

The City Council of the City of Charlotte, North Carolina convened for a Budget Workshop on Wednesday, May 14, 2014 at 3:08 p.m. in Room 267 of the Charlotte-Mecklenburg Government Center with Mayor Dan Clodfelter presiding. Councilmembers present were Al Austin, Michael Barnes, Ed Driggs, Vi Lyles, LaWana Mayfield, Greg Phipps and Kenny Smith.

ABSENT UNTIL NOTED: Councilmember David Howard

ABSENT: Councilmembers John Autry, Claire Fallon and Patsy Kinsey

I. INTRODUCTION

Mayor Clodfelter said welcome to the Budget Adjustments Workshop. This is your meeting, your agenda, pretty free flowing as I understand the way you do things. Since you've got some new Councilmembers and a new Mayor, let me talk through what I understand to be your practice at what you do at this meeting, not formal rules, but just the practice you follow and then see how you want to go forward and if you want to make any rules for yourselves about how this meeting ought to run we can talk about that first. As I understand it, what you are doing at this meeting is just identifying possible adjustments that you want to vote on later to the Manager's proposed budget. I'm told that the practice that you've been following is that you discuss as you want to discuss, however you want to discuss, whenever you want to discuss, and so long as you want to discuss within reason and then if an idea for an amendment to the budget gets five votes today then it will get worked up for you to make an official decision about later. I understand your past practice has been you need five Councilmembers interested here in order to send the staff back to work up an issue for voting on May the 28th, but since we've got only seven of you here do you to change that today? Councilmember Phipps you are the Chairman of the Budget Committee, what do you think should we use a rule of four today?

Councilmember Phipps said no sir.

Councilmember Mayfield said I say yes.

Mayor Clodfelter said what about everybody else; you've got three absent.

Councilmember Barnes said that sort of arbitrary change I think could be dangerous for how we do our business. We have historically allowed five votes to get anything on or off on the screen and I think that by changing it to three or four or twenty or whatever arbitrarily could set a dangerous precedent for us. Generally speaking if out of the eight of us, when David gets here, five of us feel a particular way on something then likely more than five feel that way.

Councilmember Smith said I second five.

Ms. Mayfield said what I'm concerned about is I don't believe we've had this many members that were not present during this discussion previously so I don't think it is an arbitrary decision to say let's look at considering reducing that number because you can't necessarily get five of us to agree that the sun is shining outside much less to come up with a decision around adds and deletes today. Now if it wasn't as many members that are not present today as we are missing then I would say let's go along with our previous process but with having four of our members not here, I'm concerned about the impact and not having a way for them to have any input either via either e-mail or any correspondence as far as today's process.

Councilmember Lyles said I have a questions just in terms of procedure; so it takes five votes to get something on the list for an add or delete, but actually the next step would be we would have another meeting and I think everyone is going to be here except Councilmember Kinsey. Could a member bring up something at that point, if you got six votes you would still be in a position, I'm just wondering; this is an informal vote until you actually adopt the budget it would be a formal vote, so I understand the five, but I don't know the danger of the precedence since it is six votes to, once you get to the final document.

Mr. Barnes said I understand; I think the issue at this point is you might as well say one. I'm not sure anybody is going to put anything up there anyway.

Mayor Clodfelter said maybe this is academic discussion; let me make this suggestion to you, what if we go with five, but if we get some fours we sort of back up a little bit and say maybe we ought to go ahead with that one. I understand the reason you have the rule is so you don't waste a lot of time, staff time, especially in working up an issue that just doesn't seem to be anyway close to getting six votes, but if you've got four and you've got so many people missing, you might pick up a couple more by your next meeting. Let's see how it goes and anything that gets 5 is on the list and some things that only get only 4, Councilmember Mayfield, I might pitch in and advocate with you for getting those on the list too. How about that?

Ms. Mayfield said I will support that.

Mayor Clodfelter said I understand on the 28th when you come back that is when the rule of six comes in and that is what counts, right? It is your meeting and your discussion, how do you want to start? Do you want to have some general discussion first, you've got some questions you want to ask of staff or each other or do you just want to talk a little bit about some big picture issues first or do you want to go ahead and start tagging some things for the list?

City Manager Ron Carlee said it really is your meeting and what we've tried to do is provide written response to a whole host of questions that have come in and we are prepared to discuss orally in this session any of those responses and try to clarify anything that we wrote there that could help you as you move forward and try to identify the amendments that you want to make.

II. CONSIDERATION OF BUDGET AMENDMENTS

Councilmember Barnes said two things, since we last met we've gotten additional funding requests, one from Charlotte Regional Partnership which I want to talk about and a second one from the YWCA. I want to talk about your recommendations with respect to those two items. Also I wanted to talk about question #5 on Page 7 of the May 14, 2014 Budget Adjustment Responses. I wanted to know if we had any feedback from Dana, I saw him in Raleigh regarding the Business Privilege Tax. I received some word that there was action taken within the last little while on that item.

Mayor Clodfelter said let's do them one at a time. Do you want to start out with the first one?

Mr. Carlee said the first one related to Out of School Time, and there is an additional request from both the Y and from Above and Beyond, so there are actually two of our current non-profit providers that have requested additional money who are getting money this year who ended up losing funds in the competitive process. My understanding is that the process is going to be discussed tomorrow at the Economic Development and Global Competitiveness Committee, if I am correct.

Mr. Barnes said unless Mr. Kimble tells me otherwise, it wasn't on the agenda.

Deputy City Manager Ron Kimble said it is on the agenda.

Mr. Carlee said my understanding is that there is going to be a discussion of the process; there are two fundamental issues with regard to the Out of School Programs at least, but two that are obvious to me. One is the process, and with regard to the process there are at least two sub-parts to that. One did we as staff conduct the process consistent with what Council had previously approved and then two, was that really the right process. If I might phrase that somewhat differently, did we do it the right way, but was it the right thing to do. My sense, and I am interested in getting some guidance from Council in this discussion this afternoon is that staff diligently tried to be faithful to the process which Council had approved, but the outcome of that process really set up a situation of winners and losers that is almost inherent within that process. I will say that having now looked at this more closely in terms of, I was assuming that we did the process right and I think that we did. But as I looked at the outcome and hear it I will say that as Manager I do have some concerns about the process and whether or not it is really yielding the

kind of results that you want to have because as what are really ongoing operational programs, the after school programs, it creates a system that makes it very hard for our providers to provide on a year to year basis. I think the original objective of Council, as I looked back and try to understand the history, was to try to provide an opportunity for new and creative ideas to get on the table so that once you became an Out of School provider, you weren't necessarily an Out of School provider for life and some new providers could come in and some new ideas could get to the table, but as we can see in the process this year, and as you look back even a year earlier, you can get some real swings from providers and is that really a good way to work with our providers. That puts us in I think a really difficult position this year where we have two existing providers that based upon the scoring process it is really very close and you can question whether or not the differences are substantial enough to result in the distinctions among the funding. It leads us to a fairly narrow range of options, one of which is to try to expand the pool on a limited term or longer term basis and I do not have a sense of the Council in that regard. Of course we would have to try to find where the money would come from; there is a budget balancing piece that would have to be done there. Do we try to do something different, even though we went through the process and faithfully went through it, do we change the rules after the fact that results in a different allocation or do we accept the results this year and change the process for next year? There may be some other creative ideas around the table but those options or some combinations thereof appear to be where we are left at this point.

Mr. Barnes said the answer to my original question is you don't have a recommendation today on those two entities.

Mr. Carlee said the options that I just laid out to you I think have some inherent policy questions behind them and I would like to hear at least some discussion among Council about the different approaches so that I have a sense of direction of Council before actually developing a recommendation for you.

Mr. Barnes said you guys provided a lot of the history over the last couple years because we wrestled with this \$1.2 million and we wrestle with it every year as if it is a billion dollars and I thought that the previous ED Committee and the previous Budget Committee had worked up fairly effective solutions to the issue and we all knew I think, even former Mayor Foxx talked about how there would be winners and losers and we all knew there would be winners and losers, acknowledged that in going into the process and when the losers come up and make a lot of noise we tend to say okay let's look to change it again and for me that is fairly problematic. I guess tomorrow we will discuss it as a committee in the ED Committee, but I was just looking for your recommendation as of today.

Councilmember Howard arrived at 3:18 p.m.

Mr. Carlee said the one recommendation I do have, I think revisiting the process, regardless of what you do this year, is worth doing. I have actually dealt with this issue fairly extensively in past times and I've watched other cities adopt the kind of competitive process that you are using here. I would, and this may be more appropriate in Committee, I would recommend that for what are ongoing operating programs that we try to have a process that still permits innovation, still holds people accountable for performance, still ensures good value for the money that we are paying, but provides greater dependability on a year to year basis. True competitive processes, in my experience, work better for one time kinds of funding, an infusion of capital resources or development of a business plan or development of a fundraising outreach, but even as is recommended, even on a bi-annual approach it makes it really challenging I think to provide consistency in going forward if it is an ongoing operating program. The one other thing that I have heard from some Councilmembers, getting to the larger question, a process for the future, is whether or not the City should be doing the process itself or not and should the Council consider setting the budget and delegating the responsibility for the process to United Way or some other agency that has experience and expertise and a good track record in making funding allocations.

Mr. Barnes said as a part of answering that question though, one of the reasons I asked you about your recommendation is for the add/ deletes purposes and if we are going to add money back for that program, whether it be half of it or all of it, it would be useful to know whether you think we

should do that. I'm reluctant to do it, but I want to hear you say it. You can think about it if you like but the CRP question and the Privilege License Tax issue.

Mayor Clodfelter said let's keep those as three separate ones because other Councilmembers will want to talk about the Out of School Programs. Let's deal with all of that at one time and then we will come to the other two points.

Ms. Lyles said I'm really trying to understand; I've got a packet here, yellow and orange, and I was wondering if it might be possible for the Committee discussion tomorrow to actually have the staff present, review, and have some conversation. One of the things I was thinking about, what if we just put it up there and then ask the Economic Development Committee to come back and give a recommendation. What I have a sense is that the staff is given a charge, they completed their charge, it is in the Manager's recommended budget as is. What I heard the Manager saying is there are some things when you look it that unintended consequences after running through the entire process came up and I don't know if this is the first year or the second, but as a result of that, so my thinking is what if we just put it on the list, ask the Economic Development Committee to review it in depth and come back by the decision making meeting with the recommendation from the Council Committee as to how to deal with it. Just another option of how to deal with it in a way that gives us some time. I certainly can't absorb this kind of material, thumbing through the packet today. I'm reluctant to say that I'm informed enough as a new Councilmember, not having the history and the background that you guys have, to be able to address that.

Councilmember Driggs said the applicants for this program view the money as seed money with the expectation that they will find other sources of funding to replace it or are they hopeful that they have a long-term relationship with the City?

Mr. Carlee said I will ask someone from staff to come and join me. My understanding of the program is that it is not intended as seed money but that it is the amount of City resources are intended to be limited; so that there is not an ongoing dependency on the City as the primary funder. The maximum amount of funding has been established with different targets by previous Councils. Tom Warshauer is here; how much of that did I get incorrect?

Tom Warshauer, Neighborhood and Business Services said you are absolutely correct. It is not viewed as seed money, it is viewed as operating money that they would receive; it is competitive every year moving to a competitive cycle every two years to address some of the concerns that the City Manager has laid out.

Mr. Driggs said I know just from involvement on boards with a couple of organizations, not this one, that that kind of uncertainty about a large source of their funding is very difficult to deal with. How long ago did they know that they might be in trouble in terms of getting this funding extended?

Mr. Warshauer said they have been doing the competitive process for three years; this is their third year now for the competitive process.

Mr. Driggs said when did they actually see these numbers for the first time?

Mr. Warshauer said they see these numbers when you see them; we don't release the numbers to the agencies until we release them to you. They received them a month ago. Their funding cycle doesn't begin; we moved the funding cycle so their funding cycle doesn't begin until the fall.

