

The City Council of the City of Charlotte, North Carolina convened for a Retreat on Wednesday, January 27, 2016 at 2:04 p.m. at The Graylyn Conference Center in Winston Salem, NC with Mayor Jennifer Roberts presiding. Councilmembers present were Al Austin, John Autry, Julie Eiselt, Claire Fallon, Vi Lyles, LaWana Mayfield, James Mitchell, Greg Phipps and Kenny Smith.

Staff Present: Ron Carlee, Ron Kimble, Dana Fenton, Kim Eagle, Sandy D'Elosua, Hyong Yi, Willie Ratchford, Ann Wall, Debra Campbell, Randy Harrington, Bob Hagemann, Kim Oliver, Alban Burney and Greg Watkins

ABSENT UNTIL NOTED: Councilmembers Ed Driggs and Patsy Kinsey.

* * * * *

WELCOME AND OPENING COMMENTS

Mayor Roberts said the Mayor of Winston Salem is on a tight schedule and I want to introduce him and let him take care of the welcome.

Mayor Allen Joines said thank you Mayor and Members of Council and staff we are delighted that you are back in Winston Salem for your Retreat and I congratulate you on getting together; I know it is difficult to find a time that you can carve out for each one of you that works, but I know the work you are doing here in January will set a great tone for the City for the whole year. We try to do this ourselves and it really pays good dividends. We always want to thank the City of Charlotte and the leadership as we go in together to work on issues that are of interest of all that happens down in Raleigh. I hope you have a great stay here in Winston and if there is anything I can do to make your stay better just let me know. If you get any parking tickets Ron will take care of those for you. Seriously, I do wish you a great planning retreat: I know it will be a great experience for you as well as pay dividends for the citizens of Charlotte.

Mayor Roberts said we appreciate you getting all of the snow cleared off the roads. We also want to remind you of the Carolina Panthers and we are having a big rally on Friday at noon downtown and you are welcome to come.

I appreciate everybody carving out a time in your schedule and really focusing on the issues and priorities that we have for the coming year. We have a lot on our plate and this is going to be a test for everybody to juggle 15 things at once. I think 2015 has been a Banner Year in a lot of ways and ... inaudible. I just want to say welcome and thanks for being here and I look forward to review of the agenda.

Community Relations Director Willie Ratchford said I have the honor and pleasure of being your facilitator today for the first part of your 2016 Retreat, but before I get into the facilitation thing I'm going to ask the City Manager to come say a few things before we get started.

City Manager Ron Carlee said I think everyone has found the bathrooms already; we have a couple of adjustments on the calendar tomorrow and we will circulate a new calendar for you and will start a little bit earlier in the morning but you will still have ... a little bit more productive time tomorrow and I will brief you a little bit of tomorrow at the end of the day and then Friday as the Mayor said, we are going to wrap up at the end of the budget presentation around 10:30 and have staff working to give us some information about how you can get into the City Friday and where you can park because it will be real close to the start-up time for the rally so we want to try to have everything set up so you can get in the park easily and get right to the rally.

Councilmember Driggs arrived at 2:07 p.m.

Mayor Roberts said I'm going to be leaving right at 5:00 to go and greet the Chinese Ambassador down in Charlotte but I will be coming back for the evening, try to get back by 9:00 or 9:30.

Mr. Ratchford said again, thank you for allowing me the opportunity to facilitate the first part of this Retreat. The first thing that I was asked when I accepted a couple months ago, I was asked to be respectful of your time and I promise to have you all out of here before 9:00 tonight. Actually we will get out before 5:00. My job is to facilitate and the word facilitate means to make a process easy and we've created an interactive experiential process that we are going to take you through so my job is actually a real easy job because I simply have to keep you all focused on the process. The real ... that is going to be had will be had by the people sitting at the tables because you all are going to have to do some work and it is going to be important that you participate in the process as we move forward.

Councilmember Kinsey arrived at 2:21 p.m.

Mr. Ratchford took Council through a group check-in exercise, discussion of meeting norms and guidelines then working exercises on Communication/Work Styles, Conflict Resolution, Implicit Bias to see how they rated themselves and how they deal with communicating among themselves and staff. There was also discussion on conflict resolution as well as an in-depth discussion of the state of race relations in Charlotte today.

Mr. Ratchford said to the members of Council, you stand on the shoulders of folk who have made Charlotte a great community and they have passed along lessons and plans which says to me that you know everything you need to know to continue to be great and to be Super Bowl Champions.

Mr. Carlee thanked Mr. Ratchford for his presentations and asked him how long he had been with the City.

Mr. Ratchford said 40 plus years.

Mr. Carlee gave Council instructions and opportunities for the evening.

The meeting was recessed at 5:07 p.m.

* * * * *

January 28, 2016

The City Council of the City of Charlotte reconvened at 9:33 a.m. at the Graylyn Conference Center in Winston Salem for the second day of their annual retreat. Present were Mayor Jennifer Roberts, Councilmembers Al Austin, John Autry, Ed Driggs, Julie Eiselt, Claire Fallon, Patsy Kinsey, Vi Lyles, LaWana Mayfield, James Mitchell, Greg Phipps and Kenny Smith.

Staff present: Rob Phocas, John Hannan, Victoria Johnson, Ed McKinney, Danny Pleasant, Barry Gullet, Pam Wideman, Pat Mumford, Jeb Blackwell, Randy Harrington, Kim Eagle, Dana Fenton, Sandy DeElosua, Brent Cagle, Bob Hagemann, Kerr Putney, Brian Cunningham, Katie McCoy, Carol Jennings, John Lewis, Jeff Stovall, Greg McDonald, Kim Oliver and Alban Burney.

City Manager, Ron Carlee said we are joined this morning by some of our Executive Team, Department Directors and a couple of key staff people that are actually involved in Council Committees. He also introduced the Facilitators from UNC School of Government Carl Stenberg and Lydian Altman.

Carl Stenberg said Lydian and I are going to be working with you today and we are looking forward to that opportunity to build on the conversations from yesterday afternoon and yesterday evening and in particular to bring to a focus conversations and discussions around priorities and where do you go from here over the next couple of years and what is really important to the Council. Staff is here to assist in those conversations, as needed. We would like to begin by connecting the dots between yesterday and today. We had some great table top discussions last night at dinner about the afternoon session and the material that was covered, real important on race relations in Charlotte; implicit bias, communication styles and expectations, social equity and others. Lydian and I have done Retreats like this our experience has been it is always good to begin with a ... as you have reflected on yesterday and we've posed a question that we hope

mpl

will help you respond. Think about one thing that was discussed in this room yesterday that will help you in your work ahead. We are interested in your take a ways because yesterday afternoon was a big investment of time and talent.

Councilmember Eiselt said I like the visual of seeing where everybody was in the room; it helps me getting to know people and how they think because everybody is new to me.

Councilmember Lyles said I like the ability that we were able to talk about race as openly as we possibly could for the very first time as a group.

Carl said I arrived in the middle of that conversation.

Ms. Lyles said ethnicity and race.

Councilmember Fallon said working together if we put it into real fruition.

Carl the need to work together and some opportunities to work together; is that what you heard.

Councilmember Driggs said I was interested in hearing the conversation on conflict resolution and in my mind I was going over the last two years and how the various concepts applied to what we actually did in different situations and where I thought we were successful and where we were not.

Mr. Carlee said echoing the race conversation; I've actually never been with an elected body where we even scratched the service or went as far as we did overtly discussing race yesterday. Seeing the number of Councilmembers that gravitated on the process side and on the people side was really helpful for me to see as person that has action orientation and how my preference and previous position can really run into conflict with others that are starting in those other places.

Councilmember Austin said the discussion about implicit bias gave me a sense of pause because that is so very unconscious of what you are doing and made me want to reflect on how I might be playing that out with colleagues that don't look like me. Do I have assumptions about how I might perceive them to be? A lot of people perceive SouthPark as being very wealthy and Kenny and Ed were communicating how that is not necessarily true, so how I might have been replaying that out in my relationship.

Mr. Stenberg said at the School of Government we've been having conversations about implicit bias and I have to tell you as I watched the body language and listened to the thoughts that were expressed so many ah ha moments and I saw some of that yesterday afternoon with this group as well. That is a very positive dimension of what we are trying to do together.

Senior Executive Assistant to the City Manager Dana Fenton I think we did the scale between avoid and embrace and there were a number of people who went down on embrace scale and when folks started talking about why they are on that end, something clicked There were a real reason or explanation to why they were; it wasn't about they liked the fight but it was about their trying to solve problems.

Carl said I think it came out there is not a right way or a wrong way; people approach similar issues and challenges from different frames of references and different ways.

Councilmember Smith said the conflict management exercise we did with 15 questions; I probably didn't do that with my Council hat, I did that with my professional and personal hat and we've had some conversations that if you took it with different paradigm in mind you may have a different result.

Mr. Driggs said I thought there was kind of an imposed simplification on a number of the issues, it was actually quite thought provoking so you are required to choose whether you were action process or personal and a lot of people, including myself, were not comfortable excluding the other two but it was a great way to pause and think about how you need all of those things and which one you ranked first.

Councilmember Phipps said in terms of process I think a couple of examples that really manifested the process style was I guess back in early 2014 I asked my colleagues to reopen the University City Area Plan for more discussion and we thought it would take maybe 90 days but it ended up taking about a year or so but I think it was important to open up that process because of the public's demand for it but I count that as a reaffirmation of that process style and also I guess process that is about to come up on Monday with the LGBT Ordinance discussion. I was a proponent of more participatory community input for an overall process in that and so it is coming to fruition. I think it is something to be said about; I think it reaffirms the power of process over there even though there were just five people that were brave enough to sign up I think it shows how powerful that process dynamic really is.

Deputy City Director Ron Kimble said it was really interesting the way that Willie approached it yesterday in that we were having somewhat of a philosophical and perspective discussion but he would weave in his own personal experiences and give examples and that caused each of us to reflect on examples that had happened to us that got us thinking real life and real terms applying those philosophies.

Carl Stenberg said we have a high energy group; I'm really delighted to be with you. I've been with the SOG since 2003. I do a number of things, one of which is direct our Public Executive Leadership Academy for City and County Managers, Assistant Managers and Departmental Leaders and Charlotte has been a major contributor to that program. He named persons in Charlotte Government who had been in the program: Danny Pleasant, Debra Campbell, Randy Harrington, Ann Wall, Jon Hannan and Curt Walton and said Charlotte has really been well represented and we are delighted. We also work with elected officials and work on relationships between managers and elected officials. I teach in the Masters of Public Administration Program as well.

We are going to be covering a lot of ground today and we are going to be pushing you to make some choices and express some preferences and give some guidance in terms of here are things that really need to be moved forward now and quickly over the next two years. Here are some other things that move at a different pace and here are some things that might be in the parking lot. In terms of some of your take a ways from yesterday that you found added some value, please keep those in mind as you interact with your table colleagues and others in the room today.

Lydian Altman said I heard a good amount of success our of yesterday in terms of giving you a framework to think about previous decisions that were made and previous actions and how that may look as well as taking that forward and the piece I heard that I really liked is it takes all of you to govern; it really takes all of you to do that and everyone had some assets and perspectives that maybe their preference or something they bring to the table and it is going to take all of that in order to proceed. I hope tomorrow morning you may have some similar good reflections on today. We are going to have some speakers during the morning and this afternoon we have planned for a process that we want to follow but I will say we are flexible in the moment. This is your Retreat and your time so we have a way that we think will be useful, but we also can be flexible so don't hesitate if there is something that is not feeling right and we may need to work that out. We do have flexibility but we do have some outcomes that we are after so as long as we can figure out how to tie that to the outcomes for the day, which is thinking about and affirming some major strategic priorities for the City as well as those strategies that support that, that will be your work for the next couple of years so that is really where we want to be today to have good discussion at the table to get there.

I work in the public leadership group so we do leading and managing kind of work, we do teaching and we also do "pracademic" how you describe yourself so as a practitioner which actually started in Arlington County back in the 80's so I've worked in local government working in non-profit and now work in the School of Government for the last 15 to 16 years, right smack in the middle of that and I feel like I'm in the middle of public sector work and also in the middle of community work and the academic piece. I don't have a PhD and I'm not a lawyer in the building so I actually get out in the communities and translate what happens there into a community and take what is happening to the community and bring it back and figure out
mpl

how to use that and how that influences what we look at. I do a lot of work with groups; I also teach around strategic planning. In the last two years the school or I or Carl or some of us in the group have worked with the Association of County Commissioners, the League of Municipalities which Patsy serves on that Board and we've gotten to know each other that way. I'm working now with the Manager's Association and the Metro Mayor's Coalition and the School of Government is doing strategic planning so as our Dean Smith likes to say "All of God's Children are doing strategic planning at the moment." This thinking strategically, I applaud you for doing that and you are not alone and you are in good company. I think as a state we are undergoing so many changes that if we are not thinking differently and thinking ahead about what that means you are not doing what you need to do.

I think it is going to be real important as you go forward in your table conversations and even your report outs today. The first one is defining what important words mean. You might see me do this a lot because I think these are the kind of word that really is critical that we understand it; that we appreciate that there may be other ways to understand it and it may be key for where we go forward. I'm going to pick on elected officials because they all say I want to be fiscally responsible I've never ever heard one say I want to be fiscal irresponsible and yet fiscal responsibility on a ten-member board or a five member board, it is likely to have at least five, six, seven or eight shades of meaning so that to me is the kind of terms that gets thrown around and they will probably do that at your table in your discussion today. What does that word mean because I might have a very different understanding then Randy about what that means. I would encourage you to ask serious questions at your table and genuine questions. I have a colleague who talks about it is not a genuine question if you can end it in, you idiotic, you are not going to wear that are you. That wasn't a genuine question it was more I'm going to 'dis your shirt or this one, you are not really putting kiwi in the fruit salad are you; if you are asking a question because you really want to know and you really want to understand the other person's perspective and similarly to the other side of the coin, explain your reasoning. I really favor this approach and let me tell you why I favor this approach because all of a sudden you and I have a lot more data to work with. We create a lot more understanding between us by asking and by sharing so I'm going to suggest that those might be a useful ground rule to have in your head today. This last one came to me this morning so I was in Mebane earlier this week at a community forum and they offered this up as a ground rule and I thought it was a great one and that is assume a positive intention. You all are in this work, why – to make a difference. You want to make a difference, you want to serve, and these are all positive intentions. You may have disagreements about the best way to do them but the intention is real, it is genuine and it is there so I would ask that you think about holding the best possible intention for these discussions today. I would ask if we could practice on some at your table.

We are going to come back to those when we start this afternoon and we get more specific about how we are going to design the conversations. This morning we have some ground work. I think the people who are going to share some information. Debra I think you are going to make the introductions and before we do that I want to put out there a choice about how we take questions. My thinking is this group may want to ask as they go and whether that is okay or not.

Assistant City Manager Debra Campbell said I have the great pleasure of introducing our guest speakers this morning for this session around 'What do We Know About our City'. As you heard they are going to present a lot of information and data so I think it would be appropriate if you have burning questions that you ask them as we go along rather having to wait until the end. Our first speaker will be Dr. Owen Furseth who is Associate Provost for Metropolitan Studies and Extended Academic Program and a Professor of Geography at The University of North Carolina at Charlotte. He has worked with the City and particularly Neighborhood Services a lot over the years. Owen will provide an overview of Demographics and Development Trends and Planning in the City of Charlotte. Next we will have Dee O'Dell who is a Senior Vice President and Group Head in the National Corporate Banking Group at U. S. Bank, N.A. He is a 23-year banking veteran with experience in Credit Corporate Banking, Capital Market Management and leadership. He is Co-Chair of a Task Force to Charlotte Mecklenburg Opportunity Task Force with Dr. Gorman Brown. Dee will update you on that task force and the work of that task force then Owen will come back and try to tie all of this information together as it relates to the responsibilities that the City has. We will have a presentation almost of "A Tale of Two Cities"; the enormous development opportunities that we have in our community, but also some
mpl

challenges that the task force is working on. Dee will tie those together from a policy perspective on how ... responsibilities that the City of Charlotte has.

Dr. Owen Furseth said it is an honor and a pleasure to be with you today as you discuss the future of Charlotte and to share with you some of the data that are out there about our community. I think about the trends where we fit into the national scope in terms of organization and metropolitanization, talk with you a little bit about that and then turn it over to my friend and colleague Dee who will talk about the task force and then we will circle back again trying contextualize some of the challenges that you as elected leaders and professionals have in terms of the City with respect to what is going on in terms of the data as well as the work of the task force.

We want to begin with the accolades that we as Charlotteans have become used to; if you look at these headlines there is nothing that is aberrant; this is the national data that is out there, Charlotte is one of the places in the country that is most entrepreneurial, a City that is very attractive in terms of families, job growth, a City where African Americans are doing well, this is just a snapshot and we could go through and pull a couple slides with just the accolades that we know about our community. We also know that Charlotte is a City with an enormously advantageous and solid quality of life and we had to put this slide in, on to California to win the Super Bowl, but we are a City with a great quality of life and there is no denying that. If you are a user of our Quality of Life Explorer you've been able to see the changes that have occurred across the City over the years and how we are measuring those and using those data to inform public policy going forward. We are also a City known for excellent city services with relatively modest tax expenses in terms of what Charlotteans face. We are not a City with potholes to be filled or problems in terms of non-response in the context of what is happening in Flint, Michigan and other places around the country; you can see how blessed we've been due to past management and past decision making in terms of what we are to the community. With all of that said what we see is that we are a community that is growing, is growing at a very robust rate and there is no evidence, there is nothing to suggest that we are not going to continue to grow. I would point out to you and if we think about the great recession that hit Charlotte in such a terrible way back around 2008 and what we went through during that time in terms of job loss and in terms of business restructuring, etc. think about it; even during this period between 2000 and 2010 Charlotte grew by 35%. Here we were at a time when we were told businesses are shutting down, things are going under, Charlotte was growing by 35% and if we look at the projections from 2010 to 2020 we are projected to grow by 25% and of course the base has gotten higher so that percentage growth in actual terms is probably stronger than it was. We are a growing community; we know that a recent United Nations Study reported that among all cities in the world that Charlotte would be one of the fastest growing places between 2010 and 2030. We know that over the last four years in terms of the census data the Charlotte Metro was the fourth fastest growing metropolitan area in the United States. We know that over the past four years that if we look at population growth in North Carolina that nearly half of the growth in North Carolina occurred in Mecklenburg and Wake Counties. We know that the state Office of Management and Budget projects from now to 2020 that Charlotte, Mecklenburg and Wake Counties will probably grow by about 21% more than any other place in the United States. So there is nothing in this data that says that we are not going to continue to prosper, we are not going to continue to grow. There is really nothing out there that would suggest in terms of our economic structure, in terms of the urban fabric, in terms of our management, in terms of just the entire ethos of this City and this region that growth is not going to take place.

Beyond simply sheer growth there are other very positive attributes that we need to think about in terms of what this growth looks like. If you look at these two bar graphs you can see that Charlotte is not just growing but we are growing in terms of population segments that are important in terms of predicting future growth, in terms of improving the economic and quality of life conditions. So if you look at the data for 2014 the residents age 18 to 34 was 6% among the newcomers coming to Charlotte and 51% of the newcomers fall into that category. Anecdotally I was in Denver, Colorado in the fall at the University of Colorado at Denver for a two-day conference and I had on a name tag that said I was from UNC-Charlotte and people were coming up to me saying oh, I have a friend who moved to Charlotte or I had a friend who wants to move to Charlotte, is it really as good as they say it is. So there is a national buzz among the college educated as you can see here, a group that is highly entrepreneurial, a group

mpl

that if you look at the most recent Kauffman Study of business start-ups college educated folks are the one who are starting up more businesses than any other group in the country; young folks, college educated folks coming to Charlotte. Another piece of data I will share is the increase in senior population. The Pew Institute, a couple of years ago, did a study and they are continuing to do work around what they call the demographic megatrends that are going to shape the 21 century of the United States and there are three mega trends that they identified and one of the trends is the growth of the senior population. So if you look at these bar graphs and you look at 2015 which is the present, take another 15years out and you can see of course among the growth what is happening is that the youngest cohort, the one to 19 group is actually going to shrink ...population. That middle cohort is going to grow modestly, but the greatest growth in terms of Charlotte's population is going to be among the 60 and older population. When looking at the difference between now and 2030 about 121,000 new seniors in Charlotte. What this means I think for you as our elected leaders and decision makers is to think about what we need to do in terms of planning for that growth how do we design our community, how do we build our City to accommodate that growth and the other piece of it is to think about the advantages that we are going to get from those seniors. That same Kauffman Study that I cited that talked about business start-up and entrepreneurs found that among new businesses that people 60 and older were among the largest components starting new businesses because these people come to Charlotte, they are not coming simply to retire, they are coming bringing their business, bringing their entrepreneurship with them. It is not a group that we should think of as simply users of services but people we are going to be providing for this community, this growing older segment. Another one of those Pew megatrends that was discussed was the growing impact of immigration and the impact that immigrants and descendants of immigrants are going to make in terms of the total population growth in the United States. Audrey Singer, who some of you may know about, respected social scientist at the Brookings Institution wrote a report back in 2000. And in that 2000 study where she looked at census data for the proceeding 20 years, identified what she called the new immigrant gateways; places in the country that had not even been on the immigrant target in terms of migrating to, that all of a sudden between the last part of the 20th century and the earliest part of the 21st century were places that immigrants were being drawn to. Charlotte in that study was the fourth fastest growing immigrant destination for Latino immigrants in the US. We were in 2000 by her estimate a new immigrant gateway. Last year Singer came out with a new study of immigration in the United States and she identified what she called major emerging gateways so in this typology she was saying these are places that are not new gateways, but places that are becoming the national destinations, the national targets for immigration into the United States and among the places she identified was Charlotte. We went from being virtually a new place with no history, no real experience, to a place that was now one of these major immerging gateways and her data went on to say that if you look at immigration in the 21st century all projections are that the greatest increase in immigration is going to be into these major emerging gateways and they were Atlanta, Charlotte, Phoenix, Orlando and Las Vegas, those were the five cities or metropolitan areas.

Councilmember Smith said are they able to determine through the study the amount of legal versus illegal immigrants?

Dr. Furseth said those data vary from place to place but we know that the number of undocumented is going down; that is where more people for example are going back to Mexico and Central America than are actually coming into the United States. Most of the people we know are really the people who don't have the economic background are probably more undocumented. If we look at Charlotte, that among these immigrants 32% are US citizens. So these are people who are naturalized and if you look at the data, over 50% of the immigrants in Charlotte arrived here before 2000 and have been here through the recession and another over 40% arrived between 2000 and 2009 so the vast majority are trending toward either native born, naturalized or naturalized citizens in terms of immigration. If we think about what is going on here we can look at the local data and we can see that the foreign born population in Charlotte is approaching 14%. If you had asked me 10-years ago how many are we not counting in terms and undocumented I would say it could have been as high as 15% to 20% above that, but now with the population that is coming in and the increase in people having children and they are citizens that is the portion trending down. So 14% and the population 32% are US citizens. They are coming in or came in before 2000 and then we look over here and we can see that as most everyone in the room knows, the majority of the immigrant population in Charlotte

mpl

Mecklenburg County is Latino, but with that said the fastest growing portion of this immigrant population is actually Asian. So percentage wise, it is Asian and they are a very diverse group, so we are talking about everyone with a PhD in economics who is working in a financial institution or working at Carolinas Health Care to somebody who is a refugee, who is a Mong or who is coming out of Laos or someplace like that so they span a great spectrum; there is no single image in terms of immigrants by in large, but certainly among that Asian population. The Asian population is growing at a faster rate, the African population is also growing at a very rapid rate and the Latino population continues to grow in terms of our local communities.

Councilmember Lyles said what is Oceania?

