

The City Council of the City of Charlotte, North Carolina convened for a Budget Workshop on Wednesday, February 6, 2019 at 1:44 p.m. in Room 267 of the Charlotte Mecklenburg Government Center with Mayor Vi Lyles presiding. Councilmembers present were Dimple Ajmera, Tariq Bokhari, Ed Driggs, Larken Egleston, Julie Eiselt, LaWana Mayfield, James Mitchell, Matt Newton, and Greg Phipps.

**ABSENT UNTIL NOTED:** Councilmembers Justin Harlow and Braxton Winston II

**ABSENT:** Councilmember James Mitchell

\* \* \* \* \*

## **I. WORKSHOP OVERVIEW**

**Marcus Jones, City Manager** said before we start the Budget Workshop, one of the things that I would like to remind the Council of is that during the calendar that you approved back in December, the concept was to come right out of the Retreat into a Strategy Session, then 48-hours later have the first Budget Workshop session. This will occur three of these, the first Wednesday in February, March, and April, prior to the budget being presented in May. I would like to ask the Mayor and Council for help as we go through this process. Typically, sometimes we get to the end and there are questions about whether or not we should have had more workshops, so what we are trying to do today is hit some major areas at a high level, and if there are some questions or areas that you would like us to bring back to you in the future workshops, we would do that, but obviously we will not answer all the questions today or cover every aspect of the general fund or enterprise funds, but we also believe that we have a pretty robust agenda. I will turn it over to the Chair of the Budget and Effectiveness Committee.

\* \* \* \* \*

## **II. ENHANCED BUDGET DEVELOPMENT PROCESS**

**Councilmember Phipps** said today's meeting is our first official Budget Workshop of fiscal year 2020 budget development process. I would like to thank the other members of the Budget Committee for a successful Budget Committee meeting on January 15, 2019, which Mr. Driggs is going to talk about a little bit later. I would like to recognize the committee members: Ed Driggs, Vice Chair; District Six Representative, Tariq Bokhari; District Three Representative, LaWana Mayfield; and At-Large Representative, Dimple Ajmera.

So, no different than past budget cycles, City Council is going to face some difficult choices in the adoption of this fiscal year 2020 budget, for instance, this year our residents did receive revaluation of their property, and the City Manager is required to give us the revenue neutral rate. The budget decisions that we will make will address our new priorities and make Charlotte an even better place for everyone. We have a solid foundation to serve as the basis for the fiscal year 2020 budget, and we have 15 finance and budget principals, which were adopted as part of the fiscal year 2016 budget process, so we did a lot of great work at our recent retreat that provided the City Manager input and direction regarding City Council's priorities. So, I feel confident, and I hope that you do too, that we will have a very comprehensive budget process and look forward to our discussions over the next series of workshops. With that said, without further au due, I would like to turn it over to my Vice Chair Mr. Driggs for comments that he would like to make.

**Councilmember Driggs** said at the previous Budget Committee Meeting, we reviewed three things: the annual external audit, which returned a clean opinion from the auditors; the great success of the MyClinic Program for employee health care; and we talked about the property revaluation that is currently underway, which we will discuss a little later today. The Budget Committee continues to help set the Budget Workshop agendas by evaluating which topics to bring to full Council. This year, we will begin to plan for infrastructure investments beyond 2020. We continue to ensure that the City adheres to













































for an example if the apartment complex, if it is a duplex or triplex, where is that breaking point? I am going back to the example that Mayor Lyles had talked about earlier where the lady was living in a duplex, in the example. So, I want to understand the definition of the commercial property.

Mr. Bergman said it is a little bit outside of my comfort zone on the categorization, so I will bring Rebecca up.

Ms. Hefner said it is a great question, because it really drives the analysis. So, in this way that the County divides residential/commercial, as well as the way that we have today analyzed residential, the residential includes single-family detached duplexes and triplexes, townhomes, and condos, but multi-family apartment units count for these purposes as commercial. So, that is the division, and what we have done is take not the total value of any given parcel but the tax assessment value for each unit's tax bill. So, for example, we are not counting for a duplex; we are counting the individual amounts for each property owner on that parcel, so it is not double counting the land for example.

Ms. Ajmera said so, I am not sure that I followed you there. So, you said our definition, so is the County's definition different for this category, or is it the same?

Ms. Hefner said the same.

Ms. Ajmera said so, single-family detached then anything that is under triplex is considered residential, but it would be per unit, so you would not be double counting the land.

Ms. Hefner said right but also condos and townhomes. So, those would be more than the triplex, but the apartment codes and definitions start at four so, duplex, triplex, single family. A quadraplex then goes into the apartments.

Ms. Ajmera said ok, so then we do not consider per unit cost, because then you are looking at the whole quadraplex.

Ms. Hefner said for those units, the apartments, the whole universe of apartments, we have not done that analysis yet. When we get to that analysis we will look at the overall impact and divide it by the number of units to get an estimation of the impact on an individual unit.

Mayor Lyles said can we just go ahead and get the legal definition that we use in our zoning and tax revenue that is the foundation that the County or the State provided to us for commercial. I think that would be very helpful. I know how you know in the analysis, but I think there is a legal definition that defines commercial.

Ms. Ajmera said so, if you look at the slide 26 in our notebook where it says 2019 tax rates for the 12 largest North Carolina cities. Okay, so is this one, I guess does that include the increase that we had approved last year for public safety?

Mr. Bergman said yes.

Ms. Ajmera said if you look at slide number 29 where you have three different examples with the 25th percentile, 50th percentile, and 75th percentile. I am not sure that I followed you there in the residential value itself. Could you elaborate more on that?