Mr. Driggs said I would just suggest I think we need a process that kind of softens those blows. It is very tough to run any program like this, wherever the funding is coming from, when you find out as late as this and then you've got a whole bunch of people who are being served by the program who suddenly aren't being served anymore. One of the ways I would suggest is, that if you create a situation where recognizing the dependence of an existing client you require that before they get disqualified the extent to which their performance is exceeded by a proposal from somebody else, be some cushion, it is not down to two or three points and then out they go, but there has to have been a significantly better proposal from someone else or a deterioration in

their performance and we clearly want to identify that situation; the performance of anybody whose funding is dropping off. I know from a couple of conversations there is a sense on the part of this group that the goal post were moved a little bit in terms of the performance standards that were applied in this review. I don't know the details and I'm just saying for any group like this, engaged as they are, to suddenly be told sorry, you are down to zero, and not phased out, not a year's notice, just gone, that is a tough one.

Ms. Mayfield said looking at the CDBG Funding Options and Impacts, it is noted that 15% of the CDBG allocation to the City is available for services for which Out of School Time programs for low and moderate income youth is an eligible expense. When we started this conversation, because I will admit for the new Councilmembers around the table, I was the one that initiated the conversation of how we are doing the allocations because we had an organization that did not receive funding and it was 80% of their funding source that came from the City. From working on other boards and being in the position of being Grants Chair or Co-Chair we had a conversation and I shared that really no organization should receive more than 30% of their funding from one source to make sure you have it diversified if something were to happen. We started this process of how do we become more competitive, but I also shared that that idea was to look at how do we expand the program, even though we have limited funds, not just stay limited to the five. One of the pieces of this conversation included the community's support and it was suggested that geography played a role as well, but somewhere in the conversation I don't think that criteria made its way in so now I'm looking at what I thought was going to happen and I did not think last year to say bring this back to Committee again while we are working through the process. I honestly assumed since we had an election, new members came on, new committee assignments that it would have automatically come back to the Committee. I didn't think about that it would just automatically go to the budget process so when these numbers came out, what I personally realized as the representative of District 3, that I had at least five programs that were funded on an area of my district that is highly disenfranchised and that clearly falls into our CDBG guidelines, but no longer would have access to services. So what would that look like in the community and did we take into consideration, and I also had a concern from some of our providers that are we really looking a true comparison.

We are looking at an innovative program that is on a middle school level that is looking at job preparedness, can that really be compared to an elementary school program where you are looking at basic fundamental skills to ensure that your test grade scores put you in a position where you have a fighting chance, where you've already started out behind the pitcher or behind the goalie opposed to starting out on third base already. So was that a true comparison; those were some of the conversations. So now that we are at the budget process, yes I'm going to say now I'm going to be throwing some money up on this board to try to figure out how we can allocate because it is noted in here, even though unfortunately we just received this information, so we are having to read through it quickly, but for full transparency it is noted that in mid April 2014 the City was notified of an increase in our fiscal year 2015 CDBG funds making available an additional \$175,000 and the 15% service cap. These funds have not been allocated. Even if we were to allocate these funds between the two organizations we are talking about today that have done great work in comparison to some new organizations, which we want new organizations, it is that balance of even with this 15 that doesn't help to fund both of the programs, but I definitely agree that we need to look at way where there is some type of cushion opposed to you having a week's notice. We were presented this last week during the budget discussion. Those that did not receive funding did not receive this information until after the budget cycle or they were at the meeting and that was the first time that they heard it according to what they shared. There is a concern about that timeline and not about that organization, but the impact of those youth. If you had an organization that was once second or third and you've now completely dropped off, what considerable change happened during that time and are we doing our due diligence to catch it before it got to the point where you fell off because it is not about the organization, it is about the youth and the impact of those young people. Monday night we had people speaking to us about jobs; I'm saying let's make that investment on this front end opposed to trying to figure out how we are going to make this investment on the back end after higher education comes into play or not. So yes, I'm going to be throwing some money on there.

Councilmember Austin said obviously, I was not here last year during the discussions around the Out of School Time allocations, but I was concerned about a couple of things that it did not at least come back to Committee for us to review that prior to getting on the Manager's budget. What was the process supposed to be? Was it supposed to at least come back to Committee for us to look at prior to your presenting it or how was that supposed to flow? It would seem to me that it needed to come back to ED before it ever got out.

Mr. Carlee said my understanding from staff that they thought that they had guidance from the Economic Development Committee to go forward with a process that was used. What happened last year that did not happen this year is that the recommendation at the end of the process, the outcome of the process, as I understand it, was actually presented at a Workshop of Council prior to the Manager actually presenting the recommended budget. This year the process, the timing of the process, was such that it was not completed before the Workshop, perhaps it should have been and would have provided an opportunity for the Council in a Workshop setting to have this conversation prior to actually seeing it in a Manager's recommendation, so to that question and to Councilmember Mayfield's comments, with regard to process, if the process remains with the City, however it may be amended, I will be recommending that the process be moved up and the notifications and the discussions have an opportunity to be made prior to actual inclusion in the Manager's budget. Those are reasonable ideas to me.

Mr. Austin said as a former Executive Director of the YMCA, one of the things I realize and the number of grants I wrote for programming, particularly for after school, was that I may not get that funding again so I would be very interested in understanding the many, many years that we have provided funding to various organizations. I believe we do a disservice when we don't allow them to become more self-sufficient in fundraising and other sources to sustain themselves. There are unintended consequences to that and the unintended consequences are now what we are seeing from many organizations that are calling us. One of the things I hope when we get the presentation tomorrow would be a clear picture of one question I was always asked, and that was what is your plan if you don't get the money. That was key to us, what is your plan, because if you backed out that \$100,000 or \$300,000 you better come up with a very good plan on how to sustain that. I would really like to see and hopefully tomorrow there is detail on those applications about that. I do think we need to re-look at that again before we proceed ahead. I don't know about putting money on it, but I think we also need to look at us not managing this. I'm not quite sure we are the appropriate governing body to really do this.

Councilmember Howard said this is funny how I keep being the old guy on the subject matter, but I think I was the only one on the Committee when this was dealt with the last two years. The staff has given you a lot of history on it, but one thing you should know, Vi, even back to when you worked for the City and Pat Mumford was on City Council, and I don't know if it goes all the way back to you.

Mayor Clodfelter said it does.

Mr. Howard said this has always been an issue; it happens this way every year. This is my fifth one I guess dealing with it just like this and the problem with this one, and I want to say a couple things really public; you make somebody mad no matter what and I want to make sure that we are careful about what we say about the process because it implies that maybe staff didn't do something correct. I want to make sure that I'm on the record saying that I'm sure that they did that and I want to make sure that they know that we know that they gave it their best. They did exactly what we asked and that would be the reviewers from his team as well as everybody else because that is what kind of happens when we start down this route every year, it implies that there was something that was done wrong and I don't know how that happens three years in a row when we go to this competitive process. I want us to really be careful with that one.

Mr. Warshauer said I really appreciate that and I think we have worked to develop a really fair process. It is a very thorough process; it takes a look at the application, the site visits and interviews with them and it was really development with the community from the Foundations of the Carolinas to catalyst funds to a whole range of people taking a look at best practices across a whole range of...and age groups. There are a lot of needs in this community and there are a lot of great programs, but we really took very seriously your charge to us to evaluate the program.

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Mr. Howard said that is always another unintended client consequence of this conversation that it implies that there is something weak in the staff process and I just want us to be clear that is not what I'm saying at all, to the current agencies, the same thing. I don't think this says anything; the whole idea was to make it a competitive process and just history on this one, Tom just mentioned it, it was the Foundation of the Carolinas that have studied and there is a lot of input; this process, we were really trying to get this right going into a competitive process so it would take the politics out. That is exactly what we are getting ready to do, we're going to put politics back in and I'll admit I'm probably getting ready to be one of those because that is what happens when you do this. Just a couple things to be clear; Tom said it real quick for my colleagues who were also concerned about the fact that you would just find out in June and you wouldn't get anything else in July. Now that is extended through the fall so your money really goes all the way through the summer time, so if you had a summer program that you intended to get going you still get that support. Your money actually starts in the fall and goes through the fall as opposed to, just to the current agencies it doesn't stop July 1, they actually get it all the way to the beginning of school, just to make sure that is clear.

Today, I did come prepared to make a recommendation; Vi recommended exactly that, well a little bit of a caveat of what you said. One I think it is unfair to any agency that is new for us to start messing with them because they did it exactly right as well. I think what I was going to recommend today was something that said leave the recommendations as staff presented them and put the onus on us if we want to go out and find money for the agencies that did get funded. I would recommend that we only look at the ones, if we do this, that are currently being funded this year, not just a whole list of everybody that asked for money. In doing that I would also recommend that if we do it we do all the agencies that are currently funded, we try to find money for them, but not try to be the reviewers ourselves to now pick winners and losers out of the ones that were not. I think there were three that didn't get funded that got funding last year; First Baptist West; YWCA and Above and Beyond. So my recommendation is that if we put this on the table tonight, and I'm willing to be one of the five to do that, that we look at a way to take care of them all this year, but we don't get into trying to now be re-reviewing what the staff did. That is what I'm willing to support tonight and I was definitely going to recommend that we start looking at, Mr. Chairman of the EDGC Committee that we look at a way of farming this out to somebody else. There are agencies that do this a lot better than us. What came to my mind is that, and I work for a non-profit, and when you put in a grant request and you don't get it from the Foundation of the Carolinas, if you don't get it, you don't get it. You don't call somebody, you don't try to work with the Board, you don't do that; it doesn't work that way so we have to come up with a way so that stops, if possible. I would hope we would look at other agencies that we can farm this out to. I think After School is important, we should do it, it is a public safety concern, it helps, but we should get out of this.

Mr. Phipps said what was the total allocation for the partners that didn't get funded this time, the three that Mr. Howard just mentioned?

Budget Director Randy Harrington said if I understand the question correctly, what is the current allocation to the ones that didn't get funded this year? Above and Beyond Students was \$124,158; YWCA was \$307,000 and First Baptist Church West was \$81,432. I might ask Tom if he could help me clarify, the First Baptist Church West did not apply because they may have applied through another group or something, I just wanted to make that clear.

Mr. Howard said they did not make a request.

Mr. Warshauer said they made a request initially but they did not submit the clarifications on the request so they were not considered in the RFP process.

Mr. Phipps said I know as far back as 2005 when I was first on City Council, this area was always a source of anxiety for members on the Council, but one of the things I wanted to know, inasmuch as this might go back to be reviewed by the Committees, I'm wondering if we should consider establishing an appropriate cap as a percentage of the total budget for each of these partners, whatever that would be so as not to be in a position where our funding source would represent such a significant portion of their budget if they were to lose it, that it would definitely

put them on the spot; something I think Councilmember Austin was representing there. I'm concerned and I think someone said it could be up to 80%; I know at the public hearing someone was it was close to 30% of their budget was City funded, allocated and to lose that sort of stream would make it extremely difficult I think to try overcome it. I would hope that we would look at maybe considering something like that.

Mr. Warshauer said we totally agree and in the RFP process new applicants can only apply for up to 33% of their budget and the legacy programs were weaned down over the course of the years to 66% the year before last; 50% this year and they would be at 33% next year. We have been moving all applicants to be able to not have the majority of their funding coming from the City. You could definitely go further than that if you like.

Mr. Phipps said one thing I would also like to know is over time have we ever done an analysis to determine what partners are perpetually in the program, how much of a rotation or new people coming in or do we have partners that are consistently year after year recipients of City funding?