Mr. Furseth said that would be the folks coming from Australia and New Zealand; on the other hand we simply added in terms of immigrants we know that immigrants are highly entrepreneurial; I'm going to circle back to that Kauffman Study again, for the last year and what the Kauffman Foundation found is that 40% of all the entrepreneurship and new businesses in the United States last year were open by people of color so it was African Americans, it was Asian, it was Latinos and we know from other research in terms of looking at patents that are issued and looking at business start-ups in the longer term that immigrants represented a disproportionate share of that entrepreneurial group across the United States and certainly is playing out in Charlotte and Mecklenburg County.

Clearly the great recession in 2008 was a huge hit to us in terms of what it did to large businesses what it did to small businesses and what it did to property values across the community, but when we look at the data we can see that job growth has returned, not only has job growth returned, but if you look here in terms of where we were in term of total number of jobs back in 2005 to 2008 and we look at it today we've gone beyond that. We not only have recovered from where we were back before the recession or right when the recession hit, we have actually gone beyond that and you can see the trend in terms of Mecklenburg County and following Charlotte in terms of that trend. One piece of data that I saw right at the end of the last year was a report done to the State Legislature in terms of the gross state product, in other words the value of all goods and services generated in the State of North Carolina and the data that was presented for 2014 was when you broke out the gross state product, and again all the goods and services in North Carolina, 32% of that was in the Charlotte region and Raleigh was only slightly behind us. Think about it, 32% of all the goods and services in North Carolina were coming from the Charlotte region and we all know that Mecklenburg County and Charlotte is the hub of that in terms that economic activity; something to think about.

We also know that we are a community because of everything they talk about and the data that is out there and the buzz around the entire country, a place that businesses want to come to and so the data we have through the last three quarters of 2015 with 722 firms investing \$712 million in Charlotte and again it is really great to go on the internet almost daily and go to the Charlotte Business Journal or go to one of the sites and see someone is locating in Charlotte, someone is locating in Mecklenburg, new businesses coming to Charlotte, new entrepreneurship. It is part of almost the mantra of the local media in terms of what is going on. The other part is, as we know during the recession the local residential, rental housing market, the real estate market took a big hit; you can see some data, a whole lot of effort that was put together by the City staff with the assistance of my colleagues at Charlotte Urban Institute, so all the credit when you look at this, it is the guys over here, Rebecca Heffner and Debra Campbell. When we look at the residential development trends we can see what happened in this five-year period here in terms of single family demolitions, residential renovations, new single family permitted, all other residential development, multifamily rezonings, you can see what was going on. This was the boom period; or rather we were coming out of the recession and this is the data for the calendar year 2015, a most recent calendar year. If you compare for example residential renovation permits over 14,000 issued in the past five-years and then 5,000 issued last year, it is pretty impressive. You can look at rezonings, you can look at other residential development, 21,000 and 4,000 in the last year so the point I think in the data and what they illustrate is we were coming out in a big way and coming out is actually accelerating or in many areas accelerating in terms of residential development going forward.

You can see some of the concentrations across the City; over on the left we have mapped by neighborhood profile area which is part of our neighborhood explorer project. What we've done here is just construct what is called the location quotient. The location quotient looks at the concentration of activity in one area relative to the City as a whole, so the location quotient, those dark areas in the map on the left, are the areas that are the most concentrated and have the highest concentration relative to the City as a whole and then orange areas represents areas that are around them so if there is a citywide average these are going to be people around that citywide average and then finally the area in blue are areas where the proportion of new housing is lower than what would be expected if you take the citywide average. I think one of the points to look at this and I'm sure you as individual representatives are looking at your own districts, but if you look at this you can see just how widely distributed it is, so this is not something that was simply occurring in one part of the City to the exclusion of another part of the City.

Ms. Lyles said if we know that we are growing 2% per year and if we know that the young people coming and the income level of people coming, is there a way to project what they are buying. Like if I am a newly young person coming in and my income is going to ... do you know if that that means I need an apartment or do I need a house or do I need a condo? Is there a calculation for development of that type so we can look at it as a trend?

Mr. Furseth said I don't think it can be done in a quantifiable fashion so we could say X equals Y but I think we could count on City staff and planners to either tell me I'm wrong or maybe support it. There are these profiles so we know in terms of the real estate community knows if you are talking about a 21-year old single woman with a college degree this is what she is going to be looking for. I know in the case of my own daughter who falls into that category, she lives in a condo project and virtually everyone in the condo project is a single woman, her age with a college degree so there are kind of profiles that you can use to say this is likely impact on the real estate market.

Ms. Lyles said I asked that because that kind of trends toward our land use policy so if you say the aging population or the people that are coming over the age of 60; they are starting a small business, yet they have had a 5,000 square foot home or a 3,000 square foot home; what do they want now and is there is some way to correlate that to what kind of land use we are having to put in place in our rezoning rewrite. I'm just trying to figure out the data to do that or what is available. No answer required.

Mr. Furseth said over here this side of the map shows what you might generalize to say multifamily developments and here we have [inaudible] obviously we see in concentrations in the center city where I think I saw there is like 24,000 people are now living in center city and South End and it is projected to grow to 40,000 soon and because people are attracted to that environment and are living there plus the cost of land, etc. it is going to mean a certain type of development. There are quite a few in the University area along light rail and the Ballantyne area so this is less dispersed but again it does give us kind of a snapshot of what is going on with respect to activity and this is over the past four or five years. We take all these things and put them together and they translate into new hotel rooms, commercial space, residential development permits, new vehicles; all of this kind of ancillary pieces are part of the things that you need to consider and think about in terms of public policy, but again I think the bottom line here is the arrow keeps going up.

I have thrown a lot of data at you and what I want to do now is to try to bring the data together and have you think about what all this means for Charlotte going forward and what it means to elected officials or city staff in terms of thinking about that, because we are as a community very much in what I would say in the midst of transformative change. Change is occurring because of growth but it is not a linear type of change; it is not a change that simply says this is the way we've done it or this is the way we are going to do it next. We've got to think beyond the typical linear sort of model so with that said, what I would offer to you is not a prescription, but a roadmap going forward and the roadmap comes from Brookings Institution and two authors, two very highly respected urban policy analysts, Bruce Katz and Jennifer Bradley from the Brookings Institution, who wrote a book a couple years ago called the Metropolitan Revolution and the Metropolitan Revolution kind of sums up this idea and that is that there is a revolution occurring and this revolution is not relying on Washington to solve our problems anymore and

maybe not even relying on state capitals to solve our problems anymore but we certainly have to be collaborative, but what they see and what they articulate in terms of their book; it that there are these cities in metropolitan regions that are becoming the engine of growth and the engine for a social and economic transformation in the United States and I would add the world. It is not just occurring here, it is occurring in Western Europe, it is occurring in Oceania in terms of Australia, New Zealand, in parts of Asia, it is occurring around the world and it's a way where regional governments are responding to this kind of broken politics and broken problem we have on a larger scale. Some of the data they point out is that 11% of the United States has 66% of the US population and that 66% of the US population generates 75% of all the GNP in this country. So we've got a very small part of the country which is heavily populated and is generating a greatly disproportionate share of the wealth and they would argue going forward is going to be leading the country in terms of innovation or cities around the world, the metropolitan regions, are going to be leading the world. Not all cities, not all regions are these revolutionary places; they are grappling with issues may be coming out of the recession that were not so good and they are still struggling, but in the book what they do is highlight cities and places that are succeeding and both Katz and Bradley have been to Charlotte a couple of times since their book came out and if you saw them what they said was Charlotte was one of those places. It was not one of the case studies in the book, but clearly they know from looking at the data and from having conversations, we are one of those places. If we think about that what are the characteristics that make for this revolutionary attitude or this revolutionary capacity; and they are this. First, these are places that are very diverse, these are places that attract diverse populations and by that attract counted populations. So there are places if you think back to college educated, we think back to immigrants, you think back to diversity in a broad sense, these places want these folks because they are part of the success formula. These are also places that are very collaborative; they don't build a wall around themselves and it's like us and the outsiders, but they are trying to build collaboration with other governments with business, with non-profits, with organizations to come together for solutions. These are also places that are investing in what they call transformative infrastructure; it is not just the normal fill the potholes in the road sort of thing, but are thinking about what is the next generation going to be in terms of the need for infrastructure. I think about our grant that the City is in the process of putting in, in terms of transportation innovation; that is the sort of thing these places are investing in in terms of making things happen. These are also places where they craft policies or they craft programs they think about wealth that can be generated community wide. In other words, if we do this how does it just benefit the community as a whole, but how does it spread across the community so that everyone is touched or everyone has the opportunity to benefit? They also talk about fostering what they used as the terms ecosystems or collaborations where business, universities, government, labor are all working to achieve globally oriented development. The development that is not simply centered in the southeast or in North America, but thinking about what is going to happen economically globally and how can we plug into what is taking place in Germany or how can we plug into what is taking place in South America in order to lift ourselves up and be a part of this global community. One of the key points in their model is to create innovation districts where you use basic resources in that community, you think about what needs to be done and then you invest in that area and these innovation districts not only lift up that area but they life up the entire community. We use example from Boston and Detroit where they are trying to rebuild downtown to illustrate this innovation districts. Finally, and I think this is a real key point to consider, what they say is that communities need to identify their local uniqueness, their local advantages and then build upon them. In other words we are not going to be a revolutionary city if all we are doing is say oh, Seattle does this so we are going to bring that or Orlando does this so we are going to bring that; we need to think about what makes Charlotte special. What is it about this place that we can then build upon in terms of plugging into this policy process in order to become a revolutionary city. Think about these ideas and we are going to come back to them after Dee's presentation in terms of policy ramifications.

Councilmember Phipps said I know locally within our State we are faced with the dilemma where some localities might think these high growth urban corridors are benefiting at their expense, so have this urban rural divide that has sprung up, so how do you get the people on the same page and to see this as a benefit for the whole state as opposed to people drawing lines in the sand and taking actions that might work against the sort of progress we could all make if we all were on one accord?

Mr. Furseth said half the counties in North Carolina are losing population and if you are one of those places and if you look at Charlotte or you look at Raleigh and you say something is not right here. There is going to be a natural, particularly in places where you've got to find somebody to vilify, so there is going to be a tendency to point fingers and to create this false sense of unfairness. I think what we have to do, and it is not just the City, but it is the larger leadership of the state is this notion of collaboration so if Charlotte, if Raleigh, if Wilmington are growing there are going to be benefits that are going to accrue across the state so the business that is operating in Charlotte may have a supplier in the chain that is down in Green County or up in the mountains or in Caldwell County or something like that. What we've got to do is we've got to share what are the data that illustrate the benefit to the State of North Carolina of having growth occurring in these areas and then the other part of it is where we can talk across those boundaries and build collaboration, I think that is important. We certainly can't fight it and we can wave our fingers and tell them they are wrong; it has got to be in a sort of collaborative fashion. I think good economic analysis will show that a job created in Charlotte is going to spin off and help create jobs in other parts of the state and we need to push that information out. No easy answer.

Councilmember Driggs said I actually want to make a similar comment and point out the fact that there is a flip side to the metropolitan revolution which is specifically how the rural areas are being disadvantaged and in our General Assembly in North Carolina, that is developing in a riff which runs across party lines, so that you have these very conservative Republicans pushing for a redistribution of sales taxes to the rural areas based on need, kind of an odd position for them to take, but it also leads to tensions between Charlotte and Raleigh because Charlotte is perceived by Raleigh as being a little too for itself and too independent and Charlotte feels like we are a main driver for the benefit of the whole state so it does create a lot of intergovernmental issues that we need to address.

Mr. Furseth said one of the case studies used in the book that kind of addresses both of your comments was Denver. If you know Colorado, it is a very different sort of municipal government structure. So you have Denver which is very small relative to the metro region surrounded by a bevy of local governments and then these governmental districts so you've got local governments and you've got special purpose districts and then you have Denver in the center, and they started a light rail system in Denver, but it never could really move out because the people in the suburbs were saying why should we vote for a sales tax that is not going to benefit us. What they had to do was the political leadership in the city, the political leadership in the metro and the business community all came together and started a campaign that said we are all going to sink or swim together and contributing to that was the oil crisis back earlier at the beginning of the century that made everybody rethink this whole tax process. They were actually able to bring folks together to understand why Aroha was going to benefit if Denver got a light rail line and the result was probably in terms of ongoing mass transit, the most ambitious system in the country. I talked to a guy from Fort Collins and they are actually building a heavy rail line from Denver all the way to Fort Collins which is probably 80 or 90 miles north up to Boulder and down further to the south. This could not have been possible but for really getting over into your point, that kind of mentality that somehow Charlotte is benefiting to the expense of Onslow County or Jacksonville or wherever the State Senator was from who was trying to change all of that.

Councilmember Fallon said you know what we did at the University because you were a part of it; it was the collaborativeness of nagging the City, we needed I-485 and we didn't let anybody alone; we needed a light rail and we didn't let anybody alone and we got it. It took us years, but we got it and it was because we all banded together, all the organizations, the homeowners groups and we fought for it but we got it and it has made a difference; it is going to make a bigger difference and part of it is the University and that group.

Mr. Furseth said in fact I got a call from a reporter and in terms of real estate property increase, the highest increase last year in Charlotte was zip code 28213 and that is not the high end part of the University area, it is not Mallard Creek, it is the piece over along North Tryon. It is like what is going on there, and I live in that neighborhood.

Ms. Fallon said it was all of us, the Northeast Coalition and everybody saying now we want this done and Governor Perdue came through with it, she promised us and six months later they started back finishing I-485, which means such a difference.

Mr. Furseth said what is going to happen out there is going to benefit the whole City.

Ms. Fallon said I live in a condo and it is not senior citizens but it is what it is becoming, because everybody sells their house and comes because it is one floor, it is a two car garage and by its own nature, it has become a senior citizen place where people move into . There are no young people there, there are no children there and that is what is going to happen. We are pushing to build some of that up there because we do need it. People want to stay at home; they don't want when they sell their houses to have to go someplace else.

Mayor Roberts said I want to dig into a little of the point you had about cities are getting better at providing opportunities to everyone because I struggle with that one. I think there are a lot of metropolitan areas that are challenged with poverty, the digital divide accelerates that and the way our neighborhoods develop that accelerates that, the way our school systems are all over crowded and underfunded, urban centers around the country and I worry about that and whether that is a reality or not. We talk about the pooling of resources between urban and rural and there was a map recently that came out that showed average income in different counties and they had Mecklenburg and Wake way up high, but what it didn't take into account is the fact that within Mecklenburg, sure our average; we've got CEO's of Fortune 100 companies here that is skewing that average way up, so within Mecklenburg we have more people in poverty than most of those rural counties. What this did was, the Legislature looked at it and said Mecklenburg and Wake have all these resources so they don't need – it is a false reality and I worry that there is not a recognition of that poverty gap and the difficulty of moving out of poverty is very real in our urban centers and there is not a recognition of that and our statistics are trying to prove that it is not an issue and it is going to get worse.

Councilmember Smith said we talked about this at the last Retreat and we did a segment on aging in place and I've got two rezonings now for sort of transitional from Sharon Towers from independent living, so does 121,000 senior citizens, are those going to be new senior citizens coming into the community from elsewhere or they going to be folks that are matriculating into the category of senior citizens in Charlotte and they want to retire here versus saying I'm going to go up to Asheville or wherever for retirement?

Mr. Furseth said those data are from the office of State Management and Budget so those are aggregate projections; the 122,000 just says on what we've got now we are going to add 122,000. It doesn't tease out of that piece but if you have other data that says if you look at the same period of time, if you look at Charlotte and Mecklenburg County, this is Mecklenburg County data, 60% of the growth is going to be in ... so to your point a significant chunk of those folks are going to be arriving from outside Mecklenburg County.

Ms. Fallon said the other thing is they come with money, but most of them don't need services because they come with houses that they sold at very high prices in the north.

Mr. Smith says to Vi's comment earlier, I just think with some of the private sector, with some of the rezonings I've had coming just within the last couple months that are in the early stages, we're seeing some of this transition.

Mr. Furseth said they're smart. They study the market and they've done the analysis.

Mr. Furseth said I'm going to turn it over to Dee because to Jennifer's point this gentlemen is leading a task force that is exactly confronting those issues and I think as a citizen you all need to hear what is going on because it will inform, I think, where you are going.

Dee O'Dell said that is a great Segway and we will get to that point momentarily with some great maps that will demonstrate exactly the point that you are making. It is a tremendous pleasure to be here with you today. Debra introduced me as a banker and that is my vocation;

mpl

I'm also a father of three middle school daughters, actually three in a row, sixth, seventh and eighth grades. I grew up in a small town in Mississippi, the product of a father who was a minister and a mother who was a teacher who had great commitment to community involvement. So when the ask came from my wonderful Co-Chair, Dr. Ophelia Garmon Brown, to join in this endeavor. I was honored to step up and be a part of this. I've lived in Charlotte for 14 years and I feel that I am a part of the community and yet I will tell you that as we have gone through this work I have found myself realizing how much of the community I don't really know. I think as we go through this you will see and appreciate even more that there are those in our community who fully understand and live the challenges of mobility and poverty and then there are those who can go throughout a whole week where they live and work and worship and go to school and not see any of the challenges. That is part of our work on this task force is to make sure that we are listening to the community, that we are spreading the word and that we are engaging very well. I will talk more about that in the end.

We are the Charlotte Mecklenburg Opportunity Task Force and I will share with you where we are in our work, what we are doing now, what we have learned both from experts and from the community and where we are going next. So many of you have heard the statistics and some of you have actually read the report; let me dig into this a little bit and tell you why it is that we made this headline that we were 50th out of 50 in economic mobility; why it is important and why that one particular metric may not be the one that is the most important to us. This is a great study that was done by an economist at Harvard and UC-Berkley and they are able to go back and look at people who were living in poverty in 1980 to 1982, all across the US. Those who had children born in that time period, social security number is assigned, track those social security numbers 30 years later. Those kids who were born to a family in poverty, where were they [inaudible] and most people back then by age 30 you are sort of set on a trajectory so we think about pointilles, where you may be in terms of the economic strata by age 30, you are pretty much set there. So you can look at that and say alright what is the mobility; you were born in poverty and at age 30 where do you rank in terms of your income ability. They look at this data across the entire country and then look at one metric, well they look at many metrics and the report is incredibly detailed and I think we will see more and more coming out as people study their work, but the headline was moving from the bottom to the top. The ability to move from the bottom 20 percentile of income and come to the top 20% in income; that is where we ranked the worst out of 50 large cities in the US. You see here that the bottom five cities, Charlotte at the bottom; 4.4% means that 4.4% of the people who were born in poverty in that study were actually able to make it to the top; whereas, in the cities at the top, it was more like 10%. That's a great headline to grab your attention and stir us all into action. I would submit to you that our challenge is beyond changing a small percentage of the people who are born at the bottom who can make it to the top and thinking about people born at the bottom can get up two rungs into the middleclass or three rungs up into that next to the top quadrant and then once they get there, what sort of protections do we have to keep them from sliding back into poverty. It is a much more complex issue; this was the headline that got us all going because no-one wants to be 50th on a list of 50.

Councilmember Autry said in the top 100 cities where do we rank?

Mr. O'Dell said that is a great question; so in the top 100, they look at counties and we were 99 out of 100 and number 100 was Baltimore, so we beat Baltimore. There are two camps of people in Charlotte; there are those who say, how can this be our story and then there are those who live in those neighborhoods and Ophelia and I have talked to them about it and they say you are right, so we needed another study to tell us this; we know that.

Councilmember Smith said is there a comparative number; my wife is from St. Louis and St. Louis the city is landlocked and all the wealth lives out in the suburbs. Charlotte, we take up about 90% of the county so we have an confluence of wealth that actually lives in our City, so you are comparing that the wealth that is here and the folks as they go up to that, so I guess what I'm going to say is it an apples to apples comparison when we are 50th when we have other communities where the wealth has fled the city and so those folks are –

Mr. O'Dell said I think it is when you look at it on a county basis or you may be right because of the size of our city relative to –

mpl

Mr. Smith said I'm not saying we don't need to do the work but I just wondered if we are as bad as it states or are our numbers sort of hyper-inflated because our wealth hasn't left the city; our wealth lives very much in the City.

Mr. O'Dell said I would compare that with Atlanta where in terms of Fulton County and Cobb County, it's pretty small and yet we actually are worse.

City Manager Ron Carlee said while this says Charlotte, it is not a jurisdiction specific section, it is the Charlotte area.

City Attorney Bob Hagemann said it is not measuring folks 30 years later who are still in Charlotte; it is wherever they went in the country, right.

Mr. O'Dell said yeah, you are going to test my memory on exactly what, but it does adjust for movements around, correct.

Mr. Hagemann said if it is tracking social security numbers ...

Mr. O'Dell said this is what stirred us into action; in very simple terms. You could think about it in terms of what holds us back and where are the opportunities that can lift people forward so as we've gone out into the community as we try to take pretty dry statistical data and boil it down, we talk about bricks and balloons; what are those things that are holding you back and what are the things that can potentially help lift you up. The call to action that I think began with County Commissioner Fuller and quickly the City joined in and it was the Foundation of the Carolinas and we assembled a task force. You may see familiar faces here; you will see one lens of diversity and that is appearance and what you don't see in the pictures here are a wide range of backgrounds, vocations, interest, community involvement, their own personal stories. We have four people on the task force who were self-identify as growing up in poverty and they have made that transition out of it. There are one or two that would say they are still living right on the edge there, but we have as young as 24-years old, a young woman who grew up in a Charlotte housing project, went to college on a Housing Authority scholarship, come back and taught in the schools here. We had at the other end of the spectrum leaders in business who are at the end of their careers and had a tremendous experience and knowledge, so it is a wonderfully diverse group of people who have come together and are really working well together. It is amazing to see the chemistry among the people who are serving on this task force.

Our partners, the City, the County, the Foundation of the Carolinas, the John M. Belk Endowment, the Knight Foundation and the Z. Smith Reynolds Foundation not only partners in terms of providing some funding for the work we are doing, but also in terms of thought leadership and through their connections and with their support we have had tapped into experts from across the country. Owen referred to one of the books published by one of the leaders thinking around this topic at Brookings. I'm going to go off script here and commend to you two things, one the book Our Kids which really we think has a tie to how we are thinking about this and the importance of our kids, and secondly a great report that has just come out a couple weeks ago jointly authored by American Enterprise Institute leads a little bit right and Brookings leads a little bit left and theirs is The Opportunity or Responsibility and Security, a Consensus Plan for Reducing Poverty and Restoring the American Dream. It is a great piece; there is a two-hour video out there that is their press conference where they talk about their work and how much common ground there is across the political spectrum for work in this area. Through the connections with these various sponsors we've gotten great access to the best thinkers nationally.

This is the work that we are doing and we've taken a few at a time here so most of our work in the second half of 2015 and the first quarter of 2016 we would describe as our discovery phase to really understand what is our current state in Charlotte, what are the historical decisions that were made that led to our current state; what are some of the great things that are already happening in our City and what else is happening in other cities that we might look to. So we think about that and we are looking at a couple different factors and I'll walk through that with you in a minute. Our first milestone and I think it is going to slip a little bit because the work that we are doing right now is so rich, but we will put out a report that basically says these are
mpl

our findings about where we are today. That will come at some point in the first half of this year and soon after that we will put out a dashboard so I want you to think it like this; if we are talking about inter-generational poverty, we are talking about something that is a multi-decade problem to solve. We are talking about investing in kids today and expecting a different outcome within 20 or 30 years from now. One of my passions is marathon running and I think about if you are going to go 26-miles at some point in the future, you've got to have some benchmarks along the way to know that you are moving in that way in terms of your training so we are going to come up with a dashboard that says if this is what we want to look like in two or three decades here are the things that we would measure each year to know that we are on track. In simple terms you might look at high school graduation rate, you might look at third grade literacy proficiency and there are a number of other things you can look at so we will come up with a dashboard and say test that our with various groups, our sponsors and others in the community to say how does this feel. If we had this as a goal and if we are measuring these pieces annually does this seem like the right path and from there we will move to a final report with recommendations on what we think needs to change in our community in order to change this trajectory. So here is what we've learned; there are five, and this comes out of the report, which we refer to as the "Chetty Report" because the lead author on it was Harvard Economist Raj Chetty, so five contributing factors; segregation, income inequality, school quality, social capital and family structure.

