

The City Council of the City of Charlotte, North Carolina convened for a Retreat on Wednesday, January 28, 2015, at 12:00 p.m. at Dressler's Restaurant with Mayor Dan Clodfelter presiding.

Councilmembers present were Al Austin, John Autry, Michael Barnes, Edmund Driggs, Claire Fallon, David Howard, Patsy Kinsey, Vi Lyles, LaWana Mayfield, Greg Phipps and Kenny Smith.

City Staff present were Ron Carlee, Bob Hagemann, Pam Widemann, John Muth, Carol Jennings, Alban Burney, Kim Oliver, Randy Harrington, Jeb Blackwell, Pat Mumford, Danny Pleasant, Ron Kimble, Ann Wall, Hyong Yi, Sandy D'Elousa, Bill Cronin, Dana Fenton, Holly Eskridge, Ashley Simmons, Ed McKinney, and Stephanie Kelly.

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12:45 p.m. Bus tours of District 6, District 7, and District 3

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The City Council of the City of Charlotte, North Carolina reconvened for a Retreat on Thursday, January 29, 2015, at 8:28 a.m. at The Duke Endowment Building with Mayor Dan Clodfelter presiding.

Councilmembers present were Al Austin, John Autry, Michael Barnes, Edmund Driggs, David Howard, Patsy Kinsey, Vi Lyles, Greg Phipps and Kenny Smith.

Absent: Councilmember Claire Fallon

Absent Until Noted: Councilmember LaWana Mayfield

City Staff present were Ron Carlee, Ron Kimble, Dana Fenton, Carol Jennings, Jeb Blackwell, Pam Widemann, Pat Mumford, Bill Cronin, Sandy D'Elousa, John Muth, Alban Burney, Kim Oliver, Ann Wall, Ashley Simmons, Hyong Yi, Debra Campbell, Bob Hagemann, Ed McKinney, Randy Harrington, Danny Pleasant and Holly Eskridge.

Mayor Clodfelter said I'll tell you this I don't know what the rest of you think but I think District 3, 6 and 7 set a pretty high standard yesterday. You guys that are on today you've got a tough act to follow. That was really very, very beneficial. Thank you guys on the Committee for coming up with the idea and putting it together because it's been a great way to get us going and I'm sure this morning will go the same way. We are really indebted to the Duke Endowment for opening up their offices to us. They've only been here I think about four months since the grand opening and some of us who've seen the place thought it was a great opportunity for them to begin to introduce their new facility to the community and for us to get better acquainted with them so we're really thankful to them for hosting us over the next day and half and with that I'm going to ask Gene Cochrane who's the Executive Director of the Duke Endowment to just say a couple of words to us this morning and again Gene thank you so much for letting us be here.

Duke Endowment Executive Director Gene Cochrane said well Dan thank you very much and welcome to each of you on behalf of our trustees and our staff to 800 Morehead Street. I'd like to say, just take five minutes and to say three thank you's if I could. First of all to those of you that are elected officials and leaders of this great city, you have lives of your own, you have time, you have businesses, you have families and yet you take time out of all of that to serve and to lead this city and all of us as citizens need and should say thank you and I'd like to do that very heartfelt this morning.

Other than four years of college and two years of graduate school, I've lived in Charlotte. I'm an alumnus of Newell Elementary, Cochrane Middle School, Garinger High School; my wife was at South, two daughters that went to West Charlotte. We have been deeply embedded in Charlotte and we have seen the city grow and change on its way of becoming even a greater city, so thank you for the leadership that you give this great city. Secondly to the staff of the city, you have to

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understand we have 15 trustees of our own that meet 10 times a year. With all the humor I can muster, I understand your pain of working with elected officials and getting ready for meetings that seem to come every other day sometimes or at least they feel that way around us but our staff has interacted with you on things like building this building even most recently the water work that we're doing down here on Oriole and thank you for your accessibility and your willingness to talk to our staff and to work through things as we all try to learn to live as we figure out this new building.

The third thank you actually will take me just a moment to get to, but it's a way of expressing what is The Duke Endowment. Someone asked me earlier the relationship of the various organizations in the city that you may know. In 1924 Mr. Duke created The Duke Endowment with a gift of \$100 million dollars of essentially Duke Power Company stock. And we think his idea of doing that was a way of using the Endowment to give the earnings of the power company back to the people of the Carolinas because our granting is limited to North and South Carolina. And so our staff of 39 people, that's what we do every day is receive grants and figure out grant programs and try to put that money back into the Carolinas. Mr. Duke selected and directed us to work in the fields of higher education and so that is Johnson C. Smith, Davidson College, Duke University and Furman University to work in not for profit healthcare so organizations like Novant and Carolinas and others in this area, to work with child protection and for many years it was defined as orphanages, Alexander's, Thompson's, Barium Springs places like that now it's about a 100 organizations or so that work with children that are at risk of abuse and neglect and then lastly rural Methodist churches and Mr. Duke specified that they would be Methodist churches in communities of less than 1,500 people. Now there are 2,100 Methodist churches in this state, 1,400 of those churches are still eligible so it tells you something about how many small, tiny churches that we work with. Part of what we do are try to host people with ideas of how do you make society better. How do you use well-meaning not for profit organizations and individuals that have resources to find out what makes sense.

I mentioned Davidson College and Red Ventures were here last week and I use that as an example. Davidson previewed a film called "Underwater Dreams" if any of you have seen it. It's about children that have essentially spent their entire life in this country and yet they are not legal citizens because they were moved here as infants and yet are high performing students and are now hitting college age. There was a remarkable young lady who finished first in her class at South Mecklenburg, she's on a full ride at Davidson because of the gift at Red Ventures and yet I'm not sure she's ever gotten full citizenship. That's the type of issue among many in health and higher education and child protection that we're trying to deal with every day and the reason that we built this building was to give us facility to hold those kinds of things. Since last Thursday morning I think we've had a little over 300 people here representing about 11 states so it gives you a sense of the volume that are here. All that said, we very much welcome you this morning, our staff is around if you have any questions please by all means let us know we'll be happy to get you whatever you need. Dan, if there are any questions I can answer about the Endowment I'd be happy to do that from anyone.

Mayor Clodfelter said you ask that question from this group and you're going to get bombarded.

Mr. Cochrane said that's great.

Mayor Clodfelter said although it's early in the morning so I don't know whether folks are going to hit you too hard this morning but we thank you again. I don't know if anybody does want to ask anything but we do thank you again for letting us be here over the next day and half. This is a great facility, it's a great partnership and relationship and we love having you guys here in Charlotte.

Councilmember Howard said outside I had the opportunity to ask you a question about how you guys plan to program the building to be part of the community. Can you share a little bit about what that is?

Mr. Cochrane said I would be happy too. We looked at seven or eight different sites. Because the majority of the visitors that come to us come from all across the two Carolinas access to the interstate was important and access to the airport was important and that's probably words that

you hear from most organizations around the city. The Endowment over its 90 years history had always been in Center City. That had become increasingly challenging for us with parking especially and just understanding if you're coming in from crossroads Carolinas to deal with parking decks and one way streets and over street walkways. It's just a challenge and so our ability to say get off I-77 at exit 10C and come a mile and a half and park under the building is just a big win for us so that's what drove a whole lot of our decisions. I would say we came before you two, two and half times to get the approval. I actually thought that was a good process. The city was flexible in some of the variations we needed. The major one actually was the front entrance where your buses will pick you up. We thought that was infinitely better than stopping on Morehead Street but we didn't get everything we were initially interested in either so we thought that was actually a good, fair back and forth.

Councilmember Austin said Gene, I just wanted to thank you publically again from Johnson C. Smith and our Board of Trustees. We're going to be touring by Johnson C. Smith today and it was a wonderful gift given by the Duke Endowment that allowed us to build our new science center; a 68,000 square foot science center so publically thank you and the trustees for all you've done for Johnson C. Smith over the years and I just appreciate your work.

Mr. Cochrane said thank you. There's a phrase I like a lot, "organizations on the way of becoming", and it ends with "becoming" and I think Smith is one of those. It's on the way to becoming something really special and distinctive about this city and its steps to become an urban institution which will fit a very particular niche in this city that I think we've not had so we're very, very proud to be associated with Smith.

Councilmember Smith said this maybe a question more appropriate for UNC Charlotte but just with your... commitment to higher education; what do you think the chances of us getting a medical school are? I'll say to be I think that would be a perfect fit and a goodfor the city.

Mr. Cochrane said that is a longer...can we meet for a drink sometime? That is a long and very, very complicated question. We're actually spending a fair amount of our resources now in the Carolinas because of the growth of medical schools the challenge has become not producing medical students, the challenge is where do they do their internship and residencies; that's the backlog and we're putting four or five new ones in the two Carolinas and that's been our focus is helping figure out where those practicum internships, placements can go and how do you build up a heretofore medium sized hospital to take a medical resident.

Councilmember Driggs said another quick and easy question for you; there are trends in philanthropic giving lately like Bill Gates establishing certain standards for matching contributions or people applying different matrix. I'm on a couple of non-profit boards I'm just wandering what standards you apply or what changes you are seeing in how grants are awarded.

Mr. Cochrane said we were like most foundations; maybe a longer answer than you care to have this morning. We were like most foundations we're completely responsive until about 10 years ago. We'd open the mail, see what was there, determine if we liked the idea or not and made a funding decision on it. Increasingly we're trying to select those issues that take an organization that put an awful lot of money and are willing to stay with a question a long period of time. For example, we have some projects now that we're funding north of \$10 million dollars and staying north of 10 years with because we think if you're going to have societal change you've got to stick with a longer time. The three years and out just doesn't work. That means we've had to walk away from a number of the traditional, smaller, more responsive type gifts. It means that we have to put a greater emphasis on strategy and planning when we go into those. We're becoming involved increasingly with state government of how to use Medicaid dollars or other state dollars more creatively along with private philanthropy dollars. It may be the second drink after I answer Kenny's medical school question but it is very important. I think we're trying to find that niche for us.

I'll give you a quick example, there's something called Nurse Family Partnership that works with young, first-time mothers and generally unwed trying to have that child more healthy by the time they reach age two and then to prolong a second pregnancy if that's possible. We're

working with, we're now in 26 counties in North Carolina, we're working with seven of the funders some out of New York, in conversations with a major funder out of Oklahoma but that program has been around 30 years. It's had two random control trials, it's underway with a third trial so you know what the model is and you're lowering that risk simply because you're concentrating on replicating a proven model. That's where we're making more and more of our bets each year. Just to give you a frame of reference, I said Mr. Dukes an original gift was \$100 million dollars. Over the years our assets now have grown to \$3.5 billion and over that period of time we've given away over \$3 billion dollars so on an annual flow this past year, we've made payments of about \$140 million in the Carolinas. In Mecklenburg County alone our Trustees approve, now that will be paid out over a couple of years, but last year approved in Mecklenburg County a little of \$25 million. So if you're dealing with those kinds of dollars we don't think it makes sense to deal with a \$10,000 request. You ought to be directing at those big things where there are few other funders that can be in that space. Sorry for the long answer.

Mayor Clodfelter said thank you again and thanks for having us. We appreciate your hospitality.

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8:43 a.m. Bus Tours of District 1, District 2, District 5 and District 4

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Mayor Clodfelter said we're going to change what's on your printed agenda a little bit. The City Manager is going to lead the discussion and that way I can maybe participate in some of the conversation and not have to be up at the podium managing the discussion so we're going to turn it over to Mr. Carlee and he's going to facilitate our conversation.

City Manager Ron Carlee said we don't have presentations for you this afternoon so hopefully you'll feel good about that. You're not going to be PowerPointed or any of that. We have a lot of heavy data stuff to share with you tomorrow morning but what we had set aside this afternoon for was principally an opportunity for you to debrief on the tour. What did you see, what does it mean, and what do you want us to do with it? The thought in terms of how we might process a couple of ideas and taking into account that people would like to get out a little bit early and there is no reason for us not to do that. I thought we might do one or two round robins and give everybody an opportunity to come online and to share what their most significant take away was from the last two days other than more and for. I think we all got that one but there could be other takeaways as well I don't know maybe not, maybe that summarizes it. More specifically from a staff standpoint one of the things that we would look to get from you is guidance in what you need from us, what you want us to do to assist you in processing any information that you accumulated over the last two days specifically in three areas that seem particularly important; what things did you see or hear about that you want more information on, be that a report or a dinner briefing or a workshop or whatever and that could range from the very narrow want to know more information about that new cut through street down in South Boulevard that Andy Dulin hated so much, how can we learn more of what that's really all about, two; what are the criteria we really should be using on rezoning's where we're increasing density. You see there's a large continuum between that kind of micro, kind of macro thing. What kind of information or more information on what do you need from us?

The second one is did anything that you see potentially affect our focus area plans? Tomorrow we'll talk about updating your focus area plans, not rewriting them, not starting with a clean sheet of paper but updating them at sort of the mid-cycle of this Council so is there anything you saw that may need to influence focus area plan and may need a Council referral for additional follow-up. The third obvious area; what of anything did you see that may have budget considerations be it operating or capital. Is there something new that should be considered, something that's an addition or a reduction or reallocation? Fourth category is what doesn't fit in the other three; what did we miss that based on the way that you process it do we need to identify. The idea on how to go through this and if you want to do it a different way its fine; just whatever works best for you but it won't necessarily have to make you sit here the entire time without moving because we've been sitting for a long time is that we will do a round robin or two just on observations and takeaways and then if you want to get up and move around a little

bit I have four staff, Deborah, who would go into one section and collect information from you on what you want more information on, Hyong Yi is available to collect thoughts that you have that may influence focus groups and Randy of course will take the budget stuff and Ann Wall is anything else that's left out. Although, if you want to do that as a large group we can do that too, I just want to give you the option of getting up and moving around and talking with one another and talking with any of the staff resources that you have. If you have no objection we'll do a quick round robin and see where that leads us and then you can let me know how you want to proceed with the next round in giving us guidance based on the feel and dynamic of the group. Is that okay, is that reasonable?

Councilmember Austin said there's been a lot of conversation about upward mobility in our community and we're beginning to address that through some groups that are looking at how do we make the ability of those people that are in our low wealth communities move to become more into our middle class and upper classes so as I continue to work within my own community, I see that's where we might need to definitely focus our attention in terms of resources, in terms of resources, in terms of personnel to help with that. I think you guys got a good impression particularly of Beatties Ford Road and LaSalle Street today of the challenges I am met with and these are the challenges of my community. We've got some great communities in that area, we've got great people but we've got some hot spots that are just destroying that community and I really would like Council and staff and the Mayor, let's focus some attention there. I think that the focus areas we had around economic development of around crime as well as housing are key to that area being uplifted. In terms of resources definitely the Chief and I both would probably say we need more police officers on the street, walking, talking, mixing with everybody but we also need from Neighborhood Development an individual that can connect with those neighborhoods and build those neighborhoods from the ground up. That would be my feedback today.

Councilmember Mayfield said ditto for District 3. The piece that stands out the most is the fact that we had the opportunity to really get a chance to look at just how diverse all of our communities are and you can see that all of our communities have some opportunities for some additional growth and we all face challenges some of them are similar, some of them are very different but I do agree that we need to have some real conversations regarding how we look at investment. What is that investment really look like when we're having conversations regarding business development, are we talking about human capital investment, how are we working in communities along with CMPD as well with our Neighborhood and Business Services Corridor Development, is that a focus and when we look at our focus areas of economic development and our ultimate goal of being this diverse, wonderful, amazing city that we are what are we really putting into place through our policy, our rezoning, our procedures to actually try to help mitigate the impact of the growth that's happening.

Councilmember Smith said I'll tell you several things; one is when this idea came up in Committee we all sort of leapt at it including me as soon as it was introduced and it was to me eye opening to be able spend as much time when you think about the number of miles we covered in six hours on the bus and it was fun to see the excitement from all the District Representatives as we went through their Districts. It's not something we get to do as a group. Some of us may on an individual basis spend a little time in the Districts but it was fun to see how excited each Representative was about their District. I was happy to see that every District had some bright spots, some Districts had more challenges than others and the challenges are varied. We're dealing with a lot in District 6 a lot of its growth related. We're not dealing with some of the issues that we saw today so a lot of my focus is on how do we manage the growth and so when we did our tour of South Park yesterday I just wanted to make sure all of my colleagues see that when we approve these zonings, these good development, we're excited to have it ,but just know that when you vote yes here's some of the residual outcome from that. It was a reoccurring theme in every District, with traffic concerns. The fact of the matter is we're about a 300 square mile city with north of 800,000 people you're going to have traffic but as we went far north today and as we went far South yesterday we would run into some backup issues. So how do we try to address that sprawl over the next 10 to 15 years and I think will be very important and then today if we're talking about Committee referrals, Claire is not here, but the Pro Tem and I have had some conversations about how we can put forth emphasis on the community safety. I thought the update we got today from the hotel nuisance that might be worth

a presentation at committee because I'm sure that's not the only corridor dealing with it but that might be a first step to where we on Community Safety can do a little more than some of the stuff we've been doing. I just want to put it out there for you all to that maybe we can get CMPD to come in and figure out how we can use the City Attorney's Office and CMPD to help clean up some areas that need to be cleaned up.

Councilmember Howard said I would love to see that at a Dinner Briefing. I'm not on that Committee.

Mr. Smith said I think the information we got today regarding that subject deserves a deeper dive. I would love to see them start maybe in Community Safety but if we think it worthy of a full briefing I'd just like to see if it's something that we can do. We've had conversations in Community Safety we're dealing with food trucks, digital dispatch and some things that are interesting but aren't quite as community safety as some of the stuff we probably want to try to tackle.

Mayor Clodfelter said I think the thing that's interesting to me about that is that you see statistics generally and their usually mapped out and they may be mapped out by Council District or Police District and you get an aggregate number across the whole of the Council District or the whole of the Police Patrol District but the light bulb that went off for me was it's not spread out uniformly even within those areas. There are hotspots and the notions is that there are community hotspots it's not just that this District is worse than that District it's that at a very particular place, a hotspot exists in three or four places and if you can deal with the hotspots you'll improve the whole statistical...

Mr. Smith said in a minimum to hear the challenges that CMPD had today, we see the transient nature of this particular spot that we are dealing so that they come in they'll have successes but then within 30 to 45 days they recur. I just thought there was some eye opening data in that briefing we got. I would love whether it's Council or Committee to get a little deeper on.

Mayor Clodfelter said why don't we talk about that and figure out what's the best way to present the information to you so all of Council can get access to it.

Councilmember Barnes said there are some efforts being made Councilman Smith to address a lot of what you're talking about but because of some of the public safety elements involved, it hasn't come to everyone yet so there are specific people on staff working on it and I'm sure we could get updates but it's not a matter that's been presented at Dinner for some reasons that I could share with you later.

Councilmember Driggs said I just wanted to echo the comment. I was very impressed today with the passion and knowledge of my colleagues and your level of engagement. It's a pleasure to serve with you. The thing that strikes me is there is kind of a disconnect between District 7 I think in the City and I spend a lot of time in my District trying to impress upon my constituents the importance of the vitality of Charlotte for us. District 7 is not a place that can enjoy the advantages it has in a vacuum but that's kind of a two way thing, I'm sure most of them are probably not really aware of a lot of what I saw today and I recognize the need for the community to address the problems that came to our attention to coordinate growth and to seek kind of a future that will benefit all of us. It's a two way thing. I made the point during my segment. I just want to try to be clear I look upon District 7 as kind of like a factory that makes tax revenues and the point that I try to make to you all way I feel that we need to reinvest some of those tax revenues in order to protect that stream for the benefit again of everybody so I don't regard this as kind of a tug of war or a separation of interest. I think everybody's interest is served by protecting the areas we have where huge investment occurs and I pointed out to you that there's a 188 acres of very high value investment that's going to take place at Golf Links, another 80 or so acres at Waverly, there's 250 acres around there of what will be quite high priced housing and all of that is a revenue source and District 7 with the private investment that occurs there does not have the needs that other parts of town do. I think it's a natural thing that the area is a net contributor of tax revenues. Again, the case I try to make is let's preserve that by making the small investments that are needed in order to keep the connectivity intact and not create an atmosphere that isn't conducive to the kind of growth that we've seen there.

The other thing I wanted to point out was I was struck today on the tour by the fact that we just saw this kind of list of locations, needs and I was interested to know whether we have actually compiled the sort of remedies or actions we might take to address many of the things that we were told about today. The CIP does address some of them, I wonder which ones then if we did have a list of the things that the City should be working on which ones are addressed by the CIP, which one's of the needs aren't because I would like to see us make decisions in the context of some sense of priorities. I feel that whenever we make a spending decision we should know what it is that we're not doing as a result of committing resources to that particular thing and in most of my experience on Council so far stuff has come up like recently the cameras and it wasn't in the context of any overall budgetary discipline and I know my background is in economics and finance so I tend to be a little bit of a bore on the subject but I hope it's a service to Council as a whole that I'm trying to keep an eye on that aspect of things that we do. I guess that would be my main request to staff is to try to just make it clearer what the needs environment is or what opportunities we've identified. I think it's pretty clear that Kenny and I come from an ideological environment that believes that private investment is the biggest driver and that the public projects should be looked at mainly as a means of inducing private investment instead of taking the place of so we're going to be looking critically at things like the Golf Links proposal and so on but I do believe that there is a responsibility for the city itself and in the public sector to address some of the issues that we saw today and I'm very happy to participate in that. Again, thank you all it was a great day for me and I learned a lot.