Mr. Warshauer said until 2012 when we began the RFP process we essentially awarded the same groups funding year after year after year and we've been doing that for over a decade. That was one of the reasons that the Foundation and the Catalyst Fund and others had come to us and said there are a lot of new innovations that are happening in the Out of School Time space, there are a lot of new people that want to come into this market, but knowing that the City isn't interested in funding anything but the legacy programs we are really inhibiting making available to our kids the very best programs and the very best thinking that was happening in the country. That was one of the reasons we went into business was to really drive, in a sense, I heard the term move the goal post, it wasn't to move the goal post, it was to get the very best programs in our community that are happening anywhere in America. Our goal was to continue to innovate and to reward programs that were moving the goal, to bring the very best in every age group to our community; and that is very much what we have been doing.

Mr. Smith said I think there is some merit to looking to an outside entity that does this kind of on a day to day basis to allocate funds. The only caution or concern I would have there is sometimes these organizations have bloated overhead and I want to make sure that dollar for dollar money we put in goes to the intended use. If not I would say we should keep it in house and that is just food for thought on that. In addition to capping percentages, maybe we want to consider capping periods of time to Councilmember Phipps' point for how long you can stay in the program, so we constantly maybe have a little more turn over, but my big issue is, I think there is merit to having somebody else allocate it, but I just want to make sure that whoever allocates it, if we have \$1.2 million; \$1.2 million goes to the intended use or otherwise I would say keep it in house. That's just my two cents.

Mr. Barnes said I would submit to Mr. Howard and Mr. Smith actually that even if we farm this out and give it to United Way and they make a decision on the \$1.2 million, invariably there is going to be somebody who is going to call and say could you guys help us out even though we got the recommendation from United Way. They will call Mr. Smith, could you help us out and there will be that political pressure to make the adjustment. What it requires in my opinion is the political will to say we have a process, our staff has complied with the process, sorry. The fact of the matter is if you look at the handouts in here Mr. Phipps, almost each of the questions you raised has been addressed over the last three or four years by this Council. I thought the ED Committee and the Budget Committee of the last Council put together a very solid framework for the policy on the issue. I feel as bad as anybody about some of the funding that we won't be able to make or weren't going to be able to make, according to the budget, but the fact of the matter is, this is going to happen every year because someone is going to call somebody and say could you help me out and there will be that pressure to make a change. If in fact, as Mr. Warshauer just indicated, our staff did what they were supposed to do in scoring these programs, I know there is some controversy about the scoring, but if they did what they were supposed to do, it is very difficult for me to every year come back and talk about \$1.2 million. We spend hours every year and you said you have seen it when you were here, every year the same thing; we spend four or five hours talking about this. I do agree and I think Ms. Mayfield made the point about alerting some of these partners earlier on that they may be losing funding or creating a more long-term process as the Manager suggested, but to go through this every year and

essentially run away from our own policy, I know this is previous Council's suggestions, but to run away from our own work every year is nuts in my opinion.

Mr. Austin said I just want to thank staff and I don't want you to get the impression that we are saying that you guys did anything wrong or the Committee members, you guys did what you were charged to do and we thank you for that effort because After School Time is very important as we are looking at our communities and growing our communities. Hopefully tomorrow we can have some dialogue and maybe it is not so much a cap on the percentage of an organization's operation, maybe it is just a cap on the amount, so if we have \$1.2 million, why don't we cap it at \$100,000 and maybe we are able to serve many more organizations and then those organizations understand how much they actually get, not a percentage of their operation budget, but just an actual amount, say \$100,000, that is the max anybody would get as well as adding to that that is not something you will get forever. There would be an expectation that you would be gradually weaned off of that so that other organizations could come back. That is just a consideration for tomorrow's conversation.

Mr. Howard said it is already in here; the cap was \$350,000. That is why you see \$350,000 on many of them. You can say that that is high but we did a cap. It is like Michael said, been there, done that with all of these questions. It is just never nice when you don't like the results.

Mr. Warshauer said we have reduced the cap and we have continued to reduce it and perhaps we need to revisit the speed of that reduction or what that reduction is because one of the outcomes of having the cap is that we saw agencies that were previously funded at less greatly increase their ask because they could. We have been aware of the problems of the caps and the amount of the cap and what political pressure that puts on you because there are less programs that we can be partners with in our community, so we are able to, with the higher cap, fund fewer kinds of approaches to children and the children's needs in our community. The caps, the percentage, all of it, are significant issues that merit our attention regardless of whether you do it internally or you hand it out externally to someone. Those are instructions that you might want to revisit.

Mr. Howard said just a couple things, going back to Kenny real quick. I think there is no third party who would do this for us for nothing; so the idea that we ask somebody to do it, I do agree with you that we ask somebody to do the whole \$1.2 million. We should just be prepared to do some overhead support to do a contract. That is just the way that works.

Mr. Smith said some operate at 60% and some operate at 50%; we have a sliding scale and my only point is if we are going to advocate this I would just want to make sure that whoever took it on, if that is where we go, is one where we have a minimal amount of loss of our dollars.

Mr. Howard said I agree with that, I just want to make sure; you said if we do \$1.2 million we want to give out \$1.2 million. That is just not realistic. I want to make sure what I was saying when I was talking about my recommendations; when you said, Michael that they would still call us, I'm actually saying the money goes to them just like they do all the other funds and they make the final decision, not that it comes back to us for the final decision. What I've heard in the past is that is going to apply to what Council; because when this came up originally going to a third party did come up and the Council at the time didn't want to give up final decision on the money. I'm actually advocating we give up final decision and maybe what we do in that situation is that we all vote on the process every year, we revisit it, you tell us what we agreed to, what the criteria is, but to be willing to take whatever they come back with so I'm actually advocating that or we can do the politics every year.

Ms. Mayfield said Mr. Warshauer I definitely don't want it to sound like we are picking on staff, I think it is more so for me as a newly elected, like in 2012 coming on, I had a lot of questions about the process and wanted to have a better understanding of it. I think this is just part of those growing pains that you go through trying to create the right type of process and my understanding and your interpretation of the same sentence could be different. A lot of my questions come from that interpretation and I'm learning more now that it is more so in me asking the right questions in order for you to be able to provide me with the right answer or the answer that is closer to what I'm thinking my question is. When I look at the fact of the way we look at our total awards, the legacy programs, those that receive funding from the City of
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Charlotte in 2012-2013 funding cycle are eligible to apply for up to 50% of their total program because of what we had done previously, not to exceed \$350,000. To me that doesn't mean that you get the entire \$350,000; that just means you don't exceed \$350,000 so if you had a great program and you are asking for \$350,000 but you know that you can get \$350,000 it looks inflated or if we are taking into consideration other criteria including geography because that is a big piece of how we are trying to impact the community. Those will be questions that I would have asked had we had more time to really go into the back and forth, not saying that what staff, because staff I believe you did exactly what we asked for. I'm only going to speak for me personally, but I knew the right way to phase the question in 2012 and 2013 to get the right result which to me the result is as many youth as we can impact on a positive level as possible with having that innovation but also not penalizing this organization because they are not doing this innovative new shiny thing, but also this innovative new shiny thing having an opportunity to be at the table. To me when I read not to exceed whatever that dollar amount is that we finally agree upon, that doesn't mean you automatically get up to that dollar amount; that just means you can't go over. If there is a program that is wild out of the box, yeah it make sense, but if you are pretty much doing what you've been doing, then was there some wiggle room there and that's not to try to challenge, these are just the questions that come to mind for me. Whatever we decide on as a Council I'm going to support because we asked staff to do a process; I'm just trying to make sure that this process is going towards the direction of impacting at a positive level as many in the community as possible.

When I look at other programs, many new programs that come to the table you say they are eligible to apply for up to 33% of their budget, not to exceed \$350,000. If I was on the other side that dollar amount would have been different. For the new ones coming to the table you will not be able to exceed \$200,000 as opposed to the same amount. I definitely do think there is merit in what Mr. Howard and Ms. Lyles have mentioned as far as having a third outside party, but when it was first suggested to me, Mr. Smith, I said the same thing, but if we are going to have to put administrative cost in there I would rather we keep it and just add that money to our total of \$1.2 million as opposed to having someone else handle it and then have to cover that administrative costs on top of it. I would rather the money go directly to those that are in need, but I do think there is merit in, if we are going to move in that direction, having a third party take care of it as opposed to us doing it. Ultimately I really don't think that this is something that we should be doing, for full transparency on the City side. I think this falls more in social services and I think there are other ways that we can be putting money towards helping people in the community, but since this is something that the City does, I want us to do it to the best of our ability to impact in a positive way as many youth as possible. That is not to say that what staff has done isn't what we asked for. I don't think I asked the right questions for you to come back to give me the answers that I was anticipating.

Mr. Driggs said a couple of quick comments; one I didn't mean to suggest that staff hadn't done a good job. It is a question of whether the policy is a good policy. I will mention that putting a burden on some of the recipients of these funds to plan for defunding is actually not as easy as it sounds. These guys are always knocking themselves out to look for new funding sources anyway. They are not going to have a good answer to that question frankly, but there is no way kind of quickly to replace 30% or whatever of your funding. Again I think a softer kind of adjustment process. I don't believe there is any upside in outsourcing. I think you guys did a great job, if you have a better policy you will do a great job with that. As far as the input, the pressure we come under, I think it is incumbent on us to hear input from the applicants and to listen to what they have to say and I think we are capable of making an informed decision based on what we hear from them. My last comment was on the discretionary, putting the limits of \$250,000 or \$100,000; I think we should leave ourselves some room. If we had a \$100,000 limit we could find ourselves funding a couple of programs at the bottom of the list that aren't as deserving as the top programs might have been so I would like to see us preserve a little more autonomy when it comes to deciding those amounts and just instruct the staff to be circumspect about how much is given to each beneficiary.

Ms. Lyles said I'm going to make a proposal. I think Mr. Howard and I pretty much said consistently we appreciate the process; I think the process just gave us an end result that we had, as I called it, unintended consequences. I must confess when I was Budget Director and we were doing this, I recommended that we get out of the business because it is just something that is

very, very difficult. You are never going to meet the need of the programs; we have the school system actually applying for these programs which I thought was a little bit odd, that our school system was applying to the City for After School programming. What I want to say about this is that where I think the disconnect is for me, is that we decided on \$1.2 million and these programs are growing, the need is growing and scarcity is really the defining problem here. You have scarcity and we didn't really, I think, the process for me didn't say we are going to cap what we are going to do, how do we cap appropriately to that \$1.2 million. I'd like to recommend that we refer this, or I think it has been referred, but actually a recommendation for the budget adjustment be referred to the ED Committee for discussion. It might make for a longer meeting tomorrow for us but I think that we ought to allow ourselves a little bit more flexibility. You know when we took that work place study I have to admit I think Dave and Michael were in the end of flexibility and I was probably on the chart so I'm going to always ask for some flexibility, but we might even have to through this up. The staff is going to be here with us tomorrow on this, let the committee come up with a recommendation that we actually send out immediately in the Memo on Thursday that involves and includes this discussion. If we need to put the \$431K up on the plus side, I hear Mr. Howard say we need to do that so put the \$431K on the plus side; I don't know that we have enough deletes to do it today, but I think that is something the Committee could actually look at, where do we want to be and actually have some conversation around this issue.

Motion made by Councilmember Lyles and seconded by Councilmember Mayfield to adjust the FY2015 Operating Budget by adding up to \$411,233 for additional Out of School Time programs and to request the Economic Development Committee provide recommendations on the amount and allocation of funds to be determined by Council at the May 28, 2014 Straw Votes meeting.

Mr. Driggs said are we talking about increasing the total amount of this funding, and if so are we talking about doing it on a one-year basis?

Ms. Lyles said it would be for the budget this year and I'm not sure if the referral before was to look at it for the next year. What was the referral on Monday?

Mayor Clodfelter said the referral was the broader question, all of the good questions that have been surfaced around the discussion about the long-term way to modify, adjust, change, throw out, substitute your process and that would include all the questions you guys have raised I think.

Mr. Howard said when you say a motion?

Mayor Clodfelter said the way I understand the way you guys do it is you motion, second it and if it gets five votes it goes on the list.