Mr. Bergman said so, for everything on the table, we are using a starting value of \$97,000, then it shows how \$97,000 would change your tax bill if you grew at 37%, 49%, and 66% so if your home value grew at that much. We use those numbers because of the actual residential growth, that is the 25th, 50th, and 75th percentile.

Ms. Ajmera said so, \$97,000 is the number that we have seen in the growth?

Mr. Bergman said \$97,000 is the start point of the home value, then if you look at the 25th percentile scenario there, it grew 37%, so now the home's value is \$132,000. Right below that is the impact on the tax bill with the new value, so it would be nine dollars less.

**Councilmember Harlow** said this was very comprehensive. It makes it a little bit easier to explain this to other folks. So, understanding that the point in your answer that the breakeven, with this example at the revenue neutral example is 39.6% increase in value. Do we have an idea of what percentage of actual home owners fit at or actually in that threshold?

Mr. Bergman said at this example rate, about 60% of homeowners would pay more than homeowners next year. That is just because of the distribution in values of the homes that went up and down.

Mr. Harlow said this is personal; I do not know if anyone else wanted to. I would like to see something in relation that is more particular for me, and maybe other District Reps want to see this. One the lines of what Mr. Egleston was asking, as it relates to having the heat map and putting district lines on them and also getting a little bit deeper and saying, where does that line draw for the breakeven point and percentages under and over? Even this table, I would like to see that 39.6% between to understand that it is probably what, 30% percentile or something like that, seeing that the 37% change in value is the 25th, so it would be slightly higher. Just to kind of true or even more deeper sense of okay, here is 25. Here is the breakeven, and here is everything above it.

Mr. Newton said you said that 56 percent would pay more?

Mr. Bergman said 70% and that is just on real property; it doesn't factor in cars or personal property.

Mayor Lyles said that is interesting; I think that the 97% works. I think that most people think of \$100,000, then they multiply. Like, if my house is \$100,000, \$200,000 is easier to calculate, but I have seen that done before. Maybe we can make it a little bit simpler so that people can look at it that way. I think that is easier for people to say that for every \$100,000 you are going to apply this amount. It is just an easy way.

**Councilmember Driggs** said [inaudible] distribution of increase is different in [inaudible].

Mayor Lyles said I agree but- Okay. I had one question, and I was thinking, my question was on the slide, the commercial growth, I heard you say that you had not getting into the apartment section, but we also look at it in terms of retail, office, and multifamily? Are those all of the codes? I think industrial, heavy and light, so I think that they are all by basically our zoning codes, but if you could give us that breakdown for commercial growth in the same way, that would be very helpful.

Mr. Phipps said someone mentioned earlier that the housing department had come up with a list of NOAHs in the community.

Ms. Eiselt said Housing Partnership.

Mr. Phipps said is there any way we could see and get the list of those NOAHs and where they are, and how they are dispersed by district?

Ms. Eiselt said I am sure that they could; they did the research, so we could ask them.

Mayor Lyles said I do not know that we have settled on a definition. What was her definition?

Ms. Eiselt said she did not say, whatever they considered NOAHs to be.

Mayor Lyles said Pam, if you would ask Julie about that. She was here, but I think that if we would just send her a request with her definition. I know that the HAND Committee is

needing our NOAHs and the definition policy coming up this week, and if we could have that by then, that would be very helpful.

\* \* \* \* \*

## VI. NON-GENERAL FUND

### Charlotte Water

**Angela Lee, Water Director** said I will be testifying in front of the House Transportation and Infrastructure Committee tomorrow on the need to continue funding water systems. Thank you for the opportunity for talking about water this afternoon and to give you a budget summary on our organization. I always like to start with the vision. Our vision is to be the leader in this region in providing water and waste water services to our community. I would like to begin with a short video outlining our 2018 accomplishments and how Charlotte Water connects to this strategic objective of our community.

A short video was shown.

Again, we wanted to show this video; it will be up on our website. So, as we go out and talk to community groups this year, this would be the video showing how we connect to the community. The 2020 budget is \$473.7 million; 35% of the budget is operating, and what we have listed here are the different divisions in Charlotte Water, then 65% of the \$473 million is really dedicated to capital. Half of the capital is debt service; that is our house payment, and the other half is PAYGO. Also in our budget, we have 31 enhancements equating to 39 positions; that is because some of the enhancements crews; 32 of the 39 enhancements are related to maintaining our infrastructure and keeping up with growth in our community. Our five-year CIP has grown to \$1.6 billion; that is community investment. So, we are planning to invest in this community \$1.6 billion. How it really shakes out is we have \$833 million in projects related to capacity for growth, then we have \$546 million dedicated to rehab and replacement, and that is really the internal struggle within Charlotte Water. How do we grow, and how do we maintain what we have at the same time? Then there are a certain number of projects that we just simply have to do to meet our regulatory requirements; that is \$119 million. Those are related to the capacity projects, because in running a water/wastewater utility, we are pretty much mandated to make sure that we have the water and waste water capacity, or it becomes regulatory.

Then, commitment to public projects would be how we connect to other projects where we are not a driver. So, for example, the independence widening, Charlotte Water is going to have to go in and relocate our water and waste water lines. We try to eliminate crossing Independence when a new road is put in, just to name some of the capacity projects that we are doing. Of course, we are working on a new Long Creek Wastewater Plant that is in partnership with Mount Holly, and hopefully Belmont. We also have work that we will be completing in the Mallard Creek Basin, when you look at the Blue Line and all of the growth that is happening up Tryon Street. We have noticed that we have to do some work in that part of the County. So, that is part of our capacity building efforts.