Councilmember Kinsey said it's no secret you know I'm a neighborhood person and I think that they are some our greatest assets particularly those in the inner ring and I think if we believe that everybody should have the opportunity to live in some of these inner city neighborhoods and have access to some of the jobs uptown or in the area I think we have to have political will to make that happen and that means looking at rezonings that come before us and make sure that we're not destroying a neighborhood just for the sake of some growth or additional tax money or to make somebody else some money. That's bothered me more than anything recently because we have so many really good neighborhoods not just in District 1, in Wilmore, Wesley Heights, I could just go around, Hidden Valley but if we really feel that everybody should have the opportunity to live in good neighborhoods then we have to have the political will to make it happen and I think we can if we want to.

Mr. Carlee said the thing I'd like to do is flip over to the other two District people and then go to the At-Large folks.

Councilmember Phipps said I was commenting that this probably would have been good if we would have had this type of Retreat at our last year's Retreat since we had new members coming in to get acclimated to the District but one of the things that struck me during the tour was and it started out in District 6 where I guess Councilmember Smith talked about the Colony and how it had reached its useful life. I think you talked in those terms for a couple of other projects as well but I looked at those and they were brick buildings, they looked like they were well maintained, they had aged well but I guess there's some movement of foot, well it is time to tear down and create some TOD and just to remake the area and I'm just wondering and you can see it even with the Abbey Place that we did; it seems like it's hard for us to say no on a lot of the petitions like everything that comes through we bend over backwards to help make it happen and in so doing I don't know that we're going to ever get ahead of our infrastructure needs. We're always going to be looking in the rear view mirror trying to accommodate everything so it seems like we approve all these projects knowing the ramifications of the traffic impact and such and we try to make it work, expand some lanes, do this or do that but all we're doing is putting a Band-Aid on something. Some of these things are not in a corridor like in NoDa, you want to tear down these buildings but over there we saw today that what they're doing over in the Mills, they're keeping those Mills, they're redoing that project so it just strikes me that sometimes I'm wondering in our effort to grow the City no one likes that "M word" or moratorium, should we slow up some of the development. I know Mr. Driggs talked about that, I mean have we really talked about that. I don't know is there any appetite for it. I don't think that developers, REBIC and those guys would put up with it, I mean the pressure is so great but I think it's just we're helping to facilitate a lot of the growth and with it we're facilitating a lot of the congestion that comes with it and it's like a cycle that I don't know if we're ever going to get ahead of. I'm wondering given all these needs that everybody described if we had a magic wand how much money would it take to cure

everything we wanted. Would it be a trillion dollars? A couple of trillion? What's after trillion? A zillion or whatever and this is just Charlotte. I took that, I know there's a lot of infrastructure going up in District 4 and we're thankful for it but you know it's just so many needs, the needs are great, the resources are limited and no one wants to halt a growing City but I'm wondering are we perpetuating some of our the consequences for what we're doing.

Mr. Carlee said if the group is game we might want to come back to that a little bit after we go around because that's a common theme that's seems to be emerging and a pretty big one. Is that alright? Let's come back and assess that a little more.

Councilmember Autry said well it was a very interesting afternoon, yesterday and the morning this morning and I think something that jumps out to me is that we had some firsthand looks at what it takes, the effort, the energy, the resources that it takes to turn something around, to make it, to revitalize it, to make it an important piece and a valued piece of our City it takes a lot but it also struck me as it how quickly things can go wrong and go the wrong direction and end up as blight, end up as a nuisance, end up as a problem for us. I'm encouraged by some of the discussion about how we are poised to grow the way we're projected to grow and if we make 1.4 million by 2030 that means our population will double in the next 15 years and we absolutely are not prepared for that sort of growth and I don't think we want to do what we can to hinder it and stop it but the needs that it's going to take to prepare this City to accommodate that sort of population is going to be more than just luxury apartments, wider roads, more lanes, we've got to get real serious about our transit system and what it takes to fulfill the 2030 plan and we're well short of that on anybody's horizon I think today. I also encourage that I think that we have the people in this room that can prepare the City for that and can make sure that it happens in a measured and a planned way so that we get the most benefit out of it and the City continues to grow and continues to be a center piece for the New South so I'm encouraged by that but I'm real interested about how we're going to accommodate this coming population, that growth that we're going to have.

Mr. Carlee said so moving to the At Large.

Mr. Barnes said one, I want to applaud all the District Representatives for the work they did in describing the ups and the not so ups of their Districts to us. I also applaud staff obviously for the work that they put into making the Retreat come together the way it did. A couple things come to mind for me about seven or eight years ago Mayor Foxx, when he was Mayor, actually he was a Councilmember at the time, we talked about how to redraw the Council Districts to include thorough diversity throughout each District and there was some issues regarding our ability to pick up the right number of voters that hampered that effort but we've looked at that trying to figure out how to make seven touch the rest of Charlotte and I would also point out not to pick on you Mr. Driggs, but I would also point out something that Councilmember Howard frequently says which is that all the infrastructure that exists in District 7 was paid for by the rest of Charlotte and so yes District 7, District 6 generated a lot of tax revenue for the City but other parts of the City have funded all the infrastructure development that's taken place throughout the City and what we're trying to do is figure out how to improve the areas outside the wedge, the crescent to generate revenue to help take care of the things in the crescent as well as supporting things in the wedge. One thought I had to the Council is whether we want to take the top one or two items that each District Representative cited as a challenge and put that on some sort of list to attack. For example, Mr. Driggs talked about bike lanes in District 7; Mr. Smith talked about road connectivity in District 6;; and Ms. Mayfield talked about the lack of a grocery store on West Boulevard. I mean there have been a number of things; Mr. Austin talked about the lack of quality retail in the Beatties Ford corridor so I wonder if we want to pull out, there are seven districts, pull out just one or two so either seven or 14 items and put them on some sort of working list so that we can attack by way of the Focus Area Plans and the CIP. Mr. Autry pointed out some things in District 5 that we've been struggling with for years but you made some good points I thought regarding the lack of retail for example, quality retail to serve some of the neighborhoods over there. He also pointed out the fact that we didn't really see many of the neighborhoods because they're being covered by a lot of the commercial development in that area. Mr. Phipps I think we saw a lot of dirt and a lot of mess but that's actually going to be fine I think over the next few years because of the Blue Line and a lot of the CIP investments and the University investments, the Hospital so I think District 4, yes it needs some help with regard to

some of the housing issues we've talked about but it's got some really strong, strong points but that's a thought for the Council whether we want to point out again one per person or two person things that you guys want us to address. John made a point in response to Ed yesterday about bike lanes that South Charlotte had more bike lanes I think than any other part of the city. You don't see them. He apparently does but figuring out how we make all that happen, getting more road connections in South Park would be I think something we have to do because it's continuing to densify and it doesn't have the infrastructure it's going to need to be as livable as it could be. My thoughts, that's a suggestion for the group.

Mayor Clodfelter said I had two things; one, we saw a lot of places and what struck me most was not any of the places we saw but some of the supporting information we got and I knew this was true in a general sense but I think seeing the concrete information we got almost was like learning it for the first time. It made me have sort of an a-ha it's to look at the real disconnect, dramatic disconnect between where our jobs are located and where our people live. I didn't know that statistic but when I looked at the District 5 statistic all the Districts have about the same number of people but District 5 has 18,000 jobs. The next lowest District has twice as many jobs, that's District 7 then Districts 4 and 6 have about a little bit more than District 7; two-thirds of all the jobs in the City are in Council Districts 1 and 3. If you add District 2, 80% of all the jobs in the City are in those three Council Districts. The a-ha thing that went off for me is oh my God that's impossible. It doesn't matter how many roads we build or it may not even matter how good we are at our transit system moving that mass of people from there to there and back again is just not a workable way to design a city. We've got a disconnect between where our jobs are and where our people live that's really fundamentally problematic down the road and then I looked at the statistic again and it wasn't just when you look back at it, it's not just the Council Districts 1 and 3 have the most jobs they also have the highest unemployment rate. Whoa! The places where we have the most jobs are where we have the highest unemployment. That's a sign that we have a real problem with how we're connecting our people to the jobs we do have. It's not just a mobility issue, a transit issue, a transportation issue; it's also getting those people plugged into the employers. That was the thing that overwhelmed me more than anything else and the resources required, the energy required, the environmental damage that's required, the harm just to community life and the daily frustrations of people of shifting masses of people every day from work and home, work and home, that's poor design folks, that's just terrible community design. Why don't we have more employment in District 5? Why don't we have more employment Ed in your District? That's a real problem.

The second thing that struck me is sort of relates to something that you got me thinking about and when I went out to see Ballantyne, I see it all the time but you know I'm driving so I have to pay attention, where I went out to the University Place I thought to myself wow these are real successes. I can remember when they weren't even there. You can too. It was massive public investment and we'll talk offline about the details of the investment that made Ballantyne possible. Massive public investment that made Ballantyne possible and it made University Place possible, massive public investment so why are we sitting out there today frustrated with the congestion around Ballantyne and the congestion around University Place is because we didn't plan for success. We intentionally went into those areas of the community and said we need to get something started in this community, we need to disperse our growth in the community and dispersal of growth was the theme of Council's for two decades. We need to spread the growth around the community and we succeeded; look what we got but we planned short of success. We didn't expect what we got and it's almost like we sort of undershot. At the time when we did those things everybody was very critical of why are you putting in these water and sewer lines and these Johnston Road Extensions and 521 relocations, why are you putting a hospital out at the University nobody's ever going to want to go out there and live or work so we undersold ourselves, we undersold and that to me is the second thing that strikes me is we haven't really planned for our successes. We've planned as if we stopped short. We're too timid. Those are the two things that struck me.

Councilmember Lyles said Dan did a lot of what I see and felt on the tour but let me say one thing we thanked the staff for the work I really want to thank the Council for having this kind of discussion. I think back a year ago when we were having a retreat we wouldn't be having the kind of conversations that we're having today and I think I've made a number of assumptions about what was important to you instead of actually inquiring and asking what's really important

to you and this design really did help that so I want to say thank you for having this kind of discussion that really gets a number of issues out on the table because I'm not quite so sure that I help do that but today really did help me understand how important it is to get that done. I actually think that this is a time that when we can begin to talk about what is the role of the City to make some of this possible it goes back to when I was coming along when we were doing all of these investments I had no idea what 300 square miles really looked like. I really didn't, I mean you know we had Elizabeth, we had Dilworth, we had SouthPark and in 1969 the mall opened. That's not that long ago and now look at that; University when we put the water and sewer out there and everybody was running giving TIAA-CREF down here we had no idea of our possibilities so what did I really think about today?

The one thing that the private sector can't do is transportation to connect us as a community so when I looked at every one of the Districts that we went to I thought how do we get people around and connect where people live to a job. I have to keep it very simple. I don't even know how buses are designed but almost all of our buses come downtown and go back out. My son works with someone who rides the bus and has a kid and they have to come downtown, go out to a daycare center on Freedom, come back downtown and go to work in SouthPark and when you think about productivity and time you think about the idea that if that woman is late for work she is going to lose \$12.50 an hour and if the bus isn't working. I don't know how we design it but somehow I think our transit system needs to be looked at to kind of move around the City instead of through the City and I think that's really important and we have to continue to invest in transportation. I just really believe that the dependency of our ability to put people in a place where they can earn a living is dependent upon a lot of the costs of transportation. Someone told me its \$2,700 to maintain a car if you live in Charlotte and that's not counting taxes and fees. It's just kind of that's the cost of doing business. That's just when you're making \$35,000 or \$40,000, let's just assume you've got a car payment that's just too much to be able to be successful. It's too much to be late on the bus and not get to work and get fired because you're late all the time or whatever so I just really believe that we've got to address that.

I also wanted to say that I think that Michael Barnes' idea of one or two things in a District is a good one because I really believe people have to see us taking some action to do some things. We sit in a conference area like this and it's really great but what really shows commitment to our community is when you see some action taking place so I want to say maybe if we can do two lists maybe there is the big thing like how do we do a transit system and invest so that we can get jobs connected but maybe we need some small things; how do we do something on the A&P lot that's say how do we create some vibrancy in that neighborhood, how can we do some of the things that in John's District and then how do we deal with some of those crime issues that we talked about in Greg's District so I want to say we need to not be afraid to tackle the good instead of the perfect. I know a lot of the times we have five year plans, we have plans that are equitable but sometimes we just need to choose things and do it. It doesn't necessarily have to wait until we know the answer to everything, let's just try something if it doesn't work try it again. Take some risks this time and do some of these things that make a difference for our citizens in the District.

Mr. Carlee said after we hear from David maybe we will come back and have a little bit of conversation about Michael and Vi's idea about taking some things in the Districts.

Mr. Howard said I won't even try to redo anything you guys have said. I think you covered a lot of the technical pieces of it. The last piece for me is just kind of heart if I could. I say this with all sincerity I really want to thank and I know you guys are on the spot all the time but Ed and Kenny for getting off the bus and going in Food Lion. It was really a challenge whether or not you guys were going to do it because we all got off and went into Target yesterday and we just wanted to see if it felt a little different how you guys would react and it was really sincere for me and we laugh about that but think about the people who don't have the means that have to do that same thing. That's what that represented and it was really good that we all got to taste that. Kenny I think for you I wanted to say that I'm not sure I understood the pressures of development that I saw. I didn't'. I don't ride around; I kind of go to SouthPark and go home. I had no idea that the Piedmont Road area behind there was turned into a whole neighborhood. It's really turned into a neighborhood right before our eyes and it's really happened in the last three to four years with re-zonings that we've all approved. I had no idea. I had not turned down in

there in more time than I can tell you. Ed, I really appreciated kind of what you were saying about maintaining the revenue engine. I got that and I think all of us have gotten that. Just during my time on Council when Ned and those came for the re-zoning of Ballantyne nobody flinched when they asked for the TIFF for the bridge, nobody flinched. I think we all get that and I think Council according to Mayor showed a history of supporting good development in areas like that. I'm like you when I was growing up I think the University the first time I even saw a sign go up that a hotel was going to build when I was probably 12 or 13 it was nothing out there, nothing. Ballantyne just didn't exist; there wasn't even freeway to get you down there. I didn't even know what happened if you went down South Boulevard the other way. I didn't know. I went all the way down to Pineville Matthews Road but there was nothing out there. The Town of Pineville was the only thing out there you didn't go past Pineville, you just stopped in Pineville. My point is I think there's been a long history of supporting development in those areas but for me you guys kind of saw my heart yesterday and that's West Boulevard.

I grew up in Little Rock Homes, you saw that. My mother moved out of there when I was six, we moved up the street to Kings Park where I stayed until I was in college. Those areas mean a lot to me so that's the filter that I bring a lot of times to decisions. Not ones where I'm not supportive of baseball stadiums or football stadiums, I get it. I'm the first one in front of the camera supporting it but I think I wanted to make sure you guys saw the balance that we have to have when we have corridors like Freedom Drive and Tuckaseegee and some of these other ones that have just seen nothing for many, many years and we have to do something to change it because the plight of those people that live in those corridors have not changed in my lifetime and I just celebrated 45 years last week so we got to do something to change that. For me I think the only thing I wanted to add to list City Manager is I think we need to make sure and really it's kind of a goal, it's not an issue, is to find balance between the investments that we have to make as a community and our priorities. I say that because Ed you said a few minutes ago that you thought and Kenny were the only ones that kind of thought that the private sector should lead. I don't think any of us don't think the private sector should lead. If the private sector will build LaWana's grocery store issue, nobody wants to put money into that. That's not the point I think what we're saying is in some places where there's been no public investment the private sector needs to kind of help get it going. What you saw me bragging about at Bright Walk wasn't all the public investment it was the fact that because of the public investment private investment now was pouring in and Mayor if you really think about it that's what you described. All the public investment that went into making Ballantyne and University happen whether you guys know it or not you lived in subsidized communities because it took all that to make it happen so let's remember that's what we're talking about. Not the fact that we're against public only, private only but we know the public sometimes needs to lead the way.

Ms. Mayfield said are we ready to move to think that?

Mr. Carlee said I was going to propose two avenues for discussion one is that very large one that's come up multiple times around development. We're moving into an up cycle, we're hearing the pressures from development around the City. The Mayor I think put it very well but it came up for everyone. Would you like to have a discussion about what would be helpful for you especially as you're seeing the re-zonings coming in? What might we do different or better to help inform you around that decision making that you're facing or what might we need to do strategically to better plan for our success and then the second area for discussion that emerged was the very specific idea of maybe picking one or two things in each District to try to drill down and see if we can't make a difference. Not to necessarily pick them this afternoon but to decide whether or not that's an idea we would like to pursue.

Mr. Howard said I want to jump in on the word moratorium. Let's be careful with using that in this room please. We need to make sure that if we're talking about more strategy, more...

Mayor Clodfelter said Dana Fenton back there is having a heart failure.

Mr. Howard said yes; let's not even use that word please. Let's be careful. Hugh McColl said a long time ago a city is not growing is slowly dying. We need to not be scared of growth, we need to manage it better, we need to be strategic about it but let's not even use the word slow down or moratorium please.

Ms. Lyles said on that I agree. Our City is going to grow, what did you say 1.4 million so we position ourselves for that growth. For the development one of the things that I really struggle with is I thought we had our overall corridor and wedges planned. We do have our Corridor and Wedges Plan and we have the Small Area Plans and somewhere along the line those Small Area Plans have become too old or out of date for what's going on right now and so I don't know what the criteria is for deciding some of these re-zonings and I think I was the one that said I don't know how to vote in SouthPark anymore because I see one coming and then there's another, and another, and then I've got three on the potential list. I heard people on the bus today talking about well this is coming, and this is coming, I don't feel like I have any guidance above and beyond the Corridor and Wedges and TOD development that connects to our goal of building a City in a way that people can move around. I'm not worried about, I know Patsy thinks about elevations and density so I don't have to worry about that too much, she can tackle that and I can listen and understand it but what I don't feel is that I know that we have a transportation system to support the development and that always gives me pause.

Ms. Mayfield said so my piece really ties back to when the Mayor was reporting out and it's more so a question for staff regarding how we move forward. Mayor you noted what we all saw over the last two days and that's the fact that you have two Districts that have the greatest number of employment but at the same time has the highest number of unemployment so we've had conversations when we look at economic development opportunities, new companies to the areas supporting existing companies and the impression that I've been given whether it was directly said to me or just what I walked away with is that we cannot push for local hire but I challenge that because when the conversation first started with the Charlotte Premium Outlet they knew from the very beginning of those discussions that what I would support and what I thought would be a great way to show the community that you care was to have a local job fair and they recognize the importance of being a part of the community that they were coming in so I don't understand why it feels sometimes like there's a push back or a challenge to push local. What we're doing in the meantime is we have recent graduates, I have a good friend that graduated with his Masters, amazing talent that's moving to Atlanta because for more than six months could not find employment here in Charlotte so is getting ready to take that talent move out of state and their going to be the ones that benefit off the education that he gained here. We have a disconnect with how we create, support, encourage and identify homegrown talent but at the same time if your outside we love the fact of giving you all these employment opportunities but you may not even live as we stated within the City limits. Not even within the area so I would really like to know as we're talking about our focus areas, as we're talking about how we really want to make a difference and a change in our community this employment piece whether it's recruitment or support we have to have some real conversations and we have to be strong enough as a body to say no sometimes but also at the frontend to say this is what we would like to see and too encourage that strongly in order to gain our support for whatever that project is. I wanted to throw that out there.

Mayor Clodfelter said big Amen.

Mr. Carlee said so what I heard there is a very specific recommendation to look at where new employment comes how do we actually explicitly upfront connect those new employers with the neighborhoods within which they're living.

Mayor Clodfelter said Amen.

Mr. Driggs said I wanted to just say briefly if I may a great deal of the infrastructure investment that occurred in Ballantyne was actually made by private sector. If you tell Ned Kearns that all that money was public he's going to get angry.

Mayor Clodfelter said well what I will tell him is that Highway 521 did not even exist in the location it exists in right now. It was not even there and he didn't build it.

Mr. Howard said not all that went in to get there.

Mr. Driggs said I think we could probably discuss that further offline. I would just say if you took on a cash flow basis the public sector money that went in down there and the tax revenues that came back you would find that the return on that investment was abundant.

Ms. Lyles said but wouldn't that be try for almost any development? You could say that in a number of places.

Mayor Clodfelter said Ed the point I was making you've lost though. The same is true of what you just said. What you just said is exactly true also of the University Place. Is the return on investment from the private investment that went into; they did pay off dividends over and above the amount of public investment. That's the key point. The point I was making was we undersold what we needed to do to support that private investment. We didn't do enough.