Mr. Howard said we normally do them all first. Are we going to do this one now?

Mayor Clodfelter said however you guys want to do it; we will get everything on the list and then come back see which of those get five votes or four if you feel so inclined to be charitable about them.

Mr. Howard said one more thing; I think you were right about the point of asking because the referral was about process. We do need to ask the Committee to give us a recommendation on this issue. That was not referred to the Committee.

Mayor Clodfelter said I understood though that you wanted not only the big picture process questions to go but also the Committee to give you their thoughts about the \$411,233 too.

Mr. Howard said that we do need all to agree on either by a motion, we do need to do that part.

Ms. Lyles said that was my motion.

Mayor Clodfelter said alright let's do that part, to get the committee recommendation on the \$411,233 specifically.

Mr. Phipps said so you are saying we can keep the \$1.2 million and add the \$411,233?

Ms. Lyles said no, that is not the motion. The motion was to put this up for an add; to ask the ED Committee to come back and discuss it and give a recommendation to the Council on the amount. It doesn't have to be \$411,233.

Mayor Clodfelter said one thing the Committee might say is ditch it all and then you guys would vote on keeping it at \$1.2 million or not and they might come back and say add another \$200,000 and then you would vote on whether to increase from \$1.2 million to \$1.4 and you would vote on that on the 28th.

Mr. Phipps said so does this mean that we are going to be keeping at a minimum the \$1.2 million; we are not going to be looking at those allocations?

Mayor Clodfelter said if somebody wanted to put up a delete I suppose we could do that.

Mr. Phipps said I would feel more comfortable if we are going to look at, I mean this whole package. We should look at the whole package, the whole funding for all of the partners with these two new ones.

Mayor Clodfelter said what has been suggested by Mr. Phipps is the Committee referral for a recommendation on this year's budget. The big picture process issues are going to Committee. That piece is settled, no motion needed on that. All the good stuff you guys have talked about, that is going to Committee. This year's budget, what Councilmember Phipps is suggesting is that the Committee be asked to make a recommendation on the whole \$1.2 million and the possibility of increasing the \$411,233. That is what Councilmember Phipps is suggesting.

Mr. Driggs said I just want to say I actually agree with Councilmember Lyles' observation that this not something, maybe not something we ought to be in so I would really not want to see the total amount grow and therefore I think we need to be looking at some add/ delete formula that operates within the limit of the \$1.2 million. Not necessarily the entire deletions, we could adjust the amounts, but I don't think allowing this thing to go beyond that limit that we had established is the answer. I think the answer is to sort of soften the transition.

Mr. Barnes said which funding partners make up the \$411,233 number one; number two, how much beyond \$1.2 million is represented in that number?

Mayor Clodfelter said as I understood it the question was asked who got funded last year that didn't get recommended this year and what was the amount of their funding last year that didn't get recommended this year. My understanding the \$411,233 is that is the total amount funded last year for the groups that got funded last year and not this year. That would be the Above and Beyond, the YWCA and First Baptist Church West.

Ms. Lyles said no, First Baptist is not.

Mayor Clodfelter said okay, it is just those two.

Mr. Harrington said just for clarification, this is the difference, the difference to restore them back to the FY14 level is \$411,233 and that is comprised of \$104,233 for Above and Beyond Students and then \$207,000 for YWCA.

Mayor Clodfelter said if you were to hypothetically decide you want to restore funding at last year's level for the two groups that didn't get recommended this year you would increase by \$411,233.

Mr. Barnes said how much further beyond \$1.2 million does that take us; \$1.6 million?

Mr. Harrington said correct.

Mr. Howard said just to be clear because I think Ms. Lyles and I are saying the same thing. In my comments earlier what I was saying is that the people who applied in that \$1.2 million did nothing wrong so the idea, Mr. Phipps, of now going back and doing anything with them makes us now the reviewers of the grant process and that is the part I'm saying we should stay out of. What I'm also saying is that to keep us out of being reviewers if we feel like there is a problem with the process we should not try to choose between the two of these; we should do them together or not do them at all because we should not be the reviewers of this process. Now we are getting into what the criteria was, did they meet this, they did not meet this and what I'm saying is that we should not do that. My recommendation and the reason I'm going to support this is because this does that at least for one year.

Mayor Clodfelter said the question that you are going to be asked to vote on is do you want to get a recommendation from the ED Committee on the question of whether or not to fund two groups in this year's budget; that is the YWCA and Above and Beyond Students, at the same level of funding that they got last year. That would be the question that you've asked the Committee to make a recommendation to you on. That is the question you will be voting on.

Ms. Lyles said as Mr. Howard stated we generally have agreement. I would not preclude that the Committee must put the \$411,233 on the table and my recommendation would not be as you stated Mayor, which would fund those two organizations at their last year's level. I think that we conceptually have agreement; I'm not so sure that I'm at that point so I think Mr. Howard we do have some differences and if the Committee comes back and says that it is not that we review and did the qualitative analysis but it is about, for me, the scarcity of the funding so I don't know that that really takes anybody away. It is one of our responsibilities or accountabilities around the amount of those contracts.

Mayor Clodfelter said we are beginning to lose focus rather than gain focus.

Ms. Lyles said I just want to make sure that we're not saying the same thing.

Mayor Clodfelter said now I need to know, what is the question that you are going to be asked to vote on? We will state it and then take your positions on it. I think that will reflect what your positions are but we all need to be sure that all of you understand the same thing about what it is you are voting on; have the same understanding about what you are voting on. That is all I want to be sure we do.

Mr. Driggs said I just wanted to say this is an unfortunate situation that we are in where we've gotten this far and now find that we are not completely happy with the outcome of our process, but I don't think the inevitable conclusion is that we find an additional amount leading to the entire funding for those two recipients last year and not revisit the amounts that we intended to award to others. Therefore I would like to see the Economic Development Committee consider whether this is the outcome we wanted and if not what other outcome including \$1.2 million might better serve the purposes of fairness.

Mayor Clodfelter said so you are with Mr. Phipps?

Mr. Driggs said yes.

Mayor Clodfelter said help me out here guys; I just need a clean question for you to decide and we've got about five different questions running at the same time. Let me see if I can get some help from the Manager.

Mr. Carlee said I'll try. This is what I'm hearing and that is that Council would like for the Committee to evaluate the impacts on the agencies that lost funds over FY14 in this process and to make recommendations as to what, if anything, should be done to mitigate those impacts. That could include restoration of some funds up to this amount, but it is not presumed that.

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Ms. Lyles said it does not preclude adjustments within the recommendations that have been made because we are not, again, judging the quality; the people have made the quality bond, it is the financial bond that it should not preclude.

Mr. Smith said I did not envision that we would spend this much time on this particular segment of the budget. All I want to make sure of is that if we are going to raise \$411,233 here and if we are going to go above \$1.2, I want to see \$411,233 come out somewhere else.

Mayor Clodfelter said then you will need to put a delete up there.

Mr. Smith said I've got some.

Mayor Clodfelter said if we don't run out of time on this item we will get to other items.

Ms. Mayfield said what I seconded so that we are clear with all that conversation for this motion, what I seconded was the addition of these dollars, \$411,233 even though I calculated the different amount because I was going by what they actually requested, not taking them back to 2011, but that is fine. What I'm seconding is adding \$411,233; I wasn't seconding let's go back and look at the \$1.2 million; this is add and deletes; this is the add that I'm seconding, \$411,233.

Mayor Clodfelter said we're not really making any progress here; we are sort of stuck in a whirlpool. I'm going to make a suggestion and the suggestion is that we got the appropriate time when you've got your list done, you see if you've got five that want to put in play potentially another \$411K in this year's budget; if you want to put it in play, up to, and then I'm going to suggest that the Committee take this discussion and work with it.

Ms. Lyles said I think that's fair.

Mayor Clodfelter said and that be the sufficient charge because we've got so many competing views of what the Committee might talk about, I think we need to let the Committee members roll up their sleeves and figure out what they want to wrestle with. That's my suggestion to you.

Mr. Howard said the way that we've done this the last couple years that I've done this is that even if you have a different variation about what we are talking about when your time comes your name goes up and you put that down. In this situation Mr. Phipps puts his up and Mr. Phipps could, he has a different approach to this same issue. We don't have to keep working with just one. Mr. Phipps and Mr. Driggs could still put the whole \$1.2 million on the table for a delete.

Mayor Clodfelter said you can do that. The elements up there right now is would you like to consider on May 28th putting another up to \$411,233 in play in the budget and then the Committee is going to talk about what it thinks you ought to do on May 28th.

Mr. Howard said the only thing I would add to that is if for some reason we don't get five votes on this we don't need a referral.

Mayor Clodfelter said actually I don't know if that is correct; I've heard a lot of things that you want to talk about in the Committee. I think it is really beneficial for you to let that Committee go do some work. Let's do that; will you help me out on that please? I want to say something to you about this; I have been Foundation Trustee for 33 years and we are the largest Foundation in the United States that is focused on a single state. I've been through about 66 grant cycles; it never changes, this discussion never goes away, you will have this discussion as long as you are in this business, you will have exactly this discussion every time, always. It will take this long always; you will discuss exactly these issues every time. It is like Groundhog Day, but I will tell you this, having done it for 33 years, the discussion I just listened to for the last hour is about as good as it ever gets and you guys were a little more civil to each other actually than we are in some of our Board of Trustees meetings. So we ought not feel bad about the confusion here, you ought not feel bad about the difficulty here, about the fact that there is a lot of competing things going on and a different ways to approach it. It is just the way it is, this is the way the world is and the hardest thing in the world is to say no to a very good idea. There is no good way to get

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to it; there is no magic wand as long as you are in the business you are going to be doing it. You guys did good. Now we move to the second item that Mr. Barnes had.

Mr. Barnes said my question, are we deleting that?

Mayor Clodfelter said as I understand what I was told it is your process to everything on the list and then come back and see what gets 5 votes.

Mr. Barnes said historically when we do adds, we add something to pay for it. Are we doing that?

Mayor Clodfelter said I understand that one of your former Mayors insisted that that be the rule, but that has never been honored in fact.

Mr. Barnes said so what is the funding source, General Fund revenue?

Mayor Clodfelter said let's see the whole list and then you guys can decide, I don't like this item because I don't have a way to fund it. Let's try to keep in forward motion here guys.

Mr. Barnes said the second question was regarding the CRP; I believe and now that I see this handout, there is an indication here that you are recommending the funding of it.

Mr. Carlee said I would have no objection to that add; it was an amended request from Charlotte Regional Partnership. I would tend to make it and I have not really had this discussion with Mr. Bryant, but I would want to make it contingent upon the other partners fulfilling their part of the CRP's budget so assuming that the County and the Towns and the other partners come through the additional \$16,974 is within reason and the ability for the partnership to tap into the funds from the other partners would be severely limited if Charlotte is not at the table.

Mr. Barnes said I'm fine; I'll put that on there as an add and I wanted to ask Mr. Bryant a question about the future CRP, the Foundation of the Carolina stay with analyzing you guys and the Chamber. I got some e-mail about a study that is taking place regarding the Chamber and CRP and then we obviously know about the State's economic development issues. What is the status of all of that Mr. Bryant?

Ronnie Bryant, Charlotte Chamber said we did publicly announce that the Charlotte Chamber and Charlotte Regional Partnership has begun a study being funded by the Catalyst Fund which is a fund that was put together by the Foundation of the Carolinas to look at not-for-profit organizations and how they operate and try to figure out ways to make them more efficient. It has been a long time since we've looked at our Economic Development structure within the Charlotte region and we thought it was time that we stepped back and take an objective look at how we are structured, is this the most efficient way to be structured, especially in light of some changes that are happening with the State of North Carolina and its transition to a public/ private partnership. The study is a \$130,000 study and the consultants involved will be of the Lee Institute as well as Younger & Associates, a local group and Sharon Younger with Younger Associates is out of Jackson, Tennessee. She is providing the national economic development expert perspective to this process. We expect to have a report in January of 2015.