In terms of rehab and replacement, the oldest water plant that we have is on Beatties Ford Road. We will be beginning a project there, we have much more work to do; that is the Vast Water Treatment Plant, built in the early 20's. That is part of our rehab program and work that we need to do for our system. We also have quite a bit of work that we are doing at our plant in Pineville. It is the second largest waste water treatment plant in North Carolina. We have a lot of work to do that, so that is also included in our Community Investment Plan, along with many pipeline projects. My motto this past year has been piping the ground, so there have been many, many projects and pipeline projects that we have had to complete, all over our region, really to meet capacity and regulatory needs.

So, when you look at the investment that we are making in the community, it really connects strategically to our community goals. So, Charlotte Water doesn't necessarily get the credit as being an economic driver, but we really are in terms of economic development, in terms of creating jobs, in terms of creating and investing in infrastructure,



Charlotte Water is there. Really, nothing happens without the basic water and sewer that we all need to live and to keep this community the best place to live, work, and play.

We do have a 10-year financial plan. We work the plan; we stick with the plan, and we try to beat the plan. So, each year when we talk about rates and where we are going in our investment, it is really just a ten-year financial plan. I will end by saying that to really have a good utility- you know, Charlotte Water is considered one of the best in the county, and that is because we have been great partnership, we have a partnership with you, our Council, our political body. We have partnerships throughout the community and with the community, then we have well trained staff who are responsible for operations and maintenance. So, when you have the three corners working together all aligned in a triangle, I call that the success triangle, you really have a successful organization like Charlotte Water. That really completes my presentation, and on behalf of the 958 employees who work 24/7 to make sure that we can all wash, brush, and flush, I thank you for your support, and I will entertain any questions that you may have.

**Mayor Lyles** said I just cannot be prouder; I think that your operational experience and the leadership that you have done has been tremendous, so thank you, and I think that there are going to be questions.

**Councilmember Egleston** said will you update us on the timeline for the Long Creek facility that you mentioned?

Ms. Lee said the new wastewater treatment plant, I think that we are looking to be online in 2024. We are starting planning. Now, today, we actually met to choose the design build teams for the pipeline portion. So, the pipeline portion will be first. That is when we connect Charlotte to Gaston County up under the Catawba River, then we will receive waste water from Mount Holly first, then simultaneously we will start working on the plant.

**Councilmember Phipps** said back in 2014, someone poured a foreign substance in the drain pipe that showed up at the Mallard Creek Wastewater Treatment Plant. Is it safe to assume that that investigation is over now, or what is the status of that investigation? I know it was considerable expense to Charlotte Water in terms of trying to clean up all of that, but has that case been effectively closed?

Ms. Lee said [inaudible]. I know that we have not found the culprit yet. Now, do we still have folks- It sounds like nothing is really active on that investigation, and I do not know if you were aware, but there were two or three other utilities up and down I-85 who were also hit at the same time.

**Councilmember Ajmera** said thank you for your leadership. I know that discovery funding had come up in front of Council, I think two years ago, and I liked how they have partnered with Charlotte Water so that we could continue that program and really educate our younger generations on how the water system works, and I have taken a tour. It is a very good learning experience and how much goes into that behind the scenes. The 10-year financial plan that you have on the slide, I know that is a very small font. I couldn't see it, but are we looking at any rate increase this year? I know that last year we did have an increase based on the plan, so what are we looking at this year?

Ms. Lee said we are looking at a rate increase; we have not formalized the numbers yet to make a formal recommendation to the Manager. Really what we need to do is fine tune our consumption numbers. The 10-year plan calls for a 4.14%. We think that we will be up under that. That is percentage, but we are somewhere and again it depends on usage okay. If you are a one CCF customer, we are looking at around .20 cent. If you are a 7 CCF customer, we are looking at \$2.48, and that is a month or less in that range. Again, CCF, one CCF is 748 gallons, like power is kilowatt hours. Our unit of measurement is CCF. As we go along, we want to have a little more time to look at our consumption numbers. We have folks cranking on our financial plan and our Manager will be making a formal recommendation.

Ms. Ajmera said thank you, I like how we are allocating it on the usage and not necessarily attributing all of that to the fixed portion, because I think that is very important that we look at the usage.

Ms. Lee said it is both components, the fixed cost, because there is a certain amount, turn the lights on. We call that keep the lights on, KTLO but also the volumetric.

Mayor Lyles said have a great trip tomorrow, and enjoy the experience.

Ms. Lee said thank you for your support. We appreciate it.

Mayor Lyles said I think the Council would like to get to the Capital portion next, then we can come back to Storm Water and CATS.

\* \* \* \* \*

## VII. CAPITAL PROJECTS STATUS UPDATE

**Marcus Jones, City Manager** said the next item that we will go over are the capital projects status update, and what I would like to do is piggy back on where Sabrina started off with, and that is there are several things that have happened since last year, as it relates to the CIP, and one has been the revamping of the Budget Office. I would say not just the Budget Office but really a more collaborative effort as we tackle problems. I believe that you saw some of that are we started to talk about the reval and how we are working more as one team.

The other thing that I would like to add to that is that prior to changes this year, we had a CIP Steering Committee, in which many of the items at the initial stage never made its way but say to the Budget Office or to the Manager, so by having our every-three-week team meetings, we have been able to accomplish a lot. So, I really think Mike Davis for heading that up. Then, I would say one thing that maybe Mike didn't really sign up for is to have weekends with me in this building, so we have spent a lot of time over the course of the last few weekends and Jennifer Smith too and Sabrina, trying to make sure that we can iron out some of the issues that we have. So, having said that, I would like to turn it over to Mike and he will give you an update, which is focusing really on the 2014, 2016, 2018, and 2020 bond cycles as a beginning.