Mr. Driggs said and I think that's actually kind of similar to what I'm saying now and I like the idea of identifying a couple of key priorities because if District 7 is allowed to do that and some attention is paid to those I can go back and tell people okay we're in the mix because right now there's a feeling that we aren't. I did want to make a more general point in getting back to the development thing obviously the market economy is the major driver of growth and the margin economy sets prices, creates jobs, allocates efficiently so you have to be cautious about interfering with the workings of our economy. I traveled a lot overseas behind the Iron Curtain in South Europe, in England in the 70's and here in this country you see what happens when you don't allow market forces. At the same time there's no questions that occasionally the market goes in a bad direction socially so then you intervene when you see externalities or social costs and benefits out of line with what the private sector is doing you intervene on a selective basis. I can tell you getting more kind of immediate to my concerns a number of my re-zonings lately that I've advocated encountered quite a lot of opposition from people because they said its getting crowded down here and my Town Hall is actually entitled Managing Growth in District 7 Is Development Out of Control because that's the kind of feeling but I wasn't prepared to tell my constituents that I was going to oppose individual re-zonings on the basis that we didn't have the infrastructure capacity. I was treating them as land use decisions which is kind of the environment that I understand that we're in and I wouldn't want to oppose them on the grounds of any sort of infrastructure constraints unless we had an adopted policy that said what the criteria would be for that. I don't want the City to be in the position to arbitrarily, for one it invites corruption frankly, but I don't want us to be in a position to arbitrarily being able to say okay this is a good thing so you can do that and no you can't do that over here. Personally I think less intervention and more careful investment infrastructure is the preferable way to go but certainly in my area there may be a time when we need to balance out infrastructure growth with development.

Mr. Carlee said let me ask this question before I go over today; both of you have identified the question of criteria in considering re-zonings. To what extent do you believe that an explicit discussion around criteria, around what is on the books now that you're using and perhaps what the possibilities are within the North Carolina legal framework would be a helpful discussion exploring criteria among the Council?

Mr. Smith said we're having conversations about a possible overhaul in the entire zoning ordinance and again this is sort of throwing money against the wall and I think while we're here; would it make more sense to possibly tackle five of the small area plans that are almost 20 years out of date before we tackle the zoning ordinance and again we saw some of the challenges that we're facing in each district where the small area plan is 15 plus years old and Blakeney didn't exist. Piedmont Town Center did not exist when we had the area plan and to me we're all sort of talking about how do we manage this growth. The people are coming; that cart has left the barn, we know their coming. The question is how are we going to best manage the zoning and the construction and the development. I think we're all in agreement that we need healthy development to help the City move to the next level but what I want focus to be on is what is the best way to make sure that the zonings that we're approving are done properly, that ties into C-DOT. You look at all the aspects; CMPD is here, Fire, all of that sort of ties into it and are we better of taking a handful look at four or five area plans instead of an overhaul. I'm not saying that's the way to go but I think that's worth exploration just because you saw the pressures that

we're dealing with in SouthPark and I saw the pressures that you're dealing with in other areas of the City.

Mr. Howard said I think we have to learn how to chew gum and scratch our heads and do something else at one time. We have to do the rezoning because that's just kicking the ball down the road, we've got to get to that point but we've got to get to the area plans too. That's just a matter of resources so what if we're throwing stuff on the budget that's just out. I don't think Kenny or Deborah would turn away more money to do more. We could do both.

Mr. Smith said both would be great. We're going to have, we have \$700 million dollars on the books in SouthPark and that doesn't include petitions that have yet to be filed and my fear is if we overhaul the zoning ordinance by the time we get around to some of the area plans for the various districts the developments going to already occurred and we won't have been able to do what we need to do to make sure that it was done wisely.

Mr. Howard said and that's important to vision but just to be fair to the Planning Department, having to have spent some time there, our GDP actually do help us determine kind of what's appropriate and what's not though; density wise anyway so we do have something that guides us with policy. The area plans are more about vision then anything so having some vision there I guess would be important, yes.

Ms. Lyles said one of the questions I have and I want to push Kenny's point a little bit because one of the things that I get that I'm not quite sure is how do we get to the idea. We always talk about the Capital Investment Plan is to help us move the City forward but when we've got these re-zonings I don't know how you deal with the idea of investing in transportation when those re-zonings; think about the Cotswold area the private sector ended up paying for all of these little create a lane here or whatever but we never had the conversation about a short block between Randolph and Willow Oak down the street because we don't have any tie for that for money when we have these re-zonings done. There's no pot of money but yet we say we've got a lot of great road plans so it's not that I agree with all of that but I'm just saying the immediacy of some of these re-zonings and the ability to have people proud of where they live and can get to work and do more of that investment where it's needed I don't know how we do that so I'm kind of like how do we take that and say where would that be in some of the priority areas and see if we can do something.

Mr. Howard said the example you gave is kind of a practical situation there's a building sitting where that road would go in so you make sure that the re-zoning has it on the future and the future plans so that in the future it comes through. That still shouldn't line up against other projects.

Ms. Lyles said well David let me give you another practical example the hotel over at SouthPark where we said well let's create the right of way but we now need that grid to connect into Fairview Road because we're about to open a road that we're about to build that's going to dump-- I understand but there are a lot of practical examples of this re-zoning and transportation and the connection to jobs even like buses, how are the buses going to go around for employment centers. I think we need to really think about that.

Mr. Howard said and that to me is what you said trying to do the better when you can just do good because I think we also have to make sure we manage re-zoning perceptions over what's actual so when we talk to C-DOT they'll tell us over and over again these roads can handle more congestion than they do. Deborah and I were joking, I'm sorry Deborah I'm putting you on the spot, but we were joking earlier about the fact that we really manage for congestion which is really about three hours in the morning and three in the afternoon. The other 18 to 20 hours in the day those roads are free. We manage for just those times. Those roads have a lot of capacity it's at those pinch points so let's just make sure we're not overstating what the actual is because perception is probably driving more of this than anything. Transportation it goes way, way back a long time ago, I wanted to make sure that what we're doing is actually doing; I don't know about you guys it was kind of cool to ride down the middle of Independence. Those lanes have been there since I was in high school or something, some of them a long time. We actually have some projects that have not been finished that we need to get in front of too. I'm hoping that

we're spending as much time Danny and Deborah if we put this up here actually looking at those things we actually just have not finished. We've moved on to a lot of other projects that just because of things popping up that we didn't finish that we started to so I'm hoping that we're looking at those opportunities and they're kind of all over the City so I won't try to give you examples of them.

Mr. Carlee said why don't we go to Greg and we're still on the issue of criteria around re-zonings and then before I go back to Kenny, Patsy if you could come in after Greg because this is one of the issues you brought up especially in Cherry as we went through there and looking at the unintended consequences and your thoughts on what we may need to look at in this regard and then back to you.

Mr. Phipps said when it comes to in my experience on the Planning Commission when you come to these small area plans I guess I've become a little tainted by them over the years in as much as sometimes it takes a while to develop these plans; over a year and then after they're developed and within three to six months of them being developed the ink is not even dry you would have staff recommending something that's contrary to the plan and what do we do as a body I don't know if we have the discipline really to follow what a small area plan says because we're quick to raise our hands hey it's reasonable in the public interest and the ink is not even dry on the thing yet so. That's a source of frustration for me and when you talk about if we're getting to a point where you can't even mention the M word or slow down this is what we're for I mean this is an open forum we throw things out right. I think it should be a period of time after a small area plan has been developed that you would let the thing mature a little bit, give it six months or something not 15 minutes that you're going to go and say well we know it's not there but we think this is reasonable in the public interest and this is how things are going meanwhile the community is frustrated that they spent this time developing this thing and it's like out the window because what we agreed on is like oh it was just a plan, if we want to, would have, could have, should have this way, we'll consider it but hey we considered it and we think we want to go in another way on this particular petition so I think we should go, we should stick with the looking at the overall zoning ordinances and making some changes there but I do think we should address some of these old area in a more timely fashion going forward.

Mr. Carlee said observations? You've been wrestling with this for a long time.

Ms. Kinsey said well I maybe don't totally agree with Greg on this because I think area plans are that. They're just plans and I think the ink should dry before we start tearing them apart but I think between the time they really are on the books and something comes to us sometimes things have changed and so I don't see the written in cement to tell you the truth but I do think there are guidelines to go by and I think most of the time we honor them but I also think that and I'm back to the neighborhoods we really need to listen to the people who live there. Not that we're going to always agree with them but at least listen to them. The good thing about those of us who are very active in the various neighborhoods we represent or that elect us is that we hear from, I go to all the meetings so I certainly hear from them and that gives me their perspective. I think we ought to listen to them and pay some attention to them because I think they live there and I think they know better than what we know. They know better than what our planners know and I'm not saying they should dictate everything; absolutely not.

Mr. Carlee said are you suggesting that we need to hear from the neighborhoods?

Ms. Kinsey said I think we ought to listen to them when they talk. They come down and speak when there are hearings. Maybe you should also listen to the neighborhood, the person who is elected to represent that neighborhood or that District.

Mayor Clodfelter said I'm going to say some things and I want you to take them as neutral descriptions and not infer any judgments out it. I'm very serious. The players in the development market make their choices about what properties they think have value, what properties are ready for development, how much they will pay for properties and what they think they can do with properties. They have choices about what they do out there. They pay very close attention to the messages that they get from this body. They pay very close attention. When you say the way you process re-zonings and the things you say are important to you in re-zonings they listen and they

internalize it and it drives them whether they think they want to take a risk on buying this piece of property or whether they'd rather go down the road and buy a different piece of property over here, whether they want to try and put this kind of development on it here or whether they think no I'd rather do something different over yonder. They listen to what you say and so if what they hear you talk about around the dais when you have re-zoning petitions in front of you is school capacity, roadway network capacity, transit accessibility, access to other services, they're going to really take those factors into account in choosing where to develop and what they bring forward to you for re-zonings. That's independently of the planning process. It has nothing to do with whether you're small area plans are current, out of date or just irrelevant but it's going to drive their decisions. On the other hand if what they hear from you is that if you like the picture and the design you'll go with it and they don't hear you say a word about school capacity or roadway network capacity or transit options then they'll assume that all that matters to you and they make a choice about where they develop and how intensely they develop and what they do in the neighborhood is that. I would just make an observation to you that one of the things that is different for me now then it was when I was a Councilmember 25 years ago is the dialog around the dais is not as focused today on school capacity, roadway network capacity, transit options, accessibility to services as it once was on re-zonings petitions. It's much more heavily focused on building materials, fenestration and doorway types and so that's what developers conclude is important to you. They don't think school capacity is important to you because you don't talk about it.

Mr. Carlee said so do you think it would be helpful for the Council to sharpen its relative priorities at a policy level around those different criteria?

Mayor Clodfelter said my suggestion is if those are your priorities or whatever your priorities are that's what you ought to be talking about.

Mr. Smith said the one reason I'm such a proponent of the small area plan is I think if we can get the stakeholders in the room and this is one area on transportation and planning committee we had these conversations and I'm sort of a broken record on this but if we can get the stakeholders in the room we can get the neighbors but we can also get the development community. Think of all the resources we have here locally in the development community. Get everybody in the room to figure out what we think can be built in these areas so we're actually making a plan for something the development community can actually deliver because ultimately it goes just to what the Mayor says it's going to be what can they deliver. The rubber meets the road when they're willing to put their dollars in it so it is okay to have some aspirational goals and how we want certain areas to grow but I think it's also to have realistic goals and we can limit some of these fever pitched re-zoning battles. I'm not suggesting form based by any stretch but I think we can limit some of these fever pitched re-zoning battles if we've had all the stakeholders in the room and I think Greg's right the ink isn't dry and sometimes we move on and it may require some courage to stick to it but it would also require some courage to go back to our constituents and say hey, you know what we had 10 neighborhood meetings last year on how we view SouthPark you participated at X now we're delivering X and that's sort of what this process is about. That's my piece. I'll quit beating that horse.

Mr. Carlee said let me do a quick reality check. Since what I was hearing before we got started with this piece and I don't think I said this explicitly but it was a generalized desire to get out a little bit early but we didn't define early. I think some were thinking around 3 or so. Can I just get a reality check from the Council in terms of how long do we want to go today?

Several said 3:30 or 4:00.

Mr. Carlee said so between now and around 3:00 or so we'll try to wrap up this piece on criteria around development and then maybe we could shift to the one or two things by District if we want to do that and then anything else that's left hanging.

Mr. Barnes said I thought we would wrap up around 3:30.

Mr. Carlee said yes, around 3:30 this piece on development and then we'll talk about the idea of focusing on one or two items per District and if you want us to do that.

Ms. Kinsey said I want to follow-up on what Kenny Said. I have to compliment the developers that work in District 1 because they rarely, in fact I can't think of a developer yet who hasn't asked to meet with me and also work with the neighborhood. Usually the first thing I say and you have to understand these are neighborhoods most of this is infill work and they're tearing down or they're squeezing in something. The first thing I say is you get the neighborhood on board and I'm pretty good with it. I am very grateful to the developers in this community because they will pick up the phone and call me and meet and meet with the neighbors and that actually works.

Mr. Carlee said it's not in their best interest to alienate people when you get down to it.

Councilmember Austin said we've had some healthy conversation but I'm going to share with Council my passion, my drive and my mission the only reason I ran for office is around the poor people in this community in and around Charlotte. We've got people eating out of trash cans, we've got people living on the street and that's horrible for a City with this much wealth, this much development. I know we were on a whole other topic about rezoning and all of this but guys I need you to know that's my passion. When I walk out of my house and I see there's a gentleman in my dumpster trying to find food, trying to exist, when I drive down Graham Street and there are families with suitcases and little children trying to get into the Salvation Army so they'll have a place to stay some of the dialog today just kind of misses me and I'm going to share that with you. We've got to do better for the people in this community that don't have the capacity to be in a room like this, having conversation like this, the ability to eat food like we're eating today. We've got to do better as a community and we're judged by how we treat our poor and I'm not quite sure if that's part of our conversation today but I think it should be. Charlotte is a wonderful city, we've got a lot going on, we've got a lot of people moving to this City but we've got people who are almost invisible now. They're living in our railways, they're living under our bridges, what are we doing about it? Are we forgetting about them? We're responsible for those individuals. They're here, they're our citizens, they're people and there are humans. That's where my passion lies. I hear the wonderful dialog, I hear this conversation and you're right we do need to do something to slow down but this is it. This is what gets me when I get up in the morning and I go around this wonderful, beautiful City with all of our wonderful skyscrapers uptown. What are we doing with our poor people? They're here you can't ignore them. Many of us try to but they are here and we got to do better.

Mr. Carlee said I don't want to just leave that out there I think it's a big issue that we need to come back and touch base on how to deal with it. Probably not the discussion point for today but let's acknowledge that that is a different dimension of what we're about and how do we drill down in that one to look at it in terms with greater intent and with hopefully all this success in the re-zonings, the economic development pieces we've been talking about that generates resources, what do you do with the resources and I think what is putting it on the table here what do you do with the resources that affect those that have the least in our community and to be able to come back and have a full discussion on that with appropriate attention focused on it.

Mr. Autry said thank you Brother Austin because when it was going to be my next turn on the microphone the first thing I wanted to say was that we're all equal under the law. That means that the person who rides the bus to and from work every day is just as an important piece of this City as those who ride up to the 35th floor in the elevator, the exclusive elevator. They have an important part to play and in this discussion about zoning, planning for development and so forth I think that Councilmember Lyles with her aspirations of what before we can have an ultimate solution sometimes what we really need is just a rational response. The solution may come from several different rational responses but to be open and flexible but also intentional in how we approach these things in consideration I'm not just talking about writing blank checks. I'm talking about considering also the ramifications of our actions, try to account for what unintentional consequences may be involved with these actions but we all sit in the shade of trees we didn't plant and what kind of trees are we leaving behind us?

Ms. Mayfield said for this piece first I want to acknowledge and thank our City of Charlotte staff because we haven't an amazing staff and when you look at our current policy and procedure of how we work around being an elected body and the fact that every two years we're up for election, every two years you have the chance of a brand new Mayor as well as At Large and all

new District members so that continuity doesn't necessarily stay around. We have some members that have stayed, that have been reelected but when we talk about that broader conversation as far as what the true vision for the City is, what commitments are we really willing to make and as we get closer to election year the fact that we then had that great eloquent sentence and statement but then our voting is a direct contradiction of that so I have said this for three years to my colleagues so I'm going to put it out on the table personally for a City our size, almost 800,000 when you look at Districts that are over a 120,000 plus we rolled through the Districts yesterday and today, my District has over 120,000, we average 106,000, Council should be full-time not a part-time position trying to figure out how to get out in community. When we're talking with staff we send mixed messages; we're almost schizophrenic because we say we want one thing; staff comes back and gives us a presentation based on what we asked for but then when they bring it back they didn't interpret it the right way because I didn't make it possible for you to read my mind so then you come back to me and I say no that's not what I want but part of that is we start the conversation and then you may or may not be the person that can continue to follow that conversation so then you have someone new at the table that you have to try and bring up to date.

My colleague mentioned the fact that we have a Zoning Committee, we have Planning staff but staff is still human. The committees that we appoint to we're all human, mistakes are made. We're now in 2015 trying to figure out a challenge that was created in 2007 because we had a development that said this is the grand idea I want to do but I'm going to have to break this up into phases. Well lessons that we know today this should have never happened many years ago so in the phase that you were able to complete you didn't complete something that needed to be done which ties right into our conversation we're having around trash pickup. That developer unfortunately has gone out of business, filed bankruptcy, a new developer comes in somewhere in the conversation the original commitment was lost second phase is built and you still don't have it so now we have citizens who have done their due diligence. They played by the rules that we created. When I hear comments of it gives the appearance that we are arbitrarily just make decisions that's not the case but we are human and we make mistakes but as a City we also have to figure out how do we take responsibility and how do we go back and fix to the best of our ability so that you're not still suffering but the biggest challenge in my personal opinion you have 20 plus opinions in this room mine is the current model that we are using is not going to be sustainable as this City grows. Having a two year part-time Council is not conducive to the size of our community, the commitment that each of us make whether you're a District Representative or At Large the commitment that it takes to be responsive to your community and to know that something I started on in 2012 for me to see that to fruition if I have to think about every other year whether or not I'm going to be able to continue that conversation there's a greater possibility that conversations is going to fall through the cracks not because we don't care but because we're trying to get so much done in the 12 month period or at the most a 15 month period. If we're going to have real conversation about how we continue to grow this amazing City of ours then we need to have complete comprehensive conversations and that starts from also how we govern, how our future elected leaders govern and what parameters are they with. If we're saying we only get two years then let's create a two year plan. Let's stop looking at 15, 20 year plan like we should be doing let's look at a two year plan and say realistically as this body what can we get done in two years so if we're there we're going to the next thing if not someone else can do it. If we're going to say let's look at 15 years out then let's create the policies in place but let's also have a real conversation about what does that service really look like. What I am saying and I'm going to put it out on the table this Council, City of Charlotte should be represented full-time by four year terms or at the bare minimums staggered meaning Mayor and At Large or either Mayor and District on one ticket and opposite on the other ticket because you should never have an opportunity where you lose your Mayor, your Mayor Pro Tem or At Large members as well as your District members in one swoop and have to start all over and have 12 people that have no idea what they're doing as opposed to five or six.

Mr. Driggs said I just wanted to pick up on a couple of things that were said about the zoning process; for one the developer is the voice of the market. I've had the guys come to me and they say I want to do this and I told them that's a bad proposal and I know what the residents are going to say and what the area looks like and they say there's no market for office there. That's important. We really have to take that into account this is not just a developer being greedy this is the intelligence we have about how our market economy values that site and anything that we

do that undermines that guys desire to make the most efficient use of that property needs to be intentional. I don't say it shouldn't happen but we need to be aware if we're telling him sorry it's got to be such and such that comes at a cost in terms of the economic activities, sales taxes, jobs, etc. My experience has been developers are very constructive so as the Mayor said they'll come to you and their sensitive to the reaction they get. I said no to the first versions of the Bryant Farms and the Lennox proposals and they got changed a lot. Very active engagement by area residents, my solution to that I think the same as all of ours I've had six meetings with groups about Golf Links so far and we're still working on that in addition to a lot of good work by the Planning staff. The thing that concerns me as the head of the Intergovernmental Relations Committee is the context we're in here is that the General Assembly thinks that area residents abuse the power of the protest petition so if anything the kind of legislative message we're getting is that the scope that area residents have to participate in the conversation about what can happen with the land owners use of his property needs to be reined in. At the North Carolina League of Municipalities under the guidance of Dana Fenton I actually actively got involved in a conversation about how we might preserve the protest petition by maybe modifying it as opposed to allowing it to be abolished completely and so I think there are very constructive elements in place already as far as the process, the developers and the inclusion of area residents. The one component that is missing in my mind again is the formal acknowledgement of infrastructure capacity as a criterion. I don't know how to apply that so on Lennox for example there were 1,300 trips in the original proposal we got it down to 700 and then somehow that passed. The other thing Mayor I wanted to say on school capacity I talked to School Board members to Principals and other people when these proposals come along and I don't get any useful input there. It's not really our responsibility and yet it's on our Agenda of things and we certainly hear back from residents about it so I think a clarification of how we interact with CMS, the Board and the staff and incorporate recommendations from them into our zoning decisions because my experience is that I don't get much useful input from them.

Mayor Clodfelter said just a quick footnote once upon a time there was an Intergovernmental Liaison Committee called The Planning Liaison Committee, I think formerly it still exists but it used to be a pretty active forum for exchange of information that was indeed that way but I don't know, it still exists but I don't know that it is producing very much right now.

Mr. Driggs said if you get bad estimates of the number of pupils that are associated with new developments and then there's a controversy about that.

Mayor Clodfelter said yes, you used to get that and it was a regular Intergovernmental Liaison Committee that functioned at a pretty high level.

Ms. Kinsey said it's totally changed and it doesn't serve the same purpose. It doesn't give the opportunity in a smaller group to really get down and discuss these issues like we did because I was on it when you were on it.