Mr. Barnes said we got a list of performance measurers for the partnership; I'm a little confused about what I'm measuring against, but are these measurers in line with what we expected? There is a reference to performance measurers, Mr. Kimble and I was asking you or Mr. Bryant if this data measurers where we thought they should be or would be.

Mr. Kimble said I think we will have to look at that in partnership with Ronnie Bryant's group to determine that.

Mr. Bryant said the performance measurers that we submitted with our application as well as the amended request are consistent with our balanced scorecard that our Board approves as it relates to our overall program evaluation. Another point if I could make relative to this amount, the reason it might not appear to be a significant amount of money, but the impact of this increase,

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the City of Charlotte along with Mecklenburg County and our other funding counties have a gentlemen's agreement that they would provide 30% per capita to the operating budget of the Charlotte Regional Partnership and this has been in place for 20 plus years. In 2008 at the beginning of the recession we froze the 30% per capita and stopped making the population adjustments and this almost \$17,000 represents restoring back to, based on current population the 30% per capita. It is important for the City of Charlotte and Mecklenburg County because being our two largest public sector funders, if you are not on board with this restoration then my other counties will not be on board; they will follow your lead. The impact of this \$17,000 could be about \$125,000 for me overall.

Mr. Barnes said I'm willing to put up a source, the Council's Discretionary Fund.

Mr. Harrington said would that be the current year Council's Discretionary Fund.

Mr. Barnes said yes, not the 2015 fund, the 2014 fund because there is a balance fund.

Mr. Austin said how much is in that fund?

Mr. Harrington said the balance is \$200,000.

Mr. Barnes said my final question Mr. Manager was with regard to the Business Privilege License Tax and whether you've gotten any updates from Dana. I know the Legislature has already taken some action in terms of where they put the legislation, but is there an update you could provide briefly, please?

Mr. Carlee said the Mayor and I talked with Dana and some other stakeholders actually shortly before this meeting. I'll let the Mayor re-characterize this if he disagrees or has a different take on it. Nobody has any idea right now; it is a very fluid situation within the General Assembly and I don't think it is predictable in terms of what the actual reform will be or what the implementation date will be. The League has been advocating for a two-year transition which would obviously give us a much better cushion and an ability to truly understand what the impacts of any of the reforms may be. This is part of the problem in trying to determine what strategies to take until we know what the reforms are, what the change are. We don't know how to calculate the actual impact on us so I don't think it is predictable at this point.

Mayor Clodfelter said I think that is probably accurate. What I would say though in light of that is you will possibly see a story tomorrow that a Bill has run in the House Finance Committee tomorrow that is exactly the way it was initially presented to the Revenue Law Study Committee. That should not cause anybody to jump off of any cliffs anywhere because that is just the beginning of the process and the discussions that are ongoing right now are that the final version of what comes out probably won't be exactly that. There is no guarantee that it won't be, but don't conclude that that is what is going to happen. Don't conclude that what you see tomorrow morning is necessarily what is going to happen. There is a lot of fluidity about it, but they are going to start the process and that is a good sign. It means they know they are going to do something quickly and get it decided quickly in the session. This could happen very quickly over the next week; tomorrow is just the start, it probably won't be the end.

Mr. Driggs said I think it looks pretty certain that we are going to see a decrease in the proceeds from this tax in the range from \$8 million to \$13 million. Generally speaking, based on the scenarios we've heard about I think the likelihood that nothing happens to it is negligible and therefore I think our mindset here should be that we are working against a probably loss in one or maybe two years of at least \$8 million in proceeds.

Mayor Clodfelter said I think it is accurate to say that something will happen that will cause a reduction of revenues and the two open questions are exactly what, Ed is right. There are several proposals about how this tax gets restructured and they have different financial consequences and then about when it happens is the second question.

Mr. Carlee said and then the additional point is whether or not in the long-session there is additional tax reform that might expand resources for local governments.

Mayor Clodfelter said that is correct; we're getting some sense from some of the leadership in one of the Chambers that they have an interest in continuing to work on the revenue shortfall issue in the long session. Again, nobody jumps off a cliff.

Mr. Phipps said so should we be optimistic in our expectation that this whole thing will be revenue neutral?

Mayor Clodfelter said I would say I'm more with Councilmember Driggs; it's likely that it will not be revenue neutral, certainly in the very near term it may ultimately turn out to be revenue neutral if things that are done in the long session next year make it so, but in the short-term virtually everything on the table right now is not revenue neutral.

Mr. Driggs said I just want to say that before we sell sail out into the deeper water on the rest of the budget, my big picture sense of where we are is that we have a lot of capital commitments that we've planned for. We've got plans already for the bond cycles from 2014 to 2020 for a pretty large issuance in each case. My reading of our financial report for the full year 2013 suggests that our debt service obligations don't taper off in any radical fashion so I'm assuming that we will have incremental debt service obligations. The one thing I had a hard time with is I went through line by line and thought do we cut this or do we cut that, I don't know what we are working from in terms of where we are going to be in the next year or two or three. I just have a general sense that we are putting on a lot of debt for capital spending; we have other capital spending needs that aren't even yet programmed and we don't have any kind of a useful metric for Council to be able to say okay, one year from now, two years from now this is what our anticipated debt levels are and this is what funds are available from the allocation to debt service. To that extent I had a concern that some of the suggestions in this budget related to personnel compensation increase, conversion of temporary employees, and some of the other items where we are sort of catching up from the lean years; it may not be consistent with our actual capacity to take on additional obligations. I want to be sure that if we go ahead with all of the things that are proposed in this budget that we're not going to find ourselves in a year or two, having to make tough choices about how we meet our debt obligations and our CIP commitments and at the same time fund operations.

Mr. Carlee said there is no guarantee that that would not happen. Obviously, economic cycle's changes and we could find ourselves in a position where the ability to implement a Community Investment Plan as adopted could not be implemented based on revised revenue assumptions. That is why you revisit it on an annual basis and we update our revenue projections on an annual basis and we also update our debt based on actual experience in the debt that we sell. The capacity that is built into the multi-year plan is based on I would say relatively conservative assumptions. Mr. Gaskins can explain to you in more detail as to what they are, but the only debt commitment that the Council would be asked to make this year would be, besides the Certificates of Participation that would be scheduled for next year, would be the bond referendum that would go to the voters this fall. But subsequent referenda would be subject to Council deliberation, discussion, and revision of financial assumptions to determine whether or not we could do as much as we planned or do we have to reduce that capacity or do we have increased capacity. My expectation, based on normal economic cycles, is that we may have growth of some incremental capacity based on conservative estimates, but there is no way to predict two years out let along four or six years out.

Mr. Driggs said I think we can predict based on the bond issuance timetable we are talking about and the details in the CIP and debt creation, what our actual debt levels are going to be each year prospectively.

Mr. Carlee said absolutely, pretty close.

Mr. Driggs said we can therefore anticipate our debt service. One of the things that is not clear to me from my reading of all this, and by the way, it is a great job. I did want to commend you guys for an excellent presentation and it did give us a lot to work from in terms of understanding the budget, but the one thing I still struggle with was just how much capacity for example do we have to identify and fund capital spending that is not in the CIP? We are looking down the road

to four bond cycles and have we used up all of our ability to issue bonds in each of those four bond cycles with the commitments we are making in this CIP?

Finance Director Greg Gaskins said is sort of a layered approach and the easiest way to describe it is, the Manager was absolutely correct, in other words the assumptions go out for that entire length of time, so if you look at the model it shows you based on those assumptions what you would use in each of those cycles for all that \$817 million. But, as you do each one of those you look at the actual impacts of that and you make changes based on what actually happens. It does two things for you; unlike some people it gives you a greater certainty that as you come to each one of those cycles you actually know that you have the capacity to meet that demand over that period of time. It also means that later on Council gets to decide if circumstances are substantially better than that, what they want to do next related to that capital. Each one of those times you still get another bite at the apple because as you look at the real situation you adjust based on that impact. If you look at the beginning, yes it does take all of that. If you are actually more successful than you project then Council gets to decide what to do with that capacity.

Mr. Driggs said I just want to point out to my colleagues on Council, we are talking here about a plan that basically takes away, barring any unforeseen upside our ability to identify new capital spending priorities and how unused debt capacity available to service them and that to me flows down into the way I read our operating commitments here. I think the operating commitments we are talking about are a 4.5% total increase individually. I'm wondering whether we are stretching on the operating side and the capital side in such a way that we don't actually have wiggle room. The way that this could be dealt with that would be perfectly clear to everybody is we just have a little picture and it says, here is the path of debt incurrence that is already in our CIP and here is the envelope of debt incurrence capability that we have and therefore here is the area representing other projects that we could come up with over this 8 year or 6 year horizon. I just feel that I need an environment trying to make decisions about operations that is not based on the understanding of the capital commitments we have.

Mr. Carlee said I think the capital commitments are pretty much as you stated them. So, based on the debt schedules that are in the Community Investment Plan, that include both retiring debt and new debt and based on revenue projections, the Community Investment Plan that was adopted by Council last year pretty much consumes debt capacity at the tax rate that was approved. We identified for you, I believe at the last Workshop, that current revisions indicate an additional debt capacity of approximately \$10 million which I have recommended that you not apply at this time and keep in reserve so we do build some additional capacity to deal with other needs that may arise in the out years. Again, if our assumptions change relative to revenues then on an annual basis, I would be making recommendations to you on pulling back on the issuance of new debt and the Council would be evaluating that on a year to year basis.

Mr. Driggs said which is a harder thing to do than to decide at a future date that we want to take advantage of an opportunity that we are aware of. We are talking now about taking projects that were identified in the CIP where people have expectations; my bottom line is I'm concerned it translates, at some point in the future; into we've got to increase taxes because we've boxed ourselves in. In spite of the fact that technically we have the latitude to just say okay, let's strike. We've just had an hour long conversation about a couple of deletions from a \$1.2 million budget item and here we are talking about \$816 or \$809 million and I think it would be painful to reach the conclusion that in order to make room for absolutely essential investment elsewhere or because things hadn't turned out the way we intended, we are going to have to start making deletions from our CIP.

Mr. Carlee said I wouldn't disagree with that characterization; that is the position that the City is in based on policy decisions made a year ago, so the only way to create capacity at this point in the short-term or in the outer years of the Community Investment Plan is to take projects out of the plan now.

Mr. Driggs said because there are in fact \$248 million in identified needs for which at this time no funding source has been identified. Is that right?

Mr. Carlee said I don't expect that situation would ever change. For a City this size with as much infrastructure that we have, the needs and the hopes and the dreams are always going to significantly outstrip the funding. It is a prioritization process which as I showed you at a previous meeting, within that \$248 million or so, the things which are most pressing in our professional estimation and within the capacity that we have without affecting the tax rate, I have made what are our reasoned recommendations to use what is some additional capacity you have in the short-term. At the same time I have recommended, knowing there is that other \$200 million plus out there, reserving a significant amount of that relatively not a part of increased capacity so that we can make subsequent evaluations based on urgency of need.

Mr. Gaskins said the one thing I would say, and I think we can show the chart if you want to, but if you look at our history over the models, the fact that they are conservative simply because there is a high impact to not being conservative, in other words having to do exactly what you said, allows generally the Council to make a determination about if we are more successful than that, and we hope that we are, what to do with that additional capacity. At the time that we did this plan the actual needs that we started with were over \$2 billion, so \$817 million is a very small percentage of the funding that would be necessary if you have met all of those needs. The Council did a lot of work to reduce that down to something that appeared to be reasonable in terms of a funding expense.