So we will get to Mayor Roberts' question here and talk about how things in Charlotte can't be seen just in a whole, but we need to look at them as they lie under the surface. We are segregated by race and ethnicity. So if you can see this from where you are sitting, the blue represents Caucasian, green represents African American, and if you see red dots and yellow dots those represent Asian and Hispanic, so there is a pattern that begins to emerge here of a wedge of south Charlotte that is more predominantly white and a crescent from west to north to east Charlotte that is more predominantly black and then in the northern area of the county near the lake it is also white and the southern wedge is predominantly white.

We are segregated by income, so on this chart we look at the percentage of people who are living in poverty, where it is darkest, you have the greatest concentration of people living in poverty. You see the same pattern where it is the lightest, we have the least concentration of people living in poverty, so the same pattern emerges here, we've got the wedge of south Charlotte we have the least amount of poverty, we have this crescent where we have a greater concentration of poverty and the northern part of the county with far less concentrations of poverty. We are segregated by educational achievements; so one way to think about educational achievements is third grade reading proficiency. We know from lots of research that third grade reading proficiency is an incredibly important inflection point in the development of a child. Up until third grade, you are learning how to read and from that point on you are reading to learn. If you have not mastered reading by third grade, then you will fall behind from there on because you can't read to keep up with science, social studies, math or any of it. So we look at that and the blue dots are where third grade reading proficiency is the highest and you will see the same pattern emerge; south Charlotte wedge and the northern part of the county and then the crescent is represented in various shades of brown, gold or yellow where third grade reading proficiency is at its worst in our school system.

We are segregated by levels of social capital and this one is harder to measure. We know that social capital is about our interactions, it is about all of the connections that we have, it is about the fact that my kids know doctors, lawyers and professors and can talk to them about what they do, it is about connections and that is an incredibly important thing as we think about mobility. One way to measure it is to think about voter participation; so voter turnout is highest in the areas of greater affluence and voter participation is lowest in east, north, west that same crescent. That sense of connectedness, of participating in government is one way to think about it but social capital is really much further than that and we will come back to that in a minute.

We are segregated by family structure; the same pattern emerges when you look at single parent households. One of the things that the Chetty Study said of all of the determinates around mobility, family structure is the most important. It is incredibly difficult for a single mother to raise children and to have them have a chance to move out of poverty. If you're in poverty and have two parents living together in that household; the probability that you will move out of

poverty is infinitely higher than with one parent. We all know that single parents who have done extraordinary things with their children and we all know very successful adults who are the products of a single parent household; there are always exceptions, but it is one of the most challenging factors for mobility. If we look at this map, it is the same pattern. So the percentage of single parent households is the same pattern. In our country, we have an increasing challenge with an increasing number of children being born in single parent households; it is incredibly acute in the African American community where today 70% of the children are born to single parents. This overlap with concentration and the correlation with under performance in school gives you that pattern to see that we are not all one and as we begin to think about what is it we want to do for our kids collectively it has to focus on these various opportunities.

We've met with experts nationally and locally and we spent a good bit of time around education, what happens in school and what happens outside of school, focused on education to job preparedness; there is more that we need to do and we are in our next session tonight; we have a task force meeting tonight, we meet every three weeks for three hours on Thursday night and then there is homework assignments for the weeks in between and we are constantly sending reading materials to our task force to keep them abreast of lots of different sources of information. Tonight we will talk about the family and very specifically the challenges to fatherhood, participation in the African American family. We have both national and local experts coming to talk with us about that tonight.

Mr. Smith said is that information that you can send over to the Manager? I think that is the number one critical issue that you are pointing out and I would love to see in your three hours what you discuss and what the experts say. Is that something that we can coordinate and try to get copies of those materials?

City Manager Ron Carlee said don't you put everything on your website?

Mr. O'Dell said there is exhaustive collection of information out on the website but to get that to you specifically, absolutely. I want to come back to this because it is bipartisan report which is fantastic and there's some great information in the Brookings and the AI Report.

Councilmember Mayfield said when you are thinking about the meeting you are having this evening and looking at the critical factors, how much time is spent on the conversation of creating true job opportunities because it is great to say because we have the Centralina Economic Development Committee that breaks down but if we are not actually working together to connect these relationships with what you all are doing with what Centralina Economic Development Committee is doing and the fact that they have this amazing computer program where you can put in your interest and ideas, but none of that means anything if we don't have the companies that are committed to the jobs. At the end of the day the key baseline factor is gainful employment so if you are working a job where you are paid \$7.77 an hour which we have employees in the City that are making that, what are your chances to start getting out of poverty.

Mr. O'Dell said that is a great question and let me expand on that; when we had our first task force meeting and one member of our task force came to me and said I've got the answer. This is all about creating jobs, this is about job creation and about five meetings later he said you know what, I get it; this is not just about that inflection point at age 18 or 19 and getting a job, this goes all the way back to what we are doing, the opportunity set for kids is not just in school, but now we understand that early childhood development so the first three years so much of the cognitive development that they have creates in the brain and we know from the experts who come to talk to us the toxic stress of living in poverty, the stress of all sorts of factors about that uncertainly about where you live, moving and the uncertainty of other resources and various adults coming and going in your life, all of that is so damaging that we have kids who show up for kindergarten two years behind. Then we look at the school system and say alright we need you to teach this kid and we want them proficient in reading by third grade and then we want this graduation rate. I think you are absolutely right and there is work to do around workforce readiness and there is great work that is already being done in our community and great connections between companies and CPCC and entering apprentice programs and there is a lot there. In our final recommendation I know that we will address that, but I will tell you of our
mpl

work so far, which is really around education, the consensus that I feel forming among our task force is that for us to have any impact there, we have to go all the way back to early childhood. And understand that it is not just about the child and that child's development, but it is holistically what is happening in that family, in their environment, in their neighborhood so this is where it gets to be really complicated because you can say I think the work that Monroe Richardson is doing in Charlotte is phenomenal, but there is greater focus on third grade reading proficiency. There is so much that is happening early on in the development of that child and in that family, that we have to think about the resources that surround it.

Councilmember Eiselt said along those lines are you looking at cities that are ranked high that have the same demographic that we do? Have they had their own journey? What have they done to change it?

Mr. O'Dell said that is a great question and here is the challenge. Yes, and that was the first thing I did; I said let's figure out who's doing it well, let's go there and meet them and figure out exactly what program to plan. Two challenges, one this is historical data, so it is about kids born in 1980 to 1982 and their journey up until 2010. Here is where we are today; we are a different community today than we were in that 30-year period. If you look at the cities at the very top most of them are very different from us. They are different in the structure of their economy, different racial mix there and the regions that are having the biggest challenge are the darkest ones on here. You see the pattern there, it is southern and some cities in the Midwest; we have had difficulty in saying here is the one city that is like us that we want to go benchmark against. We know that there are some really interesting things that are being done in certain cities around even more aggressive marketing of magnet schools and programs that are drawing greater diversity in schools. We know that there are certain cities that have 30-year commitment to distributive low income housing and today those cities or those counties have a whole different pattern where you have neighborhood schools who had lower income housing distributed throughout that county and a commitment to that for 30-years. That is a great question and we have not yet been able to figure out which city fits that like us and is at the top of the list and we say that is the one we want to go after.

Ms. Fallon said the thing that starts it is pre-K and by law you must have pre-K for children. I'm talking about good ones not daycare and this State does not do it. It has 6,000 children or more who need it; that is where it starts because that is where reading starts and that is something that we really do not do and we don't do it in Charlotte either. If you don't teach children to read, and you start it in pre-K with phonics; you are never going to get them to read. How do we solve that because the State will not put the money in?

Mr. O'Dell said we are not yet at the point of recommendations.

Ms. Eiselt said I just want to mention one other thing that I heard in the listening conversation you all had at St. Luke a month or so ago, and I thought it was really poignant when you have a couple of adults up there that are parents that are also felons who cannot get a job. That is an issue we've got to address because that is half the household that could be bringing in income.

Mr. O'Dell said that is a piece of the conversation we are going to have tonight so one of the experts we have here is Joe Jones from Baltimore. He was actually here and spoke on a panel that we had, and his primary focus is around supporting urban families and particularly men and their role in the workforce and their role in family. Here is what we've heard so far from all the experts locally and nationally that we have talked to and coming into the long haul this is about systems and not individual programs. There is no magic solution; it really is across human, social, and financial resources. We've got to support families and particularly single parents and as we talked about the critical factors that are here. We did have our first listening tour in the community at St. Luke Missionary Baptist Church, and we've also had surveys and lots of input that has come into our website. This is what the community is saying to us is quality K-12 education, affordable childcare and after school, affordable housing, access to jobs and living wages, transportation, connecting people across differences, mentors and positive role models. I think that last one is so critical. This is about social guidance, and it is connecting young people so that they see what that they can be; that they see an example of what their hard work can lead

to in the future, and that can serve as a motivation and a connection for them to feel connected into the opportunities that are here.

Mr. Carlee said I think this is a real important slide to the extent that we really care about these issues and our economy conversations this afternoon around city priorities, looking at these and thinking about what entities have what responsibilities for what or so differently which of these clearly if the needle is going to be moved the City has to pay a significant role there.

Mr. O'Dell showed a slide "Our Unfolding Economic Opportunity Story" which had topics of family, education, and social capital and said this is where we are in our work. We are going to talk more about jobs and the connection between education and jobs and the way we recruit companies to come here. I have a product of the kind of jobs that have been added in Charlotte; I'm not a native, but as a banker I got to move here because the banks were expanding, and there were great opportunities here, and we've done a phenomenal job of recruiting companies to come here and bring lots of well-paying jobs. At the same time we've lost manufacturing and we are relying on service sector jobs so we need to think about how does our recruiting effort and the job creating connect with where we want to have opportunity for young people coming out of school. So family, education, social capital – for children in poverty, and you've listed out there some of the realities, some of the key influencing factors here and none of those will surprise you, and then we have our local supporting data. We are going to be very driven by data, and as we get further and further into our work we are going to be looking at the things that can be done. I will go back to the dashboard; we want to know if we recommended these are the areas of focus, and if we as a community focus on those areas we will drive a different outcome. That leads us to System Structural Barriers Policy issues and that gets to where you all come in and to think about those. It is great that we have the Y partnering with Renaissance West to create a childcare facility that they will run that has public and private money supporting that, and a thought around that is not only the childcare but embracing the whole family, and the alignment of resources there are fantastic. It has a program, and that is great. Structurally, from assistance standpoint what do we want to do in a bigger picture for our city and our county around issues of early childhood education and early childhood development. You see listed out there some of the systems and the structural components that we will need to wrestle with.

Councilmember Driggs said one quick question on one point here; I was struck by under local supporting data it says 28% of those in poverty in Mecklenburg did not complete high school. Does mean that 72% of those in poverty did?

Mr. O'Dell said yes.

Mr. Driggs said I was on the Board of Communities and Schools and we had a goal of increasing graduation rates, but it was becoming apparent in discussions of the experienced kids that just obtaining a diploma, the fact that you were handing out the diploma wasn't really solving the problem. So as you looked at many of the data about schools and you see in there whether you also identified the issue of just getting somebody through high school and getting a diploma is not giving a lot of protection for potentially being in poverty.

Mr. O'Dell said absolutely, that is a great point and while school system has done a very good job of raising the graduation rate and even in some of our more challenged schools the graduation rate is going up, but that diploma and what it will translate into in terms of a job in today's economy is not what it was 20-years ago. You hit on one of the most critical components here which is that connection between education and the broader experiences that adolescent has had and being prepared to transition into the workforce. So, we see a need for even greater connection here where kids know all of the options that are available and greater connections into programs in the community college that are going to prepare them with a certificate or a two-year degree to have skills that could be used. One of the anecdotes that we've heard can't find enough qualified welders for the gas company. We have kids that are graduating from high schools that don't have skills and aren't going on to jobs, and we can say publicly we don't have enough qualified welders that make a living wage so that is one anecdote. We need to be driven by broader data, but I think you hit on a very important one, that connection from education into the workforce.

Mr. Driggs said CPCC is a big part of that.

Mr. O'Dell said they are a big part of that, and they have some wonderful programs that are very effective already. It is expanding those or understanding how best to link things together. Thank you for making that point.

To drill a little further into the system and structure policy here are some observations around schools. Schools are not your primary responsibility and yet the school system is impacted by the development within the city and the county; it is impacted by where affordable housing is. It is impacted by where jobs are. It is impacted in some ways by transportation systems as well, and so we think about all of the things in the community and the structural challenges and opportunities and how that can connect back to the whole education experience. We go out into the community and this is a slide we use to say we want to hear from you. Our website has a survey that people can go out to so we know what they are thinking, the ability to follow us and the work we are doing across social media. We are encouraging people to host conversations in their homes or among groups, their book club or church. We will have more work in our listening tour as we go out into the community to listen and to frankly to also tell the story. Ophelia and I have been so fortunate to be invited to stand in front of many, many different boards to be a part of a conversation with most of the partner agencies in the United Way, a hundred leaders of various boards within the YMCA. I feel a tremendous alignment of various organizations within our community around this topic, and it is part of what gives us so much excitement. There is a lot of work to be done here, but there is a willingness to have this conversation and talk about how we can do better.

The meeting was recessed at 11:20 a.m. and reconvened at 11:32 a.m.

Mr. Furseth said Dee has done a fantastic job of laying out the economic opportunity task force and what they are dealing with in separate issues. To start out to bring those two pieces together I think clearly we all understand that Charlotte is going to be this engine of prosperity and social transformation and the challenges to look at those guiding principles of the Metropolitan Revolution and how they fit into our future, and what can we do as a City in terms of collaboration to make those things happen in terms of sustained community wide growth. Using the lessons from the Opportunity Task Force and their work around the challenges this idea of two cities so we are a city as a whole a national model we are moving forward, and there are certainly areas within the city as the Mayor pointed out, which pull up the average, but we have these challenges. We have communities in the city that are not part of this, and what we need to go forward is to take action and to capitalize on what we have in the way of assets to make this a more inclusive opportunity economy or an economy we are all going to have the opportunity to participate in and benefit.

What we did in the last part of the presentation was Rebecca and Debra took the lead in terms of bringing together some key staff members across the city to think about the policy issues that have been raised by the task force, and those would be issues like affordable housing, access to good jobs, and living wages, transportation, and land use, engagement and youth programs. These are things I heard you pick up in terms of resonating across what he was sharing with you and then adding to this the whole question of community safety which underlies a lot of how people feel about individual neighborhoods and feel about their community as a whole. What I want to do in the next 15 to 20 minutes is kind of hold up some of these policy issues and share with you if you are not directly familiar with what is going on and what the city has been doing, then maybe as a springboard this afternoon about where you are going in terms of policy for the years to come.

The first issue and certainly this is underlying this whole notion of affordable housing and what we can see on this map is a number of pieces of data. I think one which certainly is troubling is the chart here which shows that if we look in constant 2014 dollars we can see the median gross rent across the City of Charlotte has gone up. In 2014, it was \$943, and in 2015 it broke \$1,000 so looking at median rent of \$1,000 and during the same period of time the median household income across the city actually went from \$57,000 down to \$53,000. So, yes the city has come, and yes there are jobs being created but in terms of the average impact across the community. In terms of wage levels those declining, rents going up. We can see at the bottom on the bar chart

mpl

the median sales price for real estate in the city, and I believe over the aggregate is about a 25% increase; it is up to \$192,500, 6% from last year between 2014 and 2015. And finally a map up here to give you a little geographic reference, looking at the change in apartment rents from 2010 to 2014 with the coloration of blue, rents that have changed very little, actually declined. Green very modest rents, orange and then up to the red and one of the things that strikes me about the red is that is all not concentrated along the light rail line or concentrated in Ballantyne, but there are parts of the city where you are getting a very significant increase in rents. So, it is not simply a problem for southeast Charlotte.

Mr. Driggs said is there any data that shows the correlation between rents, median income and population. As cities get bigger rents go up; we are growing fast. So, in a way to reach a conclusion about how we are doing, you might also want to look at whether we have an unfavorable relationship between median income, rents, and city size because some of that you are not going to be able to fix. If the City gets bigger densities go up. My daughter lives with a friend in a 2,650 square foot apartment and pays \$2,700 per month; and you can guess this is in Manhattan. I'm just saying I think there is a scale there and we are progressing along that scale.

Mr. Furseth said I think Neighborhood and Business Services is looking at data around rents and looking at population growth and issues like that. I think what you are seeing here is just a snapshot but I think you raise a very important point in terms of drilling down and seeing what is going on. If there are anomalies or are we simply looking at supply and demand in terms of real estate market.

Mr. Carlee said the problem with that has been what are appropriate public policies to affect the gap and the availability of housing?

Mr. Furseth said and those policies, if I can, would be Charlotte. So, we are going to institute something that is going on in New York City, but if we better understand the issues we can look at how we can work with them and framework makes sense for this community in terms of making... This is another important slide and that is Charlotte is losing, in terms of share, affordable housing units; so, if we look at 2007 and this is the percentage of housing units that are affordable at 60% of the area median income. We had 77% that were affordable; 83,000 units and by 2014 that was down to 58% and some of this is related to growth and population and the supply side of this but in turn should peek your interest of what is going on here and what can we do with respect to this. This is a slide showing you what the city is already doing. So, over the last five years the city has invested in over 4,200 units of affordable housing and you can see the Housing Trust Fund projects generating 1,467 units. Those are positioned across the City in terms of those black little houses. Charlotte House Loans 1,207 with the red dots and the rehabilitated units 1,537 units represented in green. You can see there is some concentration in terms of that arch of low income and poverty, but there is actually a fairly wide distribution across the community.

Mayor Roberts said on the previous slide it shows the number of units is actually going down, but we are adding. So, what we are saying is that the moving target in terms of income and inflation that we are not keeping up.

Mr. Carlee said income, inflation, and housing growth, and I don't know what the total housing units are but 83,000 or 77% of rental housing, whereas 82% is only 58% of all of the rental housing. This is the first time I've seen this chart which I think is a huge help, ... our increase in housing is the number is slow and what we are seeing is the market rate affordable has a downward slope so it shows a smaller percentage of overall housing and it is a net loss of 1,200 units.

Mayor Roberts said so the affordable back then is no longer affordable.

Mr. Furseth said yes and you can see the curve going up in terms of rents based on a constant dollar, and in fact it is now at \$1,000. I think if you layer all these together you get a clearer understanding of what is going on and this is a part of being a growing community, a place that is attracting a lot of new residents and residents are able to come in and afford these prices versus

maybe existing residents or new residents coming in that can't afford. I have a slide that talks a little bit to that point later.

Mr. Smith said I think if you layer over back on slide #12 where the development has occurred with the red, and it is also the new product that is being introduced it is in areas that are growing in density. There is definitely a correlation and I was looking back at the slide from concentration to residential activity in the red.

Mr. Furseth said in the market issue, I know in our meeting with the community one of the points that one of the speakers pointed out that there was this huge influx of apartments coming down the pipeline, but if you look at the price that those apartments were going to be charging low income people couldn't afford them.

Ms. Fallon said it is not only that; I addressed a whole group of banks and lawyers and they were complaining that they can't afford the apartments now so it is not just one level. We're going to have to look at every level.

Councilmember Lyles said if you haven't gotten your Charlotte Magazine this month, it says number of available housing units were extremely low and this is where it goes to the stability factor. In 2000, there were 32 units available, and in 2015 there are 15 units available so when we are correlating it to the economic opportunity study and we are trying to create stability. It shows both, we've reduced the number, and I expect made a family even more unstable when it comes to housing. That is one of the things that we kind of left up to the Housing Authority and during the Federal government days of Hope Six but we are not seeing that coming down any more for that very, very low income. So, again we can do some of that affordable housing in our plan, but we also don't have a plan that deals with the people at 30% and below, which I expect correlates very deeply to the economic opportunity study.

Mr. Furseth said I think what we were trying to do with these slides was to share with you some of the data that is out there. You're going to have very in-depth conversations and discussions with the Manager and the staff going forward. So, this data is available for you to process and shouldn't be viewed in isolation but rather layer.

Mr. Carlee said there is dilemma around the housing data that I always have a hard time wrestling with; it is the lack of affordable housing, but it is also the lack of housing so there is a supply and demand factor working here so to some extent the literal increase in housing even if it is high end housing, if it increases the supply and can relieve some of the pressure to raise rents on the more affordable housing. Developing high end housing doesn't necessarily adversely effect on the low end it wipes out a complex of affordable housing.

Mr. Furseth said some of the data that kind of undergirds this notion is that one in three households in Charlotte now is paying more than 30% of their income in housing cost which is the HUD standard. We need 34,000 units of affordable housing according to a recent HUD estimate, and then back to our senior population, to Ms. Fallon's comment, some will arrive at 20% and some will not. So, we can think about what this is going to mean for those seniors who have less than 60% AMI and need affordable housing because of the special needs around that population.

Ms. Fallon said what is the difference between workforce housing and affordable?

Neighborhood and Business Services Deputy Director Pam Wideman said generally when we talk about affordable in the community, we talk about how many of those households are at 60% and below. When you start to talk about workforce it is for those households earning between 80% and up to 120% of AMI.

Ms. Fallon said and AMI is what?

Ms. Wideman said area median income.

Ms. Fallon said does it go by the area or does it go by the whole of Charlotte?

mpl

Ms. Wideman said it goes by neighborhood, our metrics for the area, so basically Charlotte, Mecklenburg.

Ms. Fallon said as a whole it is not picked out like South Charlotte.

Ms. Wideman said No Ma'am.

Ms. Lyles said what is subsidized housing; is it 30%?

Ms. Mayfield said also thinking about the fact that we have a number of apartments units that are basically pay weekly, but when you are looking at paying that \$900 per month which it is about market rate, even though they are already paying that amount, but the challenge is because of credit rating they are not able to get into better housing. I don't remember us ever having that particular conversation of how, if anyway, we are able to address that and is that a segment of the community that has just been lost between the cracks altogether when they are not even a part of the conversation? What we are looking at I don't know if that segment is even being included in that number or they are that underground segment that are living paying week to week. How do we help transition them into better housing?

Mr. O'Dell said that is probably the most disadvantage group, in terms of what their income levels are likely to be and what they are paying. A second issue that Dee talked about was access to good jobs and living wages, and this is a slide showing you what are projected to be the fastest growing job segments in Charlotte going forward, beginning with customer service, where the median local wages are \$15. I don't think I need to discuss what we see up here but \$15 and \$10 in retail sales, food prep \$8, nurses \$28, and laborers \$11. So, this is what the economists tell us are the jobs that are going to see the fastest growth.

Mayor Roberts said constant dollars?

Mr. Driggs said no manufacturing jobs?

Mr. O'Dell said I think you've heard that and you probably already realize in terms of what the job growth is across the economy, but certainly locally. I will point out that we have data, the city is reaching out to do what it can as an employer leading the way so you have the relatively new site health clinics and then in the FY16 budget the city included funds to bring up the wages for the 60% AMI per family of one so the city is pointing the way in terms of examples that private to employers and public employers. This is an important job relating back to Dee's presentation so this is a map showing you why census block where people working in Charlotte who earn only \$1,250 per month live, and this is where they work. This is called in the literature spatial mismatch. So, if you are a low wage worker and you don't have a car, or you don't have a reliable car, you have to rely on public transit or you have to rely on friends and family and you are living our here but you are working down in Westinghouse how do you get down there. I think this is a huge issue. I think the point is made with this particular slide. Spatial mismatch is an economic type of term where workers live one place and the job is someplace else and in the economic opportunity study that Chetty did this was one of the key factors that came out was; the suburbanization of jobs and the inner city location of low income folks who may have to get on a bus and go three transfers just to get to work.