Mayor Clodfelter said it can be revived if you want to revive it. It's within your power.

Mr. Driggs said I just need your guidance on if I'm talking about schools how to take them into account.

Mr. Carlee said we can bring forward more information on that.

Mr. Barnes said so if I might I was going to respond to my colleague, Ms. Mayfield. Over the years we've talked about the length of our terms and full-time versus part-time and among the concerns that I have is that I don't want to have to give up my business outside of the Government Center in order to serve. I wouldn't want to lose Kenny to that; I wouldn't want to lose Dan to that or David. There is something to be said for having people here who actually work or have worked and retired and want to be a part of serving the community and I don't think it does us a lot of good to have 12 of us roaming around the Government Center full-time causing trouble either. The compensation could be better in terms of the time we dedicate to doing this job. That might be an improvement but we've looked at three-year terms, we've looked at four-year terms and tried to figure that out and there was not a ground swell of support from the general public to have us around for four-year terms.

Ms. Mayfield said how long have you been serving now?

Mr. Barnes said I've been here since 2005.

Ms. Mayfield said exactly so it just makes more sense financially.

Mr. Barnes said but I know though every other year I have to gear up for one race or another and that's kind of what I bought into when I decided to serve but I would be concerned about trying to take this to a Philadelphia type deal where they were full-time making \$120 grand and just causing corruption, causing problems and all kinds of over things.

Ms. Mayfield said I think it's interesting that you would use Philly and \$100 grand opposed to just keeping the conversation realistic and that is the commitment because those people that do work full-time and choose to commit to service there are challenges that come along with that as well so you're not able to take 25 hours, 30 hours off a month to attend meetings because if we really wanted to be that conducive and accessible to the community why would we have meetings at 12 noon and 3 o'clock in the afternoon and have multiple committees that people are serving on. Some people have the flexibility if they have their own job or they are retired where they can attend all that. Other people you're using all your vacation time, you sick time. What I'm still saying is whether it's staggered terms or four-year terms there has to be a different conversation than the one that we're having and for me personally it's not enough to say well the community doesn't have an appetite when there are members sitting around this dais that have been here more than 10 years. It would make more sense for you to have been on a three or four-year term, serve, actually let the work that you're doing come up out the ground see what it's going to be opposed to every other year trying to figure out and having to go back to the community taxing them both financially and not having anything necessarily to really talk about that you did in the last 12 months. I'm just saying if we're going to have the conversation let's have the full conversation.

Mr. Barnes said I disagree but I understand what you're saying.

Mr. Carlee said did you have a zoning comment to wrap it up?

Mr. Howard said I did a minute ago and I can't remember it.

Mr. Carlee said there will be another opportunity.

Mr. Howard said schools, schools. I wanted to respond to schools. One of the problems with the schools policy Mayor to be honest with you it has frustrated me now with the Zoning Committee, Planning Commission and now here is that they have so much flexibility. It's hard for me to sympathize with a body that closed schools and they can assign students however they want to when they want to and you almost have to buy into their philosophy of redistricting to really take what they're sharing with us seriously so that's been my problem over the years is that it's just moved around. We have to take into consideration what their plans are but they really take into consideration what we're planning, what we're doing, what we're approving and the philosophy behind the way they assign students has always been a problem for me that's why it doesn't weigh as much for me.

Mayor Clodfelter said that's another good reason to really beef up that Intergovernmental Liaison Committee and give it some muscle again.

Mr. Carlee said let's take about a five minute break or so and we'll come back and wrap up about 3:30 if that's good.

The Council recessed at 3:08 p.m. and reconvened at 3:21 p.m.

Mr. Carlee said from the conversation that we just completed around the planning and rezoning just to be clear what we're really talking about is mitigating the impacts of development and looking at criteria really around increasing entitlements and we will go through a debrief and see what we might be able to bring back to you some suggestions to act on the comments and

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concerns that you raised. With regards to the poverty issue we'll look at some ways to bring that back to you especially in the context of the new economic opportunity, Economic Mobility Task Force I think that's a venue by which we can explore a number of those items that you raised and with regard to Council terms I will leave it to Councilmembers to have informal conversations among themselves to decide where you want to take that and salaries.

Ms. Lyles said this is just a follow-up I was wondering if the follow-up would also include the idea of asking District Councilmembers what are the small things that would really make a difference to their constituents right away and if they could bring that back as well.

Mr. Carlee said that's the next topic so that's where I'm transitioning to and so that's the last question that I wanted to deal with this afternoon. That was the idea that District Representatives think about the concerns that they've identified and to identify perhaps one or two big and little was one suggestion of areas that would make a difference in your Districts for us to bring back and look at as an area of focus. What I want to do is get a check on Council as a whole as to whether or not the majority of Council thinks that's a good idea for us to do.

Mr. Howard said the only thing I would ask you to do is that I think we probably have some opinions too.

Mayor Clodfelter said I think it should not just be limited to District Representatives.

Mr. Carlee said I'm assuming it would come back to the Council as a whole but if At Large people want to so I guess the modification is that and At Large members could also identify a bigger and little something as well based on what they saw.

Mr. Barnes said I stated my support for it earlier but let me add this remember the other piece was to the extent possible connect those priorities to the CIP and the focus area plan so it is an enhanced part of our current body of work to the extent possible.

Mr. Carlee said you're saying okay so that's a preference. We will try to create a little structure around that but meanwhile you got good ideas and you already know what they are then just me or any of the ACM's know but we'll put some structure around it and let us think about it but I would say sooner rather than later to Ms. Mayfield's point terms are short. I would like to do just one kind of very quick go around is there anything else you want to ask of staff coming out of today's work, any other guidance or something you want from us to make, this is not your last chance but with regard to what we've talked about today anything you need from us that you know you need us to do.

Ms. Mayfield said I think it will be helpful because a number of us I know specifically District Representatives have already had numerous conversations with staff both ACM's and Directors regarding some specific issues in our community so I think this would also be a good time to follow up with our ACM's for them to help direct some of this conversation with the things that they reoccurring heard from us as far as challenges so that we can try to keep that list narrowed down to the one or two.

Mr. Carlee said across our full menu, yes mame.

Mr. Driggs said I just wanted to reiterate if we had a needs list as I described based on things we saw today and have talked about and could identify which ones where being addressed by the CIP, which one's were outstanding I'd just like to have a better environment to prioritize as we make future spending decisions.

Mr. Carlee said and I think that's reinforcing what Ms. Mayfield is saying to us so we'll see how that can be align those up. Mayor, anything else you want to tell us to do?

Mayor Clodfelter said no; show up tomorrow morning on time.

Ms. Lyles said this is when we were in John's District, in District 5 and there's a CHA property that we drove by and I was wondering it was on Albemarle Road I think. It was a wooden structure, two-story, and three-story.

Mayor Clodfelter said it was an old Housing Authority Project.

Ms. Lyles and I was just wandering if we could get a report on that property and how it's used, what kind of quality of life, how it's being utilized there.

Mr. Carlee said let's follow-up on that. Let's just chart that for now. Anything else? After we break if there is something you think of today or tomorrow again Deborah you have poverty and Council terms and Randy has budget so see any of the four of them if there's something else you want to add. Mayor, I'm turning it back over to you.

City Attorney, Bob Hagemann said The Governance and Accountability Committee reported a recommendation on the Ethics Policy on Monday. We probably will not come to the Council until the second business meeting in February but I wanted to give you a heads up that there has been a recommendation and The Observer has asked for a copy of it so you may begin to get questions. I'll get you the recommendation in your packet tomorrow.

Mr. Carlee said give Jena a copy of it first though.

Mayor Clodfelter said I think we're done for the afternoon.

The Council recessed at 3:25 p.m.

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The City Council of the City of Charlotte, North Carolina reconvened for a Retreat on Friday, January 30, 2015, at 8:31 a.m. at The Duke Endowment Building with Mayor Dan Clodfelter presiding.

Councilmembers present were Al Austin, John Autry, Michael Barnes, Edmund Driggs, David Howard, Patsy Kinsey, Vi Lyles, Greg Phipps and Kenny Smith.

Absent: Councilmember Claire Fallon

City Staff present were Ron Carlee, Ron Kimble, Dana Fenton, Carol Jennings, Jeb Blackwell, Pam Widemann, Pat Mumford, Bill Cronin, Sandy D'Elousa, John Muth, Alban Burney, Kim Oliver, Ann Wall, Ashley Simmons, Hyong Yi, Debra Campbell, Bob Hagemann, Ed McKinney, Randy Harrington, Danny Pleasant, Kim Eagle, Sarah Hazel, Bill Gullet, Victoria Garland, John Hannah, Jeff Stovall, Sheila Simpson, Anna Ellis Brent Cagle, Kate McCoy, and Holly Eskridge.

City Manager Ron Carlee said Randy is going to go through the detail preview on the budget. I wanted to make five high level points for you to be thinking about as you go through and see the details. Before I do that I just want to reiterate the budget team we made some changes over the last several months as you know I moved Randy into the new position to integrate our Financial and Management Services and we have not yet permanently backfilled his budget position we're being very deliberate about that that is a key position within this City. Over the past several months leadership there has been rotated among Eric Hershberger, Katie McCoy and Bill Parks, those are the senior leaders in the Budget and Evaluation Office. You all know them very well. They've done a great job and we considered having them lead us through the budget development this spring or one of them to lead us through the budget development but that would have meant we had to backfill them probably with someone less senior and so what we've done to build our bench strength and depth in the Budget Office for this session is bring Kim Eagle in from Charlotte Water, Assistant Director there, someone with a tremendous amount of experience so she's going to provide leadership for the budget process which gives us a lot of depth and breadth as we go through and she'll be working very closely with the Budget Committee so I want to thank Kim for stepping up into this new role and especially to Eric, Katie and Bill for the extra work they've done for several months now.

There are five high level takeaways on the budget so I'm going to preview the end at the beginning and Randy's going to fill in all of the gaps. One is Fiscal Year 2015, we're in good shape. We've had good revenue growth; the economy is moving in the right direction, we're seeing the benefits of that. We will absolutely finish 2015 with a balanced budget. We've had a few challenges on the expense side and Randy will detail those but overall we're in good shape for 2015. If we had continued with current conditions and with economic growth we would have been in a very, very strong place in 2016. We would have had what I consider modest, normal growth north of 3% overall in our revenues which would have enabled us to provide a competitive market compensation package for our employees and for you to consider perhaps a modest increases in programs to meet our growing population and the demand that we're seeing and perhaps consideration for increasing some of our reserves in a couple of areas which I'll identify to you as we go through the budget however, 2016 is not the status quo. The General Assembly eliminated the Business Privilege License Tax which makes up about 3% of our budget. They committed to considering replacement for the Business Privilege License in the General Assembly session but whether or not they do that and to what extent they do it we do not know. If the Business Privilege License is not replaced our growth is all wiped out. We're basically a flat budget, less than 0.2% growth. That means we probably will not have any pay raises, we will have no new positions, we will have no increases in reserves and we may have to do some very targeted and selected freezes or position reductions.

It's an uncertain situation because the General Assembly likely will not act on the matter until the end of the session and so absent guidance from you to the contrary what I would intend to do in the budget preparation in which is also what I think other managers will do as well, the big 5 we had a consultation together on this a few weeks ago. I will prepare for you a balanced budget within the existing known revenues. I will also prepare for you a contingency alternative if the Business Privilege License is restored but the base budget that I submit will be balanced within existing revenues. Point number three, and I would do that unless guided to the contrary with no recommended increase in property tax.

Councilmember Smith said when you say you're going to do it based on the restoration of the Business Privilege License Tax would that be at what we knew to be the full amount of that we're previous or would it be a more conservative, modified estimate based on where we think it is likely to end up?

Mr. Carlee said I would give you a contingency alternative that is based on what the restoration of Business Privilege License Tax would be and then that can be scaled back or scaled up depending on what the General Assembly does. Regardless you will have a balanced based budget on what we know.

Councilmember Howard said the session usually ends after June. We have to have our budget by the end of June. It is what it is. Why would we do an alternative? There's no way we're even going to know what the source is. That source would help us for the next year and I guess we could amend our budget but that's just not the way that I mean given all the conversation we just had about the cameras and amending budgets that's not the way that we do business so we really don't have an alternative do we?

Mr. Carlee said that's why I said I will give you a balanced budget based on the known revenues but because the General Assembly and the Governor made a commitment to consider replacement I think it is important to demonstrate what I would have recommended if that replacement comes in and this will demonstrate to you and to the General Assembly what we're not doing because of the elimination of those resources but what will be in front of you absent their doing anything is a complete, total budget recommendation that is balanced within existing revenues.

Mr. Howard said I totally understand everything you said I just don't know how we make assumptions with anything other than what we know because there will not be a decision or a budget passed until probably well after we have to make a decision.

Mr. Carlee said that's right I would not recommend to you that you adopt a budget based on any assumptions about what the General Assembly would do.

Mr. Howard said because Mr. Smith is right. I bet she heard that they may do part of it I've never heard that they would replace all of it which leaves us in flux way too much for me.

Mr. Carlee said right, and that's why I'll have something in front of you that you can act on based on what is absolutely known.

Councilmember Kinsey said I was at the League Board meeting last week, two Senators and one Member of the House, all three said that they did not think there was money to replace that because obviously that was of interest to those of us sitting around table. They also projected they will not be out by the end of June. It will be a true long session.

Mr. Howard said that's what I've heard from Earl and a couple of other ones.

Ms. Kinsey said that's from the League of Municipalities.

Mr. Carlee said my colleagues and I have jointly concluded that we have to present to our Council a budget based on what is known and that you can consider absent any contingencies.

Mayor Clodfelter said there is value though in showing the consequences of the decision if we simply have all five of the large cities and all of those simply accept the decision and go on then there will be no demonstration or illustration of what the consequences were of that decision. I think the value of the alternative and your other Managers are doing the same thing is to begin to demonstrate and illustrate and educate people on what is the result of the decision the General Assembly has made. It's part of the process of education, it's part of the process of community mobilization to bring about a change. If we don't do it we simply accepted and say fine, we're not going to look at what the world would have been like and we have no chance of turning the decision around; no chance.

Mr. Carlee said so point number three to reiterate is I would do that without a recommendation increase property tax. I do not expect that will be the same for all of my fellow Managers around the State. I expect some of them may well propose increase in property tax. Point number four relates to capital, last year I presented to you in a very poor manner that was exceeded only by the poor way in which it was received a comprehensive list of capital needs and this year we will demonstrate to you how what we tried to preview last year that with good economic growth and conservative projections we would have additional capital capacity. We will show you that and we will also show you what are the priority capital needs that we're identifying at least on a preliminary basis at this point. With regard to operating I am not going to repeat last year and show you a comprehensive list of unmet operating needs however, I am going to show you a very reduced list of what we think are some of the more important unmet operating needs that certainly within the existing environment with the elimination of BPO we will not be able to meet.

Point one, 2015 we're in really strong shape, 2016, all of our economic growth is wiped out by the loss of our Business Tax, point number three, even with that I would not propose to recommend an increase in property tax, point number four we do have some increased capital capacity and some priority needs and point number five we do have some important unmet operating needs that I do not think that we will be able to fulfill. Unless you have further questions we'll turn it over to Randy to show you the details.

Councilmember Phipps said on that list of prioritized capital needs would that list come from the original list, the broad list or have any new items come about since that list was prepared?

Mr. Carlee said Randy double check me I believe the guidance that we've identified are either largely or totally from that larger list. It is an organic list when I tried to message last year if it does change and the priorities change and we do get new information and things evolve but I don't know the only thing that may be new on there for you is an opportunity that we have to secure a piece of property that we currently have City services on that the owner wants to sell but I don't think anything else on there is new.

Councilmember Driggs said as part of our Budget Committee conversation you were talking about maintaining on an ongoing basis the list of the capital and operating needs and in particular I would like a conversation like the one we had about the body cameras to take place in the context of that list. I think in general people in their personal lives recognize that when they go out and incur a certain expense they have to spend less on something else and we seem to have that discipline and I'd like to put that in the context of Raleigh as well. There is a perception I believe I've been told by some people in Raleigh that if we can find money for a streetcar or find money for this stuff and it's not obvious what we're not doing because of that their perception of the urgency of our problem related to Privilege License Tax is affected so I just think that sort of tightness in terms of one thing replaces another we have an ongoing process of looking at our needs and we reassessing would be very valuable.

Mr. Carlee said respectfully I did respond to this the last few times that it came up in the body camera discussion but I feel really compelled to say respectfully that's what I tried to do last year by putting all those capital needs in front of you so that you actually could see it and that things that we would bring to you would not actually not be in isolation. I understand that it's nice if we can do all of those decisions as part of one process but sometimes we just can't and the Chief and I felt that there was a compelling need to get this program started early because we have a really big trial coming up later this year and we're going to have every news outlet from around the world in our city and the Chief and I think we have a compelling requirement to develop as much community capacity as we can at this time ahead of that and to be prepared on the street as much as we can and so I as I said when I brought it to you and I hope we won't have to fight or rehash this throughout the entire next year like we have a little bit on the streetcar. I always prefer to make all budget decisions in the budget context but sometimes you just can't and I will do my best as I tried last year when I put the capital needs in front of you to help preview for you what some of the competing needs are and that's what I'm doing this year in terms of some of the operating needs as well. It won't be comprehensive and to your request that it be ongoing and revised; completely committed to doing that.

Councilmember Mayfield said another question for you, we always say hind sight is 20/20 so yes it would have been a great idea if municipalities were talked to before the whole Business Privilege License Tax removal was even decided upon but as we move forward are we also looking at the fact that there's conversations out there of reallocating the taxes that are generated here in the City of Charlotte and Mecklenburg County and how that may be or may not impact us if our General Assembly were to move forward with that.

Mr. Carlee said yes ma'am, we also have data in the presentation today to show that to you. We're not projecting a budget on that contingency either but we know what the impact would be and if the General Assembly were to go that way in what we see the worst case scenario we can identify what it is. I will say that since you've raised the point that this time the most current discussions that we have heard among leadership in the General Assembly is that the reallocation of sales tax on a per capita basis as opposed to pulling a sale basis would be based on growth not on the base. What that does though is as we're facing this year it transfers out from us the benefit of the economic growth that our investments in Charlotte are intended to produce. With that Mr. Harrington if you can do the details.

Chief Financial Officer Randy Harrington said just a couple other quick things I'll add to what the Manager mentioned is that number one there are no recommendations in this presentations, there are no proposals in this presentation. What the presentation is designed to do is give essentially a lay of the land of what the current environment looks like as we understand it today and that environment will change as we continue to move and advance through the budget process and have conversations with you and get additional data that helps us refine that process so I do want to be very upfront about that, that there will be no recommendations. The presentation this morning what I'd like to do is first of all to briefly set the stage in terms of some basic financial and budgetary condition elements and some descriptors that just help give a little bit of context before I jump into talking a little bit more about the current fiscal year. As Ron said we're in good shape for this year and then chatting a little bit about some of the future potential, we're looking at the projection for the upcoming fiscal years and then as well as some of the potential budget issues that we might discuss in more detail as we go through the budget

process and then I'll round it out with some conversation around the Community Investment Plan and some of the components of that so that's the plan here for this morning.

If you look at population growth and we all know that Charlotte's been a growing community, we saw that the last couple days as we've driven around the City. From FY04 to current the growth has averaged just about 2.7% annual growth in Charlotte. If you look at the unemployment rate the unemployment rate for the year is averaged about, let me stop before I talk about this year, you can see from this table the mid 2000's in terms of the green level, unemployment levels that are more desirable, when you see how when we entered into the Great Depression the red marking where higher levels then what we would like to see in the community but you do see that trend improving and for the whole entire year the unemployment rate averages about 6.4% but we just got some new information if you just look at the month of November only it was 5.4% so really good. That's ahead of the state level as well as the national level so trending in the right direction. If you look at our General Fund expenditure history since FY2008, the average growth rate through this period has been about 2.4% growth and you can see one of the things I'll note and you've heard us talk about this in the last couple of years you see a little bit of a gap in those first few it's called the first half of the chart where in terms of actuals having a little bit of a gap between what was originally budgeted and you see that is actually narrowed in the last three to four years and you first talk a little bit about that about the budget being tighter. We're all feeling that, I know all of the Department Directors around here would certainly attest to that and the Manager as well.

Let me talk just briefly about some elements of our compensation. Sometimes there are questions around what percent are our fringe benefits in terms of the overall compensation budget and you can see here very consistent so since FY11 staying right about at 24% of all compensation is comprised of fringe benefits that include 401K, retirement and health insurance. When you look at the overall total of compensation that includes benefits and salaries and wages and you compare that to the total operating budget that comprises, it's been pretty steady here again, about 74%, 73%, pretty consistent over the last five or six fiscal years or so.

Mr. Howard said those numbers both kept up with growth right? When people say that percentage didn't go down because when we made more money than every year we went up. What does that do in this coming year? Have you projected what those percentage of the total budget will be in the coming year?

Mr. Harrington said we have not at this particular point but it's safe to say it's going to be really close to that. You wouldn't see any market change.

Mr. Howard said it's not big enough to make a big difference?