Mr. Driggs said I won't belabor it; I would have preferred for us to maintain more flexibility and maybe plan on a somewhat shorter term basis rather than find ourselves having to answer for something we decided a couple of years ago, 5 years from now, but for the purposes of this general conversation, again, my only point is from an operating standpoint I think some of the decisions we are contemplating here reflect a kind of sense of recovery and I'm not sure that we are that far out of the woods; so when I look at things like the conversion of temporary to full-time and I look at \$1.1 million for nine police officers that are being converted, there are a couple of items in there that strike me as relatively extravagant in the context of the concern I have about our capital commitments.

Mayor Clodfelter said does the City have a debt model and a set of debt policies like the State does?

Mr. Gaskins said yes sir.

Mayor Clodfelter said do you issue an annual report on those?

Mr. Gaskins said we report it to Council on an annual basis. That is the point where we are talking about a decision made, so that is reported annually to Council.

Ms. Mayfield said I so wish I went before you because we are getting ready to add on here. If you will look on Page 50 for the Planning Department for an additional staff person for the Historic District Commission, which was discussed with Councilmember Kinsey prior to her leaving out of town, and unfortunately this week we also had a discussion of the historic home that was demolished that probably should not have, but they are working on one and one-half staff over there so I had the total amount of \$114,167 so that everyone knows that amount includes all the upfront, all the operating costs including the truck because they will be actually out in the field whereas in 2015 that total cost would drop down to about \$90,000, but because it would be a new position we had to get the vehicle, all the operating costs that it included with it, the initial costs would be \$114,167.

Ms. Lyles said Ms. Mayfield can I follow-up on that before you go to your next add? When I heard the report, it is really the inspection that is not taking place as a result, so I don't know. I see it noted as Principle Planner and I wonder if it is really a code inspector dedicated to Historic Districts. Let me kind of define the problem; the tearing down of the houses takes place at the end of the process and not having the person that can go out or has the accountability for tracking that is not there. I think that is an inspector, but I want to check in and see. You may have meant Planner for the other part of it, but I would endorse an inspector position, but I think inspector is what is preventing that.

Ms. Mayfield said here is the piece with that because I don't want this piece being lost in our code enforcement, so that is why it is specific to the Historic District Commission and that is why it was going in under the Planning. Now the title, that we have some flexibility on, they are making sure that it is very clear so this is not a person that is going to be working with Code. Their whole goal and focus is to insure that we get a handle on what is happening around our Historic District, so for full transparency, the shortest version, is we'd had some things fall through the cracks over a number of years that really should not have, if we'd had the appropriate staff out there. This staff person is actually going to wear both hats. I want to make sure that it is very clear on our end where they are to be located so they are not absorbed into just a regular inspector.

Ms. Lyles said you and I are on the same page.

Mr. Austin said I concur with both Councilmember Lyles and Mayfield. Actually it was my district, Wesley Heights that most recently had a home destroyed and it was because we don't have enough accountability overseeing of that for that initiative so I would strongly support this particular add. Now whatever we call it or where we put it I'm not quite sure; that is something for the Manager to work out, but it is needed and we need to make sure that we are keeping the integrity of our Historic Districts.

Ms. Lyles said just because we are talking about this, I also think that it is appropriate that we look at Historic District fees because this is a governmental function just like you are paying for it in building inspection and planning. I think it is appropriate for this to be offset 80% with fees and I also know that you can't do immediately. I don't know that is a full-year costs, wherever you start I would at least like to recover 60% this year and 100% in the following years of the costs through fee programs to be decided out of the Historic District Commission, or for that program. That is just my addition to it.

Mayor Clodfelter said do you want to put that up as an item that would be a revenue source and ask the Manager to bring a specific proposal to you to vote on the 28th?

Ms. Lyles said I would like to ask the Manager to review this for fees to cover the costs of the program. I think it is a fee to look at the program overall, not for just this position.

Mayor Clodfelter said you would be looking for the Manager to bring to take a straw vote on the 28th of a fee proposal to offset that portion of the costs?

Ms. Lyles said yes.

Mr. Phipps said I like that part of it in terms of bringing to see how much in fees we could get to offset the cost of the new position, but I'm still not convinced as of yet of the need for the position and I would hope that either my colleagues could help me out or someone else. I had requested that I wanted to see specific examples of how the perceived lack of staff had a negative impact on the Historic District Commission's ability to fulfil its mission, its function, that if mistakes were made and houses torn down in error I would like to be able to see that particularly detailed as a result of a lack of staff. I'm not convinced of that as yet, but any addition I would like to see that it is offset by fees.

Ms. Lyles said I will help you out.

Mr. Austin said I will send you over what I just got.

Mr. Phipps said if the staff has the information that was promised at a Dinner Meeting I wouldn't mind looking at that.

Mr. Carlee said we will get that for you.

Mr. Smith said I have some deletes; I want to start with Tree Charlotte, \$100,000, the additional \$75,000 for the Film Commission; the additional from our Financial Partner Summary, the additional \$1,000 for the Community Building Initiative.

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Mr. Harrington said Tree Charlotte component was on the capital.

Mr. Smith said then the additional \$100,000 for the CIAA. I'm not sure exactly how it is handled so I just want to throw it out there. I would like to propose that the Gold Line be full fare. It looks like we are subsidizing the Phase I for a period of time and I don't know how you encompass that in here. I don't know if it goes to the Manager and then comes back to us for some review. I don't know how that is handled.

Mr. Carlee said it would be an add for fare collecting equipment.

Mr. Smith said I would like to add that we go full fare on the Gold Line. I have a question about the approximate \$2 million for the Prosperity Church Road Northwest.

Mayor Clodfelter said that is going to be both an add and a delete, right?

Mr. Carlee said no sir. The cost of the fare collecting equipment will exceed the revenue that is received so it will be a net increase on the Gold Line.

Mr. Driggs said we will go to full fare collection when the full 4 miles is done.

Mr. Carlee said it will be regular transitory at that point and we will be changing cars at that point and those cars will be spec with fare collection equipment and will have a sufficient link to actually make it cost effective.

Mr. Driggs said fare collection at the CATS rate, right?

Mr. Carlee said right.

Mr. Smith said the \$5.2 million for the neighborhood transportation program, where we are taking out; I'm a little confused on slide #34. Just walk me through that.

Mr. Harrington said last July Council advanced funding for the project to better tie in with the work that the State was doing related to the interchange up there with I-485. Essentially Council took a loan from itself, making a loan from our municipal debt service fund with the intension for repayment once the bonds were approved. What the recommendation is is to use some existing project savings from prior projects that have already been approved and completed, apply that to repay that particular component and then in the overall plan replace that component with the Neighborhood Transportation Program which essentially is an extension of some similar projects that we've done in the past in prior bond programs which gives us some opportunities to address some unique and traffic safety needs that are in the community.

Mr. Smith said what is the funding source exactly?

Mr. Harrington said it would be the same, bonds.

Mr. Smith said I would like to propose that we keep CMUD and water and sewer at an operational flat budget instead of the proposed increase. I don't know if that comes in here or if that is a policy discussion.

Mayor Clodfelter said it would be a budget change, accompanied by policy discussion of course, but it is a budget change.

Mr. Carlee said clarification, so the recommendation is that the operating budget itself be kept to the FY14 level, meaning no increase in the budget?

Mr. Smith said yes, no increase, what I would like to occur is to avoid the increase that we are getting ready to pass onto the citizens in Charlotte between those two groups. I may not have articulated it.

Mr. Carlee said that is why I'm trying to get clarification. Is it a cap on the budget or is it no increase in the revenue rate?

Mr. Smith said no increase in the revenue rate.

Mayor Clodfelter said are we ready to go back and see what has gotten support for further development?

Mr. Carlee said clarification from Mr. Smith. The flat rate in utilities, were you proposing that for Storm Water as well?

Mr. Smith said yes.

Ms. Mayfield said for clarification, Mr. Manager, with both requests, will you also be bringing back to us what the potential impact would be if were to stay at a flat rate because I know the way that our model is set up is vote in for the increases. I don't agree with it and wish there was another way we could do it, but when you come back will you bring us what the impact could be?

Mr. Carlee said that is the assignment, anything that gets the four or five votes, whatever the determination is here, we will do a full impact statement for you so that you know the implications of any of those preliminary ideas so you can make a determination as to what you want to do at the straw vote meeting.

Mr. Driggs said I just wanted to question one; Housing and Neighborhood Development, the two-year compound growth rate on that is 9% net. As I read across there I see a progression from a \$1.2 million to \$4.5 million to \$13.1 million and as I say that is actually a 5.19% increase year on year from last year, but looking at the large jump the prior year, you actually have an increase in net expenditures even if revenues have not progressed of 9% per annum. That clearly outstrips the rate of growth in other components of our budget. Is there a special reason why these numbers went up so fast?

Mr. Harrington said yes, the reason for that is the Environmental Sustainability Program used to be housed in the City Manager's Office and this year that was moved over into the Neighborhood and Business Services Department. If you take it out, that transfer, their increase is right at 3%, give or take just a little bit if I recall correctly. That increase is really associated with the Environmental Sustainability Program.

Mayor Clodfelter said it is a type one transfer.

Mr. Driggs said where else in the budget do we see a decrease corresponding to that transfer?

Mr. Harrington said in the City Manager's Office.

Mr. Driggs said it looks like a small increment in that budget item, if one of these items were taken out and causing a big increment somewhere else; it affected the benefit of that transfer in another place as opposed to just the increase.

Mr. Harrington said to give additional clarification last year Council approved the Charlotte Business INClusion Program and the change there from 2013 to 2014, that is another component that is part of that increase in Neighborhood and Business Services.

Mr. Driggs said in round numbers the increase in the City Manager's Office would then be something over 4% if it weren't for the reapportionment of that. Is that right?

Mr. Carlee said we also moved the City's lobbyist from Mayor/ Council budget into my office so there are a number of positions that moved into some different places organizationally.

Mr. Driggs said say again what the Housing and Neighborhood Development change was.

Mr. Harrington said two significant changes, one is the move of the Environmental Sustainability Program from the City Manager's Office to the Neighborhood and Business Services Department and the second piece is the Charlotte Business INClusion Program which is a new program the Council adopted last year and this is the first year of its implementation. There is a two year ramp-up associated with that funding so FY14 is the full reflective costs which is an addition of about \$254,000 in FY15.

Mr. Smith said this is a lot to take in from all the different places of information, but under Police, with the conversion ... and in house positions, what exactly are those positions and what necessitates where...?

Mr. Harrington said those positions are a couple of Majors if I recall correctly; some Captains and some Deputy Chiefs and a Chief of Staff that are associated with that nine and these were essentially, a number of years ago when Chief Monroe did some reorganization within the Department and these were positions that were administratively authorized by the Manager at that time, but not funded; so the Police Chief was in essence had the positions but had to manage to his bottom line in terms of his managing the costs of those associated with all the other costs in the Police Department. Given where they now at a full staffing level compliment and on a continual basis it is simply not the savings there that used to cover that so that is why in this particular budget the Manager recommended going ahead and reflecting that full costs and budgeting for it.

Mr. Smith said I assume that \$1.1 million includes salaries and benefits and pension.

Mr. Harrington said it is fully loaded, correct.

Ms. Mayfield said this is on the same lines as this where I did have another question. Do we look at what the impact would be if we were not to allocate all of the requested positions now if we were to look at this over the next two cycles, if we were to allocate four now because I do hear the concerns that my colleagues have as far as what will front loading in comparison and we are thinking about that we are seeing a change but the economy hasn't really completely turned around yet. So, if we were to look at partial allocation for four of the officers?

