are, that is going to be in your budget. We know that, but we don't know, based on the legislation that hasn't passed yet exactly what will happen after it passes. What that means is that we don't know therefore the timing or whether they will choose Option A or B in that legislation. The legislation that is pending related to Mecklenburg County and the repayment of those people whose properties were considered overvalued. In that legislation you have two possible options, one of those is sort of a hybrid option of refunding that is not a full re-evaluation and one of those options is a full re-evaluation. Obviously, the impact of those two choices would be different. One of the issues, if you had the option chosen, where you didn't do the full re-evaluation is you don't know how much longer you might be dealing with an issue of below value. In other words if you don't do a tax rate that takes you back to a revenue neutral rate then you could have more than one year where you are continuing to have values that are lower than would have been anticipated had you not had the problem. So we don't know yet the answer to that question and we won't know until the legislation is passed and the County Commissioners make a decision.

Mr. Mitchell said let me follow up on something Mr. Cooksey said earlier. I think we increased property taxes in 2006 and I remember the bonds but I don't remember us putting the property tax increase on the ballot. What did we do different in 2006 that Mr. Cooksey is trying to describe that we ought to do now.

Mr. Harrington said there was not a component on the bonds that ask to approve a tax rate associated with it. Council approved the tax rate prior. It was a 3.86 cent tax rate and at that particular time that funded capital, police officers and additional street resurfacing, but the voters did not approve on the tax rate component.

Mr. Mitchell said because we didn't put it on the ballot?

Mr. Harrington said right.

Mayor Foxx said we need to flag this because we are going to come back to this. Is there any other input on the two questions, rate and timing of a potential bond cycle?

Mr. Mitchell said on the bond referendum, Randy refresh my memory, are we talking about four cycles? I cannot remember the dollar amount of those four bond cycles. One was affordable housing.

Mr. Harrington said is there a particular scenario in terms of the amounts per cycle?

Mr. Mitchell said I'm thinking in both scenarios you were saying there were four bond cycles.

Mr. Harrington said there are four years, but are you asking about for example under scenario one what would be the total amount in the bonds for that particular cycle?

Mr. Mitchell said yes.

Mr. Harrington said if you will look on Page 11, under scenario one. Under each of the columns at the bottom it shows the GO bonds component, that first one \$140 million.

Mr. Mitchell said in 2014 we are talking about \$221 million and \$161 million in 2016 and \$96 million in 2018.

Mr. Harrington said just for comparison purposes, if you look on Page 17, one of the examples there again an illustration showing projects being pushed out. You see a bond start of only \$103 million and then \$141 million, see how it builds and it is going to the latter part of the cycles. That is the difference.

Mayor Foxx said the delta between one and four, is that interest charges?

Mr. Harrington said cost escalation related to construction.

Mayor Foxx said when you advance the projects faster you end up paying less for them ultimately?

Mr. Harrington said as you are pushing projects to later, yes you add that inflationary component to them and it increases the price of those projects.

Mr. Howard said I was wondering if you would Randy, talk to the Chamber about their feelings about – you know we had this thing in Charlotte for a long time of referendums over \$200 million, always had a hard time of passing. I would love to check since we need to work with an outside party to help sell the bonds to the community on what their thoughts are on these different amounts as well.

Mayor Foxx said he is asking for the Chamber to be advised on these scenarios and to get some input into the scale of the individual bond years. In Mr. Howard's words when bonds have been over \$200 million they have a little trouble passing. Just asking for input.

Mayor Foxx said we've had questions we now need input. Let me ask it this way – Scenario one, is there support for the Manager recommending scenario one. This is not hard vote, you can vote for more than one if you want, any input is good.

Mr. Howard said number four requires some political courage but I'm really intrigued by the fact that if you wait a year you save so much and it gets us back on our cycle of being on the off year of the county. I'm intrigued by number four Mr. Mayor.

Ms. Mayfield said Randy, if I am looking at this correctly, if we are looking at just the total package cost of scenario one and scenario three, those are the two that are going to be the most economical for the community. We are looking at \$804,764,000 total bond package for scenario one and \$809,363,000 for scenario three as opposed to the scenario four which Mr. Howard is looking at which goes up to \$821,229,000. We are going to come out more economical based on what we know today and knowing that there is going to be an increase in costs on either scenario one or scenario three. Those would be looking at really the most two economical choices to move forward this transformative capital investment plan that we had agreed upon and that we challenged staff to come back with, taking out the Streetcar and Informatics?

Mr. Harrington said by economical you mean in terms of the lowest total costs of the package?

Mr. Mayfield said right.

Mayor Foxx said by a show of hands, this is not a vote, this is just trying to get us closer to some idea and the other option is just going to each individual and asking you where you are on this. Scenario one, any support for scenario one? Two votes. Scenario two – 6 vote. Scenario three – 1 vote. Scenario four – 6 votes. Two and four so I think that settles the question on the bonds. Now it is sort of an issue on the rate. Do you want to discuss two and four a little bit more? Let's just kind of pretend one and three aren't there.

Ms. Kinsey said I would go with either one. My vote was for either one with a tax rate increase.

Mr. Barnes said the reason why I supported scenario number two is because it essentially captures a lot of the issues that we were trying to address, many of the needs that we were trying to address. We learned during our analysis of the Public Safety Committee that the Joint Communication Center had gone up in cost about \$4 million, from \$64 million to \$68 million, and just as an example and so under scenario number two, the Joint Communication Center is included in one bond cycle which would allow us to draw that issue and have that corridor to become more complete at least as far as City work is concerned. Scenario two would also include the Bojangles/Ovens redevelopment funding which was important for a slew of reasons and I don't know how you feel about it, but it would help accelerate that and several other issues including dealing with parts of NEISSE. Last year that package less the Informatics was 3 cents and now it is 3.17 cents and I don't like the idea of having to delay another year on allowing voters to vote on the packages, but in order to get us back on our even year cycle I think it would make it sense to support scenario number two.

Mr. Howard said just to respond because we've been having this conversation for a year. A lot of what I heard last year from folks that didn't agree with me around this table was that the economy was important and we needed to be concerned about how much we raised taxes. In this situation we are still talking about a cup of coffee but it is still a difference so why is it not the lowest one period.

Mr. Barnes said I think Mr. Howard, there are a few issues in the question you pose and from my perspective if are able to provide the projects that the public expected sooner rather than later that is a good thing. You will notice that under scenario number two the first bond package is \$244 million and the next is \$249 million, the next \$195 million and the final one would be \$126 million. Under scenario four the first package is \$142 million, almost \$143 million, the second is \$230 million, the next \$208 million and the next \$239 million. So more of the projects are in the earlier cycles under scenario two as opposed to scenario four and because of the importance of the projects I figured it would be more conducive to meeting the expectations of the public to do the projects in 2014 as opposed as to 2020 or 2022 and that is my thinking. As far as last year goes I voted for a budget and it was a rate neutral budget and it was vetoed and a motion was made for nothing and nothing passed so we find ourselves in this uncomfortable position because of that. As I sit here in 2013 that is how I have to look at it.

Mr. Howard said I think I've heard from a number of my colleagues for about a year now that the economy was one of the real reasons why we didn't need to do certain things so in that scenario if we can get all of the projects and the rate not have to go up. Maybe you were not one of the ones that made the argument about it being a hardship on our citizens, but I've heard that.

Mr. Barnes said I want to move the City forward.

Mayor Foxx said we all supported a budget. They were just different budgets and I think that if we continue kind of reflecting on the past we will continue having trouble moving into the future.

Mr. Barnes said we spend the first 40 minutes of this meeting doing that.

Mayor Foxx said I'm hoping that we can move forward.