Mr. Harrington said no. You first saw this table last July when we talked a little bit about the Community Investment Plan and the general CIP, the general Community Investment Plan which is funded primarily from property and sales taxes showing you the debt model in terms of showing that we are in great shape in this particular debt model. You see the single line going across that is the total revenue that is available for paying debt service and then you see the two shades of the expenditure side in terms of the dark blue being existing debt and how it tapers off as we go out into the future and then the new portion of the debt associated with the new Community Investment Plan coming online and then you see where you've got the gap there in the middle which then represents your debt reserve level as well as future debt capacity. I'm going to talk about this a little bit more a few slides later but our current debt capacity is \$65 million. I'll touch on that again here in just a little bit.

Mr. Driggs said I just wanted to comment on these slides. I think it's very good for us to keep an eye on this because although you do see in the picture that there is room between the top of the shaded area and the blue line look at how much the gap there shrinks. We're currently in a position where the ratio between the level in the blue line and the top of the shaded area in 2015 is about four to one and by the time we get out to 2027 that drops to about 1.3 if I'm reading these numbers, 1.4. It makes me wonder just what our capacity will be over the next 10 years to incur expense for other capital projects and possibly incur additional debt. The way I read this picture we don't have a whole lot of room for quite a while now to do any additional borrowing

and if that's the wrong understanding then please correct me but it looks to me as if with the CIP we have committed a lot of our borrowing capacity going out at least 10 years.

Mr. Harrington said assuming the economy continues to grow you'll have some organic natural growth in the debt capacity which we're seeing this year but this is exactly how the model is designed you build up the revenues and the reserves in the start, you start that program and it's designed to do exactly this in terms of how we manage the capital.

Mr. Driggs said I just wonder how did we get to the point where today that ratio is four to one and we're not bothered by the fact that at a point in time in the future we expect it to go down to 1.3. I would have thought that relationship on an ongoing basis would have been more stable.

Mr. Carlee said actually we prefunded debt and so we actually created our own savings account to draw down debt from the Community Investment Plan that was adopted and that's how we were able to do as much debt as we were because of the savings that we had created so we literally have money in the bank to prefund future debt. The short answer to your question is how much capacity do we have; it is the \$65 million dollars which is more than what we're reporting to you last year again because we used conservative debt modeling and so we should always have sufficient debt capacity in order to deal with a major unknown if we do prudent budgeting. We certainly do here with the amount of debt capacity we have and the thing that's really important that I think got lost in some of the discussions last year is the line, which Randy thinks is blue but I think is light purple, it is all contingent debt so if our economy does not grow as we've modeled it even though we've done it conservatively then we're in the position of postponing those projects and that debt. That is what we should do and if we have stronger than expected growth we can do more capital modestly creating reserve but if we have low economic growth then we through actions of the Council, in fact actually you don't have to do anything. If you did nothing then that light purple line would never grow because it only grows with explicit actions by the Council for us to issue debt that the voters have authorized and in fact much of that debt in the light blue is still contingent on voter authorization. That's why we're very explicit in showing you the dark purple that is actual committed debt that we have to pay and so it's really the distance between the dark purple line and the blue line that is critical, that's our capacity to meet our obligations. The light blue we're in control as to whether or not we enter into those obligations or more specifically the voters are in control over much of whether or not we issue that contingent future consideration.

Mayor Clodfelter said Mr. Harrington I know you don't have it this morning just some follow-up information. I'd like to know what are your embedded assumptions about revenue growth in the chart out through the 30 year period. Second, I'd like to see that chart modeled again on the assumption that we cap as the Manager says and I think that's right the current proposals under discussions that we cap future sales tax growth and assume a per capita distribution on all growth beyond the base and then third, I'd like to see the chart rerun on the assumptions that the existing sales tax point of origin is reallocated to all per capita. I'd like to see what the chart looks like just in follow up.

Mr. Harrington said sure.

Councilmember Lyles said I think this chart is so important because yesterday we talked about the one thing that the private sector cannot do which is transportation and when I look at the chart it's not a commitment until we make the decision but this is the only place that we have to go that really builds that kind of capital investment for growth and infrastructure. I would like for us to think about that and I think the revisions in the models all need to be out there so that we have choices but those choices are made annually as the Manager said so I think we have a lot of opportunity to make the decisions especially since this is based upon I think are policies of how much of our property tax is dedicated to debt service and this is in the General Fund so this is really around issues like transportations and public safety. This is where we have choices to make those decisions.

Mayor Clodfelter said Mr. Harrington a fourth item for follow-up too I'd like to know what your embedded assumptions are about interest rate environment between now and 2025.

Mr. Harrington said yes that's part of the assumptions.

Mayor Clodfelter said that would be a part of the assumption and anyways I'd like to see the embedded assumptions in the chart.

Mr. Harrington said sure.

Mr. Howard said back to the point of Mr. Driggs I think it would be important to go back maybe one or two bond cycles too and see whether or not those lines actually did kind of do the same thing going back because I would suspect they do the same thing and you rev up to make sure you get ready for the bond referendum, raise taxes, reserve your capacity however you do it and then it goes back down. I think if you go back a couple of cycles you'll probably see this has done the exact same thing.

Mr. Harrington said probably since the 1960's when the City first started doing this. This is the exact model.

Mr. Howard said so maybe just two of them I would bet you have to do the same thing. You would see the same thing.

Mayor Clodfelter said you would see the same thing. I remember the chart doing the same thing when we first issued a \$100 million dollars for state roads.

Mr. Driggs said I did want to say could we get this. My point here is in my first budget cycle I n ever even saw this picture and I think we should all be looking at this picture. We should understand what it means. We should have the historical context and we should be sensitive and I'd like to put that also in the context of what we did for the last couple of days we went around and we saw a whole bunch of needs and some of them are addressed in the CIP and some aren't so I just think we need to have sort of a big picture awareness of how we prioritize, what our capacity is and again target a situation 10 years from now where we don't find ourselves getting behind in terms of being able to service our debt and meet our operating commitments.

Ms. Lyles said I love this agreement among the Councilmembers.

Mayor Clodfelter said it's a good suggestion and I think the Manager will probably take it to heart. It is part of the standard state budget review is the debt model is also reviewed every year as part of the annual budget process. Adjustments are made to the debt model and the assumptions are revalidated or they're changed. That's part of the annual budget. I think this would be useful.

Mr. Carlee said I totally agree.

Mr. Harrington said the next slide relates to our credit ratings and I hear a lot of great new stories so to speak. The city across all of its credit entities has very strong ratings. One thing I'll make a comment about that these ratings don't happen overnight and this is from years of work by a prior City Council and Mayors and prior City Managers in terms of positioning us in a financial manner and responsible way that we achieve these ratings. One of the things I'll just point out real quickly in water Standards and Poor's we recently had an annual surveillance here in the last month and they reaffirmed the triple A rating. Right now Moody's is doing a review, in 2010 Moody's they recalibrated their whole methodology for how they rated utilities and at that particular time they recalibrated and we actually bumped up from a double A1 to a triple A rating and so they've been going through some changes and some flux and they've just in December announced a new recalibration of how they're calculating their ratings and so we're going through that process right now and we anticipate we'll be meeting with them here in February and hopefully have a reply back from them in early March.

Mr. Smith said help me understand as I look through this how does the NASCAR Hall of Fame have a better credit rating than it looks like the Airport because if I'm reading this correctly Aviation.

Mr. Carlee said there's a whole lot of detail discussions behind each of them. The Hall of Fame I think is largely because of coverage. Aviation we're damaged because of our single carrier.

Mr. Smith said okay. There's a risk tied up with the single carrier.

Mr. Carlee said there's a very strong risk associated with American being 90% of our market.

Mr. Driggs said I assume the debt that was just renegotiated for the Hall of Fame which was non-recourse was not actually included in the rating agency evaluation of the Hall itself.

Mr. Carlee said that was private debt.

Mr. Howard said before we go any further I heard the last slide we talked about wanting to understand the assumptions and I hear my colleague Mr. Driggs all the time kind of wanting to understand more of the details. I guess I'm sitting here just kind of contemplating I want to make sure that we don't do the staff's job for them. I know in one of the other local bodies they didn't like the assumptions staff made about their reserves or their growth and they changed it and they added money to their budget based on their own assumptions of what growth would be. I want us to be careful not to get, understanding assumptions is one thing but starting to mess with kind of what it does to the budget is something that should come back to all of us. I think a lot of times staff will hear us asking questions and they may adjust based on that alone and Ron I just want to make sure we're very careful that as we ask questions and we want to understand assumptions that you guys don't take that as direction to change something you would have done normally.

Mr. Carlee said no, I did not hear it that way. What I heard was the Council wanting a deeper understanding of the risk analysis and I think the more you understand the risk analysis the better equipped you are to do your job.

Mr. Phipps said you indicated that Moody's is going to be delivering the results of their review on our water ratings. Do you anticipate any downward pressure on our current rating? How do you view what the outcome might be? Would it be a slight downtick? What would that mean going forward?

Mr. Carlee said I think it's premature to say that. We think we're really strong and I think that underscores that and Randy can you just repeat what you said about Standards & Poor's. The triple A on Standards & Poor's is a new rating. They have just done their review and I think that underscores the strength of our water utility and again I won't presume what Moody's may do. One of the reasons that almost every local government if they have the capacity will do two ratings you will note that we're doing ratings by all three agencies. We pay a premium to do that but basically what we're doing we're buying insurance so that if something happens with anyone of them we've got two others as external validation of the strength of our debt.

Councilmember Barnes said in light of the answer to the question you gave to Mr. Smith's question I'm left with the question of whether we should do something to diversify or further diversify the mix of carriers at the airport. If the reason we have a lower rating at the Airport than the Hall of Fame is because we have and we all know there's one dominant carrier should we do more to diversify that mix?

Mayor Clodfelter said now this is supposed to be a half day retreat.

Mr. Carlee said I think that is a much broader discussion but I would say based on everything that I've learned having probably spent more time on the Airport than just about everything else combined, the assets that we derive from having the one carrier we do in the quantity that we do offsets the marginal lower debt that we would pay if we had a more diversified set of airlines.

Mr. Barnes said but does having that one dominant carrier put us at any risk in the event of anything happening to that carrier?

Mr. Carlee said yes it does. That is why we have to keep our operating costs the lowest among all other hub carriers so that carrier has a compelling economic reason to be in Charlotte. That is

they can make more money here than they can anywhere else and that provides our competitive edge otherwise because of the relative size of our market we would not have an Airport the size that we have and because of the special partnership with American and the competitiveness that we offer we're able to have a much bigger Airport and far more flights and far more direct flights than a comparable size market that Charlotte is. Overall I think it is risk but I think it's managed risk if we're paying very close attention to it.

Mr. Harrington said one of the things if I could add to that is that in the aviation industry this rating that we have is one of the highest. You usually don't see airports that are generally rated much higher than this and so it's a very strong rating for an airport and that's a really good news story.

Mr. Carlee said if you don't mind the former CFO of the Airport would like to make some comments.

Interim Aviation Director Brent Cagle said just to reiterate what Randy said and not commenting on the other credits of the City the double A rating is the highest rating afforded to any airports and that's really a comment on the uncertainty of our primary business partners rather than the uncertainty of our business. A double A rating is very strong, it is the strongest rating that any airport in the United States can carry. I will say as Mr. Carlee has pointed out we do have credit risk and we mitigate this through other factors primarily through our conservative financials and our treatment of cash and those kinds of things but certainly we have credit risks. It's all about balancing and there are many credit factors that all of the rating agencies look at when their determining a rating for airports or for Charlotte.

Mr. Barnes said I appreciate that. That helps.

Mayor Clodfelter said remind me before you go what's the specific dead issue that's supported by the contract facility charges?

Mr. Cagle said so the contract facility charge is the rental car portion, the first three levels of the new hourly deck and that is the revenues are recouped through a fee on rental car transactions and that goes to support that debt load.

Mr. Driggs said I just wanted to emphasize what the Manager just said our relationship with that airline is a huge asset to the City. It's very important to us. All of the volatility is on the upside. We don't run the risk of being worse off as a result of that relationship what we have is a situation where we're better off because of it so I just don't want the idea to leave this room that we don't appreciate that.

Mr. Harrington said let me transition now into the current fiscal year, FY15, and just real briefly as the Manager stated earlier we're looking in great shape for this current year but a couple things just to note for you we've got a couple operating overages in Fire and in Solid Waste but those are offset by other savings particularly fuel for example and some other operating components. Revenues are projected to be \$9 million over the original estimate. To give you a little bit of context we were within 1.5% so to speak of our projections so I think pretty good but we do have, you always want to be a little conservative but we do project about \$9 million greater revenue. In the Enterprise Funds all projected to be in balance. One piece to notate as it relates to Charlotte Water, as you all know some of the PCB cleanup and we've talked about this a little beforehand that we knew that there was going to be some expenses associated with that and the plan is to cover some of that through some fund balance but Charlotte Water has a very healthy fund balance level and this has been planned and we'll plan to use some of that to cover that cleanup portion.

Mr. Carlee said just one observation here, the overage in Fire Retirement payments so you understand what that is, that's the payout when people actually retire. It's not their retirement but it's a separation retirement when they leave. Those happen episodically and you will see spikes in large departments particularly in public safety when you have long tenured employees leaving. It's a little bit hard to project. Most cities in my experience do cover it on a pay as you go basis. It was interesting, and I spent three years in the private sector before I came here; we actually

prefunded that on an ongoing basis and booked it as a liability as it occurred. I'm going to ask staff over the next year to do some projections as to what our long term liability is on retirement payouts so that we can get some idea of what we may face in the future. Again, it's not so large that you can't handle it on a pay as you go basis but if you have an economic downturn it could put unexpected pressure on the budget.

Mayor Clodfelter said I want to understand what you just said if we choose to fund it the way you're going to explore would that mean it would be paid out of the Local Government Employee Retirement System?

Mr. Carlee said no sir.

Mayor Clodfelter said it would not be paid to the Retirement System it will still be paid by the City.

Mr. Carlee said that's right and I'm not suggesting that we would prefund it but I would like for us sort of like the earlier question on debt to have a better understanding of what our risk profile is.

Mr. Phipps said I don't know whether this fits but I was wondering about as far as the Aviation do we hedge like fuel prices at some point in time. How are we taking advantage of this current reduction in fuel prices as compared to any contracts that we might have entered into in prior periods up to now? I'm just curious about it?

Mr. Carlee said let us give a follow-up on that. That's less an Aviation issue because we're not actually buying the fuel but it is a major issue with regard to CATS and Transit and they have very complicated program there that we can share with you and then fuel for our general fleet and we'll give you a follow-up report on that.

Mr. Harrington said let me transition into FY16 looking at the General Fund revenue projection we are projecting a 2% growth and we understand from the Mecklenburg County Tax Assessors office that they are about 92% the way through their review and so we're not anticipating any major impacts or adjustments from any further information that has come out from them. The sales tax we're projecting about 3.5%. As we chatted about a little bit earlier and I'm going to talk about this again in slide later there are some questions around any potential state proposals that could adjust to how the distribution of the sales tax is distributed across North Carolina. For the City of Charlotte assuming it was just a per capita only distribution across the whole state that would be approximately a \$29 million dollar impact on us. As we know the Business Privilege License component is 18.1%.

Mr. Carlee said again, the most recent conversation has been that the reallocation would be based on growth and so that cities would have their base locked in which they call hold harmless although what you're doing is you are reducing the future growth so I don't think its complete hold harmless but it's better than just a total recalculation. The worst number here is actually north of \$90 million dollars because it also impacts the county and thus the schools and so you if you were to create that big a hole in Charlotte Mecklenburg the only place we would have to go is to property tax and of course that's ultimately a zero sum game so if you look at just the City impact of the sales tax reallocation we're missing a really, really big part of the picture that directly impacts us. The second thing that has been discussed among members of the General Assembly other than reallocating above growth is broadening the sales tax. Whether or not there's political will to actually do that we do not know but if there were a broadening of the sales tax it could end up being a net win but we don't have a proposal in front us to know what that might look like at this time. We're going to be following this very closely and not just Charlotte but jointly with our other cities as well.

Mr. Howard said two quick follow-ups. In that situation this would happen during the session coming up so we wouldn't have to deal with this until FY17 right?

Mr. Carlee said well that would be our hope but that's at the discretion of the General Assembly.

Mr. Howard said and the second question Mayor, just help me understand kind of what the philosophy is if you know it around this. Do you understand where they're going with this? Why do they want to base it on growth and not the way it's been being done now? Do you know?

Mayor Clodfelter said the discussion began because the sales tax in most parts of the state doesn't reveal much benefit in Lenoir County or Greene County a \$0.02 local sales tax doesn't yield any money. All of the sales are concentrating and aggregating in a few urban areas and so what was intended to be a local sales tax to support local government across the state has become a sales tax that supports a few local governments. That's the view of those who want to change it. That it has no longer become a general revenue source for all local governments but become a revenue source for some local governments. The approach that some are advocating is to change that by distributing the money per capita across the state. That's the Genesis of the idea.

Mr. Howard said so redistribution.

Mayor Clodfelter said it's a redistribution.

Mr. Carlee said so basically you don't think of sales tax as local tax you think of it as a state administered tax. The state collects it and then they decide who gets it.

Mayor Clodfelter said that's exactly right. It would be like the distribution on utility franchise tax and a number of other taxes that are really are they beer and alcohol tax? Those are really state taxes. They decide though to share a portion of those taxes with local governments.

Mr. Howard said and the likelihood that it will be expanded to other services, it seems like they do both.

Ms. Lyles said Mayor, I would like to ask the Manager when the County does their projection like we're having today if we can be on point with what the sales tax means overall for the entire county on a regular basis. Just keep us updated, the \$29 million what it means for schools and the County would be really helpful.

Mayor Clodfelter said there's already an element of redistribution built into the current tax because the attribution of sales is based upon 1997 sales data and over the period of the last 17 years sales have become more concentrated in places like Mecklenburg but we're distributing based upon the assumption that they were distributed like they were in 1997 so the sales tax already has a redistribution component in it but the General Assembly just doesn't feel like that's enough. Some members of the General Assembly do not feel like that's enough.

Mr. Driggs said I just wanted to clarify the \$29 million dollars is based on the assumption that the entire sales tax and not just the growth is reapportioned right? That growth idea was sort of a fallback because the impact of doing it all at once was seen to be pretty huge and so the thought was okay we can get some of the benefits reapportioned by just applying to the growth. Nobodies worse off than they are today. Another thing worth mentioning about this is a lot of this conversation came about because the share of goods in the overall mix of the economy and of people's purchases has declined from I think about two-thirds at a point back in time to about a third now.

Mayor Clodfelter said it's about 40%.

Mr. Driggs said so this particular source of revenue is shrinking and that was one of the reasons the question of going to services came up.

Ms. Lyles said I just wanted to make a note as well the South Carolina legislation has proposed a 6% gas sales tax and they're considering that in their next session as well so it's interesting how sales taxes are changing not only applied in terms of purchase of goods but now as a way to fund roads and other transportation needs and especially being done in South Carolina. That's a major change from Pennies for Progress to a gas tax now to a proposed sales tax in South Carolina.

Mr. Harrington said just to move on looking at the General Fund property taxes in terms of what we project there; we're projecting between a 1.5% and 2% growth rate through FY19 and I would term this kind of a medium level of growth, a moderate level of growth pretty typical of what I think we would see going forward.

Mayor Clodfelter said curiosity question, how much were we affected by the reevaluation? How much did that actually end up costing the City?

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

Mr. Carlee said let us bring that back to you. I think it was a modest amount when you combined growth with the decreases.

Mayor Clodfelter said it created a lot of furor; I'm just curious in the end whether it created much difference.

Mr. Harrington said I think the original projection was about a 1.7% reduction for the City. That was what we planned last year.

Mr. Barnes said Mr. Harrington, have you all done or when would you begin to do informal or hypothetical modeling on the assumption that we will lose the Privilege License Tax revenue as well as the sales tax revenue of \$29 million? Have you done any hypothetical modeling or when would you do it on the \$47 million?

Mr. Harrington said you're two slides ahead of me. Let me jump to the sales tax here; again you can see the impact of the great recession there starting in FY09, the dip. Interestingly you see that trajectory that we were on at that start and now we're getting back toward that trajectory and we're projecting at 3.5% growth on the sales tax going forward.

Mr. Howard said are you going to break out what that means for our transit tax?

Mr. Harrington said you will. You'll see that in one of the budget workshops when CATS presents their budget and they'll comment more on the sales tax as it relates to CATS.

Mr. Howard said but just overall is it rebounded to a point where we're -

Mr. Harrington said yes, similar to what you're seeing here.

Mr. Howard said one more thing. When we do that you'll be able to tell us how much we lost over the projections when we started the 2030 plan?

Mr. Harrington said yes, I think that's one of their kind of their standard grasp to show the gap had we been able to stay on that original trajectory.

Mr. Howard said and I'd like to know whether or not we're starting to see anything that's getting above what we've predicted yet; if we've seen any increases from where we start our projections.

Ms. Mayfield said when you're bringing back the projections for us and the more detailed information would it be too difficult to also bring back a chart where we can really look at what these impacts will be for someone that's in that 80% and below AMI versus what we say is the average salaries in the City so we can get a true comparison? The concern that I have a lot of it we can't control because it's done on the state level but I'm concerned about how all of these sales taxes are going to impact the average everyday citizen that is already trying to figure out so even if we have a neutral budget if there is any way for us to really look at how our impact added on top of the other impacts are out of our control what those real numbers would look like so a couple of those examples would be great and I think the community will have a better understanding. Not everybody goes through the charts and reads what's going on but if we can break it down in some examples to give that \$20,000 a year family, give a couple of examples in that range because we usually look at a \$150,000 or more. I think that will be very helpful when

we have to go out and try to speak to the community about what we're doing and how we're trying to grow the City.