**Mike Davis, City Engineer** said it is good to be back before you again. I only have a few slides to present, and really the purpose of those slides is just to help orient you to some material that you have in front of you. I just have the privilege to kind of give you a little bit of context around it before you try to get through that content, but one of these slides I believe you have been during your Retreat. I will put sort of a before and an after for side-by-side comparison up on the slide, but the idea here, and I will not step through all of the bullets, but the key concept behind this slide is to really illustrate that in the former design of the community investment plan in terms of how projects work, conceived, selected, and ultimately managed, there are some key steps that should be happening in sequence, and the things that we would really like to see happen before the City Manager is in the position to make a recommendation to Council and before Council is asked to authorize those as part of a budget process, that we would want to be able to do a certain degree of preliminary planning, planning and design, to advance that work. So again, on that left side as you see the types of things that were happening before and after the recommendation versus on the right, which is what we are moving into. So, what that leaves us now is of course we have a variety of projects from those bond years that we are actively managing, so the report that we will get to in a moment is one that is just seeking to sort of say, where are we with all those if we want to sort of look as a high-level view of what is the health of those projects? Can we just get a high-level assessment of that? A couple summary slides, one would just be to say, it may be helpful to understand a little bit of terminology here. So, you can think about projects and maybe living in one of three places, one would be individually named projects, so that would just be where you would call a road by its name over a certain distance and scope, and you

would put a number to it in the budget process, and we would manage that project to that budget.

Umbrella projects are basically a collection of individual projects where they are traded in a group, often times in one geography where they are managed as a collection of individual projects where savings from one project might be able to be used towards another project, but they are all managed as one collection, so we roll those budgets up into one summary, and you will see that on your sheet as well.

Lastly is a term that you will hear us use sometimes called programs. Programs are really those things that have been sort of tried and true activities over a long period of time where the tendency has been to continually invest in those areas, and a great example would be the sidewalk program, so whether than trying to name every sort of sidewalk we are going to go out and construct, the focus is really about production and you are working a list that is prioritized in accordance with adopted Council policy, and what you are doing is you build one and move on to the next one. So, what you are generally doing is refreshing the available funds in those programs, so we can report on those too, but they do not have the fine start and end points as you might think with the other projects.

So, the other thing that I wanted to just talk a moment about, and this was covered Monday night and perhaps mentioned in the Retreat as well, is this idea that the more you do on a project, and the more you learn about a project is the greater cost certainty that you achieve through time. So, this has sometimes in the past been called the cone of the unknown, so you start out not really knowing much at all, and what you want to be able to do is be able to plan that project work, so you know what you are building. The community knows what to expect in that project, and you are going to learn a little bit more as you design it, then by the time that you are really to put up real money for construction, you have a really high level of confidence in that figure. So, the reason that this is worth highlighting, and this now takes me to the report, is because you will notice that part of the status that is identified on this sheet will use that same terminology: planning, design, and constructions, so as we are seeking to highlight for you where we think there could be any challenges on the horizon, I want you to also be able to sort of keep in mind where those projects stand along that continuum.

**Councilmember Winston** said how do you explain planning and have an idea for the community of what is coming, what this looks like. Why would that planning not begin before the project is even approved? Why does it start after?

Mr. Davis said a little bit of a tradeoff, so you do not want to spend a lot of money studying a project that you do not want to seriously advance. We can thought spend a little bit of money to go out and do things like community engagement, where you are basically setting up meetings and you are going to talk to people about what a project in the community might look like, what value it might bring, in order to understand what are the conditions in which you are building it in order to inform those costs. So, the idea would be, in a reimagined design of the CIP, that instead of choosing, as a Council, to do a project where you have not planned it and you do not yet know what that final cost is, you can say we spent a little bit of time on this, and we think it is a good project, and I left out a step. These projects usually do begin in other, often times, Council adopted plans, so take for a moment Transportation Action Plan; it is a 25-year outlook of things that, from a transportation perspective, seem like good projects.

So, we would pull them from a priority list of things that we think are good projects, then we go test them in the community through planning, understand what that would look like as it is fit into that community, then we know a cost, and we come back and say we thought it was a great project, now we know what the community thinks it should be, and we have a good idea of what it should cost, and we would like to spend now some money to design it and really know what that cost is before you go forward and spend where most of the money gets spent, which is in construction. Does that make sense?

Mr. Winston said I just think that some of this planning and design should be done ahead of time so that we know and do not end up in a Cross-Charlotte Trail situation moving forward.

Mr. Davis said absolutely, our process that we invasion and it also involves the capital needs assessment, lets us programmatically spend more time and effort, often times just by staff not always engaging with a consultant, to just do preliminary work to further those concepts well enough to get a pretty good handle on costs, but again, it is always the more you do, the more you know. We want to make sure that the design of that CIP gives Council maximum clarity at the moment where they are asked to commit to putting up construction dollars.