Mr. Cooksey said Mr. Barnes' point about the Joint Communication Center I would like to ask Mr. Harrington about the escalation factor. As you pointed out in Budget Committee and looking back at last year's original proposal 2012 bonds had \$64 million for Joint Communication Center. I'm looking at scenarios two and four now since those were the ones that got the most – scenario two puts the Joint Communication Center in the 2014 bond at \$68 million which is an increase over two years of a little over 6% and yet scenario four breaks out that same \$68 million over the next four years for the Joint Communication Center, \$24 million in the 2014 bond, \$44 million in the 2016 bond. How does the Joint Communication Center build up over 6% two years from 2012 to 2014 but it doesn't go up 2014 to 2016?

Mr. Harrington said the project in totality was analyzed for its overall costs and what we know of the project and that one set of increase based on what we know of costs inflation would cover it so that is why there is no difference between the two.

Mr. Cooksey said I'm not sure I'm following just yet. That could be a clarification provided in a latter memo. I'm fine with that, I just wanted to raise the question since that was the point about the escalation. It is flat laid out here that from 2012 to 2014 it goes up a little over 6%, about \$4 million from \$64 million to \$68 million, but in scenario four where it is still \$68 million it goes out two bond cycles and it doesn't change. That just puzzles me so if there is a better explanation I would love to read it later.

Mr. Harrington said I will be happy to but from a general perspective it was analyzed based on what we know with construction inflation that one time would cover that particular project, but I will be happy to come back with any additional detail and clarity on that.

Ms. Pickering said Mr. Howard's point, I don't think any of us like to raise taxes, I know I don't, but I was fully prepared to. I'm not reliving history but I was prepared to last year and did vote to raise them to some degree. I'm not happy to do it but I will do it this year. I think it is important that we move this City forward and these projects were all good projects and we all essentially agreed on that. I think it is important to move them forward ASAP and the fact that the county and the schools may have bonds this year, I think it is a consideration that I certainly took into consideration last year, the county issue of the re-evaluation so that is why I'm supporting scenario number two.

Mayor Foxx said do you feel like you got some good guidance?

Mr. Carlee said yes sir, I actually do. I think the guidance on the 2014 is extraordinarily helpful and the range of discussion on the tax rate is one that I think we can wrestle with and hopefully get something that you can work from in the upcoming budget.

Mayor Foxx said are there any other issues that staff has on the capital budget because I've got one I want to raise because I don't know if it is resolved or not resolved. There is this issue of the rental subsidy endowment piece and I wanted to bring attention to that for two reasons. One is that as I recall we had a scenario presented to us back in the fall that I think it would have done the rental subsidy somehow I'm not sure and maybe staff can help me understand this, but would

have required an additional \$8 million. We now have a strategy that uses what was previously plugged in at \$60 million but now requires an additional \$10 million in PAYGO. So I'm trying to figure out, number one what is the state of play with the strategy itself and number two, by the way I don't like the idea of taking from the Business Corridor PAYGO monies to do that rental subsidy piece. If we are going to do it we probably need to create an account or place for that and to do it. I think it is a good idea, but I want to know where that stands because I didn't hear conversation about where that stands right now.

Mr. Carlee said I will be happy to tell you what I heard from the Council. What I heard was a high level of interest in being able to leverage City money with the foundation on the private fund raising for a rental assistance program. But certainly no consensus and some concern about doing that from the corridor funds and what I'm in the process of doing is looking at the housing program in its totality. This piece of it was brought back to the committee in isolation of the rest of the housing program and so I plan to meet with housing staff to look at our total program that is proposed for fiscal year 2014 and to assess relative priorities, especially given the opportunity to leverage funds with this program. I don't have a recommendation to make to you at this point, but I heard the interest in the program but the concern around the funding source.

Mayor Foxx said I share that concern and I wanted to see this happen in some way, but I think that if we are going to do it we just need to put a place in the budget for it.

Ms. Kinsey said I think I channeled the Manager because I was wondering if there wasn't something. I thought we should look at the overall housing budget to see if there was anything there before jumping ahead to do something else. I'm glad to hear that.

Mr. Barnes said on that issue and it is coming up later in our agenda. When the Budget Committee looked at the issue, if you will look at Page 59, we asked staff to provide potential funding options and that is what you have there and what we did not do because we weren't sure so we decided not to make a specific recommendation because of the potential multitude of funding sources. So what we have on Page 59 are the potential options that the Council could choose if it decides to fund that.

Mayor Foxx said I'm sorry, I jumped ahead. You are right we are going to come to it. This has been very good input. I know everybody is kind of tired of talking about the capital budget but I'm actually a little invigorated by the conversation because it sounds like there is some movement.

III. Employee Pay & Benefits

Human Resources Director, Cheryl Brown said I don't know now if it is a blessing or a curse but I always seem to follow a very intense long discussion so I will try to pick it up and move quickly. Here to talk with you today about our employee pay and benefits and just to review with you how we do our work and what we look at each year as we work through any changes that we want to recommend to you.

The philosophy adopted by City Council back in 1993 and revised in 1995 for us to take an aggressive cost management approach for our benefits, to have our employees share fairly in the cost of our benefits, target a moderate level of pay and benefits and we continue to actively support our wellness program to reduce those future costs for our health plan. We will jump right into the benefits piece and talk about the components of health insurance cost management. That includes our cost sharing, our prescription drug plan, our various plan designs. We have a PPO Plus Plan and a PPO Basic Plan. Our vendor selection, again wellness and continued work in the area of chronic condition management.

Some of our successes, in 2013 we implemented only minor changes to our medical plan design provisions and that is always a good thing when we don't have to make too many changes from a cost perspective. It was the second year of no premium increase for those employees who wanted to be participants in our basic plan. We are expecting after discussions with our consultant that we are going to be able to do that for a third year in a row, so that is a very positive aspect of our plan. We are only expecting minimal increases for participants in our PPO

Plus Plan and we did some work to integrate diabetes management into our wellness strategy. We are now offering on-site health coaching for diabetes, pre-diabetes and metabolic syndrome. I would like to say, as I told the Committee last week, there was some resistance to that at first. Some of our employees were not happy about coming for on-site one on one meetings with our coaches, but once we moved through that first meeting it has been very successful and there has been a whole host of discussion that has taken place, so that has had a positive impact in our work. We implemented a voluntary accident and critical illness plan effective July 1, 2012 and in May of this year we will open the enrollment for a voluntary life insurance plan for our employees effective July 1, 2013. Our prescription drug trend continues to be very favorable for non-specialty drugs and if you drop down to that next bullet you see our generic utilization rate at 81.8% and that is significant. That is one of the most significant utilization rates that CVS Caremark sees in their book of business and across the industry so we are rally tickled that our employees and our retirees are doing so much to utilize generic drugs and keep those costs down.

We implemented a high/low dental option and changed our administrators. We now offer a low option but we offer a high option that includes orthodontia care which was a new benefit for our employees and that has been a big hit. Again with the help of our consultants and aggressive vendor management we worked to get rate guarantees with our vendors for multiple years so we know what to expect and we work to keep those costs low.