Mr. Carlee said what is even worse is suburbanization of jobs and suburbanization of poverty.

Mr. O'Dell said you have to go into the city on the bus and then come back out of the city and you may live only two or three miles away as the crow flies between that job and your home.

Transportation and Land Use – issues that undergird the Opportunity Task Force work, we do have a community that an activity mobility options, mixed use support is part of the policy framework, part of what the city is pushing forward, so an important opportunity is there. What we do see as the economy has come back is this notion that travel is becoming more congested so the street networks across the city, looking at the lighter colors over here in 2011 and by 2015 this sort of pattern so we are making strides but obviously the opportunity for us to go back to
mpl

more green, probably is not realistic in the population growth given economic development trends. It is something to put in your bag of tools. The Planning Commissions has been working on issues around livability and sustainability, and this goes back to the Centers, Corridors, Wedges Plan which you see on the left. It is capacity, smart land use, transit, smart city initiatives like the City of Charlotte is going for in this big job grant that is going out. We are aware of these issues. They are on your agenda, and we are working toward them. Somebody who lives in the University City area right near the light rail line which I love, but I also know that the sidewalks is also part of that and bikeways are a part of that connectivity so that I will be able to walk out of my neighborhood and a half mile down the road get on the light rail line.

We talked about youth engagement in a major way so there are a number of initiatives where the city is involved in terms of engagement, community engagement as well as looking after youth programs. This is a list of the individual types of programs that Neighborhood and Business Services is offering to community groups in terms of helping to organize them, provide technical assistance, working on grant applications, and the neighborhood advocates program. I think if you compare Charlotte with other cities of our size and other revolutionary cities in terms of providing neighborhood base services, we are doing a good job. Certainly we could do better; there is always an opportunity to do better, but there are a wide array of existing programs in place. In terms of youth employment and engagement, the data on the left 34% of youth aged 16-19 are unemployed in Charlotte, and we have 3,471 aged 16-17 who are living in poverty. With that said in 2014 the City's Youth Program supported students in the Mayor's Youth Employment Program, the Partnership with Carowinds and then the Youth Council Program that the city had, but again we feel we could do better.

Mr. Smith said on the youth unemployment how do we compare across the country; this probably wouldn't qualify as unemployment if you are not seeking work, but I know that now in high schools there is a huge emphasis on service as opposed to when I was coming along there was huge interest on having after school jobs. So, if you are applying to college they want to see community service, they don't want to see that you are working at a local pharmacy or doing some work so how does that reconcile that number?

Mr. O'Dell said I don't have data on that. In terms of an out of school, after school or out of school programs a topic I think came up in questions for Ed; in the data we got almost 31,000 school age children in Mecklenburg County living in poverty. This is Charlotte and Mecklenburg County. There was a system scan in 2011 which estimated there are 11,000 program slots, and these could be weeklong slots or four or five days rather than just a one day program and thinking in terms of those 11,000 slots the waiting list for school age childcare subsidize 1,500 and another 2,300 on the waiting list for free and subsidized programs which probably overlap between some of that, but we also know that not all people who are eligible recognize and actually signed up for it. These are the best numbers we have in terms of the scan and in 2014 the city's funding sponsored 1,183 students for out of school programs. Again we are working and moving in those directions, but obviously there are major challenges.

With regards to community safety, we look at crime rates in the City of Charlotte starting back in 2004 and what we see, and this is a three-year average that is calculated rather than year to year. When you look at the three-year averages you can see that until this past year actually the crime rate was down, but it went up in 2015. With that said, this is kind of drilling down at some of those numbers, and Chief Putney is here. I'm sure he is better able to talk about what is going on than I am. You have the crime numbers in front of you, so I'm not going to read them but there are some national trends here. If you look at this data Charlotte does not look especially bad. We are kind of in the middle of the pack with respect to the national data in terms of crime rate per 100,000, and the other piece of this beyond being in the middle of the pack in terms of the data is if you look at these data that apply to other cities we are in the middle of the pack here. So, what may be happening in Charlotte and the Chief can respond to service better than I, but just as an outsider looking at this it would like there is some things going on, not just locally, but on the national scale that are playing into a pattern in terms of the data for this particular year. So, I'm going to leave it at that.

Just to wrap up, again Charlotte is in the midst of transformative change, and what I want you to do as a city resident, and what you want to do as elected public officials and folks working for
mpl

the public officials is figure out what can we do as a community to think about the issues that have been laid out from this ... So, if you think about being a revolutionary city we want to take advantage of who we are and the opportunities that are presented; what can you do on that front? What kind of opportunities can we take advantage of thinking of those principles, and the other piece how do we respond to what is our own local challenge in terms of the Economic Opportunity Task Force? Ideally a sustainable growth model and a City we can be proud of is one where we don't just have an ... or whether we have a community where there is economic opportunity for all. I think the two are not mutually exclusive, and in fact that is part of the revolutionary model. We are going to provide opportunity to move forward.

Lydian Altman said as explained at the end I think all the questions that we are going to be asking you to mull over during your lunchtime conversation, have those this morning as you are thinking about the long-term strategies for the afternoon and the supported policies that will actually achieve those policy objectives.

The meeting was recessed for lunch at 12:02 p.m. for lunch and reconvened at 12:53 p.m.

Ms. Altman said I was thinking about the complexity of these wicked issues that you face, and one of the keys around those revolutionary cities and those cities that have it going on, one of the things they recognize is that it is a long-term respective and it is long-term work. I think that is a perfect way to think about this afternoon and as we begin to reintegrate what was said this morning about the various efforts that are underway in your community now that you want to make sure go into the afternoon as you think about defining the future that you want. It made me also think about where you are in the strategic planning process thinking about this is the model we use at the school, but if you will look you will recognize this is plan does checkbut this says envision, enact, evaluate, and really looking for a continuous cycle and in this case kind of where I felt like you were this morning setting context. Where have you been? What makes you unique? Where are you going? What are your projections telling you, and what is the work that is going on? This is really context setting here, and then this afternoon we are looking at a term in your handout, Strategic Objectives, and this is really the conditions that you want to create. This is your desired state that you are after, and that is where we are headed this afternoon; what do you want Charlotte to be and then moving more into the details of actions and resources. This is what we will follow and I know there is a tendency for many of us who are detailed oriented to go right from here to the action; let's do this X,Y,Z, but first we want to keep that level high. What do you want your community to look like in 20-years. So, your timeframe is 20-years or so. The second part of this afternoon we will look at those supporting policies that have been a straw person seeking supported policies that will be actionable, and that is when you get to where the meets the road. What are the specific actions? What is the money? What is the people in order to carry that out? That is not what you are talking about today. So, I'm going to ask you to resist the temptation to get down in this level of detail; try to keep it up here in terms of what is it you want to see and then some of the theories of strategy which are how you are actually to achieve that. Then lastly acknowledging that Charlotte rises above the fray in terms of some of this evaluation work, but you are very good at putting down baseline measurers, performance indicators, all of that sort of thing to help you understand and evaluate if you are managing yourself the right way towards that progress as well as if you are making the impact that you are after. I want to say let's stay in this sort of envision spot where we take where have you been and think about where you want to go.

You will notice that there is a suggested criterion that the City Manager and his staff have put out there and everything is in draft form today. We are going to talk about criteria but Will apply to prioritizing and thinking about how much you can support those specific policies that will get you ... Don't get stuck on that yet. What we are going to do is explore and this is how I define explore – as you look at these various draft statements what is it you think maybe needed to add, to take away or modify and tweak the language in some way? In the spirit of exploration, remember these conversations this morning, looking at what are the important words you need to be focusing on and defining at your tables, asking really curious questions and getting a lot of rational. So, your table may actually understand where you are coming from, and then this last one around positive task; again you are going to get to the point where you have some disagreements about the specific actions you want to take, but I really hope that you have respect for one another because and kind of explore these various viewpoints. It took me a long time

actually, and it sounds ridiculous, but I was probably in my 40's before I realized that you could have equally valued viewpoints. I always thought I wanted to do right; my viewpoint was right. It just depends on your perspective, so much of that is tied to yesterday. What is the lens we walk through this world with and to what sense have we used that lens to explore the way I think we want to view the world.

When we do explanations at our tables we have resource tables; we have staff here if there are questions that come up. We have a whole series of resource folks for you to tap; they are here to listen, to the reports out from the tables because that can be a big benefit to hearing the rationale that you all share. At your three tables here are a mix of elected and appointed officials; when we get to the last portion of the day, which I hope is around the consensus of which one of the strategic objectives you support, as well as the policies underneath that. What I am going to ask for elected is we are going to use a level of support. Yesterday Willie talked about spectrums; a vote with a yes or no position, but I don't want to get you into that yet. What I would like to do is get an assessment of how much do you support these things, and we will look at this in depth before we get to that, but are you in full support of whatever this is; willing to go along even though I have some reservations or you have significant concerns. Red is strong disagreement; yellow/orange is significant concerns and green is in full support. If you have significant concerns about proceeding, what are those concerns. Again in the spirit of let's share that information and what could be different for you to move up into a higher level of support. There will be things; there is just no way you are not going to go there. So at the end of the day this is where we are going to head is thinking about from the elected perspective what is the level of support of the work going forward in the next couple of years and then we will come back and try to make that actionable for those top things of concern. I'm going to turn it over to Carl to set up the discussion for the first part of the afternoon.

Carl Stenberg said we have a game plan for the afternoon because we really want to take you from the place where you've been, which is pretty broad, to context and you've had two excellent presentations so this is kind of a tale of two cities, both of them named Charlotte. You've got your Charlotte of strong growth, the younger and highly educated people coming here, seniors coming here, immigrants coming here, job creation, innovation and residential development booming. Those are huge positives, and yet it was labeled a transformation challenge. There are concerns about the urban rural divide, the digital divide, the economic divide, the opportunity divide, and all of them are concerns. We are going to go from the tale of two cities to a place where we are going to begin to try to capitalize on the wonderful opportunities that you know about and I've been learning about with Lydian that your City has to address some of these challenges. Lydian mentioned 20-years, and I realize having worked with elected officials, when I say 20-years eyes glaze over because your definition of future is of course the next election, which is a couple years off. So, we are going to go from 20-years to two years and hopefully increase your comfort level. Think of it sort of an inverted triangle this afternoon going from the very general and working toward more specifics. The first step in that journey is an affirmation of strategic objectives. Where did these strategic objectives come from; they were prepared by the staff based on a number of different sources. First of all the strategic focus areas that have been in place for years and Council Committees and individuals have been working hard to move on. In November, when you did the Manager's evaluation, you identified some 23 or more things that you wanted the Manager and staff to really advance. Some of you had conversations with the staff, you had your Council meetings and you expressed your personal interest and concerns as well. The staff has tried to incorporate those and finally although it wasn't planned that way, where Dee left off today with his policy issues the four that he mentioned affordable housing, access to good jobs and living wages, narrowing that to spatial mismatch between where people live and where they work, community engagement, and youth programs and community safety. I looked at what we have done with staff in light of where our consultants this morning were taking us, and there was a lot of crossover I thought. You may disagree but that is part of what we are trying to do this afternoon, to kind of align of where you feel that Charlotte needs to go, especially over the next two years, with those larger conditions that may take 10 to 20 or more years to move that needle in a significant way. You've got to start somewhere or you've got to build on the momentum that is already in existence.

We have six areas that are identified in the handout called strategic objectives, and we put them up there. So, what I would like to do is invite you to; we've six areas here that have been
mpl

identified from the sources I mentioned: strategic focus areas, expectations of the Manager, Councilmember's concerns and desires and they are: Ensure all residents and visitors are safe; building distinct, vibrant, and diverse neighborhoods, provide economic opportunity for all, increasing upward mobility, grow the city in smart ways, and in the right place, connecting people by foot, bike, transit, and car, safely and effectively and finally value a clean and green environment. These are a point of departure; these are not cast in stone by any means.

The first part of our afternoon together is to ask the three tables where we have Councilmembers and staff to begin a process that is going to be in three different ways, to review the language of these goals and to make any changes that you wish. Again any changes in language, anything to delete to the language or otherwise modify. That includes adding a strategic objective if you so desire. We may have missed something or we may have picked up on something this morning that struck you as a really rising to the level of a strategic objective to be focused on by the city. We would like each of the three tables aided by staff as needed to look at the language of the six over the next 30 minutes and to again discuss each of the strategic objectives and add, delete, or otherwise modify, and again if there is something missing we need to know that. At the end of 30 minutes we are going to ask each table to share where they came out and make the appropriate changes and to begin to test the waters to see whether the first level of agreement will be at the strategic objective level. Still pretty broad, we are not going to be talking about who is going to do what, how is it going to be done, what is it going to cost or any of that stuff. It is is this a critical strategic direction that this city needs to take in light of the challenges we heard about this morning.

The recorder was turned off for this 30-minute exercise.

Mr. Stenberg said we will go each of the tables and hear what you have to say on each of these strategic objectives.

Assistant City Manager Ann Wall (Table One) said we left it the way it was written; ensure all residents and visitors are safe. We had no changes and we accepted that as a strategic priority.

Chief of Police Kerr Putney said our real conversation was around the whole title; ensure all residents and visitors are safe, and we wondered are we talking about the perception of safety and because ultimately it is going to need to be quantified. Then we looked at every measure underneath and the outcome and nothing really talks about measuring perception or what that overall agreed upon measure for safe really is. We just struggled with the whole are we talking perception of safety and if not what does safe look like.

Mr. Stenberg said I heard that with one other table. We are not going to go down into the ... piece yet, but in terms of that general language; are/or perceive themselves as safe. Reality and perception is an important dimension.

Mr. Carlee said the idea is as we play this thing out; once we have large objectives identified we will be looking to pull together a professional staff to actually identify quantifiable matrix that establish what our baseline is that will enable us to measure our objectives.

Mr. Stenberg said strategic objective neighborhoods.

Mr. Autry said to build and preserve distinct, vibrant and diverse neighborhoods.

Mayor Roberts said after seeing numbers this morning we wanted to really make affordable housing physically in there, and so I like to preserve them so build and preserve distinct, vibrant and diverse neighborhood with adequate, affordable housing.

Ms. Eiselt said we had some discussion about build because the consensus or our group was that the city doesn't necessarily build; our efforts are really to support so the change we made was to support distinct, vibrant, and diverse neighborhoods and remove the word build.

Mr. Autry said but I think we do have a major role to play in how neighborhoods are built by making land use decisions.

mpl

Ms. Eiselt said we did talk a little bit about that under four and some intentional land planning. We tried to encompass that; we just as a group as it related to neighborhoods what we could do is really support those neighborhoods.

Councilmember Kinsey said we are not talking about building houses; we're talking about building neighborhoods, it is not just structures, it is the neighborhood. So, I'm inclined to build because I think we help build neighborhoods, not just houses, but the neighborhoods themselves.

Mayor Roberts said preserve is more important and support doesn't necessarily indicate preserving either. Maybe that is something we need to work on so build and preserve is probably good.

Ms. Altman said if the distinction is around something else I heard which is are you looking at the city the way you would like for it be no matter what the role you have in getting it there. In that situation then you've left off education over on the end right now or are you really looking at the way you would like to see the city evolve and your role in it. In which case the language does need to make sure it is consistent in that way.

Mayor Roberts said if we are going to use this to build the next step of strategy within our focus areas it has to be number two.

Mr. Hagemann said build to me has to connotations; one is building structure, but Patsy is right it is much more than that. I wonder if there is another word that captures both of those, maybe create.

Ms. Fallon said I was going to say create because we've done that.

Ms. Wideman said we support preservation and then wondered if diverse applies to all. Should we say diverse neighborhoods for all?

Mr. Austin said that is one of the phases from the YMCA – we build strong spirit, mind and body and programs for all, so everything is for all.

Neighborhood and Business Services Director Pat Mumford said we were still talking about defining important words and we felt we understood the word “and” but how do you define the word “distinct?” One neighborhood could be distinct; how do you define vibrant or diverse. It is important that we know what those words mean before we begin to solve it.

Mr. Stenberg said I know these words mean different things to different people, and you can only go so far in clarifying them, but when you get down into the strategies and metrics, I think it becomes clearer, maybe not crystal clear but clearer.

Ms. Lyles said I think you are right, and for me we are talking about the entire city; how would you know it? It was like when it arrives people would know it; they would know we were having that and we would know we were distinct and vibrant and diverse. I think it is one of those things once you see it and that is why I questioned about the adequate, affordable housing because I think all of our housing should be more than adequate. It should be suited for people that live in a distinct, vibrant, and diverse neighborhood, and I was concerned about it being affordable housing in our visions or is it something that we do to achieve.

Mayor Roberts said adequate is not modifying the housing itself; it is modifying the availability of the housing.

Ms. Lyles said I get that but I'm saying you could have adequate housing for very wealthy people, and we would have a lot of it. Even if it is defining the housing – everybody can afford a house, it is just what kind.

Mayor Roberts said it is one of those words that has a lot of different ways of thinking about it. So, we figured that would be more defined in the strategies.

mpl

Ms. Fallon said adequate means minimum, and I don't think that is our intension.

Mr. Smith said we spent a lot of time like their table; what does it look like? From the build we settled on support because even neighborhoods, our table feels like government doesn't build neighborhoods. What we can do is give you all the support you need to have a subsequently, healthy neighborhood, and maybe that is where the preserve comes in. We spent a lot of time at our table on all of these topics talking about intentional land use. Intentional land use can help preserve neighborhoods and provide the support so the residents can subsequently build up. I like preserve; that is something we didn't discuss and I think that was a good observation.

Mr. Stenberg said we are still kind of between build, support, and create.

Ms. Lyles said I'm going to say on build and this is how I look at it everywhere we go people say when are you going to put my sidewalk down? When am I going to get a bike lane? When are you going to pave my road? That was something we contributed to infrastructure because I know it may be infrastructure in other places, but I think even the way we plant trees on our streets, so how did you all handle that?

Mr. Smith said we went down stream, and we were very intentional with adding the inclusive making infrastructure an intentional item for the city. Instead of having it in a by-product we added it fourth, and we went down to four or five and we added language making sure that infrastructure got its own meaning. We agree with what you are saying we agree, we just put it in different.

Mr. Stenberg said some of you are articulating much broader than bricks and mortar. I think either word depending on what goes under it in terms of strategic objectives could get you where you want to go, but I think it is clear you want to go beyond bricks and mortar. For purposes of at least right now, is this where you want to go or do you want to hold this one?

Ms. Altman said deciding the word, one of those; I think preserve is a go, the question I have is we still have his notion about adequate or whatever the right word is affordable housing and this notion about whether we put this for all. Let me read this; listen and see how this sits with you: build and preserve the safe, vibrant and diverse neighborhoods for all.

Ms. Lyles said I guess my question was does for all, cover all?

Mayor Roberts said we felt like, especially in light of the information we got and we are so far behind in affordable housing that we have to emphasize it. I want to pull it out and point it out.

Ms. Lyles said I'm actually struggling with this, and I think housing is probably the number one most important thing that we can actually deliver to people to address the stability issues, and I see it as a strategy for what we do, and the result is that we get great neighborhoods as you do it. Other result is we get economic ability. So, I see it as something to be done, not necessarily the result. Affordable housing gives us a good result of having a great city and great neighborhoods. That is why I pull it out as a strategy; I would love to have us say we are going to build 5,000 affordable housing units in five years, but that to me is strategy or the next level down.

Mayor Roberts said we felt it was so important, and we are so far behind that we actually want to elevate.

Ms. Lyles said I think we elevate it by having an amount that is significant and the allocation and resources to do it and get going with it; for me it is let's go ahead and get it done and be clear about it, and I hope at some point we do it so well that we would have a result that we want to have.

Ms. Mayfield said I ditto that but what we talked about at our table and I think where Kenny and I lined up on why we didn't support build.; What I'm looking at is the reality, and we are one part of this creation so County specifically has a much bigger role because they are in charge of the parks, they are in charge of the library so unless we the City are going to go back and start
mpl

buying land to identify and then making sure those houses are built on that land that we are buying is going to be a challenge, but you look at current communities that are going through gentrification now, part of that started when the county decided to close libraries in the schools. You have no social services in certain areas. Staff and I have been working for the last six months with one particular community where they had absolutely no social services, they didn't have any libraries and they had a park that was built basically on infected land where once the highway was built you split the park so if the resources aren't there you are not going to have a sustainable neighborhood. Our part isn't to build it; our part is to create the infrastructure to go in place to help support it, but if you don't have those other two groups there it is not going to be a sustainable neighborhood, and when we say affordable, affordable to who. What you can afford as far as buying houses could be very different than what I can afford. When you look at the whole piece and we are talking about building distinct, vibrant and diverse neighborhoods. A lot of people, they are living in a diverse neighborhood but the reality is, is the City of Charlotte's role to build it or is our role more into that infrastructure piece. I'm just saying that our table and the conversation that we were having over here and why we didn't land on build because that is not really our role.

Ms. Eiselt said that lead us to the word support and to support the spectrum of distinct, vibrant, and diverse neighborhoods.

Ms. Mayfield said and how do we do that through our ability?

Ms. Altman said did the word partner actually come up, because you used it in that description.

Mr. Phipps said I think that is a better word than support because I think support is too passive.

Mr. Stenberg said I think we have agreed on preserve; we have not agreed on build, to create, or support. We've not agreed on affordable housing. We will come back to this, but mull over some words that you think captures the spirit of what your colleagues are expressing by way of desires or concerns. Let's move to strategic objective three, Economic Opportunity for all and increasing upward mobility.

Mayor Roberts said want to give the idea of economic positioning opportunity, not just now but for the future. We said provide economic opportunity for all, positioning the workforce of the future. We were not totally wedded to that actual wording but the concept of making sure and we didn't say upward mobility because we thought that was implicit in the economic opportunity for all. We just tried to tighten it up a little bit.

Ms. Wall said we had promoted economic opportunity for all by fostering a diverse employment sector.

Mr. Smith said we think if there are jobs for everyone in the community; you have some bankers, you have some welders, you have some engineers, you have some real estate, but having the ability for wherever you want to fit in in our city that you have an adequate place to carve out your piece of the dream because there is a job there for you.

Mr. Driggs said the thing is there is more to it. Our housing policies are going to affect integration in community. So, it is limiting in a way to highlight that at this level. What I liked about the original things was it stated a goal which is to create economic opportunity for everybody, and then you get into a whole bunch of different things including these that that might entail, but it is hard to cram into one line what those might be. I wouldn't want to leave out the neighborhood for example and then the geographical diversity which could have a big impact.

Councilmember Mitchell said for me my whole conversation was around workforce because the role we have to play in developing. I think we look at the six categories; we are talking about nurses, talking about preparing food. So, there's a role we need to play in making sure our citizens are preparing for workforce development.

Mr. Smith said along those lines we spent a lot of time discussing, and we've had this discussion in my second term; what kind of industry do we attract? Who do we go after to try to help strategically? It goes back to what you are saying too; it is so interrelated with good trained workforce, what type of industry, what type of jobs to broaden the specter of opportunity?

Mr. Stenberg said the language around fostering diverse employment sectors and future workforce, does that kind of rise to a level of strategic objective or would that be one of a number of strategies as I think Ed suggests that would be under that general language? I think it is your call if you want to elevate it to a strategic goal by adding the words or should it be a strategic objective that would be implemented?

Mayor Roberts said I like having workforce as part of that because economic opportunity could just be companies; we're talking about actual employment, workers, and jobs.

Ms. Eiselt said economic opportunity implies that there are jobs out there, that there are companies there that are providing that.