Mr. Carlee said with regards to police officers, one of three things happen. One is the Police Department overspends its budget and we are looking a potential deficits in the Police Department this year and so I asked why is that the case and what I learned was that there was this problem which are essentially overstaffed positions that actually exist today, have been there for a number of years, but were not literally put in the budget and funded. There was some underfunding in terms of termination costs as people go into retirement and so the Police Department budget is basically mis-funded for the current compliment of staffing which they've had for the last couple of years. The only way that you basically get back in balance is you hold recruit schools and you get savings because of vacancies and delay in the time that you start recruits which has the effect then of diminishing the capacity that is actually literally out on the street. What I decided to do, as I had to do in a couple of other cases, is to provide the maximum transparencies so that everybody could see this was a reorganization that took place three years ago, to put it out there, to fund it appropriately and to recognize the actual obligations that the City has and to not artificially create savings in areas where I don't think there is a policy mandate to do so. I think at the patrol officer level you ought to fill those positions, get the recruit schools, get people trained and get them out on the beat positions.

Mr. Smith said Aviation, we are essentially bringing in for 400 some people who are working basically full time hours that we are already required to pay full time benefits...

Mr. Carlee said that is correct.

Mr. Smith said back to the police officers and the \$1.1 million, I'm hoping ... this is actually freeing up some budgetary dollars for that so they won't have to allocate resources from the existing budget to pay those staff positions because of the way they were budgeted.

Mr. Carlee said they would have to artificially hold positions open.

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Mayor Clodfelter said I can't make adds or deletes but may I ask questions? Randy is right that the targeted General Fund Fund Balance is 6.2%? Am I reading that right, what is it?

Mr. Harrington said the General Fund Fund Balance, our policy is a 16% unbalanced target.

Mr. Carlee said and your Finance Director wants 20%. I'm not calling him to the table right now because I just know if I do he is going to argue 20%. I think 16% is actually a good fund balance and does provide some of the safeguards that we were talking about earlier today.

Mr. Howard said I would love to know your concern if you don't mind.

Mayor Clodfelter said I think that is grossly excessive. I have a question about the street lighting item. Is that the cost that is paid to Duke Energy for the street lighting?

Mr. Harrington said it is.

Mayor Clodfelter said is that net of any recovery of fees for the use of the right-of-way?

Mr. Harrington said no, that is not part of it. This reflects actually lights that are in place and what we understand to be additional growth in the rate from Duke as well as any new lights that come on board.

Mayor Clodfelter said the number that is there is not net of any revenue from occupancy and use of the public rights-of-way?

Mr. Harrington said no, not for street lighting.

Ms. Mayfield said can I ask for follow-up on your question? We've had this conversation a couple of times regarding how many lights that we have out at any given time and the period of time that those lights are out, especially along highways, along I-77 and I-277. So this amount also does not account, do we not have it set up for us to receive any credits for the fact that we are paying for a service that you are not providing 100% of the time. At any given time we have multiple lights that are out; we have the tracking from 311 to show that these lights are out and these lights are out for days and weeks at a time. We're not looking at recouping or looking at any credits to account for that considering that we are looking at an increase?

Mr. Harrington said we've had a number of conversations with Duke. I don't know the current latest on this, but what I might suggest is if there is an update on any recent conversations on that front, I'll be happy to provide that in the packet for the straw votes meeting.

Ms. Mayfield said so we are not in a position where the new recommended amount, that is basically their amount and we have no wiggle room around this amount?

Mr. Harrington said there is no credit...that is the expenditure cost to operate the street lights for the year.

Mayor Clodfelter said that is just the purchase of the electricity that is actually used. If the streetlight is out you are not paying electricity for it.

Mr. Harrington said you still pay for it; each light pole is not metered.

Mr. Austin said we may have discussed this in the presentation about Union County Waste Water Treatment and our agreement with that; do we get any sort of management fee from that? I can't remember if we did or if it is just straight cost.

Mr. Carlee said they share in our overhead.

Mr. Harrington said something I would add too for the total increase in Charlotte Mecklenburg Utility, the 6.2%, almost half of that is just related to the Union County component but it is
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important to note that that is a reimbursable piece so there is an offsetting revenue that covers that full expense. It artificially makes it look or appear higher than it really is. Actually if you want to net that out, the actual growth in CMUD is about 3.6%.

Mr. Carlee said that contract is expense neutral on the City and we actually do recover some of our underlying overhead. We get some efficiencies out of it.

Mr. Driggs said a couple of questions about the Airport; do we have any indication that the airline, our main client, is okay with the changing landing fees that is related to this step up? It is an 8% increase to the capital commitment.

Mr. Carlee said the Senior Office came from Washington and met with the Mayor and me and explicitly expressed agreement with the budget.

Mayor Clodfelter said they are supportive of the proposed budget. Actually as I understand it and Mr. Cable is here, my understanding was that the actual landing fees are not increasing. This is all on the concessions and the passenger side of things.

Mr. Driggs said also we are not actually budgeting for a tower this year are we?

Mr. Carlee said no sir and the tower would actually be in the FAA's budget and not ours.

Mr. Driggs said right but I thought I saw it on one of the slides, but we are not budgeting for it?

Mr. Carlee said no sir.

Mr. Harrington said there are some components that are fronted for that that are in I guess you can say anticipation of the FAA providing that full grant component, but there are some funding in the capital program in Aviation to get that project going.

Rebecca Simensen, Finance – Budget, said the FAA has not fully identified all the funding so the Charlotte Airport would need to have funds to complete that funding so the project is not delayed.

Mr. Carlee said we will confirm that as well.

Mr. Driggs said are those amount expected to be recovered at some point in time? My last one was on the Bojangles in the CIP. By approving this budget, I guess what I want to say is I'm not there yet in terms of having seen what I would have like to see about how modeling this thing, what expectations we have in terms of the impact it will have and the events that will take place there. I would like to think that we are still very much open to looking in more detail at operating projections and assumptions. My particular concern about this is that when the City makes an investment in something like this we are true kind of equity partners and we don't end up just being the one who lose on the down side and then we watch the other people make money if the thing really takes off. I'm just saying we can leave this in, but I want to know that I'm able to reserve judgment about a final commitment of any funds until more information is available.

Mr. Carlee said that would be a separate action by the Council and there will be considerable discussion before that is put to you for a vote.

Mr. Howard said when you say that, you are talking about the Amateur Sports, so the money in the budget is the CIP projects we've been talking about, about updates to the arena; that is separate and apart from the Amateur Sports. We are not doing anything that precludes we are going to go into the Amateur Sports agreement, right?

Mr. Kimble said there are two components in the discussions in the Committee and is referred to Committee. It is the Amateur Sports project in conjunction with the improvements to Bojangles Coliseum, both of those are capital items in your budget, they are not related to the operations in the operational budget.

Mr. Carlee said would you discuss where that is in the process before expenditures would be made?

Mr. Kimble said there has been at least one presentation to the Committee; we are in negotiations with Good Sports; there are at least two or three more visits and stops back at the EDGC Committee in order to look at those negotiations and look at the very thing that Councilmember Driggs is talking about; where are the risks mitigated, where are the public dollars being plugged into and infused into the public/ private project, how are your dollars protected in that public/ private partnership.

Mr. Howard said the reason I brought that is because I've expressed concerns here at this table that I'm not sure and you know this Ron, the model still concerns me. The model of how we are invested in this building, how it fits into the conversation with what they are going to build and to be honest with you, more recently because I know that the Park Church is worried about their exhibit space, how all that works together so they are not leaching off of each other. In some kind of way that needs to be a total conversation about how all of that is going to work. The model still concerns me a lot.

Mr. Kimble said and not only are the capital dollars being discussed; how are bookings done, how is marketing done, how are operations paid for, how is parking paid for, maintained, revenues collected and shared. All of that is part of the negotiations with the Good Sports people right now.

Mr. Howard said the only thing I will add is could we make sure Park Church is part of the conversation. Once we dig up that parking lot we will have to have something because the overflow will go out of those decks automatically anyway.

Mr. Kimble said there will be conversations that take place because of the need to document the need for parking, shared parking which includes the Park Ministries complex as well.

Mr. Howard said I just heard really recently, within the last week, that they are concerned about the exhibit space that they are carrying and all I could think about is when we build this Amateur Sports, a big open area that could double their exhibit area as well and now is maybe taking from them and taken from Bojangles, because they have tournaments there. I just want to make sure all that works right.

Mr. Phipps said I want to direct Council's attention to where they are talking about the General Community Investment Plan Highlights. Does CMS share in the cost of the building upkeep or is that just handled by the County?

Mr. Harrington said it comes through the County.

Mr. Phipps said I notice in a footnote here that the County is going to be paying \$400,000 towards either the elevator upgrade or the waterproofing. Will that potentially free up \$400,000?

Mr. Harrington said it will go towards all of it, but the agreement that the City has with the County, the City funds it to complete the project costs and then it is reimbursed on the back end by the County. That is the way the agreement has worked and does work with the County so we fund it and then the projects are completed the County reimburses us for their portion, their 19%.

Mr. Carlee said that would then come back in as additional resources in our capital budget.

Mr. Harrington said it will come back in for re-appropriation for Council's consideration in a future budget.

Mr. Carlee said it is captured within the capital fund.

Mr. Phipps said so it is not a source that we could...

Mr. Carlee said upfront, but you would get it back subsequently.

Mr. Driggs said one more quick question, and that is reference is made in here to a 2015-2019 CIP, one was approved for 2014-2018 and I'm assuming the 2015-2019 is just an update of that plan with those few modifications that were highlighted in the information we got, amounting to in total the same or less money.

Mr. Harrington said just a clarification on that, each year we through a review of all the five year total plan for General CIP and all the enterprise funds, it reflects any other adjustments that have been made in Aviation, CMUD, etc. as well as any of the final tweaks that we are recommending or Council might consider for approval related to the \$816.4 million component, but each year we do take a fresh relook at that five year component so it is always rolling and it is always updated as we go each fiscal year.

Mr. Carlee said and to the question on the \$816 million, particular the core Community Investment Plan, this is merely an update with the changes that we identified, the tweaks that we've explicitly put out there being the only proposed amendments to it.

Mr. Driggs said Time Warner Arena, take you've got about a \$44 million tab pending; what is the timeframe in which we have to spend that in order to honor our obligations?

Mr. Carlee said there is actually not a defined timeframe within the contract at which the improvements have to be made and so the point where we are right now is determining what those improvements are, or would be, based on the contract or other improvements that we think would be in the best interest of the City and then the actual financing of them would be based of course on financing capacity with resources that were available and the timing to a large extent would be driven by capacity. Those are all subject to negotiations that will be taking place over the next several months, but one of the things that does work to our favor in terms of funding capacity is there is no hard and fast timeline in which the improvements that are required by the contract actually have to be implemented. Is that a fair statement?

Mr. Kimble said accurate statement.

Mr. Driggs said we are actually past the point in time where they can require those things because the contract contemplated a seven year period and we have quarter million dollar investments or something from that mutual sinking fund and now we are out in the area where they can ask or they are entitled to ask from us under the contract that we start making these bigger changes.

Mr. Carlee said that is right so we are at that seven year trigger where we have to identify what the change are that should be made, but there is no requirement in terms of the timeframe in which they have to be made. We would want to implement those improvements that we agree upon in a manner that is faithful to the spirit of the contract; we wouldn't want to delay them for the sake of just delaying them but it does provide us some flexibility to assess our financial capacity and to schedule them in a way that is reasonable and affordable to the City.

Mr. Kimble said and not disruptive to the operations of the Arena because you would want to pace and space those improvements that are agreed upon in a way that it doesn't hamper the operations.

Mr. Carlee said that is actually going to be probably one of the bigger challenges because the Arena is booked very heavily and needs to derive that operating revenue. Scheduling the capital improvements will require both some art and science.

Mr. Driggs said we haven't booked the liability yet for this?

Mr. Kimble said we have not.