For FY14 just some of the actions under consideration as we do every year, we consider adjusting deductibles, out of pocket maximums, insurance and pharmacy co-pays just to make sure that we are in alignment with competitive practices. We are still mulling over whether we are going to implement consumer driven health plan or not. We do have the go ahead through the FY-13 budget to do that but there is a lot of thought that goes into that decision and we are still working with our consultant to see if that is going to be the best move for us for this year. We are planning implementing a telemedicine program. We remember when we could call our doctor and get a prescription over the phone and we could go to the pharmacy and pick it up. That has changed over the last several years so telemedicine would give our employees the ability to contact a physician and talk directly with that physician for a very small fee and as a mom or as a dad, you know when your kids have an ear infection, you know when they may have a cold so you just call and talk with the doctor and they can go ahead and prescribe some medicine for you and you can go to the pharmacy and pick it up. That is a \$38 fee, an \$84,000 annual investment to use that. The average ER costs these days is about \$1,400 per ER visit so there is significant savings for the employee and for the organization. Also for FY14 we are going to address the requirements of the Patient Protection and Affordable Care Act (PPACA) including expanded eligibility and additional fees. We are having to incur some additional fees associated with the transitional reinsurance fee which would help to shore up the exchanges if they have some catastrophic claims experience once they are implemented and the comparative effectiveness research fee which is a fee that is being assessed so that various treatments and medicine interventions can be compared to see what is working well and what is not and based continued usage on that information.

We are going to implement additional step fair requirements on the pharmacy side. What that means is that we request that our employees and physicians try generic which are the cheaper drugs, before the move into the brand or preferred brand drugs. We implemented that program for calendar year 2012 and it resulted in about a million dollar savings for 2012 and in 2014 we are looking probably to tighten that up just a little bit more, strengthen those requirements and additional \$500,000 that we are hoping to save by making that change. We want to continue to focus on aggressive strategies to control specialty drug trend increases. Across the pharmacy business your specialty drugs are the significant costs. A lot of those times those are your infusion drugs for your serious illnesses like your rheumatoid arthritis, your MS, your various cancer drugs. Many times those drugs are given in the doctor's office and the doctor pays a full costs for those drugs. We are trying to funnel those through the pharmacy program so that we can benefit from the significant discounts that our pharmacy vendor can get on those drugs to try to slow the amount of that increase. We are going to evaluate the incentives for our wellness participation and our requirements. I don't expect that we will make many changes this year but again it is something that we look at each year.

As far as moving into 2014 when we met with our consultant early on they said you are probably looking at an 8% trend on the medical side and a 10% trend on the pharmacy side so that is kind of where we started. When we sat down with Randy and the Budget folks in July of 2012 they plugged in 8% as far as the increase for the City costs of our medical insurance program. As a result of favorable claims experience, aggressive cost management, using generics for our employees, we have been able to reduce that increase on the City side and on the employee side to 3%. We are always happy when we are able to make those types of changes.

I'm going to touch on pay just very briefly. You are aware that we have two different pay plans, our Broadbanding Pay Plan that is based on two factors; merit your performance and your salary position as it relates to the market value of the job. Those market rates are established based on extensive data gathered directly from other employers. We purchase data, we do surveys ourselves and we use that information to compile those market rates. What we are seeing this year, national market movement is inching up as well as local. National market movement is averaging about 3%, locally about 2.5% and over the last 3 or 4 years we have been seeing that inch up ever so slightly. I think that is reasonable in what we are seeing. As a result of that there are pay adjustments under consideration, working with the Budget Office and working with the City Manager for City staff for FY14.

This is just a chart projection, if you go over to the 5th column, this just illustrates for you the 3% nationally, the 2.5% locally and you can see moving left to right how those average increases have continue to inch up ever so slightly over the last several years.

We do have our Public Safety Pay Plan and there was a lot of work done last year to revise the Public Safety Pay Plan. The Committee did a great job working with Delaine Honeycutt on our HR staff and the PSPP as we like to call it includes Police Officers, Police Sergeants, Firefighters I, II and Engineers and Fire Captains. That is a step plan structure and is different from the Broadbanding structure, traditionally and as a result of changes last year those steps were funded at 2.5 and 5 for FY13 and again under consideration for FY14. We do make market adjustments to those steps every year as funding allows.

One of the things that came out of our Budget Committee meeting and Manager Carlee had requested was to give you kind of a quick look at some total compensation examples for positions in our various pay plans. You can see the first job is a Field Operation Supervisor in our Broadbanding Pay Plan and then a Firefighter II in Public Safety and a Police Officer in Public Safety. You can see the salary on line 1, section two, that is the amount of money that the Budget Office puts in for each of our employees allocation to cover the cost of the various insurances that we provide. The retirement plan information is there for the Broadbanding employee it is 6.74% contribution by us to the North Carolina Local Government Retirement System. Jump over to Police, it is a 6.77% contribution and you will see that Fire looks quite a bit different and is higher and that is because Fire is 12.65%. They have their own Charlotte Fire Fighters Retirement System and they do not participate in the social security piece for their retirement system so that is why that number is larger. Our 401-K contribution for our Broadbanding and our Firefighting employees is 3% for public safety Police Officers that is 5% mandated by State law so that is a different number there. Then our FICA, again you see a low number for the Firefighters and that is because they are required to participate in the Medicare portion of the FICA contribution. Your average compensation is fairly close even though we have some different structure for those various jobs.

Our Summary, we are going to continue to aggressively manage our costs. That is an expectation and we always want to balance that with trying to take the best care we can of our workforce so we are very focused on that. Employees and retirees will continue to fairly share in the cost of their benefits. We have been experiencing positive benefits from the on-site coaching component of our wellness plan and we are looking at way we can enhance that. We will continue to feel the financial impact of healthcare reform for the next several years. I believe the transitional reimbursement fee is from 2014 through 2016 so we have been talking with Randy and the Budget Office about that funding. Salary increases expected to rise approximately 3% with 98% of the organizations that we have surveyed providing those increases.

Councilmember Dulin said the very last deal, nationally salary increases are expected to rise 3%. Will it not be until you deliver the Manager's budget to us on the 15th of May that we will see whether you are going to suggest what pay raises for our employees?

City Manager, Ron Carlee said I believe that has been your practice in the City.

Mr. Dulin said until then we really don't have any idea?

Budget Director, Randy Harrington said we are still finalizing that and the formal presentation and recommendation will be in the Manager's recommendation on May 6th.

Councilmember Cannon said Cheryl, good work that you all are doing where you have controls on managing costs, going over positive benefits of the on-site coaching of the wellness plan. I really appreciate you all doing what you've done thus far to get this information to us so thank you so much.

IV. General Fund Revenue Update

A. Property Tax Revenues

Finance Director, Greg Gaskins said I would like to say that you already know this, basically there is little change from what we looked at the last time we discussed this. We do have the pending legislation which could pass at any moment actually because it is pending in the Legislature. The sales tax estimates have not changed. We do have concerns about whether or not legislation will pass that might impact, not this year, but the next year in terms of our revenues. As to where we are overall with the property tax estimates we have seen an impact as a result of the fact that assessed values are expected to drop and that has resulted in 2014 and 2015 projections that are lower than where we were the first time we looked at these, but the last time we talked about the fact that they were going to be lower we have now confirmed that we are using the exact methodology that the County is using at this point to make that determination. This is based on the Pierson work that is being done for the County and that re-evaluation work and as a result of that we are expecting to have lower property tax revenues. The Manager's recommendation will be based on these new revenues and these projections showing a drop of about 1.7% in value loss. What we won't know for sure is the impact of the selection, as I mentioned before, that the County Commissioners will make once this legislation passes of how to deal with the difference in re-evaluation values. We don't know that today as we speak what they are going to choose.

In terms of appeals we are looking at greater appeals losses than we first projected. We knew that the last time I talked to you. We do believe that we have the ability to handle that. Part of the reason was we were very conservative. We had a fear when we did this and started talking about the first time that actual appeals losses were going to be greater. That was largely because of the fact that this had become a very, very high profile issue in Mecklenburg County. It was very obvious that we had people who were disturbed. It was very obvious that we had some values that were incorrect and as a result of that we anticipated that there were going to be higher appeals and there in fact have been higher appeals. What we don't know is depending on what happens with the legislation and the results, whether in the next year you will have that same level of appeals that you had in this year. Hopefully, given the report that will come out in October from Pierson in a reasonable resolution, we will see a drop in appeals. As we speak today we don't know that and there is no way really to know that for certain. The numbers that we are looking at today, which will be the best numbers that we have are fairly close to what we projected at the last meeting. We are looking at numbers that we expected based on the report. We did have additional meetings with the County Tax office and the County Finance Office and we are using the same methodology that they are. As you know since they are in full control of that, that is a good idea because we are pretty much dependent on what they are producing to get our property tax numbers.