Mr. Driggs said if people have the ability to get that employment, to get the employment that you need to earn a living wage you have to have skills, and then there has to be jobs available where those skills are in demand. It is very difficult not to exclude something if you add beyond the economic opportunity.

Ms. Altman said if you are looking for what conditions you are trying to create the condition is provide economic opportunity for all; these do become the measure by which you do it.

Mayor Roberts said how do we capture that it is not just economic opportunity now? A concern that if we leave it economic opportunity it is just for right now that we are not looking at how much our economy is changing and how our industry sectors are changing. I just want a little more dynamic word.

Mr. Driggs said put now and in the future at the end of it.

Mayor Roberts said something like that would be fine or ongoing.

Assistant City Manager Hyong Yi said a suggestion from the back is stay with the general language, economic opportunity for all and then flush it out in the strategy.

Mr. Stenberg said number four: Grow the City in Smart Ways and in the Right Places.

Ms. Wall said this is one where we really had a discussion about infrastructure, and we believe that was a core role of importance for the city. So, we changed this one to say support the growth of the city through intentional land planning and sufficient infrastructure.

Mr. Yi said we kept the first part of it so grow the city in smart ways, and then the back end of it reads, to provide opportunity for all to be their best selves.

Mayor Roberts said we've got a whole new sentence; facilitate the innovative and sustainable growth of the city.

Lydian said I heard here that the change here was around this notion of infrastructure and highlighting that. What was the primary motivation or interest behind the second one, which was to grow the city in smart ways to provide opportunity for all to be your best selves? What is the interest you are trying to achieve?

Ms. Lyles said I think you are concerned about in the right places because you want a city where there are no wrong places. Then a right place was the idea that people would feel very good about themselves and, we would have a city where everyone felt that they were having the best opportunity for the place that they live.

Mayor Roberts said sustainable is too vague a word because sustainable really means that you've got all the pieces working together in a way that makes sense and we just thought it was a better
mpl

way to say it and also innovative implies that we are not stuck. We are growing and are not stuck in the way it has always been done. We want to make sure we are doing best practices, looking ahead and accommodating new thinking.

Mr. Driggs said the problem with smart and right is that those are objectives and two they suggest that Congress is stupid and wrong, right. We were trying to give significance to the idea.

Mr. Carlee said sort of reading between the lines, I think to some extent our sustainable relates to the sufficient infrastructure concept, and our innovative has a link to the intentional land planning over there as well.

Mr. Smith said one conversation we had that we had a hard time getting into our sentence was having the right place. We didn't like that at all because as an objective where I want to live may be different from where you want to live but having all sectors in city growth and not just have growth limited to the wedge but have it in the crescent. We couldn't figure out how we could ultimately pull some of that growth. We did have some intense conversation on how to get growth in all areas of the City.

Mr. Stenberg said let me ask the staff if they have any suggestions or reactions to the language.

Ms. Wall said we talked about and this is building on what has been said, facilitate, innovative, strategic, and sustainable growth in the city.

Staff member said is it important to grow all parts of the city or is it important to make all parts of the city grow?

Ms. Altman said how does this sound to all three groups? Facilitate the innovative, strategic, and sustainable growth of the City.

Mr. Stenberg said moving on to the next stage.

Ms. Altman said so here is what I heard as an alternative suggestion: Facilitate the innovative, intentional, and sustainable growth of the City.

Ms. Wall said I just want to check in with my group because I heard very clearly that my group wanted to talk about infrastructure, and I just want to make sure that we reflected infrastructure.

Mr. Smith said we viewed that as the second core function behind the two Chiefs over there for municipal government and we put public safety and infrastructure.

Ms. Mayfield said the other piece is you've got to have a part in the conversation, and if we identify an area if that area does not have a library within a mile and a half, a part within a mile and a half, all the things according to the study say help to make a vibrant neighborhood then are we doing a disservice by saying okay we have land available here so this is where we need to do it, but we haven't given you the resources; we don't have multiple forms of public transportation that is accessible in that area, how successful are we going to be?

Mr. Smith said we spent some time talking about; Ed and I have been working on something where you have so much driveway caving in, and they are saying it is inadequate ... but we've got a list of four or five hundred homes that have various levels of infrastructure needs that they may be four years out. We are saying that infrastructure is part of who we are and what our role is, in our core and then the roads; you get all this stuff.

Ms. Fallon said it has been eight years for big holes in people's back yard.

Ms. Stenberg said one is physical infrastructure and the other is a social infrastructure.

Mr. Carlee said grow the City in innovative and intentional ways with sustainable infrastructure.

Ms. Fallon said that means the water mains don't break?

mpl

Mr. Carlee said that means the water mains don't break, and you also have the other kind of social infrastructure as well.

Interim Planning Director Ed McKinney said somehow growth intentionally has a bad connotation of the community; we are trying to encourage our investment and the land use policies ...

Mr. Carlee said facilitate the innovative and intentional growth of the City with sustainable infrastructure.

Ms. Eiselt said facilitate to me doesn't connote to me that we own that responsibility.

Ms. Lyles said it is really not facilitating; we require by regulating that they put in this infrastructure. We tell people where they have to put in the sidewalks, and I want to make sure are we doing this, or are we doing it by our own money, or are we going to do it on regulatory?

Mr. Smith said what about facilitate and invest? That would cover regulatory, but also acknowledge that we've got to spend some money on infrastructure.

Lydian said the next one is connect people by foot, bike, transit and car safely and effectively.

Mr. Li said we had some great discussion on this one, and actually the only one with a lift where we had to lift then we had discussion around that. We had discussion around the word connect and Vi was really passionate about walkability and wanting sidewalk connections so we actually had four or five different options we went through; access, we talked about mobility options, but we actually ended up where we started, and we actually think this okay the way it is, but we struck out eight to eighty; I think it is implied for all.

Ms. Eiselt said support diverse transportation options that achieve connectivity for all.

Ms. Lyles said why did you change that?

Ms. Eiselt said we felt like listing out the different types of transportation options was more related to the strategies that we will work on later, and we wanted to make it more succinct and focus more on the connectivity aspect of the policy objective.

Mr. Phipps said why wouldn't it be implicit that we want to do this for all? Why do we have to put that in it? it is going to be for just certain people?

Mayor Roberts said the other thing about why we change it saying to connect people because it was like we are not just connecting people, we are connecting houses and places of work and entertainment. So, it is not just people. That is why we said connectivity because it was broader.

Mr. Stenberg said staff, any questions here?

Ms. Altman said listen and see how it works for you: Connect people and places by foot, bike, transit and cars safely and effectively. My question is do we want to call it out the specific ways in which people get around and connect or do you now want to call it out? I just caution against jargon; regular folks have got to understand what this means. We are regular folks, right.

Ms. Lyles said we went to Greg's community meeting five or six people stood up and said I want to know if I can bike to the Blue Line; I won't know if I'm going to have a sidewalk so I can walk. They never said diverse transportation options one time.

Mayor Roberts said who is this document for?

Ms. Lyles said that is what I thought we were trying to make it so people can read it and understand it besides us.

Mayor Roberts said if it is for the people we should use different terms. If it is for us as we do our strategic planning then we know what that means.

Ms. Lyles said if you look at our focus plans now and I think we did this in ED. We are trying to say how do we make our focus or what is important so people can understand it? Not just have it as an internal document. In two years could we go to someone and say we have connected you with your bikeways to the Blue Line; we have built this vibrant community in North Graham Street; we have done innovation in whatever. So, we were trying to look at something that we could actually report back to people and they would understand and that is one of the reasons we tried to take some of the jargon out of it.

Ms. Altman said may I ask for this language: Connect all people and places safely and effectively.

Ms. Lyles said people would say don't you do that already; what is different about what we are trying to do today or tomorrow? We've always said we connect people and places safely, but what we are trying to say is that we are going to do it in a momentum that we are going to do it in a way that you can walk, bike, or drive, or take a bus.

Mr. Carlee said I heard in conflict at our table and in support of the other two is that the walking and biking is sort of like your affordable housing; it is saying as a city we are trying to get some place that is a little bit different and that biking and walking is the transit and are important as well as the car.

Mr. Stenberg said this is a word that is emerging in terms of what you've done with affordable housing, what you are talking about doing here, and what you've done with workforce. Are we okay with going back to the original?

Mr. Hagemann said I said this to James as a joke, but it I've got to say it because it may not be a joke. ADA somebody in a wheelchair is not reflected on that list.

Mr. Autry said I think we need to work towards ADA accessibility instead of just compliance.

Ms. Mayfield said regarding what Bob just said, we do have quite a few people that are in wheelchairs, either manual or electric that are not able to access uptown and sidewalks.

Mr. Stenberg said do we need to add accessibility to the language?

Ms. Altman said I think we've got the essence of this to make sure that accessibility means everybody and it may be the way in which you connect is not the activity that the people do to connect that you are after.

The meeting was recessed at 2:45 p.m. and reconvened at 3:03 p.m.

Mr. Stenberg said moving to the next topic.

Mayor Roberts said advance a clean and healthy environment.

Ms. Eiselt said we are value and encourage a clean and healthy environment, so we are very close.

Mr. Yi said we went with protect and sustain a clean and green environment.

Ms. Altman said we have three different options, protect and sustain; value and encourage or advance a clean and healthy environment.

Mr. Smith said the reason we said value and encourage is that advance and promote, we felt like there might be some distinct policies that you would implement that we don't know those tradeoffs may or may not be. So, value and encourage recognizes that we view this as an important element and then the LED lightbulbs that we do with Duke Energy, and we've talked
mpl

about in the Environment Committee, and we've had some individual items come through that we can figure out what is our tradeoff for doing it, and what is our break even or whatever it is so we recognize the importance of promote. We felt that was too heavy that the City was going to now actively engage in a policy that we may not be planning on activating engaging in.

Ms. Lyles said we might advance and actually do some things but when we go to the state, because we are not in charge of a lot of this, advocacy could be advancement as well.

Ms. Altman said can you live with this advance? I have one more question before you leave; did anybody come up with a seven?

Mr. Stenberg said the only other piece of unfinished business here is number two around support, build, or create.

While you were on break Lydia and I kind of moved to the next stage of our process which takes us from the language of the six strategic objectives, no additional ones proposed, to the strategies to advance them over the next two years. You have in your handout for each of the six strategic objectives a listing of possible strategies to carry them out. This goes to a greater level of specificity, and focus, and detail. What Lydian and I would recommend on one strategic objective having to do with vibrant and diverse neighborhoods and affordable housing. Let's revisit that after we've had a conversation around the strategies and decide whether the strategies are sufficient or whether we should use some different language especially around affordable housing, but not do that now; let's get moving on the strategies. Here is what we would like you to do, and again we have three tables of the Councilmembers and staff. We have six strategic objectives, and we want each table to process all six. We are confident you can do that; we've going to have three rounds. Round one will be the strategies listed under strategic objective one and strategic objective two. Again those strategies come from a variety of sources; they don't come from Chapel Hill, I can tell you that. They come from staff; they come from previous Council conversations and previous Council communications to the staff of our direct expectations. As we move into the budget process having your direction on these would be extremely helpful to all concerned, again in focusing so that is what we are trying to do.

What we are going to ask you to do is for number one and number two you have four possible strategies; for number one and three for are number two. That is not an exhaustive list; that is a point of departure, but again that is the feedback that the staff has gotten from you in terms of what seems to be important and again on even the budget process affirming whether this is important or whether we need to make corrective actions or additional strategies that are important to you is why we are here.

Ms. Altman said there are a couple of other things in your materials that you may have looked at. One is a list of projects and that was included as an FYI. Those are things that should look like they are familiar to you, they are somewhat discrete, they have a stop and start. It is more just making sure that you know those things are going on, but we are not necessarily intending to deal with that list. Also in the list is some suggested criteria for thinking about how you want to lend your support to these strategies. Again this is a draft so there are a couple things that have been put up here, and I want to make sure that you all agree on some criteria because at the end of the day we are going to be asking you to really apply your level of support to the 23 things that are on the wall right now. In your handout, there is one that talks about your criteria of achieving what you want. The way I view that, and I'm going to put it on here for testing, is that if it does the specific strategies support one through six in some way? There might not be a one for one match and it might be support for more than one which is the third one down here and is some sort of ripple effect so that your specific strategy in fact support maybe two and six or whatever the specific language is. Those are two of the suggested strategies but the third one talks about what is the most impact. These are three specific criteria to be listed, there is fourth one at the bottom that is sort of duh and you may not be able to do all of those things. It would be great if you could, but we all live in a world where we limited finances, limited capacities, limit resources, limited people and not just for staff to fit in here but quite frankly the work that you all have to monitor as Council. There is a limit to what you can keep up with and it is probably already a full plate so we are talking about doing some additional things. You can't do it all so thinking about what you would be most supportive of getting started now for the next two plus
mpl

years. These are the three criteria that have been listed now; are there discussions about this because I would like to bring you to a third list before you move on. This is the one I would suggest we might start with; what does impact mean to you all as elected officials?

Ms. Fallon said it changes things, and it solidifies what we intend to do.

Ms. Lyles said quantifiable results, taking X to Y but quantifiable.

Ms. Altman said some of that is going to be a judgment at this point because the whole piece about the baseline and the measurers are coming back with that. So, it is going to be to your best guess if this is how you define that word.

Ms. Lyles said I want to ask about this. When we talk about the most impact in the community; we've had the community through our last election campaign or whatever you want to call it, trials and tribulations might be the best words, but if we are having it in the community do we actually talk about it in the sense of what citizens ask for. This most impacts something that we see our community or citizens want.

There were group sessions from 3:16 p.m. to 3:43 p.m. Due to technical difficulties, no audio was recorded for this portion of the meeting.

Mr. Stenberg said which strategies did you talk the most about? Any clarifications in the language around important words, and were there any additional strategies that you wanted to propose or the ones in front of you that you do not want to pursue? Let's begin with our first strategy, ensure all residents and visitors are safe.

Ms. Wall said agreed on this one, and we did not wordsmith. We really tried to focus on the broader context of the item. We were supportive of A, B and D. We felt like on jail diversion that it was a space where there are a lot of people involved, and we wanted to hear from CMPD about the role of jail diversion, how effective that is as a crime fighting tool. On Lydian's scale I think we were on kind of yellow as it related to C. We believed there was some more discussion but we are on the green for A, B and D.

Ms. Altman said I am going to ask at the end of all of this that the elected officials be most specific about how they are going to apply that level of support.

Mr. Smith said we did not discuss how to pay for it. We are still talking about policies and values in a perfect world. We were green in a perfect world. Our C was probably yellow pushing green; we couldn't get quite full consensus we just wanted to get some feedback from the Chief.

Mr. Yi said broadly, we agree with the first table A, B and D were yes; we felt C was not a City responsibility and was a flat out take it off the list. One thing I will add is the whole reaction is police and fire, but I think that sometimes safety; it is more than just police and fire. It can be what C-DOT does with an intersection or the bike lanes. It can be what Solid Waste collects; it could be a lot of things.

Mr. Austin said I think we were pretty much in agreement with A, B, C and D. We did have some discussion around C. I think what we are talking about there are programs that target our teens early on and pre-teens who may already have some impact with the criminal justice system and/or gangs so we are trying to get to them ahead of their intro into the full jail system. We can hire more police officers and be reactive to the crime that happens, but we really need to start further than that, back to some of the root causes. These diversion programs will help with that.

Chief Putney said jail diversion is somewhat a [inaudible] Not as youth diversion, which is what Councilmember Austin is talking about, and it is not really for a jail record, it is a criminal record. It is just enhancing our ability to continue to divert people from the criminal justice system totally, and the jail is never a part of that nor is a formal charge being measured against. Youth diversion and a criminal record is what we are; jail is a county thing.

Ms. Wall said would you call that youth crime diversion?

mpl

Chief Putney said yes; youth crime diversion, but the criminal record is the most important.

Mr. Driggs said we talked a little bit about the cost implications of number one. Clearly a desirable goal, and I think we agreed on that but if you look later in the book you will see a suggestion of what the number is and that will entail a conversation about how much of it we can do.

Director of Transportation Danny Pleasant said we struggled a little bit with knowing that safety is sometimes is about the perception of safety and how people feel about their neighborhoods, and I think we have some survey tools out there to help us understand how safe people feel in their neighborhoods; that seem to work pretty well for us.

Ms. Stenberg said as I recall we talked about that as being something needed to be added in here whether it is in terms of an action plan.

Chief Putney said actually I took the liberty of adding for consideration; adding and maintaining at least 70% citizen satisfaction. We generally come in at 8% to 8.2% but that is a survey that is done annually. That could be a benchmark. That relates back to what we have been struggling with, was it really safe?

Mr. Stenberg said are you ready to move on to number two – Build distinct, vibrant and diverse neighborhoods.

Mr. Yi said we were okay with A, B and C although A got a significant, probably a rewrite on the part of this table. The way it finally ended up is preserve existing and increase the supply of workforce and affordable housing by 5,000 units in five years in a geographically dispersed manner. There were two that they wanted to add, the first I will call D – reconsider the city's locational policy. Does anyone need an explanation of what that means?

Ms. Widman said we have a housing locational policy, and basically it suggests where affordable housing should be located or not. The suggestion was to revisit that. As it is today it prevents affordable and workforce housing in areas that need it, for example the Belmont Community that is rapidly gentrifying along the Blue Line Extension and other communities. Another point of discussion was it suggested where poor people should live; a market rate developer that might have proper rezoning doesn't have to go through the same level of scrutiny, and affordable housing by its nature is built in a more sophisticated manner than it was 15 to 20 years ago.

Mr. Austin said I thought the whole reason behind the locational policy was that we did not want to concentrate everything into one particular district.

Ms. Wideman said that is true. So, that is why the emphasis of geographical dispersion. The conversation was about revisiting it, and how you might change it.

Ms. Campbell said I think it is understanding the locational housing policy, have we achieved what the locational policy originally was adopted to achieve?

Deputy City Manager Ron Kimble said we have a study that we do every two years and helps direct resources into areas where we need to boost up our neighborhoods most. We want all neighborhoods to be successful and prosperous.

Mr. Yi said I missed one and that is the applied innovation corridor neighborhood, develop programs for seniors to age in place. And then I have a G which is inventory and make available all city owned property for developing affordable housing.

Mayor Roberts said was there a preserve in there?

Mr. Yi said yes, it was the first one preserve and sustain.

Mayor Roberts said is that what we did when Colony was against that and can we do that every single time?

mpl

Mr. Lyles said there are programs that we do and if you remember in Dee's study he talks about where we have actually done rehab, rental assistance, and things like that. So, when you are having a neighborhood aging in place, preserve existing housing stock instead of demolishing.

Mayor Roberts said sure but that is not always appropriate. I'm a little bit concerned about making that one of the big goals.

Mr. Carlee said another is preserve or replace.

Mayor Roberts said again we didn't do that for Colony.

Ms. Altman said let me make sure I've got all of this; preserve or replace and increase the supply of affordable housing by 5,000 units in five years in a geographically dispersed manner. Reconsider the City's locational policy for current needs. Continue strong investments in neighborhood infrastructure. Develop age in place programs for seniors and inventory and make all available city owned land for developing affordable housing.

Mayor Roberts said is C about elders and residents stay in their homes? Why do we call that the applied innovation corridor and not just have that apply to everything? There are lots of neighborhoods that need that.

Ms. Kinsey said we have some neighborhoods that probably are ripe for gentrification and that could be one method we would use, to not necessarily to deter that but here again help people that live in that neighborhood for a very a long time stay and the three I'm talking about is Lockwood, Graham Heights, and Druid Hills.

Ms. Lyles said I think the thought was we don't know how to do it yet, it is something new; let's try it where we've got a supportive infrastructure system, and then if it works how do we adjust and then go move forward with it. I'm just saying let's try and see what works because we've not done this before, but doing it in support of a place that you are doing the work, planning out, testing it and then saying okay, adjust and then move to the next project.

Ms. Altman said my question is that a subset of C, as a more specific test action? This one about the AIC neighborhood and the programs, I just heard we don't do this yet, but I'm wondering if that is a subset of this which said ensure that elders and long-term residents can stay in their homes especially as neighborhood gentrify.

Mr. Driggs said C is enough. We added increase the supply of affordable and workforce housing geographic distribution of workforce housing in the first one. The only question I raise was whether we needed to add any reference here to our zoning policies and how they impact this whole idea of building these neighborhoods. It comes up again on the fourth one – grow the city in smart ways in the right places. I think somewhere in here we have to sort of harmonize development with infrastructure growth, and that has to be done through zoning policies. The question is how do we incorporate that.

Ms. Altman said is this within the two-year timeframe that you are looking at?

Mr. Driggs said right because we are in the process of a zoning review right now. So, it is topical.

Ms. Altman said who answers that question or is this just a question?

Ms. Lyles said in the report that we got we did 4,700 units in five years, and when we did it under our existing policy. I don't know if we have to or if we need to.

Mr. Driggs said that is the affordable housing; the whole issue of our neighborhood is not only about affordable housing.

Ms. Lyles said I'm sorry, I misunderstood you Ed; I thought you were asking could we do the 5,000 units without a zoning fix.

Mr. Driggs said I'm talking about the fact that this heading describes neighborhoods, and we shouldn't limit the conversation to affordable housing, although it is important, we are talking about the kind of city where we want to live and not have ugly apartment buildings jammed wherever. So, stepping back and looking at the bigger picture, a lot of achieving these goals would end on harmonizing our development with our infrastructure. We've got congestion problems that detract from the neighborhoods, and I think that is an issue that is staring us in the face now and Colony was an example. I had a couple down on Providence Road and in South Charlotte, big developments without getting answers on how we are going to keep up so I don't know whether that is a neighborhood conversation or growth conversation, but I don't see in either place here.

Mayor Roberts said isn't that Four B?

Ms. Altman said will you write the city's zoning code to reflect the neighborhoods we want.

Mr. Stenberg said we are going to move on to three and four.

Ms. Wall said we basically kept everything as it was identified. In A, we wanted to make sure we added affordable housing, increase the supply of workforce and affordable housing because we heard from Pam the distinction between the two. We did add D and it came about from some discussion about some needs in some specific areas around the Airport and also around SouthPark and University. So, we added D that said ensure adequate resources to support small area plans prioritizing high growth areas.

Mr. Smith said we felt A, B, and C left out a wide swath of the city and we were trying to figure out how to encompass the rest of the city on that, and we came up with district specific issues and felt the small area plan would allow to keep it as a vision level.

Mr. Stenberg said we will move on to Strategic Objectives number three and four, and the strategies that are proposed to adapt, and please engage in a similar conversation.

The group went into group work for 25 minutes.

Strategic Policy Objective Number Three – Provide economic opportunity for all, increase upward mobility.

Mr. Mitchell said we agreed with A, B, C, and D but there were some changes in A. We definitely want to include workforce development. B and C we did not make any changes but on D we had a lot of discussion about the first sentence – ensure that children get the right to start a life by working with ... partners and that really was not a core responsibility for the Ccity. So, Kim came up with a new language.

Mr. Driggs said it was to serve as a catalyst to convene community partners to make quality after school time programs available.

Mr. Harrington said there was general agreement on A and D and the conversation was around B and C. With regards to B should the focus be on small business. On C, the conversation was around corporate partnerships so we suggested starting the statement – expand up to 250,000, city and corporate participation on partnerships with Mayor's Youth Employment Program. We mentioned about the Chamber and maybe there are some opportunities to begin those partnerships and to enhance that involvement and engagement on private partners.

Ms. Mayfield said we 300 in the program right now but with all the companies that we have throughout all the corporations so threw out a number of 1,000 trying to expand the corporate ...