Mr. Howard said interesting, just to go back to Bojangles, that is exactly the reason why I would like to see a model where the Amateur Sports people may take on the arena because of this
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situation, because the Hornets are responsible for it, they are going to work with us on when we make these improvements because they are tied to it. That is the same kind of skin in the game I want the folks at Bojangles to have. Before we go to adds and deletes, I've got a couple commentary things that I asked staff about and I wanted everybody to know that I ask for it. Mr. Phipps brought up the Neighborhood Transportation Program, just for my colleagues to know, I actually wanted to know because it is a new program, what the criteria would be and how the decisions would be made about how that money would be used. That is a question that I've put to Randy and we will be getting back and you will probably see it in some future packet. It wasn't anything that I wanted to stop but because we were starting kind of a new source if you will for Transportation, albeit small, what is the criteria in how the decisions are made so we know what it is. The other thing is more of a statement and I hate that Brent is not here because I think they are doing a great job.

Mr. Kimble said he is here.

Mr. Howard said I've heard a lot of people explain why we need so many of the things that we need at the Airport and actually when you visit the Airport you can see a lot of good things. I do want us, because of the kind of conversation that is going on, just to be mindful of kind of the speed in which we are doing some of these things. Keeping that fee where we stay competitive is the most important thing of everything we do and I would hope that this is that we are catching up all at one time and then we can rear back where we can as well, so it is clear and we note when we are rearing back so people know we did it coming back down, but we are still committed to it being low costs. I wanted to make sure it was said on the record and put into this conversation. That is something I've said to everybody that is involved in the conversation and I wanted to say it publicly. And then as we go down to a couple of items that we are going to vote on I'll make some comments on those too.

Mr. Carlee said I don't want there to be any doubt whatsoever that the Aviation Director and staff supporting him are in anyway anything but 100% committed to our airport being the most financially competitive airport in the country. That is a driving philosophy in the Airport and I know that as Mr. Cable put together his budget he put it together running a variety of scenarios to ensure that not only we remain the most competitive, but that the rate of any increase to our partners is something that they could support and that they could absorb. At the same time I do not want to leave anyone with the misimpression that we are catching up with everything at one time. Like Mr. Cagle and his executive team decided to do is to drive any increased costs down to the lowest that they can and then evaluate the impacts of those improvements and reassess what additional needs may be working in partnership with our airlines. This airport has grown dramatically over this last decade and it has some fairly significant catching up to do, not because of lack of will to do so much in the past, but just given the speed of which the growth occurred. He and his team have taken on I think a conservative approach and an approach of ongoing evaluation to in no way threaten our competitiveness but also ensure that we have the effectiveness in delivery of the quality product that will meet the needs of our passenger customers as well as our airline customers. I expect there will be increases in subsequent years as to exactly what they may be, and to what level, will be subject to very close scrutiny by the Aviation team.

Mr. Howard said you gave us a while ago was this list of things that you have as a request and things that we could fund and couldn't fund and we've funded very few of them this year. I would love to know what that full breadth is of what the needs are from a capital and operational standpoint, maybe five years with the projected growth and then a one time needed additional whatever because it is going to be permanent. It would just be nice to know that that analysis, which is what you are getting at, is kind of going on.

Mr. Carlee said that is really what his team is working toward.

Mr. Howard said if there is some executive summary, because I don't want to get into the weeds on this one; it would be nice to know that that kind of thought is being put in there so you could share it with us in something so we all have some anticipation over the next three years what we can expect.

Mr. Carlee said I would describe it as still a work in progress, but that is what they are looking to get to is a multi-year master plan, both from a capital standpoint, which we've done pretty well, but also operational.

Mr. Howard said the one time money is important to me because we need to tell the public that. This is one time; we need to do this, at least the capital investment is a one-time update to, I guess there is not a lot of one-time operational but transfer of the new accounting system or maybe something like that.

Mr. Driggs said Storm Water, Councilmember Barnes and I brought up the question, what it would take to catch us up a bit and we got back an indication that it was about a \$500 million need for investment, both in terms of major infrastructure. I would be interested in knowing the answer to that question if we limit ourselves to the kind of customer service side of it where we have these long waiting periods. Recognizing that it is a big unmet capital need which I think you indicated was \$1 million to \$10 million, but what about just the smaller components, the more kind of service oriented?

Mr. Carlee said the private property work?

Mr. Driggs said yes, maybe we could see what that looks like and maybe address those needs.

Mr. Carlee said we will try to segregate that for you; it will still be a very large number.

Mayor Clodfelter said let me make a suggestion to you. You are now down another member. Let's see how your votes go, but I'm going to suggest to you that maybe four might be a good number. Councilmember Mayfield you may win this one after all because your main opponent has let the meeting.

Ms. Mayfield said I knew I could wait him out.

City Attorney Bob Hagemann said under state law a member who is present and leaves with being excused counts as a yes.

Mayor Clodfelter said these are just things to ask the staff to develop a further position for the Council to vote on May 28th.

Mr. Hagemann said Council has the discretion, because this is not a normal process, you are not making binding votes to bring this, but I wanted to add that piece of information.

1. ADD: Restore Out of School Time Partner funding at FY2014 level for YWCA and Above and Beyond Students, up to \$411,233 (Lyles)

The budget adjustment received four votes from Councilmembers Austin, Howard, Lyles and Mayfield.

2. ADD: Charlotte Regional Partnership, \$16,974, funded from the Council's FY2014 Discretionary Fund (Barnes)

The budget adjustment received six votes from Councilmembers Austin, Driggs, Howard, Lyles, Mayfield and Phipps.

3. ADD: Additional Principal Planner position for Historic Districts, \$114,167, with Manager to review options for fee schedules to cover costs. (Mayfield)

The budget adjustment received four votes from Councilmembers Austin, Howard, Lyles and Mayfield.

Ms. Lyles said can I just note that Councilmember Kinsey wrote a note to all of us and although she is not here this really matters to her.

4. DELETE: Film Commission, \$75,000 (Smith)

The budget adjustment received four votes from Councilmembers Driggs, Lyles, Mayfield and Smith.

5. DELETE: Community Building Initiative, \$1,000 (Smith)

The budget adjustment received one vote from Councilmember Smith.

6. DELETE: CIAA Tournament, \$100,000 (Smith)

The budget adjustment received one vote from Councilmember Smith.

Mr. Smith said I want discussion on this one; I'm still a little chapped on some of the CIAA stuff. I think some agreements were made where Council was not brought fully into the fold. We showed up at a press conference and all of a sudden this deal was rolled out in front of us and then in that light I still think there are some issues from a preceding Mayor and I can't support giving them additional money.

Mr. Howard said I can tell you that the CRVA delayed that and the only way that the former Mayor came in was to say I think we can get the press conference. The other thing that I do want to add to that one is that I'm not going to vote for that, but I would like to know what the County's position is on that increase as well, if they are going to match that. That is a question I have already put to Randy.

Mr. Carlee said the County Manager has not released her budget yet and so it would be premature to characterize any of her decision making at this point.

Mr. Phipps said given what you just said Mr. Manager, if we don't know the information yet, would be it premature to try to delete that from this budget. Wouldn't that be sending the wrong type of message if we suggested that it be deleted at this point?

Mr. Carlee said I have recommended the \$100,000 and I did put it in reserve contingent upon other partners coming to the table; likewise on the Film Commission as well. These are partnerships where I think the City's contribution is subject to subsequent discussions and making sure that the other partners are participating as well.

Mayor Clodfelter said the next one is the proposal to have no increase in the rate charges for CMUD or the Storm Water Services, but that may or may not affect the actual appropriation.

Mr. Howard said I shared this with Randy as well and talked to Barry a little while ago. I'm going to vote for these, in the final straw vote I probably will not support it all the way through, but I think I want to make it clear that I'm a little uncomfortable with the fact that I think this is my 4th or 5th budget but we've done an increase every year and I think what I want to know is if there is another model. I don't want to withhold capital dollars, I don't want to withhold operational dollars but I would like, and I'll refer this after it is over, I'm just making a statement at this point, to some committee to look at, is there another model. If we were to do this on property tax every year we'd be run out of town. I just think we should look at another model to still get at what Barry and what his department needs are from a capital and operational standpoint, but not doing it every year. We almost want to tie it to something if you are going to do every year. Give me 5 years of what it is going to be so I know what I'm going to do every year. Tie it to inflation, do something so it is not a surprise every year. The model is what I'm asking for so I am going to support this from that standpoint.

Ms. Lyles said this is one of those situations where I really feel reluctant. It would be great not to be able to have to do this, but my concern is one, on the Storm Water, the Manager has committed, and if I am putting words in your mouth please let me know, but you are going to come back with a rate model that begins to address this backlog where we are charging people an amount that they are expecting some service and we are not delivering that service. We are only getting to the high priority and at some point Storm Water isn't really delivering some of the
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things that I think our community expects and we need to have a candid discussion about what it takes to deliver that so the community can decide. On both of these, I'm not going to support it. I wish that Duke Energy and Piedmont Natural Gas were doing rate increases at the amount that our two utility companies are doing. When I look at what utilities do and what they have to do to deal with both rates, and I think Ed and I had this conversation and I'm probably not going to say it very well, but with the fixed rate increases and things like construction, the cost of utilities which utilities is a huge amount, the electrical part, just some of those things alone, they may not be 3% but they are actual increases that have to be done. I can't say and support that we have an enterprise fund that doesn't operate in a way that really acts as an enterprise fund and lags behind the things that I think are in there or lags are equal to their competitors in their specific areas or as well, but the type of utilities increases that we are seeing across the board for what we are doing and getting.

Mr. Howard said I did ask Randy and his team if they would look at what the increases have been in other public utilities; what has been their rate increase over the last couple years so we can somewhat do an apples to apples when it comes to utilities.

Ms. Lyles said I think that is fair to have our other utilities and I think that Barry presented that at one point when he talked about the rate or previewed the budget for us.

Mr. Smith said I think is part of a much larger discussion and it touches on what everybody here has said so at a minimum I think this is going to hopefully going to spur some discussion, but I've just gotten on Council but I've been a citizen and a taxpayer and the water and sewer bill goes up every year. Then you get calls from constituents that we are four years out so we are not solving the problem; we're just raising the fee. To Mr. Driggs' point what would be the one time cost to actually catch up and provide them the service?

Ms. Lyles said a lot, but at least have that discussion.

Mayor Clodfelter said I'm going to separate those as two separate items because I've heard people talking differently about the two so I'm going to take votes as two separate items.

7. DELETE: CMUD, no rate change (Smith)

The budget adjustment received four votes from Councilmembers Driggs, Howard, Mayfield and Smith.

Mayor Clodfelter said what you are doing today is just keeping the item open for more discussion on May 28th.

8. DELETE: Storm Water, no rate change (Smith)

The budget adjustment received four votes from Councilmembers Driggs, Howard, Mayfield and Smith.

Mayor Clodfelter said just an interesting footnote about utility rates, have you looked at your home electric bill recently? Have you noticed the credit; the implementation of the renewable energy requirement and it is an implementation by Duke Energy and now producing a credit toward your electricity bill. It is small, but it is there. It is starting to be cheaper than the other power. The general rate has increased, but the renewable energy is yielding a credit on your bill.

9. DELETE: Tree Charlotte, \$100,000 (Smith)

Mr. Smith said I don't think it's the government's job to go around and pay to plant trees, I'm sorry, but I think it is a private sector deal. In the Committee meeting I just came out of we had the private sector going around and planting trees.

Mr. Howard said it is part of the match for that program though.

The budget adjustment received one vote from Councilmember Smith.

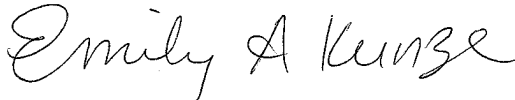
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Mayor Clodfelter said we only have one that got five or more votes, but I'm going to suggest you take those fours also in view of the fact that you have so many people missing and I think if you got four members, that is only two away from the majority and I don't think you are wasting staff's time on four. Can we agree on that?

Motion was made by Councilmember Mayfield, seconded by Councilmember Austin, and carried unanimously, to adjourn the meeting.

The meeting was adjourned at 5:54 p.m.



Emily A. Kunze, Deputy City Clerk

Length of Meeting: 2 Hours, 46 Minutes
Minutes completed: May 26, 2014