Mayor Clodfelter said that's an important issue. The tax incidents analysis on the sales tax changes it will depend very heavily on what the actual components of the change are. There are groups that run those and they are very hotly studied and debated that this really a lot of the debate at the state level and will be in the General Assembly about what kind of changes they make to the sales taxes exactly what you're asking for. You can't though really run them until you actually see the concrete proposal on the table but they are available at that point and I think we can get ready access to them because they're not secret. We'll be able to get them.

Mr. Harrington said moving to I think getting to the question that Mr. Barnes had asked a little bit earlier showing you a couple different scenarios based off of some sensitivity and as the Manager started out in the conversation the repeal of the Business Privilege License component that will go away from the budget essentially wipes out all the growth that we would have experienced at least at this point from what we understand from FY16. With that in mind I wanted to show you a couple different scenarios. The first off is this represents kind of the salmon color, I know sorry it's kind of light, salmon colored shows what we would anticipate as medium level of operating growth. This is a basic budget projection that includes a pay plan; it includes adjustment for the solid waste recycling contract and an assumption of 1.5% growth in operating line items so just out of the gate. We have a high level of revenue assumption in showing the gap and I'll show you the numbers here in just a second. We have a medium level projection which is the projection that we think is the most realistic and then we have a low projection and these are based off of different sensitivities about what we would expect for property tax and sales tax primarily. Then you look at the cost components, assuming we have a high level, a higher projection for revenue, higher assumptions this would be property tax growth rate above 2% or higher, sales tax above 3.5%. We have a gap of about \$9.8 million.

Mr. Carlee said in FY16, this is just the FY16 gap.

Mr. Harrington said we are looking at this right here on the 16.

Mayor Clodfelter said say again the assumptions were or what was the property tax growth rate and sales tax growth rate on that high scenario.

Mr. Harrington said on the high scenario it assumes a 2% to 3% property tax growth in the first two years and then a 6% growth in sales tax and 3.5% on utility franchise tax; those are the three main ones. The medium growth, the assumption there is a 1.5% to 2% property rate growth each year, 3.5% sales tax growth and a 2% growth from the utility franchise and then the low projection assumes a 1% property tax growth rate and 3.5% on sales and 0% growth on utility franchise sales taxes. Again there you see the different gaps, the gap that we're assuming is the most realistic is this right here so assuming no replacement of Business Privilege License assuming what we're calling a base level type of budget. We're starting out at this particular point about a \$15.7 million dollar gap.

Mr. Carlee said so just to help you go back to repeat something that Randy said at the beginning this is based on what would be normal operating growth including fulfilling our market pay plan policies and inflationary growth on a multi-year trend line across all operating so it's around those critical variables especially pay and employment that we would have to make judgments in order to close that roughly \$16 million dollar gap.

Mr. Smith said do those growth scenarios, how does the projected \$9 million dollar surplus factor into those assumptions?

Mr. Harrington said it is factored in.

Mr. Smith said okay so that is taken into we have \$9 million now not that that \$9 million will be somehow be spent throughout the course the year.

Mr. Carlee said no sir it absolutely will not. The surplus for this year is considered one time funds and so that would go towards reserves and capital. It would not be used to balance out your budgets. What it does do; it recalibrates the base from which we do the future projections.

Mr. Harrington said let me show this a different way now and this is looking just at assumptions based off of Business Privilege License replacement revenue and then the sales tax component. We do have some updated

Mr. Carlee said I'm sorry I really need to make another point. Could you go back up a couple of slides because when I talked about recalibrating the base; I'm sorry but this is really important. Here we're recalibrating the base upwards based on our most recent experience but you can see here with the sales tax and from 2009 to 2010 we have to recalibrate the base downward and so you do a recalibration on an annual basis based on what you're actually seeing but that doesn't take into account what are the radical disruptions that may occur in the future so that would be a different kind of scenario exercise that we would go through. What we're doing if you go forward on the trend lines we're showing you on this next chart and the one that Randy is about to show you is assuming normal fluctuations in growth and no major disruption that's either negative or positive. That is why we preserve a strong fund balance in reserve.

Mr. Harrington said let me show this in a slightly different way looking at assumptions on replacement revenue so again our base assumption on expenditure growth then we have what we call a high level. This would assume 100% replacement of the Business Privilege License Revenue, essentially the \$18.1 million. We have another scenario that it would assume 50% of the replacement and then just for illustration purposes in the event that there was no replacement of the Privilege License revenue and there was the \$29 million dollar impact from the potential idea there of a way to redistribute the sales tax brings up then that low level and so the different gaps under each of those scenarios assuming we had 100% replacement at \$1.3 million dollar gap not a very big gap at all. For the medium assumption we'd have about a \$7.2 million gap assuming that we got 50% of the revenue back and then again that low kind of worst case scenario just to show you what that total magnitude would look like.

Mr. Barnes said in looking at the high, medium and low scenarios at what point do you that 3 a.m. sitting over a cup of coffee at your house start figuring out what you might propose we do in the event that the full effort to institute austerity takes place and we hit the \$41 million dollar gap?

Mr. Harrington said I pray first.

Mr. Carlee said going back to what I was saying at the beginning I will be preparing a base budget for you that is balanced closing the \$16 million dollar gap you saw on the previous slide. Now that is plus or minus, these are preliminary numbers and they will change over the course of budget development. Let me repeat that, these numbers will change over the course of budget development. These numbers will change but I would be preparing a bad budget without replacement of the Business Privilege License and then a contingency alternative for the incremental difference if the Business Privilege License were replaced and again you could scale that down whether it's 75%, 50% or 25%. I would not propose at this point to prepare a contingency budget on a sales tax scenario that we have so little information on at this point and under what I think is a reasonable assumption that it would not hit us until 2017 and that it would be based on growth as opposed to a reallocation of the base. It's basically the same situation we faced this time last year on Business Privilege License. We didn't know what they we're going to do so we adopted a budget based on what we knew at that time. What I know for certain at this time is that we don't have the Business Privilege License Tax and so I have to prepare our budget based on that knowledge.

Mr. Barnes said what I'm asking has a lot to do with hypothetical situations that may in fact become reality and I think you may have addressed it earlier indicating that we freeze positions but if we hit the low number will be looking at a situation where we might have to lay off public safety workers, police and fire and close facilities? Would it hit that point?

Mr. Carlee said if we lost \$41 million dollars of our budget we would have to seriously rethink the existence of some programs and the level of service in others.

Mayor Clodfelter said I think Council might also be talking about suspending the Capital Investment Plan and redeploying some funds from capital spending back to operating budget. I suspect you'd be debating all of that.

Mr. Howard said given what you just talked about there's a line missing there so what you did is give it all back to the state to give us 50% what about giving us none back?

Mr. Carlee said you're right that's the previous slide. If they give none of it back and they leave sales the way it is we basically have a \$16 million dollar gap.

Mr. Howard said so going forward you told us what it means for this year given both scenarios. I guess the fastest way to ask this is how much tax do we get per penny on increase? I guess I'm trying to figure out how do you field that? I haven't heard what that number would be.

Mr. Harrington said \$8.9 million per penny on the property tax rate.

Mr. Howard said so do you go back to the scenario where we lose the Business Privilege Tax we probably make \$.02 cents if we wanted to maintain our capital revenue and do everything we need to do.

Mr. Carlee said yes. I would not propose to recommend changes in the capital program based on loss of Business Privilege License Tax. The way the Council currently has that segregated between operating and capital if you wanted to see scenarios on that I would like to have indication from the majority of Council that that would be the case but I would not recommend a shift based on the commitments that we've made on our capital program at this point.

Mr. Howard said I agree with that which means we have to make up, next year we have to make it up somewhere.

Mr. Carlee said in FY16. I would be looking to reduce expenditures in order to bring you a balanced budget without Business Privilege License.

Mr. Howard said that's \$16 million dollars scenario and if we have to do both. In dealing with what the Mayor said a little while ago let's just be clear on what the impact will be so that we can say that to the public and anybody else. If we have to do this then it could be a \$.05 increase.

Mayor Clodfelter said it could be \$.05 increase or you could then have to debate reallocating your capital program.

Mr. Carlee said and here's part of our real caution. I talked about some of the scenarios at the retreat last year and the headline was a proposed increase in the property tax. I am not proposing an increase in the property tax even though if with the impacts of state legislative action on us they reduce our revenues I am not proposing that we increase property tax and so I'm hesitant to talk those scenarios because of the way they were portrayed last year.

Mr. Howard said Mr. Manager you have to do that. What I'm saying is as a guy sitting at this table I need the public to understand if we want them to talk to their state legislators what that could mean. You don't have to say it I'm saying it.

Mr. Carlee said it means reduce services or higher taxes.

Mr. Howard said alright, thank you.

Mayor Clodfelter said I think you're going to look at this chart not as so much as a prediction of the future but as a motivation for action.

Mr. Howard said the motivation is not here though.

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Mayor Clodfelter said crank up the lobbying machine full scale.

Ms. Mayfield said as we're having this conversation I'm also wondering because we're looking at our potential growth revenue and the potential short falls and also having a conversation around our operating when we look at staff, police and fire and other things so I'm going to go ahead and throw this out in the middle of the floor and be the bad guy around the operating piece. Just for full transparency, before I will even consider supporting layoffs or restrictions I would support us looking at our executives teams and our leadership and some of those salaries and putting a freeze there so that our working staff can continue to receive an increase so that they can go on before looking at an increase for anyone that makes over \$175,000 so to just at the beginning of the conversation so it's not a surprise if it comes up later I'm just going to throw that out on the floor and we can keep going.

Mr. Driggs said I just wanted to clarify this \$16 million that we're talking about reflects the shortfall relative to the increased revenue that we otherwise would have projected for 2016 so we're looking at an actual decline of something like five concurrent years if we lost the Privilege License Tax. Is that right?

Mr. Harrington said well the loss would be the \$18.1 million and if you are to go essentially from the adopted budget that Council has this year to what we currently right now project for 2016; we're projecting growth of about \$18.9 million and then you take out minus the \$18.1 from what we budgeted for, the Business Privilege License so you've got a difference there of about \$800,000 in growth.

Mr. Driggs said this actual picture here shows a \$16 million dollar decline or shortfall that's compared to our projected number or our budget number for 2016 not current right so I'm just trying to understand what pieces move there. Getting from this year to next year we must have projected an increase of about \$10 million if we're using a 2% or so growth rate. We lose the \$18 how do we end up down \$16?

Mr. Carlee said that's relative to expenditure not revenue to revenue but revenue to expenditure. This is the gap between revenues and expenditures not the change in revenues. The year to year revenue change with the loss of Business Privilege License it wipes \$18.1 million dollars in BPL but we have growth in our other taxes which is the point I think you're making and so our revenue is basically a net zero. Our growth in property sales and other taxes basically replaces the loss of BPL but wipes out all of our growth from other economic activity in the City.

Mr. Driggs said so the \$16 million represents an increase in expenses on a flat revenue line.

Mr. Carlee said yes sir, that's correct.

Ms. Lyles said this is a follow-up to Councilmember Driggs and I think a preview for where we are. Ms. Mayfield I think the idea that we throw out that how do we look at this is really important because it's not this year it's really the 18 months that we've got to deal with so we've got a lot of choices to make and it's all dependent on how we need to put the pressure on the State to do what I think is important to support urban areas as well as rural areas in the state but at the same time this is the pressure that we're going to receive to look at every aspect of our expenditures. I think some of the questions around compensation, some of our long term experiences and our growth is going to really cause us to really prioritize what's important and what is the role for our City in terms of public investment. We've got a lot of that on the capital side whether or not there's any shift I think the Mayor is saying well you know everything needs to be on the table but I also think it means looking at our operating. There are a number of state mandated costs inside of our budget and those costs need to be on the table before we start talking about hitting our service levels in terms of our obligation to provide public safety in this community and our obligation to provide infrastructure investment for growth and our obligation to those that are not riding the wave of the economic recovery proportionately to many of those in this community that do and I think that's to Councilmember Austin point. We have still services that we have to determine where that money goes and so to me it's about really not that the next couple of weeks but the long term and how do we have that discussion so that we live out our community values.

Mr. Harrington said let me comment just briefly on some of the assumptions that are in and one thing I forgot to point out earlier you see a page number on some of the slides that's the corresponding page number back to the budget outlook report. In the base projection that comprises that \$15.7 million kind of median projection we've got an assumption in there just for illustration purposes here of a 3% merit adjustment for all general employees and then the public safety side, the 1.5% market with a 2.5 or 5% steps. Again, this is just pay it's not full compensation and then the ten year average there for what we've experienced. One other item just to mention; Police Separation Allowance, North Carolina state law requires local government to pay law enforcement or law enforcement sworn officials can retire after 25 years and the gap between when they retire to when they receive social security payments is required by state law for the local governments to make up during that period so it's called separation allowance. We currently budget for that about \$2 million but we've got a \$2.5 million dollar gap on this in terms of what our actual expenditures are trending so I want to point this out to you we did put that into the base expenditure projection at this particular point.

Mayor Clodfelter said wait, you just said we only budget two even though we know that's under budget? Why do we do that?

Mr. Harrington said because traditionally in prior years' salary savings have more than covered the ability to ensure that we're fully able to make those payments.

Mayor Clodfelter said don't say that. That sounds like the state budget practice. Why don't we accurately budget what we expect?

Mr. Carlee said if I may I'm bringing this to you explicitly. This has not been discussed with Council since I've been here and I don't know when it may have been last really put before you analytically. This is an unfunded liability. My sense is that most cities are doing it on a pay as you go basis because you do have some uncertainties around vacancies in other areas in your pay line depending on to what level of precision they are budgeted. I am concerned about this as an unfunded liability and have had projected out for what did we do 20 years?

Mr. Harrington said 50.

Mr. Carlee said 50 years on it and I want to assess whether or not there may be value in beginning to treat this like other post-employment benefits and retirement and actually creating a prefunded reserve in order to cover it. It's not unlike the same issue that we had with retirement payouts as well but this is the evolution; historically local governments have paid both of these on pay as you go. They've also paid retiree health benefits on a pay as you go basis but as we mature as a community and especially in a grooming community where the size of your employment base is growing then you are creating some out your concerns that if you deal with upfront and create that reserve fund for the next generation of people sitting around this table they will not be facing some of the gaps that they otherwise would so this was to wake you up. This was a wariness setting slide.

Mayor Clodfelter said let me tell you it got my attention because this is state budget practice and we don't want to go there.

Mr. Carlee said the good thing is the magnitude of this is a lot more modest than what the old retiree health benefit on funded liabilities were and it's something that I think forward funding can be done fairly modestly and will save people a lot of headaches in the future. Again, we're in a tightly constrained environment now where all of our economic growth is being wiped out and how much we can get started and how fast I don't know. If I can just do one other side very quickly and I apologize one of the questions that was raised by the Budget Committee was I think it was the Budget Committee and not full Council was a set of financial principals for us to work from; we are looking at best practices on that. We would like to bring you a set of financial principals for your consideration drawing on leading practices that would be formerly adopted by the Council that would address out year liabilities like this and will provide sound guidance to staff going forward so we do not have that for you today but we'd like to work with the Budget Committee to do that as well.

Mayor Clodfelter said it would be a good exercise. Let me take a temperature here for a minute, it looks like Randy is about half way through. Do you want to take a five minute stretch break here?

The Council recessed at 9:25 a.m. and reconvened at 10:15 a.m.

Mr. Carlee said I wanted to say a couple of things for the record because I think there are a couple of things that could be misunderstood and I think they're important to say out loud. One, the Business Privilege License was a mess and it needed serious reworking. It was a tax that did not make sense and really needed to be rethought and I don't want there to be a misimpression that it would have been good public policy just to keep it as it was. It was an incomprehensible tax let alone one that had a lot of unintended consequences. We just wish it had been reformulated as opposed to eliminated. However, the Governor and leadership in the General Assembly said they will look at replacing it this year. They didn't get through that last year in the session and so I do think it's important that we take them at their word and work with them for the replacement it's just because we have no idea what that is there's no real proposal on the table at this point I think we have no choice but to actually prepare a base budget based on what we really know and that is that we have no replacement at this point and if one does come into play then we will have identified some recommendations on how that might be utilized.

Mr. Howard said I appreciate that you're trying to make sure relationships with Raleigh are good but that's not the way that we should approach this. They should have done a better job and been more responsible about their approach to looking at redoing this tax and I appreciate you saying it was a mess and all those things but it was their mess, they made it and if they were going to change it they should have done it with us in mind. I'm not going to let them off the hook like that. You can do that for the media, I'm not going to do that.

Mayor Clodfelter said it's a shared mess. It's absolutely a shared mess. It's been a topic of discussion in the General Assembly for six years. The League of Municipalities had been invited every year to present alternative proposal and none were every presented. Time ran out.

Mr. Howard said it's still an \$18 million dollar hole that we have to fill and I'm not going to let them off the hook.

Mr. Harrington said so when we left off a few minutes ago we were talking about the budget projections for FY16, looking forward and we started to chat a little bit about what some of the sort of core assumptions were that we've built in so far at this particular point for illustration purposes in the projection. The next slide that we have was related to health insurance and we're projecting at this particular point a 9% increase for health insurance. The other piece that goes with that is what does a city budget in terms of a per employee basis for healthcare and the projection for FY16 is about \$7,100 dollars per employee as it relates to health insurance.

Ms. Mayfield said what you just went over for the health insurance we're looking at that being a 9% increase for the City for what our total costs of health insurance.

Mr. Harrington said total and there is a split between what the City picks up and what employees pick up as well.

Ms. Mayfield said right but we're not going into details of the split. We're just saying the City is looking at a 9% increase in health insurance. I just want to make sure there's clarification because we don't want that misinformation going out and we have employees thinking that they're getting ready to see a 9% increase.

Mr. Harrington said I'll add to this that over the years we've had a very good track record in terms of our increases being lower than the national averages for health insurance increases. We've had aggressive cost containment and management programs and I would expect this number to come down as we move through the spring we start to get some better numbers but this initially is based off of some of our claims history so far this year and then some of the Affordable Care Act components that are part of it as well.

If you want to look at the past five year growth history comparison for the General Fund I just want to point out that so the population has grown approximately 2.7% during this period. We've had inflation that's been roughly hovering right around the 2% range and then if you look at our operating expenses and for the purposes for this pulling out just the operating expenses for the five largest General Fund operating departments. They comprise approximately of three-quarters or 75% of all the expenditures in the General Fund so if you look at them, you pull out the personnel salary components and just look at those operating expenditures we've been at about 1% growth over the past five years and again you've heard us talk a little bit about some of that pressure in the General Fund in terms of we've had slow growth over the last number of years. Now if you were to reduce out the Risk Management or the risk insurance component of that operating piece we drop even lower somewhere around .2% growth so the key message here being we've had a low level of growth in the operating line items over the past five years in the General Fund.

I looked at it in a little bit of a different way and I know the Manage will caution us and probably jump in here in just a second but looking at a per capita; it's always a little bit dangerous to look at per capita if you're comparing to other cities because you really don't get an apples to apples comparison but if you want to look at just ourselves on a per capita basis of our five-year growth history and that expenditure in the General Fund we have essentially been serving more people with less money and as you can see here in terms of that trend.

Mr. Driggs said you just said it's difficult but I'm wondering do we have any reference in terms of how we compare with other cities.

Mr. Harrington said I don't off the top of my head to be able to share but we can certainly see if there's any additional data out there.

Mr. Driggs said I think it would be useful to have imperfect or whatever but to have some metric that shows how we do; the efficiency of our government.

Mr. Carlee said I will tell you that is an almost impossible apple to apple comparison. The only hope that we would have would be other North Carolina cities because only there would you get close to comparability in terms of the range of services provided but even that's going to be distorted because of functional consolidations we've done with Mecklenburg County and then there's also the way different cities treat their Enterprise Funds and whether something is in an Enterprise Fund or under General Fund and so per capita I think it's absolutely the worst measurement to do comparative analysis but it is a valuable measurement to establish as a bench mark in terms of one's own growth. If Council wants some comparative analysis on the General Fund budget we'll try to do that for you but I will tell you it is very time consuming and very, very, rough because you have to peel back the layers to really see what's underneath the overarching numbers.

Mr. Driggs said I'm just thinking there might be a measure such as the per household cost of government services or something like that. Maybe some academic research has been done that we could use for reference.

Mayor Clodfelter said there are compilations like I thought I've seen at the state level that compare all local governments within city and county within a jurisdiction from state to state but again they're heavily qualified because as the Manager says you can get them; I've got several but they're heavily qualified because local governments just don't do the same things across the country.

Mr. Barnes said Mr. Harrington, so with respect to this slide it says at the bottom they're serving more people with less money; as a measure of efficiency are we serving more people with less money of our money or are we shifting cost elsewhere?

Mr. Harrington said our money. We are gaining efficiency gains, productivity gains but all in departments have really been tightening down and being really smart with their expenditures.

Mr. Carlee said I think in the upcoming slides you'll see where some pressures are; it may be also serving some people not as well with less money.