Mr. Driggs said you said something about small business; do you mean don't limit it to small businesses?

mpl

Mr. Smith said the discussion we had was just trying to figure out how to encourage growth for all small business, not just the minority owned or women owned, and the question I had and the conversation sort of got off track was were companies losing business on city contracts like were they small businesses losing to larger businesses or were they small businesses that were women or minority owned were losing to small businesses that were white male owned for lack of a better term. We kind of went off into a direction, and I pointed out you probably get to a certain business size if we want to be inclusive and help grow all of those folks and not just women ... five or six person company or whatever you may be, I sort of lump all those folks. I think they all have challenges, not just women.

Mr. Yi said A we actually thought that should be two separate items, the business investment grant being facilitated by partners. We were okay with B; we were okay with C, but we did have a rewrite with D, and all D says for us is continuing the existing process with community partners for after school programs. We only have so much money, and there is only so much we can do.

Mayor Roberts said that is what I wanted to share with you; we had that conversation, and everybody knows I am not planning to use City money. I am working very hard to leverage the emphasis we have in terms of bringing awareness to leverage and raise private money. I've already gotten some commitments from Time Warner Cable, Foundation of the Carolinas. So, it is not going to have an impact on the budget except maybe a little bit of staff time with the people working with the Mentoring Alliance and Youth Employment because they have that contact. We are eventually going to be working with partners to make sure that is not impacting our staff time for that as well. I absolutely want to increase the Youth Employment too as part of after school, but it is not the only part of it.

Mr. Driggs said I raised the same issue and I was concerned that it looked like we were making promises that we can't keep by featuring it so prominently. I did get comfortable with the idea of serving as a catalyst because the Mayor has focused on it so much, and I don't think that brings with it as great a risk that we are exaggerating what the City thinks it can do in this area.

Ms. Altman said with that qualification are you okay with the workedrewording language; serve as a catalyst with community partners to make quality after school time programs available?

Ms. Fallon said how can you be a catalyst when they are there already?

Mayor Roberts said because there are huge gaps.

Ms. Fallon said there is a huge gap because everybody wants to run their own rather than work together. You have 1,500 non-profits in Mecklenburg County; a lot of them running school programs that they do not coordinate, and the money is very small and when you start promising people they think you are promising them something. I will let you know the school board came to me and said we are going to ask you to float bonds with us for it, and I said we can't do it. We are not allowed to.

Mayor Roberts said we are not talking with the schools.

Ms. Fallon said well that is what you have been led to believe.

Mr. Driggs said the concern I has was we look like we are making a commitment that we can't fulfill.

Mayor Robert said I'm going to have a conversation, and they can call me directly if they have any confusion.

Ms. Lyles said what would be the impact on a process that we currently run because we have a process where people come in and compete for funding and they are very, very engaged. We actually last year asked them to coordinate with each other so there was no duplication; is that the same process or a different process or is it undecided?

mpl

Mr. Mitchell said I think it is the same process; our discussion was being a catalyst trying to leverage, go out to other companies and leverage our spending and allow them to contribute to programs.

Ms. Lyles said let me just walk it through; Neighborhood and Business Services sends out the request, we get 20, they do the assessment and they come up with five that we are going to fund and you will take those five to the private sector and say we are funding these five and we would like for you to commit to double the program size with the number of children we are serving or something like that. Is that kind of what we are doing?

Mayor Roberts said I completely understand and there are a lot of different things going on here and that is not for those five or whatever we end up picking, this is a separate process. The things that we already do, the Mayor's Mentoring Alliance and the Mayor's Youth Employment, we are going to enhance and strengthen those, but in addition there is going to be a convening where we are going to have a lot of providers talk about how do we fill the gaps that are out there so through the budget process, we will do whatever the five we fund that separate. This is actually having a community conversation about the big gaps that there are and trying to find momentum in the private sector to partner with all the providers and the city being the lead convener to raise awareness and to help emphasize the needs to fill the gap.

Mr. Autry said then should that be E?

Ms. Altman said what I'm hearing; I'm going to offer an alternative because I heard the important piece was as a convener. So, convene community conversations and leverage private sector resources to fill gaps.

Mr. Autry said in our current process we are not 100% funding any of these programs. So, that entity has to go out and find other sources of revenue. We're going to fund them at this percentage this year and fund them at X percentage next year, and the year after that it is going to be less funding and the year after that less funding and eventually going to drop off the roll altogether because what we are doing is encouraging them to learn to live on their own. I think they are two different things.; What we are doing is D what we are doing already and just keep doing what we are doing. E is a different initiative?

Ms. Lyles said convening people to understand we have a gap in this community and where those gaps are, and really I'm asking the question if the community will step up and solve the problem.

Ms. Altman said again what we are going to be asking you to do, probably at this point tomorrow, would be to apply these red, yellow, green levels of support., You can only have a finite number that is going to apply. So, those are going to be your choices to choose that. So, if you have a red dot put a red dot there. I want to make sure that people understand their choices.

Ms. Fallon said at the same time we are asking people to help we've cut in four years from \$600,000 to \$90,000. We talk one way, and we do something else.

Mayor Roberts said I wasn't there when that happened. So, I have the opportunity to actually start a new conversation.

Ms. Stenberg said we are ready to move on to #4 having to do with growing the City in smart ways and in the right places.

Mr. Yi said we are good with A, B, C and on D we would like to include a phrase at the end after stakeholders, including governance structure. On the back I wrote them down, and I wrote E. On the list of projects on page 8, we wanted to take Item B and make it Item E for number four.

Mr. Stenberg said what is that item?

Mr. Yi said B says prepare recommendations for 2017 update on the Community Investment Plan including a recommendation for the CY 2016 bond referendum; assess changes related to the timing and priority of projects and the financial capacity of the City.

Ms. Altman said Item B under projects get added it as 4-E under strategies?

Mr. Yi said that is it.

Mayor Roberts said we added to D, and then we create F. What we added to D was improve customer service to businesses by implementing the Gartner Study recommendations to improve Building Inspections with the County and stakeholders and working to reduce the red tape. E – support the growth of tourism and amateur sports for economic development F is revitalize business corridors in priority areas: Eastland Mall, Applied Innovation Corridor, Northwest Corridor, West Boulevard, and Freedom Drive.

Mr. Harrington said on A we generally support that and view that as somewhat as an internal step. On C, work with the private and non-profit sectors in colleges and universities. Most of our conversation was around B and some sentiments around the actions and implementations to respond to the needs that are out there in the development community but at the same time re-evaluate some of those implementation components as it relates to the overall program to enduring that we meeting both the city and county ordinance.

Ms. Mayfield said I threw in actually at this point we need to re-evaluate the implementation of the Gartner Study mainly based on some changes on the county side and the fact that they are moving in the direction and the Gartner Study identify some ways for us to work closer together, not necessarily using the consolidation word. The county has decided that they want to be more independent and just leave the conversation so before we pull implementation of the Gartner Study. I think we need to take a moment and start re-evaluating to see what really applies to the city and our role opposed to what applies to this collaboration and this partnership that may or may not be there.

Mr. Driggs said I think the jury is still out on that, and I talked to the City Manager recently and they are near phase two of Gartner's work and they know that the governance question and kind of unified customer service friendly organization still needs to be addressed. So, I wouldn't write off the conversation of the county completely.

Ms. Wall said Ms. Mayfield's statement really talked about the relationship between the cCity and the county and decisions on the county to separate from the city on the things other than just permitting and inspections. It has caused her to say do we really need to evaluation? Do we want to continue to share this service? Is that what you are saying?

Ms. Mayfield said sure.

Mr. Harrington said we had one last suggestion for E – have developer involvement to help advance infrastructure investment needs. The sentiment was around we can't wait for our Area Plans to get done and we can't hold up development involvement to help advance infrastructure goals in the City.

Fire Chief Hannan said we are pretty deeply embedded with building standards. So, I need to understand some of the nuance on that.

Ms. Altman said this strategic objective is going to get polished. We made some light modifications to C.; We added to D improve customer services to businesses by this, but there are still some questions remaining about what works and what doesn't work based on who is doing what at the moment. We added Item B to the project list to get that as a strategy; support the growth of tourism and amateur sports for economic development, revitalizing the business corridors in priorities areas, and there is a list of those and this last one around development investment and having them do more.

Mr. Stenberg said do you want to knock out the last two this afternoon? It is 5:05 p.m.

mpl

Let's do it!

Mr. Stenberg said Number five is Connect people by foot, bike, transit and car safely and effectively.

Mayor Roberts said we didn't change anything except we like using the word spatial mismatch.

Mr. Fenton said on A – through capital funding and redevelopment build safe streets, sidewalks and bike connections – add at the end with an emphasis on completion of connecting projects because there may be a project that needs to be done to connect two larger segments. We want to add E on aviation and its connections to the city and whether that is trains, transit etc. Evaluate the Charlotte Douglas International Airport's connection to the city via streets and transit.

Mr. Yi said this group, I don't want to revisit top section but that phase for all ages gave somebody in the room heart burn and they felt strongly about it and it should not be a part of this. You would never ask a one-year old to cross a street by themselves. We would add to that phase to get to zero fatality. B we were fine with. C we split; C is working with regional partners to update the MTC 2030 Transit Plan to provide mobility options. D is the way it is and the second half of C was a separate one – Update the CRTPO Transportation Investment Plan to be a separate one.

Ms. Mayfield said I have a question; you said the challenge is for language for all ages, and what I envision and for me I like for all ages because for that parent who is pushing that little one in a stroller that is a challenge for a lot of people or for that little one that is riding on their tricycle next to them. They are on a bicycle, and they need to be safe with their parent or out in front of their parent.

City Engineer Jeb Blackwell said you should look at an intersection and say could by 8-year old going to the park do that by themselves? Could a 80-year old cross to the grocery store by themselves? If you look at that and it doesn't work that should tell you you've got a problem. I don't think that should be up there because that is a measure, and it should be down here, but that 8/80 is a good way to think about intersections, but if your idea is that your three-year old can walk to the park by themselves, your 8-year old should. Your three-year old needs somebody with them but the standard we are talking about is anybody should look at any intersection and say can an 8-year old or somebody up to 80 do it by themselves, and if they can you are there; if they can't you need to ask yourselves some questions.

Ms. Altman said so does mean that this is less relevant now; this for all ages?

Mr. Blackwell said I don't think we can make intersections so a two-year old could go there by themselves. That is what the 8/80 was really talking about.

Mr. Pleasant said on A I was looking at ... pedestrian because the Cross Charlotte Trail is a little more than sidewalks and we have gotten into the trail business with the County. On C, I think this is for the CRTPO if you really want to get into the comprehensive transportation plan rather than transportation improvement program for the CRTPO CRPTO it is sort of the ultimate plan. I think it is the Comprehensive Transportation Plan rather than Transportation Investment Plan. There is a tweak on D, I just put substitute included for with. I wondered if Council was interested in talking about great mobility as part of that. It would have to do with supporting intermodal.

Ms. Altman said is that a new strategy?

Mr. Carlee said I would say for today let's capture the notion.

Mr. Stenberg said anything else on number five before we go to six. Okay your thoughts on six.

Mr. Fenton said the only thing we are recommending is on A- remove the phrase including revisions to post construction controls. We believe we've already gone through that process, and
mpl

then its been updated if for at least the next three year period. We can always replace it with a phrase for all.

Mr. Yi said we wanted to replace B because the city actually has a sustainable facilities operation plan. So, what we wanted to replace it with was implement the city's sustainable facilities operations plan. C – leave C the way it is, and we wanted to add an E – increase tree canopy by 50% by year 2050.

Mayor Roberts said we did the same thing with the tree canopy. We added three words to C after energy reduction goals add and other environmental goals. Then we added F develop policy for incenting the reuse of empty commercial buildings.

Ms. Altman said this 50 by 50 is that a measure of how well this is doing, or is this a goal?

Mayor Roberts said it is a goal.

Mr. Yi said on D we agree with it, but we don't think it can be done in the next two years so the request is to take that off for this particular exercise.

Mr. Carlee said I would say 80% of this would be done in two years; it is really about the strategic direction and how important it is to advance the work over the next two years, not necessarily complete the work.

Mr. Autry said 20% to be accomplished in two years.

Solid Waste Director Victoria Johnson said we are trying to get to a junction now on who we are going to serve and how we are going to go about it and that is what we are going to work toward. Since I've been here I've been trying to figure out just from that. Now to move it forward there are some other things that have to happen on what do we want to look like, and what are we trying to accomplish? It took me eight years just to get to this point to get an answer, and I still haven't gotten the answer. [inaudible]

Ms. Altman it sounds like whether to decide[inaudible].

Ms. Eagle said I think it is continue to decide because the question before the Environment Committee now and going to Budget Committee is step one, but has to occur to position the city, in my opinion, to be able to do step two which is the harder part around the way to go. They travel together and you have to do A before you can get to B.

Mr. Stenberg said we have crossed the finish line on Page 2 of our time together Page 3 and a final time for Lydian and me will be tomorrow morning. So, we are going to have a little bit of time on your agenda with the Councilmembers and we are going to ask you –

Mr. Carlee said let see where we are overnight on different pieces and where we are right in the morning. Let's just step back and see where we are and what we need to refine, and we will check our various time slots.

The meeting was recessed at 5:35 p.m.

* * * * *

January 29, 2016

The Council reconvened at 8:24 a.m. Present were Mayor Jennifer Roberts, Councilmembers Al Austin, John Autry, Ed Driggs, Julie Eiselt, Claire Fallon, Patsy Kinsey, Vi Lyles, LaWana Mayfield, James Mitchell, Greg Phipps and Kenny Smith.

Staff present: Ron Carlee, Ron Kimble, Ann Wall, Debra Campbell, Randy Harrington, Hyong Yi, Kim Eagle, Kim Oliver, Alban Burney, Sandy D'Elousa and Greg Watkins.

City Manager Ron Carlee said thank you for hanging in there and letting us get through all six of the Strategic Objectives. We are going to take that back and refine the language and get it all prettied for it to be read. Without objection from you what I want to do is filter this back through the Department Directors and Executive Cabinet; they had the opportunity to hear your discussion to give them an opportunity to look at it and see if there is anything we missed, what may be problematic and give them a chance to weigh in on the level of criticality as well and what some of the matrix of success would be around them. We will try to turn that around pretty quickly and will take advantage of Kim's awesome skills to design the process for this and Ron will make sure that nobody gets hurt. That would be our intent to make sure we have it well vetted for you to come back and then ask you to weigh in on relative... We'll give you timeline and specific process. Our goal is to be out of here no later than 10:30; we want you back in Charlotte as close to noon as possible and the plan is to go to our regular parking garage and then come up to the lobby and we have a van in the circle that it going to take us up to the rally and at least will get us inside and take us up to the VIP area. This is the budget preview and this is very much a work in progress. As I have said and Kim has said it a few times, these numbers will change so this gives you an order of magnitude based on our best information at this time.

Strategy and Budget Director Kim Eagle said these are projections, there are no recommendations. I appreciate the opportunity to talk about the budget. I was at the kitchen table Monday night, I had my budget book and spread sheets, grafts and all kinds of stuff spread out and my seven-year old daughter comes in and says Mommy what are you doing. I said I'm doing some work and it was really easy for her to understand what I did when I worked for Charlotte Water, even though I didn't make the water; she was fascinated by the fact that Charlotte could figure out how much water we used every day and we made the water. But the budget is a little more difficult for my seven-year old. She is really good in math, got her report card yesterday and had a 99 in math, but she looked at the table and said all those numbers really look boring. I thought about that again yesterday as you try to work through your strategies and policies and budgets can be boring. There are lots of numbers but it just struck me that what you are doing is so critically important and the budget is fun for me; it is hard and I know it is hard for you, but it is fun and even more important than that, it is so critical and so important. I didn't hear anyone yesterday say that aspiration is too high for the City of Charlotte. The budget really is a reflection of our values and our aspirations, so I'm excited to talk about this and I hope you are. I will go as expeditiously as possible, but stop me as we go through with questions that you might have.

This is an overview for this discussion today; you have the full budget outlook report in your notebook under the tab "Resources". This is an high level overview of the most important pieces but you have the full report in your book. We will quickly go through some context information on the overall financial and budget conditions; some of that you heard yesterday around population projections and that kind of thing so we won't spend much time on that. Then we will talk about where we are in this current year, how we are performing on revenues and expenditures and probably a majority of the time will be on future projections for next year for FY17. What we are looking at today that will change on revenues and what we are anticipating as expenditures and then those future budget issues, that is really where the bulk of the time will probably be spent where you can start talking about those decision points and what those big needs are for the next year. We will spend a little bit of time on the Community Investment Plan; this year we are not going into specific project overviews, but more about process. It's biennial review time, so we spent some time with the Budget Committee talking about the criteria that our staff should use in evaluating potential changes to bring to the Manager and to bring to you so we will talk a little bit about that.

This is a reminder that we know the population in Charlotte and the growth that we are going to be seeing is going to directly impact our budget situation. Owen talked a lot about how that trend is going up and we expect it to continue. This is an update on unemployment and you can see the big spike there during the Great Recession and the trend that we have seen downward so it is a good story that we are at 5.1% for 2015 and we are seeing that continue to decline. Here is where we start to get into some of the budget data that is so much of a driver of your general fund budget and this is a picture of the personnel costs for the general fund. You can see that for the total personnel costs and that is everything, salaries, over time and the fringe benefits that go with it, have been pretty steady over the last five years. This is a point of focus for us because it
mpl

is 75% of the general fund budget; it takes a lot of people to do the work of the City. So we keep a close eye on that and that gives context to choices that we have when we look at reductions because this is the personnel component of the budget. If you take that and break it down a little bit further, we keep an extremely close eye on the fringe benefit component; health insurance, for example, is in this number, so of the compensation budget that I just referenced, 25% of it is for fringe benefits. That has been tracking pretty steady over the last five years as well and something else we pay very close attention to is working with our HR staff in monitoring.

This is Mr. Driggs' favorite slide; I put it in the budget and financial condition section because this is the picture of how we monitor our debt service over time and we have a very, very complex model that we use to do those projections, but this is so critical to the overall budget picture, I wanted to talk about it early on. I will break it down and start with the green line; the green line is the revenue that we have available to make our debt service payments. When you track that, you can see over time, it spans from 2012 all the way to 2031. That is the revenue in the bank account to pay the debt service payments, then at the bottom I'm going to start with the darker blue section there. The annual debt service obligation that we've already committed to; Council has approved it and voters have approved it, it is a done deal, it is what we have and what we are committed to in terms of making payments. The purple shade on top of that represents future obligations, so we think about the \$800 million capital program that spans all the way out to 2020 bond referendum and that future anticipation. That is what is projected in the purple, so for planning purposes we have to look at those two components together to see what the total commitment might be so we can make sure that we are paying close enough attention to what we expect to happen and what are revenues are to see if we are in line.

Mayor Roberts said are those assumptions in the purple based on additional bond referenda or additional issuance?

Ms. Eagle said they are.

Mayor Roberts said what were your assumptions on that?

Ms. Eagle said the assumptions are built into what we mapped out when we identified projects for the following years. Can you help me Randy?

Chief Financial Officer Randy Harrington said it reflects the full 14, 16, 18 and 20 bond referenda and then what that will look like, but it does not include any additional projects beyond that 2020 bond referenda.

Mayor Roberts said so the last bonds we pass will be in 2020?

Mr. Harrington said correct.

Mayor Roberts said and what is the annual capital spending?

Mr. Harrington said you mean in terms of total debt service?

Mayor Roberts said actual projects.

Ms. Eagle said we can pull that out for you.

Councilmember Driggs said they don't actually line up very well. The reason I like this graph is because if you look at, you see the decrease in the gap between the purple area at the bottom and the green line going forward and I regard that as a measure of our future financial flexibility. We are basically taking the situation where we have that big gap that you see up there now and we are making commitments that will cause that gap to shrink and that will reduce our choices. I think it would be useful for Council to keep an eye on this thing and understand the longer term implications of the decisions that we make. If that is the wrong interpretation then tell me why but it feels to me like we are taking a lot of debt capacity we have today and committing it and there are needs that we have in the future. For example, this does not have in it the Transportation Center; it does not have in it the funding that will be required to build out the
mpl

Streetcar. That money has to come from somewhere; we've got a \$26 million need that we are probably going to have to talk about right now to match the federal grant that we got for the Transportation Center and one of my issues with the streetcar, not to get political, but one of my issues is precisely I look at this picture and I see what I assume is a couple hundred million dollars more than it would take to build the remaining six miles past what we've already got in phases one and two and I just want to make sure that we are not jumping into an abyss here on commitments of that kind which is why I think it would be great if we could see this picture and adjust it for some of those items and make assumptions about when the debt would be incurred on the schedule that we would like to be on, build the Streetcar, Transportation Center and there are some other things, too. When we have new topics that come up we understand a bond decision and I will just leave it at that for now.

Councilmember Eiselt said are there assumptions to be made about population growth and property tax growth?

Ms. Eagle said yes, they are built into the model and we are very conservative.

Mr. Driggs said one of the reasons that this often doesn't come true is precisely because the assumptions that you make are exceeded so you will find that as time goes on, this picture can move around. I just think we should be looking at it and you will find that the 3.5% assumption about the increase in the sales tax revenues for example has been exceeded for a couple years now and probably will be and that is what causes us then to reassess our debt capacity and identify funds that are actually available to us that maybe weren't previously being used to meet the needs on the list that we have for the non-CIP capital spending.

Councilmember Fallon said you can't rely on that tax thing because the State is going to do something about sharing it and we don't know at what rate they are going to do that, but they are going to do it and then we have a problem. Also is finishing the Blue Line in this?

Ms. Eagle said it is allocated; to your point about the State, that is a very important point because we always have that in the back of our mind, what might come from the State Legislature and making sure we are conservative where we need to be because of that.

Mr. Driggs said do we have an idea of what the sales tax redistribution; that proposal that has been talked about in the General Assembly. I've seen numbers like \$29 million.

Mr. Harrington said the one thing; there is a little bit of a safety component in here and some of you may recall that the sales tax is distributed by per capita and point of distribution and it is 35% point of collection and 25% per capita but 25% per capita component is the piece that helps support the general capital program so if the state were to go per capita piece, that piece in some way is already carved out for us.

Ms. Lyles said a lot of this is about the future and what we are going to do. If we had that kind of seismic change and we have a goal of the same infrastructure then we would have to look at combining how we've done this for a long time. We put the sales tax here when it used to be in the General Fund, so you have a huge number of policy questions to address because while we are talking about this we are talking about it under our existing parameters of what we do, where we allocate our total dollars that are primarily property taxes, sales taxes and utility franchise so we start talking about that and if we are going to have seismic shifts we are going to be talking about a lot more policy changes. A conservative estimate of these numbers is pretty much the status quo and we've always had big projects come up. After a hurricane, after we find something caves in the middle of the street that's \$25 million, so I think it is a combination of conservative estimates, knowing that you have the ability to make decisions between your capital and operating which are our decisions as well as having an understanding that we have to always be ready for big emergencies. I think the model has served us well and we need to start talking about do we actually keep our model; it really relates to what our priorities; is infrastructure more important sometimes than something that is operating? We may not know that today because we don't have to make that challenge but if we ever got to that point we wouldn't be looking this as a standalone fund, we'd be talking about what we do overall.

Mayor Roberts said this doesn't include the Airport either.

Ms. Eagle said no, this is General Fund.

Ms. Lyles said so it doesn't include the Airport, Stormwater, Charlotte Water, hospitality and ...

Ms. Eagle said the closest we get the green line to the purple is in 2027.

Councilmember Phipps said how do we account for; I know it is hard to predict, but do we try to include another potential downturn in the economy?

Ms. Eagle said I think that is accounted for in the conservatism and always being mindful that could happen and have an influence.

Ms. Fallon said this is an indicator of the debt capacity for the future and how much bonds can we put out and it takes into consideration emergencies and overruns.

Ms. Eagle said it is very conservative to accommodate for those kinds of events.