The summary, if we are going to sort of just extract from the document that you have to sort of put on one spot where we stand and just start from the top, of all of these projects we would say that 90 of them are on target. Eight of them, if we are trying to account for all of the numbers on the sheet, we have eight of them that are pending development partnerships. Let me tell you what that means. There are some of these projects that we have set aside money for over time that recognizes when there is an opportunity to partner with some of the private sector, so the implementation of that project is tied to how that development partner might be moving, but the flip side often times with development partnership is cost certainty, because we are bringing to them a certain amount of money to achieve something through the partnerships. They behave a little bit differently. We have had one project removed over the life of the projects on this report, which I could describe if you would like. Otherwise, what we have done is identify eight, and they are highlighted in yellow on your document, that we would describe as having some budget risks. Let me tell you what that means. So, all projects carry contingencies, and they are meant to deal with unforeseen circumstances as you develop a project. So, as some of those get tight over the management of that project, so as some of those get tight over the management of that project, they can create some concern, and we would say we are going to keep an eye on these. You shouldn't assume that just because it goes above that contingency that it necessarily leaves you in a place where you have to have more money. It might mean that what you have to do is go back and make some choices in the design in order to make sure that project stays in budget, but we are just being asked to highlight and bring forward to you things that we would be keeping an eye on, and that is what that means.

So, of that whole inventory, we have identified one that we would say we know needs additional funds, and just to go ahead and tell you what it is, the CIP's envision includes \$6 million for construction of what is called an infill fire station, so we believe that, and I will not speak for Chief Johnson, but my conversations with him in terms of what is needed operationally would envision a three-bay station instead of a two-bay station. So, it is sort of a tweak to what we would seek to build to maximize operational efficiency. We have not begun managing that project. I have not purchased the land for it, so there is some risk in there in terms of the land cost and what we would think would be an increased cost to the building. That would be under five million additional funds. Of course, lastly, we have on here Cross-Charlotte Trail. We spent a lot of time talking about that Monday night. We can talk about it again tonight if you would like.

Mr. Jones said that infill station, you said under five million?

Mr. Davis said of additional funds if we are trying to put a cap on what we think could be the additional dollars added.

Mr. Jones said for that one project? I thought that was close to two million?

Mr. Davis said it probably will not even be \$5 million. I am just throwing out a number that is a safe number to say. We will not expect to see anything come back north of that.

**Sabrina Joy-Hogg, Deputy City Manager** said you have two handouts in front of you; one is a long 11 by 17 sheet, and that has the projects that were listed in the 2014 through 2020 bond cycle. The first column has a number in it. Those numbers correspond to the

8.5 by 11 sheet that you also have that is blue and white, then you have the title of the project, and in the third column you have the total number of the project that was proposed back in 2014, then if you go across, you have the 2014 bond cycle, which then you have additions, 2016 the same thing, additions, and 2018 additions. In 2020, we just planned, which then leads you to a revised total, which is the second column from the right-hand side, then the last column shows you the actual dollar change from the first inception. That was the large sheet you have in front of you.

I will go to the 8.5 sheet. Again, the numbers correspond to the larger sheet. These are projects that are listed there. Again, it starts with the number, the title, the phase that it is in, you know the cone of uncertainty, whether it is an ongoing, a program, whether it is an umbrella, where they are in terms of design of construction, then it gives you an estimated completion date and what the status is. Most of them are on target; we have highlighted where there are some budget risks, in yellow. The first one that you will come across is on page three. There is one highlighted in yellow.

**Mayor Lyles** said we often taken for granted all of the stuff that is being done, so do you want us to just be aware of what is in the yellow, or do you want us to go into some questions about it?

Ms. Joy-Hogg said we can take questions now.

Mayor Lyles said the very first one that is in yellow is the Idlewild-Monroe Road intersection. It says some budget risk, and I was wondering if Mr. Davis could just say how it got to be yellow, then we can keep going to the next yellow.

Mr. Davis said we will walk through the yellows. So, Idlewild-Monroe Road, this is a project that has been managed to its budget when we have refined the design. There have been some specific concerns about locations of sidewalks and proximity impacts with some adjacent parcels, so we are in the process right now trying to evaluate what is the best way to redesign that project. So, all of this is fairly recent and would just cause us to say, until we know what the solution is, it is hard to know that we have certainty in how we are going to deliver that project. It is a little bit of an issue where the scope gets to be in question. So, until you know how that is resolved, you just do not know, but otherwise, we are managing that project within budget, and what our goal would be is to seek to solve that from a design standpoint.

Mayor Lyles said alright, so it is not a money issue; it is a design issue.

Mr. Davis said yes, I would just say that scope and budget are always linked. So, we think that there is a path to probably resolve this through the scope.

Mr. Newton said to be clear, it is a design issue that could become a budget issue, but you really do not for see it becoming a budget issue as you continue to figure this thing out.

Mr. Davis said yes, our goal would be, as always, to try to find the right design solution to keep it within its budget. We also want to build the responsible and right project, so as we are looking at a particular design issue here, we want to solve it through design, and we are alerting you that if for some reason we cannot find a solution, that would be a reason I could potentially come back and say we would ask for your help through a budget.

**Councilmember Ajmera** said first question is, I know that you said that we will try to work with the design so that way there is no cost overrun. So, does that mean the scope would change? Where do you have it come back to us if there is a significant scope change?

Mr. Davis said let me give you a flavor of what a solution could look like. So, if for example, and forgive me I do not know- This is hypothetical on this design, so I do not know that this is the solution. So, just to give you a flavor of it, if you had a situation where the sidewalk was eight feet from the back of the curb, and that was reviling a significant expense that could be corrected by over a short distance moving a side walk two feet,

that would be something that we would comfortably do within a design context that achieves the scope and intent of the project but has a responsible choice made in the interest of making sure we are not being inefficient with those dollars. So, we would not bring that back and say this is a different scope; this is a refinement of design as you go again, progressing to that cone, you discover issues and you manage solutions to them. This is not a change of what the project outcome is, number of lanes, bike lanes, any of those types of things. Those would be major scope changes.