Mr. Phipps said along those same lines then I guess serving more people with less money aren't we essentially say that this basically is a pre cursor to ongoing expectations that we would expect in this current environment so I guess that's a way that the General Assembly can look at us and say hey look you already initiating certain actions that can carry us forward in this current environment if we do continue what we're doing right here so this is a good thing then I would think.

Mr. Harrington said so the last slide as it relates to the General Fund projection and some of the base thoughts here again, including a pay plan and 1.5% growth assumption for the operating revenues. Using that median, that middle projection that we talked about a little bit earlier here again that 15.7 number that you saw earlier which the gap there as percentage of expenditures of about 2.6%.

I'm going to transition into potential FY16 budget issues and again this is not a full inclusive list, it is not a recommendation, there aren't proposals but just some of the issues that we've been hearing about. Departments have just started to submit their budgets and so we don't have yet a full picture of what the needs are; operating and capital in the departments but at least at this particular point I want to give you a little bit of what the environment looks like.

Obviously it starts with your Council Focus Area Plans in terms of setting any priorities and initiatives, those are the first place that we look to in terms of guidance in structuring the budget. Let me jump into some potential examples of operating. I'll start with the operating side and then we'll transition into some of the capital components. In police we talked a little bit earlier about the separation allowance and the need to appropriately budget for that going forward. There's also, just for illustration purposes, included there 60 new additional officers equates to about \$5.8 million dollars and we've had increasing population, increasing service demands, increasing events and so all that has put some additional pressure and in detective work as well has put some additional pressure on CMPD and so we wanted to highlight that component for you as well.

Mr. Barnes said are those 60 positions in our budget representative of the grants that's we've received lapsing over the last couple of years?

Mr. Harrington said with the stimulus?

Mr. Barnes said yes.

Mr. Harrington said yes, those grants are all expended through and now we have before costs...

Mr. Barnes said so now they're a part of our budget.

Mr. Carlee said the \$5.8 million is not for replacement funding it's for new staffing.

Mr. Barnes said does this mean that the grant positions are already in our budget or are they coming?

Mr. Harrington said they're already in, already funded.

Mr. Barnes said is it 120, 125?

Mr. Harrington said 125, yes.

Mr. Barnes said so they're already in the budget and this represents hiring 60 new positions.

Mr. Harrington said on the Fire side you've heard us talk a little bit about some of the needs associated with the Northlake area as well as on the Eastside of Charlotte around Station 42 which we drove by yesterday in the bus. A new ladder company for the Northlake Mall area is

about \$2.7 million, that includes the operating component of 18 new staff members as well as the apparatus, a ladder and then on the Eastland area \$2.4 million again 18 personnel for new company and then the associated engine. Just to share a little bit more clarity here as it relates to Station 28 this map represents a representation of the full fighting force which is essentially three companies arriving within nine minutes and so this shows you where we've got cases of pressure that the full response is beyond on above nine minutes. You clearly see there in the northern part of the City and as well the Eastland area. This is a slightly different hot map; this one shows you just the response time within six minutes of the first arriving unit. Here you see a little bit of a higher concentration of calls in this particular area of the City is our highest call volume area in the City and I think Chief correct me if I'm wrong it's about 4,400 call a year in this particular area and our highest response area.

Mr. Smith said are we able to breakdown because the Fire comes out as first responder for a bunch of reasons are we able to figure out the background data on what the 4,400 calls represent?

Mr. Carlee said sure we can do that.

Mr. Barnes said Mr. Harrington or Chief Hannah, in fact this may be a question for you Chief; we are currently saying that it takes at least nine minutes for a Ladder Company to reach a service call in that Northlake area. Is that what that says?

Fire Chief Jon Hannah said it's actually any three companies; it's assembling 12 firefighters so if three engines got there it would ring that bell. Probably the best way I can describe it if you think of all the growth at Northlake the nearest Ladder is in front of my alma mater at West Charlotte High School. That's the closest Ladder to Northlake.

Mr. Barnes said and so if we were to fund a Ladder Company at 28; is 28 on Statesville?

Chief Hannah said yes sir.

Mr. Barnes so if we were to fund the Ladder Company would it reduce the response time to six minutes or less for that general Northlake area?

Chief Hannah said if we would get three companies there within nine much more effectively. That's suburbia; the stations were built further apart. Now Engine 28's over 3,000 calls a year so they are on a call a lot of the day and that's why you see even on that map you see some red going up along the 77 corridor.

Mr. Barnes said so do we need another station in that area? In the Northlake area?

Chief Hannah said eventually yes. We were fixing a lot of that with annexation but that's stalled out and the rock quarry has always been a challenge for the City to annex up that corridor. Some of it would be annexation related and it's still I don't think we're at that density or that call level yet.

Mr. Barnes said thank you for that. I ask the question because I noticed with 42 the response times are being measured at six minutes or less.

Chief Hannah said for one truck.

Mr. Barnes said for one truck and we've talked over the years about trying to get there within six minutes to almost any call and I'm trying to figure out what we would need to do to get that Northlake area to six minutes.

Chief Hannah said our Ladder's answer all calls too so Engines and Ladders are somewhat interchangeable so the Ladder is going to help with both the one and six minutes and three and nine minutes; the Ladder will go a long way to give that the quality of numbers we'll looking for.

Mr. Barnes said you and I have talked over the years about in fill stations. Is there some of that coming up here up here or will that be in the future of budget presentations?

Chief Hannah said not right now.

Mr. Howard said I've always heard about the geographical stretch of stations what about the population and density? So as Northlake densifies I guess that's maybe not the best example maybe SouthPark is it just geography but it's seems like the more people you have the more calls you'll have too so what's the ratio between calls and the geography?

Chief Hannah said the ISO and it's not binding by law but over a 100 years their model has proved to predict fire losses effectively and its response times how long it takes it get to you is what you're homeowners insurance is going to be. This may take too long but a good example Charlotte has 42 stations, well we have 41 structural stations, one is just air. We're covering 300 square miles with 41 stations. New York City, 800,000 to 8 million people, we're both almost exactly 300 square miles. They have 300 stations so over time like the South Rail Corridor when you see all the multifamily, overtime we'll have to infill stations but we're talking like over 30 and 40 and 50 years. It's long term.

Mr. Howard said and that's what I'm trying to figure out what is the other measurement then. Distance is one, density is another one?

Chief Hannah said it's time so time, distance and speed. The more traffic, the more speed humps the slower we are the closer we have to build the stations to maintain the same time.

Mr. Carlee said it is all about time and there are two different time factors that the Chief is subscribing. The six minutes is the first stew and is what percentage of our calls do we run that are only one company dispatch would you say?

Chief Hannah said probably 70%.

Mr. Carlee said so the six minute is like really, really key especially on the medic calls and life saves. The nine minute response time if you go back to the previous hot map; this is where we're really talking about fires or a significant accident with extraction where you need a lot of people and especially if it's a fire you need three companies there. You're not going to get three companies in six minutes given our geography and so the benchmark there is three companies at nine. Now, we would have already had one company there in most instances as reflected on the six minute map but to really fight a fire you've got to get the rest of the staffing marshal there to attack it.

Mr. Howard said I totally understand. I'm thinking about places like SouthPark as they densify you'll have more calls. If you're already somewhere else because you're dense and you now need somebody in that same geography someplace else.

Mr. Carlee said and that's rights and that's why you're getting those red spots, go to the forward to the map. That's why you're getting those red spots here.

Chief Hannah said you have 12 at Inwood Drive there at Woodlawn and South Boulevard and two is at South Boulevard at East Boulevard. Two has two companies, 12 has one. If you look like over 30 years what you'd probably see is we'd want a second company at 12 and then 20 years later we'd need a house between them.

Mr. Howard said that's what I guess I'm saying and that's what you were talking about Mayor Pro Tem with the infill. Okay.

Ms. Kinsey said you've had a lot of fires in Charlotte lately; you and I have talked about that but also nationally. On the national news I've heard the statistic that with the newer houses that they can be destroyed in about three minutes. The older houses take longer but the newer houses use just different materials. Do you have any way that we can address that or is that something you're aware of?

Chief Hannah said I'm keenly aware of it at the state level that's work with the Building Code Council and the Building Code that North Carolina chooses. We can't make it more stringent than the state code and yes that's a challenge, yes ma'am.

Ms. Kinsey said well I knew we tried; response is everything.

Mr. Hannah said well we've saved a lot of lives through improvement in construction and yet we've lost some ground on a couple.

Ms. Lyles said I'm going to follow-up to Councilmember Kinsey's remark that state building code makes a huge difference not in the response time but what actually happens once you're there and when I think about if we're going to have these additional requirements as a result of our growth how does that again relate to what the state is saying in terms of redistribution of sales taxes as it relates to growth in our community and our infrastructure needs. It's not anything I'm asking the Fire Chief to respond to, but I think we need to begin to arm ourselves around some of these issues that impact our municipal budget, our General Fund budget and the loss of these revenues and begin to take that list into account.

Mr. Harrington said moving on with Solid Waste Services. Council if you recall back in I think December you approved a new recycling contract and the financial impact of that going forward will be \$1.4 million in the General Fund operating budget. One of the other pieces that staff is working through right now are the multi-family contracts and if Council were to adopt any re-upping of that the impact there would be between \$.6 and \$.9 million on the multi-family contract.

Mr. Autry said are we considering or does Council take up the prospects of making recycling mandatory?

Mayor Clodfelter said again this is a half day retreat. There is a discussion section later on in your focus areas and your priorities and that would be the kind of topic that would sort of feed into that discussion.

Mr. Harrington said a couple more slides on the General Fund; one related to technology. Technology is an area that changes rapidly, it's expensive but it's the core of how we do our business and technology is behind just about everything that we do and so there are a couple of areas where we're exploring right now and we're having some conversations around enterprise resource planning support. As you know we went live with a new enterprise resource system back in July. We're having our first year now living with it and understanding what we need to ensure the success going forward. We've got a PeopleSoft upgrade. PeopleSoft is our Human Resources Management system and an upgrade is due on that, voice over internet protocol, this is primarily related to CharMeck 311 but also the CMGC. The phone systems in those buildings are essentially based off of 1960's technology and so updating that to voice over internet protocol which is essentially the new digital type of system and then open records management. We get almost daily open records request and that involves a lot of staff time and a lot of efforts and resources in terms of pulling that together and so this is just an area that we're continuing to see and I don't know if the Manager if you want to comment anymore on that.

Mr. Carlee said we've gotten slammed this year. We've got a very inefficient system. I'm also concerned about responsiveness so we've been looking at leading practices and open records, looking at what some other people are doing and I expect we will be bringing some proposals forward to be more efficient in responding to requests and responsive in a more timely manner. I don't see it letting up. We certainly got slammed on the criminal case last year but we have a person in Utilities or who has targeted Utilities that really has the purpose of bringing us to our knees and again we need to look at that kind of abuse of the open records. Nonetheless, we want to be transparent and we want fill both the spirit and the letter of the law and we're looking at how we can best do that. We're not well equipped to do it. We're not as well equipped as we need to be at this point.

Mr. Howard said is this up and above the list of capital needs for the Government building that you shared with us a year ago?

Mr. Carlee said we did more than just the Government building. I can't remember what all was on there, there's a lot more than this but I think the voice over IP was probably there, I'd have to go back and look on the technology list.

Mr. Howard said it would just be nice to know that we're chopping at that tree that you presented to us last year.

Mr. Carlee said you'll see that as we go into capital momentarily. These are actually more operating than they are capital.

Mr. Harrington said the last slide related to General Fund, potential budget issues and we talked about his a little bit earlier in terms of an assumption on a pay plan just for illustration purposes was at that 3% merit level and 1.5% for market steps but obviously when we go through the process we will look at what the market rates are in the markets so to speak and we'll have some more information for you as we go through the Budget Workshops. We just want to show you assuming different levels of pay plans what those costs are and the one that we had plugged into the just for projection purposes equates to about \$6.9 million in terms of the cost.

Mr. Carlee said and just remember the steps only apply to uniform Police and Fire.

Mr. Harrington said correct. That's the last slide on the General Fund. Let me transition now into the capital component and chiefly the General Community Investment Plan which is again the portion of the plan that's funded from property and sales taxes. Let me first start with you may remember this one from last year as well; the Rental Assistance Endowment and so far City Council has appropriated \$4 million of the \$10 million commitment and so \$6 million remains on this particular pledge.

Mr. Carlee said and the idea was two per year over five years.

Mr. Harrington said you also recall the Charlotte Mecklenburg Government Center elevator upgrade project and as part of the current fiscal year you've appropriated \$400,000 to start the phasing of this. There's \$800,000 that remains in this particular project but again it would refurbish and modernize all the electronics associated with the elevators.

Mr. Barnes said just on the previous slide there so have our other partners also been contributing their portion on time?

Mr. Harrington said they have. I don't know the specifics right off the top of my head.

Mayor Clodfelter said can we get a follow-up just on the general -

Mr. Harrington said I'd be happy too, but again it's a public/private partnership. Just to wrap up there the elevators again another one that in terms of the phase two need of \$800,000 to finish out that project.

Mr. Carlee said the County will cover about 19% of the elevator costs.

Mayor Clodfelter said is that the gross cost or is that the net City cost?

Mr. Harrington said that's the gross.

Mayor Clodfelter said that's the gross cost.

Mr. Harrington said the City up fronts it and then we get reimbursed the County's portion.

Mr. Driggs said I was just curious how is this elevator thing an issue? Is it because we haven't budgeted for it previously and we need to find new money or why is this being highlighted as an issue?

Mr. Harrington said well one we highlighted it last year in terms of a need to start with some enhancements and maintenance components for the Government Center as a whole. The elevators are one of the top priority investment areas. The building is about 27, 28 years old and these elevators have not had a full refurbishment.

Mr. Driggs said understood. I'm just saying this shows up here as an issue for us to consider. Is that because we don't have funding for it in the CIP and we need to find the money or why is this an issue?

Mr. Harrington said the \$800,000 is not funded. You've already funded \$400,000 and so I just wanted to highlight that for you that this may be one of the issues in terms of bringing forward later in the spring to fund the remaining component.

Mr. Driggs said it was on the list.

Mr. Carlee said it was and so when we brought you adjustments based on the long list we only made recommendations for adjustments in current fiscal year. We didn't make adjustments for the full five-year plan and so this would be a continuation of what we initiated last year but would require the adjustment in the current fiscal year from PAYGO.

Mr. Barnes said is the 19% from the county based upon their pro-rata share of the occupancy of the building?

Mr. Carlee said correct, yes.

Mr. Barnes said and have we addressed the water leaks in the building that you brought up last year.

Mr. Carlee said they are in progress. Jeb, you want to address where we are on those?

City Engineer Jeb Blackwell said those are underway, we're working on them.

Mayor Clodfelter said does the County's contribution cover the occupancy by the school system? That 19% includes their portion as well.

Mr. Harrington said yes it does. You heard us talk as well over the last year about the Central Division Police Station and the City currently leases the location for a \$1 a year but the owner has indicated they wish to terminate the lease and they do want to sell the property. We've been evaluating this and looking at a potential new station. Let me back up just for one second; there are a couple of different avenues we can take associated with the station. One would be a standalone station which is commonly what you see out in the neighborhoods but the given the nature of the urban environment we're also exploring potential public/private partnerships and the need for you know in an urban environment things are growing upward so there is potential opportunities there to do a collocate or some type of a joint use. As a standalone type of facility our initial estimates peaked at about \$13.5 million or if we were to lease a new space the estimate there is maybe around \$500,000 a year but I do want to emphasize we're still in that exploratory and discovery component of this but just want to highlight some of the options that we're looking at.

Mr. Smith said so if we lease it for \$1 a year; have we looked at the option of paying a market rate for the property with the owner?

Mr. Carlee said they're not interested. This is property they need to dispose of it's owned by a bank and it is seen as integral to the redevelopment

Mr. Smith said once you said bank owned I understand.

Mr. Carlee said and it's also integral to North Tryon Street redevelopment. It's part of a much bigger picture.

Mr. Phipps said are we also looking at possible synergies that can be derived from maybe close proximity to existing CMPD facilities in the area?

Mr. Harrington said we have explored those as well. I think the interest would be to remain in that uptown kind of core component, having a visual presence and for logistics as well in terms of serving but yes looking at existing facilities and potential new opportunities.

Mayor Clodfelter said well the headquarters building is not four blocks away. That's not a lot of shoe leather. Is there no space there?

Mr. Harrington said there's really not, no. They're maxed out. One of the infrastructure projects, one of the bridge projects associated with your Community Investment Plan we've been having a little bit of conversation around this. One of the I-85 North bridges in the current referendum that was in November 2014, voters approved \$3 million for planning and design for this particular project and you can see here on the map in terms of the near the shops at University Place and stretching across I-85 to the Research Park area. The construction component of the project is currently slated for 2018 at \$12.5 million. There's been some conversations around a potential desire or need or quest to move up that particular project for a couple of reasons one, the Blue Line Extension will be coming online in that 2017 period, there's also increased population growth and job growth that is occurring, particularly on the west side of the interstate and so having that connection over is going to be a real critical component. As part of our initial due diligence in terms of some preplanning one of the things that we've identified is there is some design changes that will be needed with the particular structure as it relates to there's some power transmission lines that are going to impact the particular design there's also some need we thought it was going to be a single span bridge and now we're going to have to have two particular spans and so there's some NC-DOT requirements that have necessitated approximately \$4 million dollars of additional need for that particular project to adequately design and construct that particular bridge over I-85. This is a project that has been requested by University City Partners in terms of having some interest in moving this along a little bit sooner so we just want to bring that to your attention at this point we're exploring this.

Mayor Clodfelter said if you advance the funding and therefore it wasn't in the 2018 bond package what would be the source of the funding?

Mr. Harrington said new debt capacity.

Mr. Carlee said I think it we would have to move it to the 2016 package so it would still be subject to voter approval.

Mayor Clodfelter said it would still be subject to next year's package.

Mr. Howard said I wanted to ask the current District Representative, the former District Representative this is the project that was going to up alleviate some of the pressure on TIAA-CREF right?

Mr. Barnes said yes.

Mr. Howard said and it will help with some of what we saw yesterday which is after work traffic and congestion that you guys mentioned yesterday.

Mr. Barnes said it would.

Mr. Phipps said also it would help spur what we want to see as the activity center in and around that North Tryon, W. T. Harris intersection.

Mr. Howard said I hadn't thought about it until I saw this. The Shops at University Place needs some love right now so hopefully it will facilitate some people coming across the bridge to use that more than what it's being used right now because it's definitely transitioning.

Mr. Barnes said we've been helping them work on that.

Ms. Mayfield said we're looking at moving up a project that we had already agreed upon for 2018, moving it forward plus identifying an additional \$4 million so two questions that I have. One, are we looking at public/private partnerships where some of those businesses are also contributing to this since they're going to benefit and two, are we having a discussion of postponing something that was identified and agreed upon by Council for 2016 and move that back to 2018 in order to fast track this particular project?

Mr. Harrington said let me answer your later question first; I think as part of when we review this we'll look at all those options as it relates to adjusting project timing or potential additional funding's. I just want to say it's all in the mix in terms of the considerations that we'll explore. Going to the first part of your question was around local area businesses supporting and whatnot. One of the things about this particular bridge there are a lot of non-workers or residents in that particular area who also use the bridge and that's tough to try and quantify those two breakouts. The other piece that is that given the cost of the bridge we did look at this I think last year it would a significant impact on businesses if we were to assess so to speak perhaps like a certain component cost of the bridge but just a couple of considerations to go into that.

Ms. Mayfield said but wasn't that considered when we initially created our CIP and we identified this to be part of the project for 2018 or was the thought that we'll put it on the books as 2018 but we know we're going to have to do this earlier.

Mr. Harrington said at the time it was planned we anticipated it being in 2018 but given some of the conversations that's occurred in the University City area -

Mr. Carlee said well it's not just conversation its growth. We have an uptick of economic activity in that area that is driving the question. I'm not presuming the answer at this point we're getting the question in front of you but it is the expansion of employment and traffic in the area that is leading others to come to us and pose the question can we, should we accelerate it?

Mr. Howard said what are those numbers by the way? TIAA-CREFF had it 400 and some, a huge amount of jobs, Electrolux is adding.

Mr. Carlee said we can bring all that back to you. Again, we're not at recommendation stage yet.

Mr. Barnes said just by name though you have Red Ventures all within the last 18 months. Red Ventures moved into the park, Electrolux is expanding their presence, Duke Energy may be building a facility for fiber engineers and on the other side of Harris on the Innovation Park side of Wells Fargo, Areva and some other large employers that have a few thousand employees so there's a lot of very concentrated pressure in the URP that the bridge would help alleviate.

Mr. Carlee said I just want to say on the \$4 million dollars you're going to see this plus or minus on other projects when we have targeted projects as far in advance as we have in our Community Investment Plan without having done engineering they are a best estimate of our professional staff but until you actually start doing engineering you really don't know what the costs are going to be and so there's a plus or minus factor there that's certainly double digit or more.

Mr. Harrington said on Wilkinson Boulevard, actually near the CLT Center near the Airport the City rents an asset recovery and disposal/vehicle commissioning and decommissioning facility. What that means is the City acquires a number of products and when they are at the end of their useful life they go to this facility and they're auctioned off or recycled or what not so this facility handles that as well as vehicles. When we get vehicles in they'll commission them, prepare them, and get them ready for deployment and then as well when the vehicles have reached their useful life they come back and they're decommissioned, pieces are taken off etcetera and the vehicles are made available for auctioning. It's a very important facility in the City like I said we currently lease it and the owner does wish to sell. The estimated cost to purchase is about \$3 million dollars and there is currently right now a \$250,000 lease payment that we do pay on that facility so that's about the same cost as what debt service would be on just this portion.