Ms. Fallon said so you can project what our debt capacity is going to be and the means to pay it back; but that is not steady because we don't know really?

Ms. Eagle said it is being changed based on how our revenues projections change and how the actuals compare so this is dynamic.

Mr. Driggs said it would take a long time to talk about all the assumptions that are reflected in this picture but it is a dashboard tool to help us get a feeling for how much of available resources we've already committed and therefore what discretion we have for future projects.

Ms. Eagle said yes, absolutely.

Ms. Eiselt said do you have a margin that you never want to violate in terms of determining ...

Ms. Eagle said I'm not sure if there is a specific number laid out in the guidelines, but we do.

Mr. Autry said it is much like the bond covenants for reserves.

Mr. Driggs said also rating agencies reference points and we have a pretty good idea what the rating agencies are looking for and we have a AAA commitment so one of the things we are doing is kind of skating along the line that keeps up within the AAA.

Ms. Fallon said have we put out the capacity we have now in total or do we have a window?

Ms. Eagle said we have a window.

Ms. Eagle said this is where we stand in current year FY16 and we are projected to be balanced and let me talk about some of the details; I will start with expenditures and we are projecting an overrun in overtime for the Fire Department. That is driven by mandated classes that were under estimated and is driven by certifications and some other factors.

Ms. Lyles said after we got the report on overtime were there management objectives for the Fire Department termination process for doing that.

Ms. Eagle said we did that before you got the report.

Ms. Lyles said I know, but now that the audit report, has management .. the changes on how that was done, because to me that is an actual structural problem as well.

City Manager Ron Carlee said the actually overall level of overtime was actually determined by the Fire Department and one of the best I've seen. The issue that was raised in the report was whether or not there was sufficient equity in the opportunity to work overtime.

Ms. Eagle said we are looking at about a \$1.9 million savings in fuel and we know we can't rely on that long-term, but that helps offset the overruns in overtime and then we had some savings in other pockets; having a little bit of an overrun in our area of maintaining our vehicles in terms of maintenance and it worked out with a half million dollars in savings in the General Fund on expenditures. Then the revenue projections are above projections and I was very cautious about how we understand that, but right now the number is \$15.5 million of what we expect to come in in revenues above what we projected last year. On page 8, you have a detailed listing of what comprises that \$15.5 million and how much of it is coming in from property tax, how much from sales tax and how much in utility franchise; those are the three biggies so we are being very mindful on the property tax piece and I will talk more about that in just a minute relative to our interactions with the County staff in the Tax Assessor's.

Mr. Carlee said let me highlight these; this is our Finance and Budget Department's best estimate but we are a little queasy about this number right now. Property tax and the increase there has been a little bit of a moving target and we would not take that \$3.7 million to the bank right now and try to cash that check. Sales Tax is probably pretty good and is reflective of other premium that is occurring in the economy. The Utility Franchise Sales Tax is the one that we have the most questions about. There were state law changes around this tax and its new methodology that was implemented in 2015 and so we've seen a fairly significant increase over what we were getting previously on this tax but we don't collect it, we don't levy it and so we really want to make sure the state is doing this right and that we really can depend on it. But based on the best knowledge that Finance has and trying to be as transparent and honest as we can, this is the best estimate; I'll believe it when I see it.

Mr. Driggs said are we saying this is the projected surplus for the year?

Ms. Eagle said yes, right now based on what we know.

Mr. Driggs said unfortunately that would have to be allocated to the General Fund just to maintain our 16%?

Ms. Eagle said that is how that would work.

Ms. Eagle said on the Utilities Franchise Tax, to the Manager's comment, we only have five quarters worth of data that we are basing this off of. We are being very conservative and mindful of the fact that there is not a lot of history there because of the change the state made to treat this more like a sales tax.

Mr. Harrington said that one is influenced by the weather; we have one of the hottest years on record so how much of that is weather versus the other projected growth?

Mr. Carlee said could you remind us of what the Council's policy is on allocation of surpluses?

Ms. Eagle said anything that is surplus at the end of the year goes in fund balance, right to the General Fund and then 16% is your policy and you must maintain 16% level in fund balance and if we have any surplus over that amount that goes into PAYGO for the capital program so that we can use that cash to support the capital program and not issue debt. I've moved on to the next slide where we get a little bit more information about those three revenue sources. Let me say a few words about property tax; we've been meeting monthly with the County Tax Assessor to try to get a better understanding and relationship frankly, with that group, to help that comfort level and as the Manager mentioned those numbers are continuing to evolve and be refined. We've been very diligent about breaking down the numbers on property tax because of the number of discoveries and the refunds that are still being processed for the re-evaluation. As of last week on the refunds outstanding, we had about \$5.5 million that the Tax Office is telling us we still had to pay. Don't be alarmed, we've set aside \$8 million already planned to cover those but that is still work in progress, that is not wrapped up yet, so that gives us a little bit of anxiety just
mpl

because of making sure we know what is going on and we know where we stand in making the projections.

Mr. Driggs said what is the total value of properties that are still being assessed; it was like \$900 million at one point.

Ms. Eagle said the total value of the property, I will have to look that up unless Randy knows off the top of his head.

Mr. Harrington said the County about ninety some million and the City about \$45 million.

Ms. Eagle said it is a fairly significant amount.

Mr. Driggs said and that is the value of property?

Mr. Harrington said that is right.

Mr. Driggs \$900 million at one point and it was coming down because they were processing. I'm just trying to get a sense of the amounts.

Ms. Eagle said you've got the numbers in your book but we are projecting about a 2% growth from 2016 to 2017 on property tax and on sales tax it is about 3.5% and again that is a little more reliable at this point in time, and the Utility Franchise Tax is about 2% growth.

Mr. Driggs said what is the growth in sales tax in the latest year?

Ms. Eagle said it was around a 3% margin; it is coming up, that is not a rapid ... On Page15 in your book gives the numbers for this graph if you want to look at the chart. This is breaking down the revenue component, but right now we are talking about property tax and you can see how property tax is trending over time, growing at a moderate rate. If you look from FY17 to 2020 in the out year projection, we are staying between 1.5% and 2% growth rate on property tax. If you look just at FY16 projection and what that is anticipated to go to for 2017, it is about \$5.4 million increase and this assumes median, moderate level growth.

Mr. Driggs said that is in line with prior years?

Ms. Eagle said yes, given last year was such an interesting year with timing of the information and the impact it would have.

Ms. Fallon said at one point the bond rating agencies wanted us to put more into slush fund; are we going to do it?

Ms. Eagle said I believe where we stand, and Randy can help me with this, that we are maintaining the appropriate coverage levels and our fund balance is matching what we said it would be relative to policy and I think we are exactly where we need to be on fund balance.

Ms. Fallon said and what do they say because I think they wanted 17%, right?

Mr. Harrington said it is a variety of factors that they evaluate and one of those is the fund balance. There are some agencies that like to see a higher level, but in all of the ratings we've gotten the rating agencies are very comfortable with where we are.

Ms. Fallon said, and you are comfortable with it?

Mr. Harrington said I am.

Ms. Eagle said sales tax is the second largest revenue source in the General Fund; this is the trend for you. We are looking at a 3.5% growth rate here and economic downturns do have an influence here, but we watch it very closely projecting on medium growth. The projection for next year we are looking at \$3.3 million in increase.

mpl

Mr. Driggs said does this include the half-cent transit tax?

Mr. Mitchell said this is strictly if I go to North Lake Mall and buy goods? What is our sales tax rate?

Mr. Driggs said 7.25%.

Mr. Carlee said we will send you a breakdown.

Mr. Mitchell said could you send a breakdown because it is one thing to say 7.25% but then what is actually coming to Charlotte.

Mr. Smith said when do the rezonings that we are approving come on the books; you look at Waverly, which is an 80-acre project, and then we've had a lot of growth along the Blue Line and in NoDa and \$5 million seems a little light. What is the trigger point?

Mr. Hagemann said all property is valued as of January 1 and it is what is on the ground on January 1st.

Mr. Smith said if January 1st one of these apartment projects in NoDa along the Blue Line; you've got the structure up but you don't have all the finishings then your value there is still going to increase in the following year?

Mr. Hagemann said you will see it in the following fiscal year.

Mr. Carlee said those incremental changes; even though they are big, still tend to follow the 1% and 3% growth.

Mr. Smith said I assume the budget as we are looking at the numbers I'm sort of trending up, that is taking into account some of these projects that are coming down the pike.

Ms. Eagle said let's move in to the projections on the operating side; compensation as I mentioned earlier being such a large component of the budget, I will need to cover some information for you here. This is a projection only, an estimate at this point in time to give you a benchmark. No recommendation at this point, just some assumptions for frame of reference. What we have included is market based and consistent with what we are seeing on the revenue side, so what is built into the expenditure projection for next year, already built in, is the Public Safety Pay Plan which includes the market adjustment and the steps and then all other employees at a 3% point which we are doing the research now to confirm what the market is going to tell us in terms of other large employers and where we might need to be. I want to spend a minute talking about all other employees because we are doing a lot of work in that area and I know you all have been very concerned about living wage and our lowest paid employees. I know the entry level folks who are at the lower end of the scale and whether or not we are at living wage, so you all made a change last year in the budget in adopting the 60% of AMI so as of last year and that action, we have no employee making less than \$12.98 per hour, which is 60% of AMI or \$27,000 per year. AMI is adjusted at the end of each calendar year in working with the HR staff and that number has already gone up, so now 60% of AMI is \$28,260 which would equate to \$13.59 per hour. We have been working with the Budget Committee taking into account some of your concerns and feedback from employees because we hear from that group of employees, hourly folks predominantly, that they are struggling and they don't understand the pay scale; they are not able to see career paths so we've done focus group has gotten feedback and have put together a plan to do a different pay plan for hourly employees; lots of feedback from departments and that staff. We took some preliminary information to the Budget Committee in October to start talking about what it might look like, no dollars at that point, but what the structure might look like, how we could satisfy the concerns that you have and the concerns that the employees have.

Ms. Fallon said who do we pay hourly?

mpl

Mr. Eagle said we have a group of labor and trades folks like the Utility crew members for example.

Ms. Fallon said so they are not on regular salary?

Ms. Eagle said they are not salaried, they are hourly and they are eligible for overtime. Then we have a group of our Administrative folks, our Office Assistants and a group in that sector too. It is a combination.

Mr. Carlee said sometimes you may hear this group of employees are referred to as the employees that are covered by Fair Labor Standards Act (FLSA); those are the hourly employees where there are certain federal rules and how you figure overtime and things like that. I think it would be your entry workers up to technical positions.

Mr. Driggs said can you talk about how many there are out of the total employee base of the City?

Ms. Eagle said I believe it is about 60% but I would need to confirm that.

Mr. Carlee said these are the people on the ground doing the work; they are driving the buses at the Airport, they are fixing your water main breaks, they are filling the pot holes, they are answering the phones and doing customer service.

Mayor Roberts said when does it go up to the \$13.59; will that be in the coming budget?

Ms. Eagle said that is what we are analyzing and giving input to the Manager on, because we have developed a costing scenario if you want to pursue converting employees to this new pay plan which is more similar to what we have in Public Safety so they can see very clearly where they fit and what skills they have to obtain to move to the next level. It cost to put that plan in place if you all decide to go that route.

Mr. Carlee said this would be done as part of their FY17 budget consideration and it would be my recommendation that as AMI changes, if that ends up being the anchor, that that still be an end of budget decision by the Council and not automatically indexed. It is really important for the elected officials to be able to assess what our revenue situation is and the affordability of expenditures.

Ms. Eagle said we are evaluating that and we are scheduled to go February 8th back to the Budget Committee and kind of walk through a lot of that detail in anticipation of coming back to you at one of your Workshops where you have the full Council where we can start talking about that. I wanted to highlight that for you. We worked on it last year and it was put to the side due to the budget constraints and situation last year.

Ms. Fallon said 60% of non-salary or hourly employees sounds so large to me; is that so you have flexibility to add or take away as you need?

Mr. Carlee said it is actually based on what the workload is and the number of hourly employees is really driven

Ms. Fallon said in other words if you've got the flexibility; you can add if you need and you can take away if you don't. Does that make your budget inflexible?

Mr. Carlee said no I think we are fairly stable and what is driving it is the actual amount of work that has to be done out there on the street based on the service models that you adopt in the budget.

Mr. Driggs said could you give us an order of magnitude of how big the impact is if we adopt some of the changes we talked about? You are talking about 5,000 plus employees who are being increased by 8% to 10% from where they are. We should be able to sort of pencil a number so we have some notion of what this does.

mpl

Ms. Eagle said it is in the book and I'm trying to find the page, but to give you another kind of [inaudible] Page 20. If you use that 3% benchmark and you have the hourly employees built into that and you decide to do the hourly pay plan and do the conversion, it would be about another half million dollars for the General Fund.

Ms. Eiselt said 5,000 is roughly the 70% right that is hourly?

Mr. Harrington said the one thing I need to clarify; the vast majority of our hourly employees are in Police and Fire and they have their own separate pay plan so these are the non-public safety employees.

Ms. Eagle said Health Insurance is the next projection and these changes are market based. We share with you every year at Retreat what we expect to go up and staff continues to work to drill down on that number. Right now in the projections we have a 7% increase; hoping that will go down. There is a piece in here for the transitional reinsurance fee, which is \$44 per employee or dependent covered under our health plan and that is related to the healthcare exchange and the payment the City has to make that's driving a portion of the 7% increase.

Ms. Mayfield said what we are projecting right now and what we are seeing is this is how much the City is looking at and the difference in the increase of our insurance. When we go back to the beginning of the presentation we see where we have the salaries they have gone up and then two slides down where insurance... We are not pacing with the costs that we are transferring on to the employee; we are not keeping up with the salary increases so when you look at that breakdown of the comparison of our new salary cap, the millions that we are in versus how much the City is paying for its insurance because that was one of the biggest challenges and why we had the discussion on increasing the salary of some of our hourly and lower paid employees was because it was putting them in the poor house and they couldn't afford the insurance. Are we looking at that true impact because insurance is going to keep going up but the question is how much of that can we absorb realistically without putting the City in a financial bind?

Ms. Eagle said we are definitely looking at that in terms of the impact, particularly on the lower paid employees. If we implement a new plan of when those increases go into effect and how that balances against what the health insurance increase is so it is not a wash, hopeful. The 7% here is the City's portion that we factor into the budget.

Mr. Driggs said is there an assumption in here about the clinics and how they will affect our costs?

Ms. Eagle said yes and that is a great question. We have factored into the projections the impact that we project on the health clinics and helping us have an impact on the costs and the claims. That will only get better over time as they are on the ground longer. We are already hearing some great feedback about the clinics. This wraps in total when you look at the projection for next year on revenue and the expenditures and you can see when you net all of that out, including the assumptions we have made on expenditures to go ahead and bank in some assumptions on compensation, on retirement we end up with \$4.3 million in savings based on what we know now.

Mr. Carlee said would that be essentially a current services budget?

Ms. Eagle said yes.

Mr. Driggs said you said savings; didn't you mean surplus?

Ms. Eagle said I mean surplus.

Ms. Lyles said I just want to make sure Police adjustment; Police adjustment at the top of the steps what percentage of increase would they be seeing?

Ms. Eagle said 1.5%

mpl

Ms. Lyles said and you are doing a study and analysis on that as well?

Ms. Eagle said that is correct.

On Page 46 of your book there is a lot of information on this slide if you want to go to that. This is our sensitivity analysis and we look at every possible scenario when we are going through our evaluation because there are so many variables that can influence and factor into the projection so we look at every possible scenario. This frames for you the best case, worst case and everything in between. I'm always cautious about quoting numbers from this because I don't want the media for example, to pick up on something and run with it when it is just a scenario. I give that to you for information to give you some insight into the level of work and analysis, but we are using the median medium in our projections so it is a moderate estimate and you can tie that 4.3 medium back to what we just talked about.

Mayor Roberts said so it is a decline.

Ms. Eagle said you can take it all the way out to 2020 and see the full range from best to worse case.

Mr. Carlee said so [inaudible].

Mr. Driggs said so we are basically spending \$10 million of the surplus we have this year in the initial projection for next year. You've got \$15.5 million surplus this year and that goes down to \$4.3 million which means we are raising expenses by \$10 million more than we are raising revenues.

Mr. Carlee said let me say it differently; we are not spending the surplus but we are spending what is the trend line increase in the budget. So yes the budget is going up based on the FY15 new projections and that increases next year's budget as does projections for FY17. If you go back to the revenues you can actually see it.

Ms. Lyles said I get what you are saying Ed because that is not really what the budget projections, I thought, in the packet talked about a \$6 million amount versus \$15 million.

Ms. Eagle said I think the difference is that we are netting it out in the scenario because this is used for a different purpose.

Ms. Lyles said it is confusing to do it that way, because if you use median revenue and you kept it at \$15 ... but what you are doing is you are doing a budget in there and what you've done in the book for more detail you is that same answer.

Mr. Driggs said it is a very simple comment; expenses must be going up from year to year by \$10 million more than revenues for the surplus to shrink from \$15.5 million to \$4.3 million.

Mr. Carlee said on the previous slide are the expenditures for FY16 revised, to FY17, for a current services budget is roughly \$19 million.

Ms. Eagle said that is because there are assumptions built into that expenditure projection for a pay plan, etc. that drive that up.

Mr. Driggs said I'm just making the comment that you are making the pay plan assumptions here that put our expenses at a higher growth projectory than our revenue. I will point out too that the surplus we have this year of \$15.5 million represents about 1.7% on the property tax. We increased the property tax last year by a penny and in hindsight it looks like we didn't need to. It looks like we could have had a surplus if we hadn't increased the property tax.

Mayor Roberts said how much revenue does a penny get?

Ms. Eagle said \$8.9 million.

mpl

Mr. Driggs said so this is about a 1.7 cent surplus in property tax terms that we had in the past year and then some people are going to wonder did we need to raise the property tax and that is particularly relevant because we are going to have situations where we may think we need to again or where we have other needs and we are going to look like we come back every time with another adjustment with the property tax rate.

Ms. Lyles said Ed, I understand what you are saying but the revenue amounts of the estimates didn't all come from property tax for the \$15 million. I'm not disagreeing, what I'm saying is you can make that the headline statement and yes you can say that, but there are a number of factors in there and we have never committed to say what the assumptions are going to be on the expense side here, so what we have as a whole number on the revenue side and an assumption on our expense side. It is not fair to say that is the amount that the tax revenue was until we make that decision.

Mr. Driggs said I'm not talking about the expected outcome for the current year.

Ms. Lyles said I am talking about the expected outcome for the current year as presented by staff that we then have the next several months to do; that is not to say that our amount will be the \$15 million out of the \$10 million more that you are talking about. I understand what you are saying; it is a factual statement but the decision hasn't been made.

Mr. Driggs said what decision?

Ms. Lyles said a decision of what will the budget be; this implies the assumption that it is \$15 million in revenue and is equivalent to a penny on the property tax. Yes, that is real, where did it come from, we don't know whether there was a one-time jumps in the revenue of whether it is continuous and when I look at property tax, we are talking about supporting basically the overall fund where you have to have growth. So if these revenues of \$15 million come from one-time kind of savings or revenues that have a bump that we are not sure about, then that is not a realistic number for us to be making a statement about right now. It is only after we dive into it that we can really say what that number is and where it came from.

Mr. Driggs said this is a different narrative; we increased the property tax by a penny last year and the result was a surplus and we are now in the process of spending the surplus. The revenue expense levels by that increase in the property tax and a lot of people are going to argue that with hindsight, granted it is hindsight, but nonetheless, as it turned out, we didn't need to do that.

Mayor Roberts said is a part of that also because we are conservative in our revenue estimate but more accurate in our expense estimate, because if we are being very conservative in our revenue estimate and bad things had happened this year, it might not have been a \$15 million increase. We are taking all the conservative factors, not counting on huge economic growth and all these things coming on line and being conservative, so there is a scenario that that wouldn't have been such a big increase. We are building that in, in the event; it is not that we are forcing that property tax increase. We're being a little more safe in our estimates.

Mr. Driggs said on the basis of 2016 we could be talking about a one-cent cut in the property tax and I guarantee you this group is not even going to go there, but reasonably, we should be looking at that and saying okay, we were conservative and it turned out we didn't need to be that conservative and instead of talking about a one penny cut in the property tax rate to reverse what we did last time, we are now talking about employee compensation.

Mayor Roberts said what if we lose sales tax?

Ms. Eagle said in our comfort level too, I would interject, around property tax estimates is built in the projection; sales tax is a little lesser degree and then the Utility Franchise Tax question all characterize how much we should rely on that at this point in time.

Mr. Driggs said I accept those realities; I'm just saying there is an underlying risk here that we go for the increase in the property tax when we get squeezed like we did last year and we are not
mpl

looking for any opportunity when things normalize and to go back again and the result is a one way march up and if particularly if we have the 3% increase in the compensation.

Mr. Carlee said in terms of employees, they have also been squeezed on the other side as well. We have consistently for the past decade not maintained compensation at market levels. We have consistently been below market levels and we were below market level last year in balancing the budget with a combination of lower than market rate compensation for employees as well as tax and fee adjustments which did end up, and this is the piece that I think gets lost, with those numbers actually getting in that decrease. You say in hindsight, I don't want to be argumentative about it, but the revenues that have materially increased the budget, there was no way they could possibly have been predicted and as I said earlier, I'm still not 100% confident on those numbers and even these numbers as Kim and I both tried to explain in the beginning, these are scenarios based on the information that we have now and the property tax numbers here can still change; the Utility Franchise numbers here can still change so this is an order of magnitude, but it is still very much on a scenario base level.

Ms. Fallon said this is a onetime thing so it is not sustainable, so the bottom line if we spend this money on other things, where we are going to find it for the next year and the next year. It's a one-time surplus.

Mr. Carlee said that is the purpose of having this table; this shows you the broad range of different scenarios that could occur and when you look at the mid, I do think we do have a sustainable budget within the margins from year to year and we will refine those as we go forward but ultimately at the end of the day, that is the decision that you have to make. It is what projections you feel comfortable with and how you balance that level of revenue with spending, but we will give you a balanced sustainable budget.

Ms. Fallon said so in other words, if that money is spent next year or the year after, do we have to find money to replace it because it is a onetime thing.

Mr. Carlee said we will not balance the FY17 budget on onetime funds. The onetime funds that we have, a surplus in FY16, if they play out in the end, get used for onetime things; either to increase our reserve to the 16% level or on the onetime capital expense.

Ms. Fallon said it is not going to be something that we have to be sustainable where we get into trouble because of it.

Mr. Carlee said the point that Mr. Driggs is making is a really important one, is if the projections play out, our revenue base does increase. And so that does mean you start with a higher base in FY17 as well as what you have spent relative to increases or decreases over the course of -

Ms. Fallon said that translates into we don't have to raise taxes.

Mr. Carlee said we don't have to raise taxes based on this scenario for our current services budget with no service increases.