Ms. Ajmera said so, if there is a scope change that does not deliver on our original promise of the bond, then it will come back to full Council?

Mr. Davis said that is right.

Mayor Lyles said well, wait a minute. I want to make sure. We do not put the scope of a project in a bond referendum. We do not include that; it is not that descriptive. It would say Idlewild Road Intersection Improvement Program, because going back to the design flow, that would be done I think as you get the money in, from my understanding. So, I just want to be clear that it would not say eight-foot sidewalk, and we make it six.

Ms. Ajmera said not to that granular level, but it would have some sort of description behind the project I would assume, especially with the new capital planning that Mr. Manager had brought up at the last discussion. It would have some description; am I correct? It would say what would this project mean?

Mayor Lyles said what problem are we solving? That would be a way.

Ms. Ajmera said yes, not six feet or two feet but-

Mr. Davis said as we think about a capital needs assessment, think about a 10-year outlook, and we think about how we would want to define named projects. What we would expect to have, for any given project, a fairly brief description of fundamentally what the value to the community is in the project. We are solving for some congestion; we are doing some safety fixes envisioned as sidewalks, as crosswalks, as widenings, whatever it may be. So, that is going to be the fundamental goal of a project, and that is what we would not want to change in terms of the level of scope. What I am describing in my how do you manage through a budget, we are talking about the finer grain design elements that we do all the time to make sure we are just spending the money responsibly to deliver on that scope.

Ms. Ajmera said fair enough, just one last question I have on this, I understand the projects that are in yellow, at this point there is still some work that needs to be done to figure out if it would have budget implications?

Mr. Davis said yes, for any one of them we would get budget and cost estimate updates throughout the life of a project and of course at major milestones, as we are doing now, through budget. Really, the last real check on the cost of a project is when you go and put it out to bid. So, we are in design, and we are going to continue to learn about that project as it is developed, and then when you finally put it out the bid, that is when you know. So, it is something that we track throughout.

Ms. Ajmera said okay, I think that what would really help is that we may not have that information now Mr. Manager, but at some point, I am sure that we will have that information where it may not be necessarily the partnership or the design issue, but it could end up having budget concerns where we would have had to look at our capital budget. So, I think that if we can somehow separate those out, because the ones that I see are just the pure development partners that may not have a budget issue, so we just want to highlight the ones where we know it is in our radar when it comes to significant budget increase, especially budget overruns.

**Councilmember Mayfield** said Mr. Davis; I see on here that this does not included the funds committed to projects through our off-cycle adjustments. It would be helpful to get

information of ongoing projects, so I am looking through this going back from the 2014 bonds. I do not see the roundabout at the five points on Tuckaseegee and Berryhill, of which actually I just received an inquiry within the community on it. I do see the project in Whitehall/Ayrsley and the timeline on that, but it would be helpful in this to break down all of the current projects that we have with their estimated time, just so we can insure that they are staying on track. We can go offline in order for us to have a conversation on the Dixie/Berryhill/West Boulevard combination that I am seeing on here.

Ms. Joy-Hogg said I am glad that you pointed that out; these spreadsheets do not include the off cycle, so there were some projects that were done throughout the fiscal year by Council action or they were done through budget transfer and picked up through the budget ordinance later on. There is a matter of record keeping. We have to comb through years of actions and try to tie all of the numbers back. We just did not have enough time to put those on the sheets yet.

Ms. Mayfield said the project that I am talking about is specifically in the CIP and the CNIP category, so it would just be helpful for us to make sure that we are tracking any outstanding projects that are directly in that category to ensure that they do not fall into the category, of this one is not going to be completed, and we are not aware of it.

Mr. Jones said that is very important, because my understanding is that we have captured every CNIP project in this, so if there is a discrepancy about what is a CNIP project and what is not a CNIP project, we need to know that to make sure that we have accounted for everything.

Ms. Mayfield said that would be helpful.

Mayor Lyles said so, under the CNIP category, 19 projects, 19 through 29. Mayfield was questioning Tuckaseegee roundabout on Tuckaseegee/Berryhill.

**Councilmember Phipps** said you mentioned in one of the slides that you had 90 on-target projects. So, does that include, looking at on page three of five on the 8x11. Number 18, that is a completed project, but it has on target. What exactly does that mean, that it was completed on target?

Mr. Davis said generally what on target would mean is that we are anticipating to be able to complete the listed project within the budget that was allocated for it.

Mr. Phipps said it was number 18, the University Pointe Connection South Bridge and a similar one down number 21. Number 18 says completed and on target and the same with number 21.

Mr. Davis said if it is indicated as complete, it is complete. I may have missed part of your question. So, if it is listed on this document as complete, it was one of the former projects; we are not actively managing it anymore, because it is done.

Mr. Phipps said it wasn't a category update; it says completed projects. I have the pre-meeting version.

Mayor Lyles said the one that we have is in the handout.

**Councilmember Driggs** said I wanted to make the general comment that this work goes back some time and it represents a huge effort. It should be looked at in the context of the recent shock that we got about the Cross-Charlotte Trail. So, this is not a hasty reaction to that, but it can be considered in response to it to the extent that three-key questions about that where for one, where do we go for here with the Trail, which we discussed? The second one is, how do we keep something like that from happening again? I think that is included in your capital planning process changes that you have identified. My comment about that is it would be helpful, I think backed on what you heard already, if we heard once about an idea that you have and want to start working on and we are able to give you just a nod about whether that sounds like something we would

want to hear about, then you come back. The thing that I do not want to have happened is that you come back having spent a lot of money and time on something and then we get this yes or no vote opportunity at the end.