Councilmember Fallon said how much will be dependent on the fact that property rates are going back up again?

Mr. Gaskins said that really won't have an impact until they do the full re-valuation.

Ms. Fallon said won't that affect what they have to give back?

Mr. Gaskins said it really won't. What they are going to give back is going to be based on the Pierson Study that is underway and which they are tentatively supposed to report back in October so it is really going to be based on that. A new re-valuation will occur at some point and that re-valuation hopefully won't have the problems that the last one had so that we establish the revenue neutral rates on that, we will actually have a base that we can be confident on. Understand this is a very unusual situation that we are dealing with. We haven't had this situation before, we haven't had an issue where somehow mid-term we are having to have this level of appeals or particularly we've never had before an actual drop in value which we might have to account for and we are now talking about accounting for in the next year's budget.

Ms. Fallon said in other words they are going to have this done on the value when it was originally done of what the values would have been last year? Even if there is a raise that won't be caught till the next cycle?

Mr. Gaskins said it will not be caught until there is a reval done. There is no interim period and that is the reason it is very important I think and probably what is happening as we are speaking values are actually increasing. House sales are increasing, but we won't capture any of that until there is a reval.

Ms. Fallon is that part of the problem because they kept putting the reval off?

Mr. Gaskins said a very unusual situation and it is fairly complex but we did go into the last re-valuation at a very unusual period in terms of the end of an 8-year period where you had a very high front end and then you had a back end situation that was low. It was basically your perfect storm and apparently it was too perfect because it wasn't handled well. Now we are in a situation of having an unprecedented situation of trying to deal with the impacts of that. If you just imagine for a second that this had not happened this way, what is most unique about it is that it is very difficult for us now to come back to a revenue neutral rate because we are in an artificial situation where it is depressed. If you actually were to try to create, and the City hasn't done anything wrong in this, we didn't go out and do the work or anything else, if you tried to create that the only way you could do it in the interim period of time would be by actually increasing a tax rate to compensate for that. That is the reason that is a sticker problem.

B. Budget Update

Budget Director, Randy Harrington said we have Handout #2 and as part of the overview I will get right to the punch line. I'm going to talk a little bit about FY14 and FY15 and about next steps, but as far as FY 14 we are looking at few operating changes and then as it relates to FY15 there is that eye on what are those potential revenue impacts and we are trying to prepare for those and understand those. If you look at the FY14, some of the considerations that we are currently contemplating right now, I just want to fore shadow those for you and I don't have any specifics at this time, but I want to at least share what we are thinking about. One related to having a modest pay plan in the upcoming budget. On last Monday night Council adopted the revisions to the Small Business Opportunities Program, incorporating and implementing that policy and any associated resources that would be needed to implement that particular policy change. Also we talked about the transitioning potential for the Charlotte International Cabinet from a financial partner, one of our non-profits to being an office within the Neighborhood and Business Services Department. That is one of the items we are considering with that switch or at least recommending in this particular case. No funding change as it relates that particular agency's work.

Councilmember Howard said on that particular issue I know that they had a study that was done that we asked staff to review and out of that I thought there was some combining of different roles here at the City with what they were doing and maybe looking at an expansion of their role. When you say no change at the current funding level, what does not really get you, just transfer the employees to us?

mpl

Mr. Harrington said it would transfer two employees to us and as far as scope and the breadth of the services I think it is fair to say that they will gain some economy to scale by coming into Neighborhood and Business Service. It is possible that the work they are doing could be changed but the related component of the funding element, we are not recommending any additional funding to them and just being absorbed into the Neighborhood and Business Services Department with the exact funding level, but just transferred over.

Mr. Howard said I just remember there being a conversation about scope and them being more involved with business recruitment, the Sister Cities Program and what happened with it. I would love some more information about what that transition would look like. I just think the International Cabinet has a lot of potential for helping this community in our international endeavors than just growing business opportunities. How do they related to the Chamber, Ronnie Bryant's group, all those things are really, really interesting to me and I don't know how you do that without changing the funding level.

Mr. Harrington said the other piece I will add to that is there is an element. Some of you inquired about the protocol services which is a component that compliments the Charlotte International Cabinet and that is proposed to continue as a contracted element but again Neighborhood and Business Services would oversee that contract, again no increase but just keeping the same funding level.

Councilmember Dulin said we just contract with Katherine ever so often don't we. She is clearly a part-time aide to whenever we need her.

Mr. Harrington said correct and I think she does some other work for others and what not so I don't think we are a full-time client of hers.

Mr. Dulin said let's get back to the International Cabinet and the funding source that Mr. Howard was talking about. I don't have any trouble moving them over to Neighborhood and Business Services if you want to, but this year we've got them budgeted on Page 29 at \$156,000, next year \$167,000 etc. Will that just roll into the Neighborhood and Business Services budget?

Mr. Harrington said yes.

Mr. Dulin said is there any way we can save that money, can we roll them over there and not fund it?

Mr. Harrington said the review that we've done no, we would recommend that the full existing level come over given the work that they do, we feel it is appropriate in terms of recommendation. Another area we are considering some targeted with potential increases to some base budget type expenditures i.e. fuel, maintenance, some of those core elements that it takes to operate the services that we provide. Also the Manager is reviewing the School Resource Officer reimbursement from Charlotte Mecklenburg Schools. That is currently under review and looking at that as well as Airport charges. The Airport charges methodology, currently reviewing that as well.

Mayor Foxx said you all won't be surprised but that SRO thing, we never should have gone down that path. We are right back talking about how to put more in and I think Sandy Hook was a reminder of how important those resource officers are.

Mr. Howard said I had a question about that one. I saw the write-up about it and I was reminded, and I'm sorry to bring this up, the Red Light Program. I do remember that some years ago there was an effort to work out a deal with the School system so that program would continue, reimburse the City for its part and they would get the rest of it. Because I think it is 90/10 percent they don't want to do that at all so to me that was them just kind of saying we don't want resources. I'd like some understanding about that and I think there are some memos out there from what I understand about how that got to that point. The way I'm looking at this one is that in two years you have exhausted everything that you had at your disposal.

Mayor Foxx said me personally?

mpl

Mr. Howard said not you, the school system unless you wanted to write a check for \$2 million. Until they have looked at every possibility that they have I feel that should be part of this conversation and I know that they could do that one. Even if they had to ask for different legislation in Raleigh, that could have happened in this time period. I kind of want to put this back on them to explain to us why that is not a doable source.

Councilmember Kinsey said I hesitated to bring this up, but I'm going to. I think we have to be very careful getting back into the School Resource Officer funding. It was very painful for us to get where we are now and we are still transitioning out. I think we ought to be very careful. It is very expensive and it might take away from something else and if we can find the money somewhere on a long-term basis that is one thing, but I think a one shot deal would not help, it would just prolong the agony and the pain that we've gone through over the last few years trying to get something on a more equitable basis. I just caution us all, I don't feel like I could support getting back into that.

Ms. Fallon said I think in Budget Committee it ended up being what we would have to fund is 15 officers ourselves because their funds would take care of the 49 and it was 54. I spoke to Randy today because supposedly the Legislature is going to approve some money to fund schools and put alarm systems in but from what he felt was it would go to Mecklenburg and they would use it and they would not share in any way.