Mr. Driggs said I just want to point out it is not my intention to go on the social media with some rant about tax rates; I'm just trying to bring a perspective to this conversation and an interpretation of some of the dynamics of these numbers so that we don't fall into the trap of unknowingly falling off a slope where we just increase our expenses and we don't even know we are doing it. I think there is a big case to be made for right sizing; let's recognize what we are doing, we are taking that penny that we increased last year and we are spending it and maybe that is an entirely appropriate thing to do, but I just think a lot of stuff is not apparent from the presentation. The underlying assumptions behind what those expenses are for example, and we will get into them further, but I'm sensitive to the fact that we did have a tax increase last year, we have pressures that we need to face like the public safety and there is already talk about whether we have to raise taxes at the end. We had a 7% tax increase a couple of years ago in conjunction with the CIP and at some point we have to demonstrate to the public that we can draw a line and work within a certain framework and not just go back and write ourselves another check every time it gets difficult.

mpl

Ms. Eagle said we will keep moving into the big budget issues for next year. I have divided them into two categories; I think you want to spend more time on the second, so I will go quickly through these. This is more for your awareness and we will talk more about it later as you work through the workshops. These are oriented around ongoing service delivery and are more inflationary or operational in nature; they are not related to policy decision points that you will have to make in the budget so just very quickly, we do know from the County that the Solid Waste Tipping Fee is going up. This is the tipping fee that we pay when we take our garbage to the Speedway Landfill. We think it is going up about \$1.50 per ton and we take nearly 300,000 tons per year so we are looking at anywhere from \$200,000 to \$400,000 increase in this one. Capital Equipment; I highlighted this a little bit earlier, keeping our vehicles in our fleet at an optimal level helps us keep our repair costs down, so we have been evaluating that and we have some needs here. Technology; there are several needs here that staff is currently evaluating related to records management and some potential tools there. Voice over internet protocol for telephones and some things like that and we will talk more about those later in the workshops as well. We have some costs with the County where the City has been providing service to the County and the County has made a decision that they do not want the City to provide that service any more so we have to account for that revenue loss. Two big examples, City Procurement, they have decided to do their own procurement, so they are pulling out of that. Telephone services are another one and then they have fleet services for the County out in an RFP and the City will compete for that work.

Ms. Lyles said under those shared costs, my assumption would be if those programs go away, those costs go away with the revenue. So I understand what you are saying but I think the first thing I would look at is if that is there and we are no longer doing it there is a reduction in the costs.

Ms. Eagle said we are doing an analysis now to determine how much of the cost will go away, but it won't be a complete wash.

Ms. Lyles said I understand if you've got a Manager you are managing and you can't take away the percentage of the reduction out of the Manager, but I do think that generally that shouldn't be a cost that would be major. It wouldn't rank with tipping fee.

Ms. Eagle said we are doing that analysis right now; we are monitoring some other areas with the County. , Their call volume at 311 for example is going down, they have a cost share at 311, so we'll keep a close eye on that. Here are the biggies, and this information is in your book on Page 19 and 20. Let's start with Police staffing estimate of about \$16 million for 125 officers and then 80 civilians to accompany that. We are working with CMPD right now to get a better understanding of that and work through some of the outcomes.

Ms. Eiselt said that is not an annual and my understanding is that they couldn't absorb that many officers.

Ms. Eagle said they could not; you are absolutely right in terms of taking folks through recruit classes and training, so that it would be staged and then that number is the number that includes vehicles so the annual ongoing costs would be less. You're right; they couldn't do it all at one time.

Mr. Driggs said none of these potential items are in the \$4.3 million surplus?

Ms. Eagle said that is correct; they are not in the projection. The average costs to add an officer is about \$120,000 and that includes all the operating supplies and a vehicle up front, so that's the cost to add one and then the ongoing cost is less.

Mr. Carlee said the other thing that is really important to remember of employee staffing is particularly if it is a patrol position 24/7; it basically takes five employees to staff one position. You factor in leave and training and everything else over a 24/7 basis, multiple shifts; it's basically a 5 to 1 proposition.

Mayor Roberts said so the 125 has actually 25.

Mr. Carlee said 125 times five equals one patrol officer, 24/7.

Mayor Roberts said but the 125 that we need puts 25 on the street at any given time.

Ms. Eiselt said 25 more additional patrol officers at one time?

Mr. Carlee said the Chief is still sorting through his own priorities of what that deployment would look like. It wouldn't all necessarily be patrol; that is part of the analysis he and his staff are doing.

Ms. Fallon said my understanding was that an officer was \$86,000; how did you get to \$125?

Mr. Carlee said that's fully loaded with all of their equipment and start up.

Ms. Fallon said what about the dash cams; are we keeping them?

Mr. Carlee said that is still in discussion. I don't have a definitive recommendation.

Ms. Wall said we have a little confusion over here about the first year costs versus the reoccurring costs for an officer.

Ms. Eagle said the onetime costs for an officer is about \$119,000; that includes all the training costs and start-up operating costs, all the equipment on the initial issuance and then the vehicle. I would need to look up the exact number for the ongoing costs, but I do know that a rookie Police Officer starts at about \$40,000 or \$44,000 as a salary and then you have to build that out. I can provide that number for you.

Ms. Eiselt said are you counting one car per officer, if you are talking about five officers for one patrol.

Ms. Eagle said the Police Department has a way of allocating vehicle costs. We are having conversations now on whether there are three or two, right now it is three officers to one vehicle, but we are having internal discussion on whether that needs to be adjusted.

Mr. Driggs said if we did all of these things, is it reasonable to say it would equate to about three cents on the property tax?

Mr. Carlee said if you funded it that way, yes.

Mr. Driggs said what are our options; user fees?

Mr. Carlee said that are fees that you could increase and you could eliminate other programs.

Mr. Driggs said that is an interesting question because we don't necessarily talk about doing all of the things that are in your base case expense line and all of this, so finding that revenue, we are looking at choices.

Ms. Eagle said the next item we have listed is the Fire Ladder and Engine Companies, \$2.8 million for Station No. 28 for a Ladder Company and then \$2.4 million for Engine Company 42.

Mr. Mitchell said which one is the North Lake Fire?

Ms. Fallon said Station 28.

Ms. Eagle said the ongoing annual cost for 18 firefighters, which is what you would need to staff those two areas, is \$1.8 million.

Mr. Driggs said so these numbers are the first year costs?

mpl

Ms. Eagle said yes, that's the initial costs.

Mr. Driggs said is some of that capital expense?

Mr. Carlee said what we will do with whatever we ultimately bring forward, is we will show you the operating, capital and multi-year projections and the impact of the options. We will just aggregate all of that and project it out.

Ms. Lyles said more importantly than just aggregating what we've got on the table, wouldn't you want to look at the overall picture of what we talked about as our priorities; look at those programs that we are currently funding that no longer fit and perhaps can be modified. To me just running the numbers is lacking complete judgment on our part of what is really important in terms of our priorities. I would like for us to think about this as these are raw numbers being presented. That makes a great disclosure for things, but the real question comes around is what services do we need for a growing City, how do we adjust our base for a city that is growing and changing as well. I don't have a judgment of this is more revenue to balance for all of these things, but I look at it in the context of, what kind of City are we going to be and if we are a City where we are growing certain areas and we are dueling with density, what services do we have that we developed as a suburban city, that were suburban city only and what are those services that we need to keep, what are those services that we need to modify. We also need to start thinking about our trends in terms of choices; we always talk about people having choices, so if we are going to be a City where there are choices perhaps there are choices in what kind of services we deliver. Right now we're dense in some areas and suburban in the other. Do those services always have to be the same? Are there areas that we can look at and say - I don't know how hard it is, but I just trust that we need to look at this information as numbers for us to begin to make judgments around, and what we need to do, where we need to do it to have the City that we've been talking about.

Ms. Mayfield said ditto.

Ms. Fallon said none of this takes into consideration the fact that we've talked about we need a North and a South Fire Department standing alone and Police. We have no projections for that.

Ms. Eagle said we have some assumptions and projections built into the capital side if you are talking about new stations. That is accounted for, just not...

Ms. Fallon said personnel and start-up costs?

Ms. Eagle said and to Ms. Lyles' point, I was real excited to hear this conversation yesterday because if we can get to a point from the staff's perspective and we can support that conversation and those decision points, I think that is a great thing in terms of packaging the choices. Because this really was intended as just the raw data as we know it right now.

Mayor Roberts said just laying the groundwork.

Ms. Eagle said the starting point.

Mr. Driggs said how much room do we have outside of the kind of the irreducible core safety, trash and other city services; what portion of the budget could we regard as kind of up for negotiation or available for tradeoffs? It feels to me like we have a pretty large fundamental commitment that it is hard to avoid.

Mr. Carlee said I do think that is part of Charlotte's dilemma because of both our population increase and our housing unit and business, commercial area increases have been trending upward and we need to get a good grasp for this, at a rate that is faster than revenues and so that is where the pressure comes in a growing community, where demands actually outstrips the normal revenues, especially given the dip that we took during the recession and sales tax and what that did to us as well as the revaluation. When we look at what our core services are that we are funding in the budget, they are pretty basic. You are really on the margin when you get outside of police and fire and solid waste and transportation. That pretty much consumes your
mpl

direct services that are in your General Fund budget. Then what you are left with are the services that we do that are neighborhood based, economic development services basically what is in Neighborhood and Business Services and then you have Planning where we are also fairly significantly under-resourced from the discussions we've been having around area plans and then you get into your basic overheads of offices that are fairly modest, HR, Finance and IT.

Mr. Driggs said we looked very hard last year when we had that \$32 million revenue disappointment and any low hanging fruit was probably identified then, so I'm just worried that this indicates a revenue solution in our expense solution.

Mr. Carlee said we are challenged by the factors that Ms. Lyles identified; we are both urban and suburban, so we are still having to provide Police, Fire and Solid Waste Services over really some very sprawling areas in our 300 square miles and then we have the pressure that comes with increased density and concentration around some of those same services, especially police and fire and...

Mayor Roberts said the challenge is going to continue because before several years ago, we were annexing and adding to the tax base in a much faster way. The tax rate stayed flat for years, but that is no longer possible and there are other municipalities around the state that are facing the same challenge because annexation is no longer an option.

Ms. Lyles said but to go to our margin conversation, if we look at the projection and the scenarios, if we all begin to start chipping away at the margin now, it just means even worse for where we are trying to accomplish the core services now. There are communities that have looked at how we deliver services and even Police, Fire, Transportation and garbage collection, differently, are we keeping pace with that or not. I don't know that we answer that question because I thought last year we were presented with a last minute change and the revaluation process that we had to quickly move forward and make some decisions around. I thought that we actually knew about some things that we wanted to do and then have the opportunity then. What I'm saying is, instead of making these systemic revenue changes, we've got to make a decision are these systemic changes on our expenses that we are prepared to make revenue changes for, or are we willing to do some things differently. That is the analysis that starts in January versus having that kind of analysis starting in March when we are going to have a budget in June. If we are having this conversation, let's not do this yesterday and not remember today what we've got on the table and actually start thinking about how many people do we put on, what kind of equipment do we use, what do we actually do differently, because you can't have this and talk about just raising taxes. You've got to figure out what kind of City you want to be and have a plan and a path. I think the most important thing for any community is predictability and it is better to be predictable and have people understand how they need to allocate, what they are going to pay for government services rather than take this as a piecemeal - well I'm going to react to a quick expense change here and still try to deliver you investment in innovation and infrastructure. I'm being preachy and I apologize, but I know it is one of those systems that it is not to me how much the tax rate is, if the community accepts the fact that we are growing and changing and we are going to lay out a plan that is predictable for them. Growing of this City is so critical to me to be able to talk about the 44,000 people coming every year; they are bringing .6 cars per person and we are going to say we are going to do all, then we are being really not good stewards of this City that we have the pleasure to live in. If we are going to be welcoming and inviting, we have to be affordable and we have to provide services that are important.

Ms. Eiselt said it is a timing issue; we had to have this huge paradigm shift about how we raise our revenues and it has been through annexation in the past, which is pretty quick but now we have this huge paradigm shift that we have to say we have to create density in our existing areas so that we can increase that tax base but we can't increase density and attract that tax base if we don't have the infrastructure to support it. Do we make those investments now and communicate that to people that, yes it hurts a little bit now, but we've got to make the infrastructure investments that is going to allow us to increase our tax base. The days are gone when we used to annex other areas. Let's do it smart and buy into that vision; it's incumbent upon us to get people to understand and buy into that vision and why they might have to spend money now in

order to be that kind of City that companies that will bring high skilled labor, young people that are going to use those services differently than maybe we've used them before.

Mr. Driggs said that is where the debt picture comes together with the conversation we are having right now. We have to make capital investment decisions and we have to make operating expense decisions and allocate the money between those. I agree with Ms. Lyles there were a bunch of conversations we never finished last year regarding policy on stormwater, on solid waste and Charlotte Water says they need a 6% annual increase in order to meet the needs they have already explained to us, so we've got to make all the pieces fit.

Ms. Eagle said I listed Personnel as a policy question and we've already talked about that so we will continue on. This transitions into the CIP and we will talk about process and not get into any specific projects or numbers at this point in time. You are aware that we do a biennial review; it is that time where we are preparing for the upcoming referendum in November and I've listed some potential updates that may occur. We had some conversation with the Budget Committee at our last meeting around the criteria that the staff uses to evaluate potential adjustments in the CIP. Staff works to bring that information to the City Manager's Office; I've listed the criteria in here for you and we got some feedback from the Committee. I will defer to Committee Members if you would like to speak to that, but we wanted to make absolutely sure that we were approaching this in the right way and getting that check-in from the Committee so we could proceed and that work is underway. I just wanted to let you know how we approach potential adjustments that you will start to see very, very soon as we get into those work sessions.

Mr. Driggs said what we were told was the total amount in the CIP is not expected to change as a result of this and we are talking about relatively small reallocations so we are not going to have any radical departures; it is more a fine tuning process, right?

Ms. Eagle said that is fair.

Mr. Phipps said it is not an arbitrary process; it is a very deliberate, thoughtful process or it is process oriented.

Ms. Eagle said this is probably information that is much more relevant in terms of the previous conversation, but this is our estimated update on our debt capacity and you've seen this before unless someone would like, I won't go through uses and restrictions and you are well aware of that, but we've updated this information based on the most recent information from the Tax Office so you can see the range there for the general debt capacity being between \$40 million and \$60 million. There are many variables and factors that go into the model that our Finance Staff uses to determine this capacity and as you know property tax and sales tax are big contributors. We are very careful about how we evaluate that number but that is the range based on what we know right now.

Mr. Driggs said if we did use this the purple area we would get closer to the green line in that picture right and we don't have any of the \$60 million in the projected debt levels that we looked at, so this isn't covered by that.

Ms. Eagle said I believe that is right, but it would be built into the model as we project out. We have capital reserves \$10 million, \$4 million for our project balance and as we go through we scrub and pull any money that was left over and then our other capital reserves for a grand total of a range of \$62 million to \$82 million.

Mr. Driggs said are there any items like the body cameras that will come out of these funds?

Ms. Eagle said not that I'm aware of at this point in time. We are working through evaluating information for the Manager and for Council to consider.

I will move on to Tourism/Convention Center – This is undesignated resources for the tourism fund and Convention Center debt capacity. We have studies underway for the Convention

Center and Ovens to look at current and future needs and there is staff evaluation going on relative to Amateur Sports and upgrades for Blumenthal and Discovery Place.

Mayor Roberts said when you say debt capacity that is not debt service; that is debt issued.

Ms. Eagle said that is capacity to issue debt.

Mr. Carlee said we've got good growth here on occupancy and food and beverage tax.

Mr. Driggs said that number is going up.

Mr. Smith said BB&T Ballpark, I understand Time Warner...

Deputy City Manager Ron Kimble said BB&T Ballpark has a 20-year payment after they play each season, the City owes them a \$650,000 annual payment that was part of the way we structured that deal as part of the \$8 million.

Mr. Kimble said it's \$7.25 million from the City and \$750,000 came from Center City Partners, so they make a payment

Ms. Eagle said this wraps it all up; the local economy is looking positive but we have lots of unknowns looking toward next year uncertainties that try to accommodate as best we can in terms of planning. The current year is balanced and then our approach on the CIP.

Next Steps – You can see the Workshops are already on your calendars; we have on your calendar an optional fourth Workshop if we need it, all leading to the recommendation on May 2nd and then you can see the steps after that with the public hearing, your adjustments process, your straw votes. We got some feedback from the Budget Committee on how we manage and handle straw vote process and we are working to make some modifications to that to make it smoother this year so that has been good feedback; all leading to adoption on the 13th.

Ms. Lyles said I want to bring up and ask Council and staff in terms of process; generally in the Budget Workshops we have a presentation by a fund and we talk about a rate and we hear that and a lot of staff presentation and usually the staff will present us with two or three choices. I wonder when we actually, or do you feel like we actually need and who would do this, to actually have a conversation about what we've been talking about. Are we going to be predictable, are we going to have increases or not and when does that occur, because I see a lot of meaning with a lot of presentations and not as much dialogue and thinking about how it comes together for a city. Is there any kind of dialogue or how do you think it ought to be. We have a Budget Committee and generally the Budget Committee and we all like spread sheets and numbers, but it seems to me the structure of it is that we have the Budget Committee and we preview, bring back ideas and comments and then the Council views it as a whole. Where is the opportunity to actually begin to jell around some of the conversations that we have, particularly after the staff brings back the qualitative vision or the steps that we want. We can't do 23 action items in silos and then make it look like a whole cloth and I'm worried about our threads not making a whole piece of cloth that we can come away with; not that we all agree, but at least we all understand why we agree on something or why we disagree or why we're doing it.

Mr. Driggs said I talked about the fact that our last Workshops tended to be this recitation of huge amount of information, description about what the Airport does, like a conveyor belt and the idea is we need the Committee could work to frame conversations we need to have on the full Council so that the Workshops can be more about saying, here is an issue, what do you think or here are the things we decided on strategy, how do we address those, and more conversation because, I've sat through that process a couple of times and I sort of thought I could have read this for one, and two, if I didn't know what the Airport does before, I don't need to learn about it during the budget process. I need to go out there and inform myself so I agree with that; I think we've had some great conversations and frankly, I think this presentation reflects a big step from some of our past processes. I'm hopeful that maybe through the Budget Committee we can cause the Workshops to be more productive.

Ms. Lyles said we have to get concurrence. I want everybody to kind of tell us what they want us to do and how you want it done.

Ms. Smith said I agree with Vi; I think my experience in previous budget cycles has been that there is a big laundry list. There is very little band width in which you can actually make change and we will have a huge argument regarding the add and deletes which is the smallest portion of the budget, so I wonder if we want to have meetings in between; like last year we had to add some additional meetings and that was still more under the framework of here is the information, here is your alternative, but it wasn't as much of an opportunity for Council to noodle on it and kind of massage through it. I hate to meet to meet, but maybe we ought to slide in some time in there that we can work through some of this stuff, as a group.

Mayor Roberts said since I haven't been through the process with the City before, why don't you talk about a time for the whole Council to actually talk about priorities so the Budget Committee, when it is working through some detail can do some decisions or options based on priorities that the whole Council had a chance to actually discuss.

Ms. Lyles said the Budget Committee does not discuss priorities for the Council; the Council's process is a budget is done as a whole, so we've not been able to have those kinds of discussions because generally we structure the meetings around funds that we have and the questions around what are the recommendations that we do for each fund. It would be a change if we said to the Budget Committee, discuss priorities, because we as a Council prepare the budget as a whole.

Mayor Roberts said my question was are you asking for another meeting or a time when the whole Council to be able to discuss priorities before the detail.

Ms. Lyles said I think that would be helpful to have the results of this information of what we want to be long-term and as well have a candid discussion on where are we financially because there have been other ideas that have been brought up, not just around the margins and probably a long discussion needs to take place around them. so it would be both what do we want to be in our priorities, but also what is our financial plan for this community, not just one year, but long-term, that we can give people a sense of predictability. I really think that is important and it is just like anything else, if people know it is coming, they are allowed to make choices around it or if we even knew what was coming, we could make the right choices around it. It is pretty basic around a financial context for city services.

Mayor Roberts said so we need a full meeting of the Council.

Mr. Driggs said we could argue that is what we should be doing in our Workshops. I think we take a lot of the time out in which we get these extended reports, topics of conversation and decision and we uses those eight or nine hours in the Workshops to do exactly what you are saying and people can do their homework if they need to outside of the meetings in order to get the information about the enterprise funds. There should be a basic numerical budget presentation related to them, but it doesn't take that long and we could spend less time talking about the Out of School Program plus or minus \$10,000. The only reason I mentioned the Budget Committee is, somebody has got to identify the critical questions that we all need to answer and set an agenda for the Workshops that is more productive. I'm not sure where that comes from or who can be entrusted with that responsibility but I just think of the time we already spend on the budget could be put to better use.

Ms. Lyles said what I hear is, let the Council do the priorities, have the Budget Committee develop strategic questions and go to the Budget Workshops with presentations that are needed, but shorter and to the point and then have the Budget Committee make recommendations on what are the strategic questions that needs to be addressed around whatever the issues are and that means staff would work with the Budget Committee on that strategy or with Councilmembers.

Ms. Eiselt said have we finished this process? We don't know what our priorities are...

Ms. Lyles said I'm thinking we finish it up and the Manager talk about it and then the Council as whole meets at the Workshop; that was his plan.

Mr. Driggs said the Manager said they are going to work on this and we are going to take it up at a Workshop or a Dinner Briefing and have the final opportunity to prioritize, so that is already in the plan.

Ms. Lyles said I agree with Ed, the Budget Workshop we can make better use of time; the Budget Committee could bring to the Council strategic issues that are more around long-term financial planning for the City.

Mr. Driggs said we could just bring the questions and not recommend the answers. Here are the pressure points, the Manager identifies which items in the City budget are actually available for tradeoffs and basically have to make tough choices. The tax rate is always out there, but the point is if we frame that conversation in the context that Vi is describing of the decisions we've made here about where we want to go.

Ms. Lyles said in the end last year the Budget Committee gave three options and then the Council worked hard on that on the last several days.

Mr. Driggs said last year was weird because of the shock we suffered.

Mr. Smith said the alternatives the Budget Committee provided last year I thought was very helpful and it felt more like instead of a rubber stamp budget, it was much more extenuating circumstances, but we felt like Council was putting their impact and everything into the budget as opposed to the budget comes out February 24th, kind of big framework and you are really just working towards presentations to June 13th to vote for.

Ms. Lyles said we didn't all agree, but at the same time we knew what our choices were.

Mr. Smith said I thought that was a job well done.

Ms. Lyles said I think we have a consensus that we would have the Workshop on these items and the Budget Committee will work with the staff to develop the strategic questions, issues, problems or whatever you call them, and then in the end, we would have the Budget Workshop and the discussions around our intent and purpose and our financial planning and then the Budget Committee would actually come back with some recommendations that gave the Council choices about the budget.

Mayor Roberts said the first Workshop will be on helping to rank our priorities.

Mr. Driggs said we have Committee meetings before each of the Workshops, so that would give the Committee the opportunity to kind of process some of this stuff and help set the agenda.

Ms. Lyles said and actually prioritize what really makes a difference.

Mr. Phipps said the sooner we get this information back, I think would be good. So how soon do you think we will get this summarized?

Mr. Carlee said we will try to turn it around real quick. I would like to huddle with the team on Monday and see what kind of condition it is off the wall and on paper and we will put together a proposal to you that lays out a process.

Mr. Phipps said we have a Budget Committee meeting on the 8th.

Mr. Carlee said there is an evaluation in your folder so if you will do your evaluation that will be great.

Mr. Hagemann said this is for people who were on the Council September 15; the three new ones, it does not apply to you. Sunshine Week is coming up; it is a week when the media across
mpl

the State, focuses on open government and open meetings. We received this week a public records request from Steve's organization and they are asking for all e-mail addresses that Mayor and Council may have used for any public business during the month of September 2015. That is all e-mails including attachments that were sent to or received at a private non-City e-mail address. I will be following up with each one of you, but I will give you a heads up, if you were one that used a private e-mail address, and I assume this is going to turn into a story of which Councilmembers used non-City e-mail addresses and to what extent, but as we've told you many, many times before whether these are public record does not depend on the e-mail address, it is the subject matter. You will not have to turn over personal e-mails not related to City government but City business e-mail addresses during the entire month have been requested.

The meeting was adjourned at 10:16 a.m.

A handwritten signature in cursive script that reads "Stephanie C. Kelly". The signature is written in black ink and is positioned above a horizontal line.

Stephanie C. Kelly, City Clerk, MMC, NCCMC

Length of Meeting: 12 Hours, 58 Minutes
Minutes completed March 1, 2016