So, there is a need to kind of talk to us early and then a need to talk to us when you have done more work, before we give the final approval. The other piece of the puzzle is all of these pages, which in effect answer the question, are there more Cross-Charlotte Trails lurking? So now, we have an inventory of all the projects that were part of the big ideas, the status of them, and the few places that are left where there are still some questions about the budget impact, but we are told that those are not expected to be big issues like the one that we just experienced.

I do have a question about this as well, which is if we look at the first large page, it shows \$816 million, which historically was the big idea's capital budget. Then in the second to last column, it shows a total of over a billion dollars representing the revised total. So, my question is, how much of that could be interpreted as being cost over runs or amounts that exceeded what was in the \$816 million plan, and how much of that increase actually constitutes new projects that were added, because there were some added. I do not know whether you have that answer right away. It could be probably gleaned from this sheet if you spent some time on it, but I think it would be useful to know, what was the final outcome or what do we expect the final outcome to be on the \$816 million versus some money in that billion, I hope, in that \$117 billion that represents additional value and not just more cost for the original plan.

**Phil Reiger, Strategy and Budget Director** said Councilmembers Driggs, I have done a little bit of calculating on that, so let me try to describe it and see if this works. So, of the original big ideas, the original project scoped at \$816 million; \$48 million was added last fiscal year to deal with cost overruns of those projects. Also, \$45 million was added to housing from the original allocation to the new. That is a total of \$93 million added to the original projects that make up the \$816 million. On top of that, we are really trying to close that \$201 million. There was \$108 million of new projects added between FY15 and FY19, so along the way, we added new projects to the originals as well. So, that \$93 million is changes to the original big ideas projects, of which \$48 million were to deal with cost overruns, then \$108 million since FY15 were added in new projects

Mr. Driggs said so, that doesn't include the Cross-Charlotte Trail?

Mr. Reiger said that is true. So, we haven't added any additional money for the Cross-Charlotte Trail, so that Cross-Charlotte Trail is not factored in.

Mr. Driggs said [inaudible] of the original budgeted amount and what happens after that? That is still a \$77 million delta right there, compared to- but you are saying for the projects on this list, aside from the Trail, the cost over runs were \$48 million? This demonstrates the need for your new process, and how much money have we actually spent on these projects? What is the status of completion of them?

Mr. Davis said I do not have that report prepared. You will see through this collection, it does indicate where there are completed projects. It might be that we can just generate a new report that shows all completed.

Mr. Driggs said I think that given that we had to extend the authorization that we had for one of our bond issuances in the past seven years, I am guessing that there is a bunch of stuff that we have not done much about yet from that original program, and I would just be interested to know, as we look at the \$816 million, what the completion status of the projects on that list are.

Mr. Davis said this image on the screen does give you some representation of that so, there are five that are considered not started, and I can describe those a little bit. The remainder here are sort of what is working their way through the pipe. You mentioned the seven-year bond authorization issue. The process that we have described does allow us to put construction money later into the process rather than at the start of the big ideas.



Again, we have not even done any planning, so we do still have some moving through the planning process. The five that are considered not started are a computation of things. It is for example the fire station I mentioned earlier that we know is the one that we think will need more money, isn't slated to drop in until 2020. That is why that is not started. Others are generally combinations of things that, in order for them to move forward, require other people to complete other work, so they are not ready to be advanced yet.

Mr. Driggs said this does represent less over all completion than was contemplated when the original schedule of bonds was conceived, right? In other words, we have bond capacity that was authorized and has not been utilized for some years, which is why your process of tightening up the time from authorization to shovels is critical. We do not need more situations where we agree to do something, and six years later, we do not have anything. People are waiting for us to get moving on housing right now. That to me is not a great score card in terms of what people expected when they authorized the \$816 million and where we are today. We need to do better.

Mr. Jones said Mr. Driggs; I agree. One of the concerns going forward, so we were talking about the construction today, there is also the financing. So, just as you said, that seven-year clock, if we only have that output at this point, what is going to happen the next time that we are up against that seven-year clock? So, that is what we are working on as part two. First, we deal with the project, and now it is the financing of the projects.

Ms. Ajmera said so, towards the end of this spreadsheet, you have got projects funded using COPS. What does that mean? Is that just Council approved not through bond referendum?

Ms. Joy-Hogg said those were our certificate of participation notes. They do not go to the bond for a referendum.

Ms. Ajmera said how are these approved? I see a couple of projects that were just Council approved.

Ms. Joy-Hogg said they are done through Council as well. They are bond issuance, but they just do not go for referendum.

Ms. Ajmera said okay, got it. It is a lot to absorb, but I appreciate the effort that you have put into putting it all out there, because there are a lot of projects that we have, and every one of them is important, especially the bond referendum that was approved by voters. What I would like to see, I know that we have seen this in private sector where we have a dash board, and if the project is not following the timeline, the scope, or the budget where we see the scope overrun or even underbudget, we have to have that maybe every quarter so that we can continue to keep track of all the projects. Just having this once a year is very challenging, especially for me. So, I think that having some sort of a dashboard would certainly help.

Other thing is, are there any projects that were not through bond referendum or Council approved but are there any other capital projects that are here, so not bond referendum projects?

Mayor Lyles said if there are, we are in trouble. I do not know the answer.

Ms. Ajmera said so, all the COPs are Council approved? Am I correct?

Ms. Joy-Hogg said yes.