Councilmember Cannon said I will simply say that the leadership of CMS has asked for the one time wash if you will, or at least for our help for the \$800,000. I concur. We had an opportunity as Mr. Howard mentioned I think to have something in place to try to address funding in the way of a source there, but we understand they are strapped much like we found the Library to be some years back and somehow we found a way to make it happen. The Mayor was vigilant in that and the Council saw that through. I don't know why we couldn't see something like this trough just as well for the sake of one, trying to help CMS out, but more importantly to be there for those children. There is something I think to be said for that and we ought to do whatever we can however we can wherever we can, even if we have to lob it up and say okay we are going to put \$800,000 out here from somewhere to be able to do this deal, but I think we should try to make that happen.

Ms. Kinsey said I just want to remind us again that we have done that one-time deal and it is never enough. They come back another time and another time and at some point we have to go through the painful experience of making a decision and cutting off. I did not support, well, the late Susan Burgess talked me into supporting it, but I didn't believe we should have supported the Library. That was a whole political thing I knew about between the Manager and the Director of the Library and they are just now getting back to adding some hours back so I don't think it made a huge difference at the time. Having been Chair of that Board for two years I sort of new a little bit more about it than maybe others, but I just don't think this one-time deal is – it is just never a one-time deal.

Councilmember Cooksey said I've got to recover from that Library flashback. I went through an evolving point of view on that one. I started out when we had the SRO conversation last time saying this City shouldn't be involved in that, the school system should fund their own security and that is that. During the course of the discussions that we had though I came to appreciate how significant having CMPD Officers in there is and so too late I shifted over to the side of keeping that partnership, but as was said the Council in total went another way. If we are going to open this back up for conversation I will return to an original concern issue point I had, and I have the website up, if we are going to open that up then we absolutely need a detailed report on what the CMS Police Department does. Remember they've got their own Police Department with a Chief, a Deputy Chief, four Detectives and 8 officers plus dispatchers, alarm technicians and administrative staff. They have their own Police Department and have had since 2009. I happen to think, given what I've been told that having CMPD as the School Resource Officers is a better choice than having limited school, even though the school officers have arrest jurisdiction throughout the county, when you get into multiple responsibilities with public safety then you can get into finger pointing issues so if we are going to crack that open, let's hear what the CMS Police Department does and why they get funded solely from CMS but for the School Resource Officers it needs to be partnership with us and with them. A side note, same general

topic, different funding source. I still oppose red light cameras altogether. There are numerous studies that show there are much better ways to have safe intersections than red light cameras and red light cameras first and foremost should be about safety, not about revenue and it is problematic all around for both, but there are much better way to secure intersections than a red light camera.

Mr. Cannon said the rates when down is all I know.

Mr. Howard said I agree with Mr. Cannon and actually thought it was helpful to our community. There is a source that has not been exhausted by the school system and from what I understand when the conversation came up there was almost a non-chalantness about even wanted to be bothered with it. Until everything has been exhausted on their end including that one I don't even know how we have a conversation about this one.

Mr. Cannon said one of the things the City Manager wants us to be able to do is to articulate what it is that we want to do as a body and to give him some direction. I don't see anything wrong with kind of doing what you did earlier to get a pulse around this table about who wants to move forward with this. I'd rather to do it now and get it all out in the open than to continue to play footsy with it, just kicking the can down the road. Let's just see where people are.

Mayor Foxx said what is the nature of the review that is being done on SROs? Mr. Cannon is asking for either an up or down on whether even going that far, but what would the review tell us and is this a good decision point time for us to make an official cut date on this?

Mr. Carlee said it would be helpful to get some guidance from the Council. The issue before us as I understand it, and correct me if I am incorrect here, is whether or not to implement the next tier of cost sharing based on previous adopted position of the Council and to do that is an \$800,000 item. The request is to delay that and the issue that I would be looking at is if we don't do that the SRO Program is at risk and so some feedback from the Council about that risk of a reduction in the SRO Program as related to the ask before us and then the other piece that I am looking at is what other components that may exist. I also have not actually gotten in touch directly with the Superintendent to get some feedback from him about other alternatives as well. The sense I had from Budget Committee was a real interest in maintaining our current compliment of SRO Program but discomfort with the \$800,000 price tag.

Ms. Fallon said in Budget Committee wasn't it actually not \$800,000 because we get reimbursed. It would be us assuming 15 officers in total with no reimbursement on those 15. That is what I understood.

Mr. Carlee said if I am understanding the way you are framing that, the alternative would be to keep the SRO compliment at its level and just assume that within the Police Department budget which would mean taking that many officers out of somewhere else.

Ms. Fallon said I think they were paid for but there was a reimbursement but they couldn't reimburse the whole thing. What sticks in my mind is the 15 that we would have total assumption of.

Mr. Harrington said I think the equivalent of the \$800,000 we are referring to was 7 officers. The total compliment is 49 offices plus one Sergeant.

Ms. Fallon said that 15 of them would be our total responsibility. The others would be a reimbursement funding. That is what I understood.

Mayor Foxx said I would like to get some write-up on this to understand the nature of the question.

Mr. Barnes said I once again direct everybody to Pages 47, 48 and 49 of the agenda which cover the discussion points that the Committee had on the matter. We in fact talked about whether we could do a split of 50/50 with the County or CMS and other options and on page 48 we had asked for and received a list of potential funding sources for the SROs so I would direct
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everyone to that if you are interested in seeing some of the potential options and then looking also at the questions one through seven which I think may answer some people's questions. Mayor Foxx said thank you the write-up is always helpful.

Mr. Howard I understand Mr. Cannon where you want to go with giving some direction and even you Mr. Carlee of wanting some, but until you talk to the Superintendent and the Chief and have gotten a full purview of what you would recommend, having a lot more information than we would have about it, I would be hesitant to give you direction and then go and say I got a majority that said we shouldn't do it. It would be based on knowledge that you get about it and maybe not the current knowledge level that we have on it right now. I'd like to wait until he has talked to more people about it and what he recommends.

Mr. Barnes said let me say this to you guys and I'm speaking as a father of a child in CMS. We talked about some of this during the Committee discussion. It would be very important and it was very important to the Committee to figure out if we could help and figure out how to do that and so we had the funding options come back. I very much agree with what Mr. Cannon has said and we also had an official from CMPD join us who talked about the importance of the positions. To be quite candid with you all if we can have him find \$126 million for that Streetcar you ought to find \$800,000 for SROs. I want to find a way to make the SROs happen. I understand that it is a one-time deal and it keeps happening year after year, but when you've got people believing that the only answer to the gun problem in this country and the violence in this country is more guns, when you've got people thinking that way and we know and have heard about the value of SROs in the schools. It is not only just because you've got an armed officer there, but just because of the relationship they build with students I think it would be a mistake not to seriously try to find a way to do it. I notice that we took CMS after school out of our funding partnership. I want to talk about that when we get to that, but I think we should figure out how to do it.

Mayor Foxx said you touched a nerve Mr. Barnes on a couple of fronts. Number one, staff has not found \$126 million for the Streetcar.

Mr. Barnes said you asked him to go do it.

Mayor Foxx said well no we didn't, but I do hope they are more successful with SROs than we've been to this point with the Streetcar. The second point, this is debate that we had two years ago and there was resistance to keeping that funding in place and I objected to the decision to move forward with taking it and we were able to plug the hole for a year and then the process was harder the next year. You are not getting any argument out of me for us trying to figure out a way to get it done. I think the question is, is there any reason to tell the staff not to review ways to get this done and I guess the lingering question I have to Patsy's point, are we looking to plug a one-year hole or are we looking to create a different model than the one we were working towards before. That is a question I would like to have the answer to because I do agree with Patsy that if you do it for a year it is going to come back the next year for a similar request, so are we creating a systemic change to the way we are doing this or are we just trying to plug a hole?