Mr. Carlee said this is the one that I flagged that is probably new to you; it's one we didn't focus on. This facility seems to work really well for fleet management. My major concern with it is it

presents a very poor front door to the city coming in out of the Airports especially with the razor wire around it. If we were to buy it and this has not been factored in the cost I think we really need to reassess how it presents itself at the street as people are coming out of our Airport.

Mr. Harrington said let me summarize; sort of get into some of the summary slides; in terms of kind of totaling up the issues that have preliminarily been identified here for you today; the rental Assistance Endowment, the elevators, the CMPD Central Division Station as well as the I-85 North Bridge and then the Asset Recovery and Disposal Facility. The projected costs of those identified project is about \$23.3 million to a little over \$27 million. When you look at what are the potential funding sources on the Capital Budget that would be available I want to highlight those for you at this time. In the first row you've got your general debt capacity. Again, this is funded by property and sales tax. We've remodeled that and the debt capacity growth is \$65 million. Those have to be used on General Obligation Bonds and Certificates of Participation types of projects. You also have General Capital Reserves of \$5.1 million. I do want to note one little thing here, I think on your handout I know in the book the General Capital Reserves has \$3.7 and I want you to write over that and write \$5.1; I'm just going to give you a couple of little updates here. The \$5.1 and you have the footnote down at the bottom the original \$3.7 was the new capital reserves and we didn't include what the prior year's balance was so we just wanted to add that to it to make sure you had the full picture going forward. \$5.1 of Capital Reserves, these are highly flexible, used for one time purposes.

Mayor Clodfelter said that is net of the commitment made on the cameras?

Mr. Harrington said correct. On the General Capital Project balances of \$11.2 million this is comprised of a little over \$10 million of savings from prior transportation bond projects. This funding if it's going to be used it has to go back into transportation type projects, bond type projects. We have about \$300,000 balance from facilities, Certificates of Participation that COPs and then we have about \$700,000 from where we've used some Pay As You Go cash to help fund some larger projects and those projects have been completed and so that cash portion is able to come back and that part is flexible.

Mayor Clodfelter said the \$10.2 million, is that actual bond proceeds or is that just authorized debt unissued.

Mr. Harrington said it's authorized but unissued.

Mayor Clodfelter said it's not bond proceeds.

Mr. Harrington said right. You don't have to go back to the bond holder.

Ms. Lyles said let me ask it another way is that where we've saved money on projects and we've, I'm not sure if I understand it then. Is it where we've done a project say we estimated \$10 million and we saved a million and that million that it saved because it went into that?

Mr. Harrington said correct.

Ms. Lyles said so it's available for uses just for transportation qualified under the debt.

Mr. Harrington said it's already been authorized by voters up to a certain level and in no way we will not spend over what the voters have approved.

Mr. Driggs said I think this whole segment is very responsive to a conversation we had in Budget Committee about trying to anticipate the meaningful topics that we should be talking about during our budget process. We got bogged down last year for a long a time on Out of School. We were inundated with information so I really appreciate the fact that this allows us to zero in on some things we really need to think about. Are all the items on this list items that were on the list that the Manager presented us during our last budget process? Were they all on that list of \$290 million dollars or do we have now some new things aside from that?

Mr. Harrington said as we go through the process here every year we have new projects that will be submitted for request and essentially those get added to the conversation in terms of what the total potential need is. This presentation does not highlight the full set of needs.

Mr. Carlee said the question is there anything of what we've put in front of them today that was not on the list last year and the one that I flagged that I thought was will have to go back and double check. We need to go back and double check that so let me say that up front but I think the vehicle facility because that was the least facility that we were not anticipating buying until the owner came forward and expressing interest in selling. I don't think that was on our list and we'll double check the others and do a cross walk for you.

Mr. Driggs said the point I keep getting back to is I would just like us to be tight and transparent in terms of funds that become available and new uses that are found for them and how that fits into the context of the planning we did before. You know \$23 to \$27 million, pretty significant chunk and the way it's being presented here there is no need for us to cut back on anything that we were going to do before and again most people in their normal lives have to deal with tradeoffs. We seem to be able to do everything we're going to do and these new things and I'm just concerned. I look at the \$10 million from prior transportation bonds for example. Those were offered to the public for general description of what their purpose was. The money wasn't all needed for the purpose described in that offering and even though I understand that it's legitimate to use them for transportation purposes the truth is this is not exactly what the public thought it was approving those bonds for anymore.

Mr. Carlee said I would say that if we were to use the \$10.2 from prior transportation bonds the logical place to look to that would be in our Community Investment Plan for other transportation projects and advancing projects that we had anticipated so that would be the first place I would go to look for whether or not to advance the bridge over I-85 and I would hope that we would do sufficient conservative projections that there would be capacity that is developed as we go through our projects. Now again, you saw on the I-85 Bridge we're short \$4 million dollars as we get into design but fortunately on some other projects we have savings if we have the market right in construction costs are a little lower and ultimately all of that balances out but in any instance if it's an approved voter bond we will and can only spend to the letter of that bond that the voters approved.

Mr. Driggs said understood. My point is just we go out to the public and we say we want to issue these bonds and we give the sort of general purpose. That number has to be big enough to cover the costs of whatever it is you're proposing to do which means in the normal course of events you're going to end up with an overage and that creates an opportunity to issue bonds that were not necessarily contemplated when the public was asked so I see the problem but I'm just saying I have a bit of a concern the public is voting on things and a chunk of the money that they approved is going to be used later for purposes that were not known at the time that they approved the bonds. My preference would be just let that availability lapse and go back to the public with new bond offerings and include a description of the things that we're talking about currently just in the sense that you at least be operating on a current authorization from the public for a purpose; as to the specific purpose of a debt.

Mr. Howard said that's actually a really good point Mr. Driggs. I'm wondering if what we need to do is when we issue bonds if we talk about them make sure people know that if there was an overrun they wouldn't like that because we'd have to find money from someplace else but when you save money some catchall that says it will be used for other project relate. I understand what you're saying, we should be transparent but going back is not it either. Maybe we just need to have if for some reason there is a savings that these bonds proceeds will be used for, transportation or like related issues I think maybe that's what we should do as opposed to going back or trying to undo something after we've done it.

Mr. Harrington said just to add maybe a little helpful clarification when the voters vote on the bonds they do not vote on specific projects but they vote on intersections, roadway improvements, the types of transportation infrastructure projects that we do not on specific projects.

Mr. Howard said that's not how we educate the public.

Mayor Clodfelter said I think to Councilmember Driggs' point that's not the way we market the bonds.

Ms. Lyles said I understand that point. I guess one of the things that I look at it as we're never going to hit that mark and whether it's over or under but when I think about the Capital Investment Program and that's what we adopt. We do an annual adoption but I look at it as saying this is what we're going to try to do over the next five years. If it deviates from what is in our five-year plan and where we're going I can understand a little bit of well what do you do but I'm just wondering how you would handle that to just say well we're not saying it's not going to be a need but I look at yes we market the bonds around specific projects but I look at this as our financing plan for the next five years so the projects are on our priority list for the 2016 Bond. I just wonder if we're just kind of taking 1%, 5% of whatever and saying well we're going to go back and ask for that and it's just going to roll over every two years and yet we're still doing the same projects that are included in our five-year plan. Transportation needs are actually outlined five-years, 20-years and sticking with the priority setting to me is our commitment to the voters.

Mayor Clodfelter said Mr. Harrington, I know you don't have the answer this morning but put it on the follow-up item list but the discussion here prompts me to renew the question I asked you a little bit earlier; what is our current ability to issue two-thirds bonds, what authority do we currently have on two-thirds bonds in what amount do we currently have?

Mr. Harrington said I don't have a slide up here but I do want to point out on page 23, table 17, outlines the debt capacities related to some of our tourism funds and so we've got outline there in our tourism debt capacity fund our cultural facilities, our debt capacity fund and then as well as our Convention Center capacity fund. These three areas combined have available debt capacity of \$64.5 million and in page 23 of the Budget Outlook Report so anyhow I just wanted to highlight those to you in terms of just being transparent of the full conversation around various debt capacities. Just a couple more slides here and we'll round out for the presentation. I think we've already talked a lot enough about the Business Privilege License and the sales tax component and why don't I go ahead and I'll keep on moving through that.

Mayor Clodfelter said on the footnote you just made on table 17 on page 23 again just to be clear and just to be sure all of the numbers you're showing us there are net after the commitments previously made earlier this year on Time Warner Arena, Bojangles Coliseum etc.

Mr. Harrington said correct. Those have been factored and then recalibrated based off of we know revenues are today.

Mr. Carlee said and we're working to develop multi-year capital program for each of those funds as well.

Mr. Harrington said starting on the last couple slides here again it's the local economy stable. We've got a positive outlook in term of the growth in property and sales tax. Our current year budget is in balance. Looking ahead to FY16, again we're serving more people with less and we do have these uncertainties related to any replacements revenues that might come about as well as a conversation around the sales tax distribution and what types of conversation will result from that in potential impacts. The Community Investment Plan, obviously we just had a bond referendum and staff is focusing hard on implementing those first year projects. We do plan to come back to staff and highlight some of the efforts on that particular front here this spring and then again we talked about a couple potential considerations that we'll discuss when we continue through the process. Looking ahead at next steps this just gives you the first Budget Workshop starting on February 25th and of course right now in previous and moving forward the Budget Committee will be reviewing these topics and others going forward here for the Spring and that wraps up our presentation.

Mayor Clodfelter said any wrap up questions from Mr. Harrington?

Mr. Harrington said I do have one, if I could actually toot our horn just a little bit. I will say staff this year for the very first time the City of Charlotte received the GFOA, the Government Finance Officers Association Budget Presentation Award; the first time. It's an award that represents the highest quality of budget presentation and documentation, transparency, communication and best practices with budgeting so we're proud of that as a City and just want to thank everybody for that.

Mayor Clodfelter said the next item and last item we have Mr. Manager is the Focus Area Plan update. Are you going to kick us off on that as well?

Mr. Carlee said yes sir, this will be very quick. Katie McCoy is coming forward she's been doing some really good work for you. I had a chance to speak with most Councilmembers over the past week because of our tour we do not have time obviously to go into the Focus Areas at this year's retreat what I'm going to have Katie do is share maybe what she's been compiling for you and the ask is if each of the Focus Area Committees would look at your Focus Area Plan over the course of February and identify any revisions or updates that they may need; not talking about starting with a clean sheet of paper and doing new plans that would be more of a discussion with new Council term next year. This is really an update and then if possible I'd like for you to consider maybe a half day in town retreat in March where each of the Focus Area committees could then share their work with the full Council. One of the things that we heard last year at the retreat was where the interdependencies and interconnectiveness among the Focus Area Plans and this is one of a couple of areas that Katie's been working on.

Katie McCoy, Budget and Evaluation said as the City Manager said it's going to be very brief. This is a review of what you have in your packet as well as what's going to be forthcoming related to your Focus Area Plan discussions in Committee and as a group in the coming weeks and months. If you go to your Focus Area Plan update preview section in your binder what you'll find are your five Focus Area Plans that you adopted for FY15 so you've seen those before and if you go through those and get to page six what you'll see is the crosswalk and this is exactly what we started talking about at last year's retreat as the City Manager mentioned; that interconnectiveness of our Focus Area Plans so this is staff first stab at presenting something to you for your consideration and updates. What you'll see on page six are each of your five Focus Areas, the initiatives therein and then where we see some alignment. Where we see some alignment with the other Focus Areas based on your current initiatives so this is not a where there should be or where we see potential opportunities for a crosswalk or for some alignment but where we see some alignment in your current adopted Focus Area Plans. If you look at that next page you'll see a bit of a deeper dive and these are the specific initiatives; you'll see a text box with letters so what do those letters correspond to? If you look at your Focus Area Initiatives if we start at Community Safety you'll see C1, C2, C3 and C4, well in the text box if we look at the first text box which is Community Safety's Initiatives of reduced crime and life property damages from fire. You'll see in the text box D2, D4 and T4. What does that mean? That's Economic Development and Global Competitiveness initiative 2. It's also Initiative 4 and then the T is Transportation and Planning's Initiative 4 so that's for you to look at and consider as you start to develop and update your FY16 Focus Area Plans.

Also related to your current FY15 Focus Area Plans what you'll receive in a Council Manager Memo within the next two weeks is a one page highlight of performance highlights as of mid-year so we'll be giving that to you in a Council Manager Memo in the next couple weeks for you to discuss in Committee and then if you'd like to have the City Manager mentioned that mid-year retreat.

Mr. Phipps said to the extent that in the Focus Area Plans that we had benchmarked metrics in there could we get an update on where we stand with those or is that considered to be part of the exercise?

Ms. McCoy said certainly, we can absolutely do that. We'll have metrics some of which are benchmarked and aren't but we'd be happy to focus on some benchmarks and when we don't have them we're open to exploring that.

Mr. Barnes said all respect to you Ms. McCoy, during the meeting we all had or a few of us had about the sustainability effort.

Ms. McCoy said the Mecklenburg Livable Communities Plan, that's right.

Mr. Barnes said yes the livability study. I had expressed to you all at that time unfortunately these presentations, the structure of this doesn't help me at all with anything and I remember suggesting some way to make it more meaningful but maybe I'm the only one but it just it still doesn't really.

Ms. Kinsey said you are not the only one.

Mr. Carlee said and you don't have to use them. If you go back before those you will see the same format you've always used updated and revised for you and so we're not taking away the format that you're used to but this is a format that is challenged and showing the interconnection and so if the interconnections strategy that we use doesn't work for you then you don't have to use it. We found it helpful to show where things connect with one another but we're not doing away with this at all you will have the same traditional format that you've had.

Ms. McCoy said agreed and it's also just a way to look at all the initiatives even if you disregard the interconnectiveness to look at all of your initiatives on one page rather than flipping between five pages.

Mr. Driggs said I was just going to say I think we're generally challenged to take a lot of the conceptual things we've talked about in the Focus Areas and move them forward so personally I appreciate kind of trying to integrate it. I think maybe it brings us a little closer but there are still some things missing before we get to this stage where in our weekly conversations and decisions we're aware of making progress on the Focus Plans. That's something I look for is that sort of gap between my day to day work and the big picture stuff we do.

Ms. McCoy said and my hope is that the mid-year summaries that will come out in the Council Manager memo in the next couple of weeks will help with that.

Mr. Howard said for the record I kind of like it.

Mayor Clodfelter said you've got a variety of tools in the materials and each can find and use the one best suited to your style. We are perilously close to what we said was our adjournment time I think. Mr. Manager do you have any closing comments? If not I'm going to deliver this back to the Co-Chairs of the Retreat Committee for any wrap up you guys want to do.

Mr. Smith said if you'll be so kind as to go back of your packet staff has prepared a survey so we can get your feedback upon the success, what we think of this In Town Retreat. If you'd be so kind as to give us your feedback.

Mr. Austin said I would like to say also to thank all of Council for taking the time out; I know the bus tours were sometimes hard on people's back and whatnot like mine but hopefully that everybody enjoyed them. I think the feedback I've been seeing around Twitter and Facebook and all those things people in the community appreciate us coming out and taking a really good look as well so I think it was a good retreat.

Mr. Phipps said I would just like to say that I thoroughly enjoyed this Retreat and I think the last couple of days I could see that as a body that we've come together in a more cohesive manner. We've gone all over Charlotte and in each other's Districts and being able to see things in a broader perspective now so I think that this has really helped to solidify our relationship as a Council and I'm deeply appreciative of that.

Mr. Autry said I just want to say that the discussion we had yesterday afternoon amongst Council without an agenda I thought was very beneficial and should be the kind of thing that we should probably carve out some time not every week, not every month but at least every quarter and I think it brought a lot of insight into certain member's perspectives that we don't always get to

flesh out and appreciate when we have an Agenda to follow so I really enjoyed that yesterday and look forward to another opportunity to do so.

Mayor Clodfelter said if others of you feel the same way that is something the Manager and I talked about yesterday other opportunities to have similar conversations and build them into your schedule without disrupting your lives.

Ms. Mayfield said one, I want to congratulate the entire Retreat Committee for coming up with this outside the box, in the community experience because for me since coming on board in 2011, I felt like personally this has been the best retreat that I've been a part of because we actually saw on the ground, we had very organic conversations, we were able to share our ideas, have differing ideas but still with the ultimate goal of moving the City forward and moving forward how we serve. I just really want to commend the Committee and especially staff for all the work that staff put into helping the District Representatives for us to be able to highlight our districts and share a little bit about what's going on on the ground. To all of my colleague's thank you for being open to learning a little more about each other and what our challenges are. We're not going to always agree but for me personally this has been the best conference for our Council Retreats that I've been a part of to this point so I just want to thank all of you.

Mayor Clodfelter said let me take a temperature then in light of some of the comments; would you be receptive to the possibility of maybe some targeted mini-tours, one hour or an hour and a half focused on a particular community issue followed by maybe an hour of conversation afterwards. Councilmember Austin and I have had discussion about one such opportunity and if this is the kind of format that you find useful there may be ways to do something within a block of two and half to three hours on targeted days on specifically targeted issues and do a little more what we've done here in the last couple of days. If you're interested I think maybe we'll keep the Retreat Planning Committee in being and maybe continue to work on some of that kind of stuff.

Mr. Driggs said thank you staff, fabulous job. I really appreciated the help I got in preparing for my District 7 tour. I've been on a lot of retreats on other boards and things and I think this is one of the most productive uses of times I've experienced so I'm very happy about it.

Mr. Smith said thanks to staff and thanks to the District Representatives as well. I thoroughly enjoyed your passion about your Districts and it wasn't easy to figure out what you wanted to highlight so I know it took time on your part and I know when you got this assignment you probably felt like it was just another layer of bureaucracy that happens in government and I appreciate everybody doing that and it was interesting to see the insight into how you govern. We may not always agree, in fact sometimes I'm the only one that agrees with myself but to see how we govern to me was an important part of this Retreat. To understand when we're up at the dais and when we vote I know have more insight into your thought patterns and hopefully you have more insight into my thought patterns and to me this just was the great experience. Thanks to staff and thanks to everybody for doing it, thanks to all the At Large members as well.

Ms. Kinsey said having served on the Retreat Committee I think the idea of the tour was brilliant. Looking around the room and seeing all of our staff here who are experts I would have liked to have heard more from them.

Mr. Barnes said one idea might be to if we do the mini-tours to do that in substitution of the first Monday Workshop Meetings as opposed to adding another Council meeting to the list.

Mayor Clodfelter said very good option.

Ms. Lyles said I could say ditto, ditto, ditto and the one thing that I would add is as we're turning in our investment priorities or great needs I think maybe one of our Agenda's for the Monday tours that we're going to be having in lieu of our workshops is that we actually focus on some of those ideas. If a District person identifies a need or an area let's tie it to try to problem solve and take action. I think that's one of the things that I think would really help us continue this kind of momentum because I really felt like there was a visual opportunity to see something and the plan to do something so I think we can continue in that regard. Thanks to the staff and the Retreat Committee and really the Councilmembers for the conversation and dialog, it was excellent.

Mr. Howard said I won't say ditto as many times but the same thing she said. The passion for me and from the District Representatives was important and I say that to all District Representatives. Like I said yesterday I saw some things that I have not been as sensitive to in 6 and 7 to be honest with you. I hadn't given it a lot of thought so it was really good to hear from you guys and Kenny I think what you're talking about is the filters that we all kind of bring to the table when we're talking about issues and I ask for that to stay. I think what we say is that if we divide this into seven then five-sevenths of our communities still need some help and we need to make sure that we're paying attention to that and I think I heard some genuine concerns back from 6 and 7 saying you understand that part now because that's definitely the filter that I come to when I'm looking at some of the investments that we're making. I agree with Patsy for sure. I don't think I felt like we spent much time on Focus Areas and hearing from staff like we normally do. I think Vi is right to say that we need to hear what the District Representatives think but staff do it every day and putting those two lists together would be the way that I would like to approach that so the Focus Area conversations are going to be really important to me.

Mr. Autry said I just wanted to say that I appreciate Councilmember Barnes; he's the one who first floated out the concept of taking the bus tour and it was a gem of an idea and that if we're considering making these smaller tours on the first Monday instead of a Workshop we may also want to consider shifting the start time of that Workshop up a little bit so we're not riding around in the dark and especially around Independence where there are no lighting and at intersections that well you get the picture.

Mayor Clodfelter said we would do that and again the idea would be to focus on a particular theme rather than geography but focus on a theme.

Mr. Carlee said very quickly we have boxed lunches for you as you go out so please help yourself to those and secondly, this was logistically challenged a lot of people did a lot of work to make it happen but it would not have happened as well as it did were it not for Carol Jennings. She worked really long, hard hours on this.

Mayor Clodfelter said we also need to thank the Duke Endowment again for hosting us and opening their doors to us.

The meeting was adjourned at 11:23 a.m.



Stephanie C. Kelly, City Clerk, MMC, NCCMC

Length of Meeting: 13 hours, 14 minutes
Minutes Completed: March 23, 2015