Mr. Cannon said in the meantime you want to work to go ahead and plug the hole and then work toward a different model to be able to potentially assume in the event that we want to go in that direction. If that makes any sense then I think that is how we ought to proceed. I just had heard some gut wrenching testimony that let me to be able to ask the question of giving the Manager some direction because it was pretty hard and I just wanted to call it to the carpet and see where we were with it. I just want to be clear where we are and what it is we want to do. It sounds like folks want more information, which I'm okay with, but I want to be clear that we aren't just using up staff's time and even our on, on something that we may or may not care about.

Mayor Foxx said that is a legitimate point. What I would say is if we are talking about plugging this for one then you are going to be right back here next year with the same discussion. Unless we are talking about trying to reframe the relationship it just seems to me that Patsy is right about that part of what she said, it is just going to keep coming up year after year and get harder and harder to deal with.

Ms. Mayfield said Randy, while you are looking at bringing information back to Council I would like to ask if there is other funding that the City is providing to assist the County because at the end of the day the City cannot be the catch all for all programming and all services. Is there other funding that is not as detrimental if we are able to identify funding for the SROs? Is there some type of balance where we can look at reducing funding in another area in order to look at creating the funding that is needed for this program, especially looking at the fact that this decision we make, we need to look at the long-term and not keep revisiting this conversation every year. There has to be some type of balance along the way if there is other funding that we are providing to the County, they need to be able to step their services up at some level because we are continuously going outside this model of what really falls within the City and what falls in the Focus Areas. I understand and I hear the concerns from my colleagues, but also we had a different funding model years ago. We were in a surplus and we were able to financially step in and help the Library, help a lot of other areas, but that is not necessarily the case today and moving forward with the fact that we have not passed our capital investment or our tax increase of any of that of that. We are looking at limited funding ourselves and I'm concerned about us getting to a point when there is a need for the City to identify additional funding that is not going to be there. If you are bringing those different scenarios back I would just ask for us to look at if there is other funding that the City is providing that we can balance that out in another area with County services to make sure the City stays in a financial position that we can continue to step in when it is needed.

Ms. Kinsey said in going through this budget I always remember the late Don Lochman whom I was very privileged to serve with. He always said we have to remember our core services and our priorities. We sometimes, as you have said Ms. Mayfield, sort of go off in other directions and we have to keep remembering what our core services are and our priorities.

Mayor Foxx said let me point out as we close out, some of this is accounted. Some of this is you have positions that are charged at a certain level and actually the human beings that occupy those positions are going to be funded whether they are charged off to the school system or not so some of it is a question – similar issue perhaps with the Airport. That is another area that might need to be looked at but I think what I'm hearing is there is a little reluctance to looking at this as plugging a hole, but some interest in hearing back whether there is a reframing that can be done that doesn't get us into we kick the can down the road this year and we are back at the table next year. I think that is fair to say.

Mr. Howard said I would like to have the policy conversation that you just framed. I hear Patsy on what is our core and when we talked about this before there was a conversation about the fact that you could actually go both ways on this one. You can say it is our job to protect no matter what. I think Mr. Cooksey brings up a really good point about what their Police Force does. That would be interesting to me but if we want to get back into it we should just do this and stop talking about plugging the hole every year and just say we are in the business of helping the schools to protect children and be done with this one. To me it is a policy conversation, we need to say that is part of our core values and do it or we leave this the way it is and keep going.

Ms. Fallon said the only problem with making it permanent then it is expected and I don't know if you want to make that expected and add it to our CIP or our operating budget because then that adds a new thing in and it becomes something that we can't just plug one year. It is now ours to own. Do you want to do that because there will become a time, hopefully, the county can pay for it itself, but if they expect it from us they are not going to do that.

Mayor Foxx said that is the question and frankly the way we've been set up is there is a cost sharing between us and the school system. It is a question of what the ratio of those costs are and I think maybe we just let the staff work through this and bring us back some options to take a look at and that is when we can have the policy discussion. So nothing is settled on this, we will just come back to it.

Mayor Foxx said it is now 5:50 p.m. and we promised to conclude this meeting at 6:00 and we are about 2/3 of the way through the presentation. My recommendation would be that because this stuff is staged in sequence, and we have a Zoning meeting next Monday, I'm wondering if

we can spend a little time catching up on Monday so that we don't find ourselves jammed up in the next Retreat. We can get through this presentation and then pick-up.

Ms. Fallon said we have an Environment Committee meeting.

Mayor Foxx said I'm thinking let the staff figure it out but maybe we start a little earlier or something, but let's try to keep our pace.

Councilmember Dulin said great point and everybody on the Environment Committee is going to be here at 3:00 anyway. I don't know if the rest of the group can come at 3:00 and get started and finish this. I think if we started at 4:00 it would be very crammed to get done by our 5:00 p.m. zoning work.

Mayor Foxx said I would take the risk of starting at 4:00. You all go ahead and start your meeting and hopefully get through.

Mr. Dulin said from my seat I would vote for a 4:00 p.m. kickoff Monday.

Mayor Foxx said does anybody object to that? Okay 4:00 p.m. on Monday, so why don't we finish this presentation and then wrap up for the day.

Mr. Harrington continued his presentation with the last slide on Page 2. We do expect the legislation to conclude in June. The County's re-evaluation consultant and we expect to have that information back from them or at least their study completed in October and then we will have some more information and will be able to bring back to Mayor and Council for 2014. We are considering the use of some onetime tax and tag money, which you will recall from your February Retreat we noted this as a onetime change and how the state and county, when you register your vehicle you would also pay your taxes at the same time. There is an implementation period with that that gives us a little bit of a bump that we are considering use that for FY14 to keep the revenue neutral so to speak.

In 2015 the eye here is what are the potential revenue impacts. Of course I could mention the outcome of the re-evaluation appeal study. The City Manager is considering a revenue neutral property tax rate recommendation for FY15. At this particular time we anticipate few operating budget changes for FY15 pending the outcome of the re-evaluation study along with any other potential impacts that could occur.

Mr. Carlee said this is the other big issue that I wanted to make sure to highlight for today. We do have a loss of property taxes because of the de-valuation and my understanding is typically the City would consider an equalization tax rate had this followed normal process. Now whether you actually do it or not would be under consideration. What we are proposing to do is using some onetime funds to actually plug a hole in the operating budget specifically from the de-valuation of property values and under the anticipation in next fiscal year, once we know what the real number is you could consider an equalization tax rate.

Mr. Dulin said what that means if Council raises taxes this year the equalization tax rate is another tax increase two-years in a row.

Mr. Harrington said some of you have been reading about state tax reform. There have been several bills introduced to reform the State's tax system. They are still being reviewed and going through the process but at this particular time this is what we know. There are four particular general revenues that have been at least mentioned or listed in the legislation as proposed for elimination and those would include the Business Privilege License Tax, which we estimate in FY15 to be close to \$18 million in revenue for the general fund, the Utility Franchise Fee, sales tax reduction on food and beer and wine distribution. I'm always looking for humor although this is a serious topic, looking for humor in a budget presentation, but I do want to clarify that the beer and wine distribution is not the State giving the City beer and wine, it is the revenue that they are distributing.

Mayor Foxx said I think the beer and wine distribution would help us pass a capital budget.

Mr. Harrington said the real question related to these areas that we've identified, what level of offset will occur as it relates to any broadening of sales taxes and what not and we don't know that at this particular point. From what we understand at this particular point there is still some review that needs to happen to understand and at this particular point we don't have confirmation that we would be held harmless so to speak.

Next Steps – These are the next steps currently in Council's calendar related to the budget process, and I think we have talked about some of the questions and the Manager has already asked these and Council has already given some input. With that is the conclusion of the general fund update at this point.

Mayor Foxx said this public safety pay plan, you are asking for feedback on that?

Mr. Harrington said just if there is any additional guidance or feedback from Council, just trying to put together a plan.

Mayor Foxx said I had to step out a little earlier so I may have missed what the pay plan adjustment – have you all talked about that from an operating standpoint?

Mr. Harrington said Cheryl Brown, the HR Director spoke about some of the considerations but at this particular point we don't have a final number on the pay plan other than getting your direction that we are working toward a modest pay plan, but we are still reviewing that. The final recommendation would come on May 6th with the Manager's recommendation.

Mr. Carlee said what I'm considering being faithful to the plan that you've adopted. You have gone through a lot of effort to get to a formula mechanism which looks reasonable to me so whatever I would have been forwarded within what you have adopted and depending on how things balance out I would actually try to bring forward a pay adjustment for employees consistent with that formula. The precise level I'm still working on but if the Council is not interested in me bringing forward pay increase I would like to know that now.

Mr. Barnes said I think it would be fine Mr. Manager to present us with a brief range of very, very modest options. I'd be interested in seeing what you might suggest, high and low I suppose.

Ms. Mayfield said basically I concur. I don't know about modest options but I would like to see what we are looking at as the average especially if we are looking at an increase on our benefits. It is really not a pay increase if we are just barely giving you enough or giving you under what the cost of benefits are going to be. I would like for the numbers to come back with what are we looking at for the average for the type of business and the current roles that they have.

Mr. Dulin said this concerns the Airport, concerns our Airport Advisory Committee, but the Legislature in Raleigh has received letters from the Counties of Union, Iredell, Gaston and Lincoln supporting the Airport Authority to the extent that one of these guys says we support it except we need to change the language so you don't come do anything to our Airport. I've had it up to here with people being unhelpful to us and not only not being unhelpful but just putting their nose into other people's business. I'm livid that these people have moved into our business. Now, let me go over here to 3-B, this Chump we've got running the Airport Advisory Committee his name is Shawn Dorsch and it appears that he is giving advice and counsel to other counties. Where we say in this article, Iredell Board Chair Steve Johnson said he received assurances from area legislators and Charlotte Airport Advisory Board Chair Shawn Dorsch that the wording would be changed in the House. That sent me through the wall this morning and I've not come back yet. This Shawn Dorsch guy serves at our pleasure, as does that Advisory Board. I'd like to make a motion here and now that immediately between 6:00 – a minute and a half, that we remove him from being the Chair of the Advisory Board and then he can go give advice to anybody he wants.

Mr. Howard said he is a Mayoral appointment.

Mr. Dulin he is a Mayoral appointment – even better.

Mayor Foxx said I might add just to make this very transparent. This was a reappointment.

Mr. Dulin said a reappointment and he is out giving counsel to other counties.

Mayor Foxx said it is a reappointment from a previous Mayor. I have not reappointed people in the past who had been appointed before and those folks have gone out and complained that they didn't get reappointed. In this instance I was acting in good faith because we do rely on the Airport Advisory Committee to provide feedback etc. but when you see people voiding talking points to Legislators and obviously advocating against the interest of the government that at least I would believe that they would have some express or implicit fiduciary responsibility to be upholding. That is a real problem. On the other hand the reluctance I've had to this point has been once I remove this person from this Board the very next day the message is going to be, see this is why we shouldn't have the City Council doing this stuff because they will just start monkeying around with the Board and that is why we need to have an Authority that is hermetically sealed away from them. That is why this is an impossible situation and untenable situation for this state to put this city in because we can't govern ourselves when we are constantly dealing with a court of appeal on every single decision we make. It is a miserable place for us to be and I think frankly it is going to be a miserable place for the City and the Airport if they keep pushing the edges on this. Bob, you will have to instruct me. I believe the Council is within its power to remove a member of the Board unless you tell me differently. I certainly could do it I believe, but you tell me what the law is on this.

City Attorney, Bob Hagemann said the power to remove is vested in the same individual or body that has the power to appoint. It is a Mayoral appointee, you the Mayor have the power to remove.

Mr. Barnes said you all may recall a few weeks ago I sent an e-mail to you and to the Interim Manager asking that the Airport Advisory Board appear here and explain their various positions, many in which seem to be advocating for the Authority. At that time the response was that it would take action by the full Council to make that happen and she was most comfortable with that. I would still like to have them come here and talk to us about their position because he is not the only person on that Board who is actively working against this City and the people of this City. At a minimum those folks should come to this room and talk to us about their position so my motion would be understanding everything you and Mr. Dulin just said.

Motion was made by Councilmember Barnes to have the Airport Advisory Board appear at the first opportunity to explain to us their very public positions. We have the right I believe to understand what this body is doing and why. Mr. Howard seconded the motion.

Mayor Foxx said I think that is a good suggestion. Let me add a point to that. If we had a problem with our tree canopy, our Tree Advisory Committee or Charlotte Beautiful would be discussing the issue, creating a recommendation for that recommendation to then come to the Charlotte City Council. Then we would take that recommendation and make a decision. More to Mr. Dulin's point the offense here isn't having a view on the Airport Authority or not. The violation here, if it can be called that, is in running the Board that put you in the position in the first place. It is an advisory committee. Its job is to advise, not just the Airport Director, but the City Council. I will be honest with you, I haven't had one sheet of paper, not one phone call, not one single indication that the Airport Advisory Committee even had a public discussion of this issue. Not one, and yet there is conversation between members of this Committee and our Legislature in Raleigh. That is what I mean about the untenable nature of this. If this is how Charlotte is going to act when you've got leadership from Charlotte and Raleigh, if local government is now going to be run out of the State a lot of bad things are going to happen. I think it is a good move to have the Airport Advisory Committee come. Mr. Dulin, to your point I will take under advisement what you are recommending, but I think having the entire Committee here will help us understand where the whole group is on this issue and have some conversation about why it is this issue has gone to the State before it has come here.

Mr. Kinsey said we used to get minutes from the Airport Advisory Committee. I don't remember getting any recently, but I could be wrong.

Mayor Foxx said those minutes don't include an iota of discussion about this.

Mr. Howard said I have been in a bad mood ever since I read that because I read it last night because it is not just what the county is doing. I have been Mr. Regionalism even before I got on Council, including the COG and that is why I wanted Patsy to wait. I think it would be nice Patsy if you would take the message to the members of the COG. I know Mr. Dulin has tried several times to defund the COG and some other regional things and I have stood on this table defending our regional efforts, but when we have counties doing this kind of thing it does not encourage me one bit. I'm almost ready to say anything we do on the regional basis we just shouldn't be a part of because this is not the way regional relationship are supposed to go. It is okay for you to tell us what to do with our Airport, but if it means anything to your Airport then we should leave yours alone. There is something wrong with the way this is going. Even with the MUMPO conversation where we are paying the majority of the match, this is kind of enough of this. This is probably why I've been in this mood all day because when you add Shawn's comments on it, it is like are you serious. What is the point of what we are doing here when people just show us disrespect over and over and over? What are we supposed to do with it? I wanted you to wait because I would like for you to tell the folks at the COG, all they are doing is pushing us into a corner and we have no choice but to fight.

Ms. Kinsey said the Vice Chair of the COG is Mr. Cannon. He is the one hollering for more power on MUMPO.

Mayor Foxx said one thing I would also ask the staff to do, we have lots of pockets of money in different regional things. I would like to know what those pockets of money are. Whether it is the Regional Partnership, whether it is COG, whether it is MUMPO which we help staff, I want to look at all of it because I am a strong believe that this region works better when we are working together, but some of these efforts are hostile to regionalism.

Ms. Mayfield said just for disclosure for full Council and everyone that is in attendance. I am again the Council Representative that is on the Committee that was supposed to be this unbiased Committee to identify who is supposed to be bringing us the information for this study. At the time when Julie was serving as Interim City Manager, she and I had a number of conversations regarding concerns that I had about Shawn's role. What I can say as also the District Rep for District 3 where the Airport sits, the only conversation that I've had via e-mail with Shawn for the last year or so have been specifically around the ideal of losing the Charlotte Aviation Museum because that has been a temporary space so there has always been the potential threat of that space being moved. I did share concerns with the role of not only being the Chair of the Airport Advisory Committee, but also being on the Committee that we established. When you look at the fact that we are in an interesting position where no matter what we do at this point, there is that idea that however it lands, the Airport is going to do whatever it wants to do so it is sort of that analogy of driving down the highway in the 50's playing chicken to see who is going to turn off the road first. I'm not a fan of us walking in fear and being in a position where we are not going to operate in the best interest of the City. We are doing our part with getting the study done. I have really purposed to stay quiet on a lot of the conversation out of respect of what the Committee was supposed to do even though I have members on the Committee who have chosen not to do that, I'm still looking at giving our firm the opportunity to bring back the multiple scenarios, but I definitely agree that we really need to look at how we fund and how we move forward and also it really needs to be clear across the state what the impact is when Raleigh reaches down to any of the cities and ties to control what happens moving forward when you are looking at agreements and contracts when you are looking at the fact that the City's AAA bond rating is what helped to secure the financing that we see, and to help a lot of these regional partnerships be as successful as they are. It is because of the growth of the City of Charlotte. I have concerns when I am reaching across the isles and speaking with representatives up in Raleigh and there is this clear attitude up there that I have heard on more than one occasion that Charlotte needs to be bumped down a couple of notches because we are too big for our britches because we have done the right things to make this City grow. That is a conversation that is happening on multiple levels and I'm not a fan of holding onto it if it is going to have a purpose in the conversation. Knowing what we are dealing with, we are going to have to make some decisions on this Council on how we move forward, but I did want to share again for disclosure that even though I have had multiple e-mail conversations with Mr. Dorsch, none of them have

been around this discussion and I take great offence and I'm highly disappointed that when you sit in a room where we are trying to figure out how to come up with an unbiased plan, here are the different scenarios that we can look at, you take that information and you run to the media to try to create this knowledge base as if you know something more than anyone else knows when it is all about self-preservation.

Mr. Cooksey said a number of things since I originally sought the floor so I'll try to catch them all. I wanted to begin with while we are in the meeting just to express support and sympathy for the position you've found yourself in. I have been for on a couple of occasions when you haven't done a reappointment and while I have always talked about, yes it is typically the custom when the Council does reappointments for folks they do it and I've also said it is the Mayor's prerogative and I appreciate the challenge you have found yourself in as Mayor in addressing those issues of appointments and ... from your predecessor so it is particularly poignant that your good deed has not gone unpunished in maintaining the Chairman of one of the most significant of the Advisory Committees. They are have their important roles but among the most significant of our list of Advisory Committees the decision that you made to stand with precedent and reappointment, I just want to say it is terrible that it has come back to bite as badly as it has.

Mayor Foxx said you can rest assured that I'm looking at all of my reappointments.

Mr. Cooksey said I understand. I also appreciate that the position is now even worse because your point was accurate, that anything done now will have a whole different spin on it and that is kind of the way I think about that it is still pending, the motion about the Advisory Committee. To mix the metaphor I fear that the cow may have left the barn on that one. I do think it is relevant and it is still relevant and should be repeated constantly the reminder that at present the Charlotte Airport Advisory Committee has never recommended shifting the control to an Authority. So the official position of that Committee is that City governance should be maintained. Last point of the things that have come up, when we are talking Manager Carlee this list of regional involvement I hate to turn something that was so positive on Monday into this issue now, but that list should also include cases when City staff, especially public safety have crossed the County border to help neighbors such as the Charlotte Fire Department in Lincoln County fairly recently. That sort of record of activity I think is also relevant to this list of the things that Charlotte provides the region that benefit of the doubt, people just may not know about or may not be thinking about when they talk about the region. I hope that gets included in the list from whatever time period you think appropriate, a year or two years or something like that. That I think covers it all.

Mr. Barnes said I just wanted to call the question Mr. Mayor. It is almost 6:30.

Mr. Cannon said as you call that question, one of the things that we also need to do and I hope Mr. Barnes will include it in his motion and he can frame it however he would like. The City Clerk probably needs to be involved. I don't know to which Committee it may be referred to, it could be Council Manager Relations, it could Government Affairs Committee, but as you talk about the roles and responsibilities that we expect our appointees to abide by, there needs to be something spelled out clearly about what the level of expectation is. When we had to deal with attendance because folks were not attending Board meetings like they should have been, we put in some requirements for that. Such would be the case for roles and responsibilities. If we find one that is in breach of what the description calls them to do and they go outside of that then they need to understand that they might be a candidate for termination or will be a candidate for termination. I would like for you to consider that in your motion in some form of fashion that we refer that piece to committee to include the City Clerk's Office to address that piece as well.

Mr. Barnes said the previous motion and a request that the Council Manager Relations Committee review the roles and responsibilities and ethical standards for each of our Boards and Commissions. I pause because as I recall didn't the CRVA actually amend their body of work to include an ethics provision?

Mr. Cannon said they did.

Mr. Barnes said I'm suggesting that that same ethics provision apply to all other Boards and Commissions if it doesn't already.

Mayor Foxx said that is fine we will take a look at it.

Ms. Fallon said in the interest of transparency also I was surprised to read Monday that some of our members were meeting with the Panthers. I think it would be incumbent upon the Council which the word is Council be notified that that is happening and I don't have to read it in the paper.

The vote was taken on the motion and was recorded as unanimous.

Mr. Dulin said I don't think the timing, it is just two weeks from now and the report comes out May 1.

Mr. Barnes said may I suggest something? Mr. Dulin I have actually been thinking about what you said regarding timing the May 1 piece. My sense is that if the State Legislature continues to go down this path with inevitability the Mayor talked about that that won't be the end of it. Asheville continues to be involved with the State. Their Mayor is on hunger strike over some of these issues.

Mayor Foxx said don't look over here.

Mr. Barnes said I'm being factious but the point I'm trying to make is as you all know in the bond counsel letters the opinions from the Treasurer's Office there are some very serious bond related issues, financial issues at stake so my sense is that this will not be the end of the process. I understand the timing but I still think we have, not only the right, but the responsibility of having that Committee come here and explain why they are working against the interest of the people of Charlotte.

Mayor Foxx said I've said this in somewhat of a joking way, but I'm serious about it. The City may become Jerry Reece in this situation.

Ms. Fallon said especially since they have decided not to pay us anything and just take it over.

Mayor Foxx said we will see how this plays out. The motion has passed. Andy thank you for bringing this issue up at this time. It is a timely conversation and as I said Monday I just hope the facts matter in all of this. You know the irony here is that there is so much that people are saying about the Airport and when you give them the facts it turns into something else. It looks like one of those circus mirrors and it is just seems they are bound and determined to do it no matter what the facts say and that is a very different type of relationship between state and local government than I have ever seen or heard of. It is unnecessary, it is unwarranted and it is wrong.

The meeting was adjourned at 6:26 p.m.

Ashleigh M. Price, Deputy City Clerk

Length of Meeting: 3 Hours, 18 Minutes
Minutes Completed: April 26, 2013