Ms. Ajmera said okay, so there is nothing that is not Council or bond referendum approved?

Mr. Jones said that is our belief, but earlier Ms. Mayfield brought up a project that we believe we had captures all the CNIPs and one of the concerns that I have is the community engagement. So, you go into a community and you have this list of projects

that may or may not be viable, then somebody then says, okay because this is how much money we have, a line is drawn. So, I do not know how many projects that may be out there, and let's hope there are not many, through the CNIP's like Ms. Mayfield said that maybe there was some expectation that a project would be funded. So, we would like to make sure we go back, because we do not want to tell you this is the universe and then two weeks later we find five more projects, but for what we know right now, we believe we have captured everything. Have we missed anything?

Ms. Ajmera said I see a project 93. This would go even prior to some of us, so there are certain projects that I just do not remember, but that does not mean that I have been through every single Council Meeting before I was on Council. So, that is why I am asking this question that I just want to make sure that all the projects that are on here are either Council approved or went through the bond referendum.

Mr. Jones said all the projects on here are Council approved or they have either gone through the bond referendum. Sabrina just mentioned to me, there is something that is called a wind-up ordinance that has happened in the past, so we have to make sure that we go through the wind-up ordinance and make sure there were no projects in that, but as for what we know that has been approved in June by the Council or by the voters in terms of bond referendum, we have captured those.

Ms. Ajmera said so, if you do see something that does not fit into any of these categories, if you could bring that up, I think that would be great. To Mr. Driggs' point earlier, specifically for the Cross-Charlotte Trail, could you explain this column where it has change in total since adoption?

Ms. Joy-Hogg said are you talking about the three million that is listed there?

Ms. Ajmera said no, over there there is no money there.

Ms. Joy-Hogg said so, the Cross-Charlotte Trail started at \$35 million, if you look all across, that was the planned amount, then it stayed at \$35 million, but then there was \$3 million added for the south connector, so if you take the two together, that takes you to the \$38 million.

Ms. Ajmera said so, I guess the overrun that we had is not in here, so are we not putting any over runs in this spreadsheet?

Ms. Joy-Hogg said this spreadsheet is a look back so when the Manager comes out with this budget and we go through this process, it depends on his recommendations and where we are with the design.

Ms. Ajmera said I think that somewhere in there we have to have a column that shows overruns so that we know that we need to somehow find resources to fill that overrun or if that is not the direction Council wants to move forward with, but at least we have to keep track of all the projects that have overruns or maybe even underruns.

Mayor Lyles said I think that the question is if we think a project needs additional funding, it is not overruns. Like the scope, if after all of this is done and we know that there is several, and I think that some of the yellow ones they defined within the scope they are working on, but we have made no decisions. So, that number that was estimated for the Cross-Charlotte Trail of 77 was inclusive of the 38, but it has no design. It is just another estimate, so that would not be on here unless one of the Councilmembers requested that be considered in the budget. We are going to have additional workshops to talk about that again. I am trying to sort out. This was bringing us up-to-date with where we are. What would be the appropriate time for Councilmembers to say, these are things that we would like to see beyond what we already have in place? That is what I think Ms. Ajmera is saying. Where would we get the additional money? When would be the appropriate time to ask for that?

Ms. Ajmera said I guess that I am trying to figure out. We have to have a tracker of the projects that we know are going to need more money in the future, so Cross-Charlotte Trail is just one example, because I do see one project here that has \$5.2 million that is actually negative, and that is I think Neighborhood Transportation Program.

Mr. Jones said so, what our Chief Engineer has said today, out of all the projects that he has combed through, there is one project with certainty that he knows he needs more money for. It is an infill fire station. The current infill fire station, I am not an engineer, but I am going to give it a shot, is going to cost us \$7 million, and it has three bays. What is in the budget for the next infill fire station is \$6 million. The new Fire Chief wants three bay fire stations, so we know that we do not have enough money to build a three-bay fire station, because it is budgeted at something less than that. Outside of that, I think what Mike is saying is that he has contingencies build into these other eight, and he wants to be given an opportunity to try to value engineer to try to get this within the scope to get the best deal that he can, and I do not believe that there is anything in this Mike. I do not know what the biggest number is that you have for the other eight projects that is so big right now that he doesn't believe he cannot at least begin to address it within the existing budget, but Mike this is out one shot.

Mr. Davis said yeah, if I get to put that in my words, I think that is very, very close. What I would say is there are a lot of projects here, so you give me any sample of projects, I think we can solve a lot of issues through good design, and I think that they are likely to be some projects in the life of a group this big, that something is going to go over budget. We are going to put something out to bit that surprises us. I can never rule out that possibility, but if you are asking me to give you an appraisal of what do we feel like is our exposure, I think it is decently contained here, more or less in the terms the Manager just described.

Mr. Winston said my first question was actually about the ones in yellow, and I thought we were going through it. I do not have a question regarding that. That was about what level of risk are we talking about with the yellow ones, and I think we were going to go through it. To Ms. Ajmera's point about being able to track this type of information, is there a hub? When we were in LA, we were able to stop by the ESRI booth, and they were using our GIS hub, and it seemed like this was the type of tool we were looking for in ways that we could interact. We can put our open data on these things and track projects and keep up in real time. Also, this was something that would be constituent facing. Have we explored the potential of using that feature that ESRI presents so we could have better real-time data?

Mr. Jones said absolutely, I will start off with the conversation that I had with Councilmember Egleston a whole ago and it was, could we have this dashboard? We attempted to do it internally. Sarah Hazel has been one of the chief architects of trying to put this together, as well as Rebecca and Rachel, and what we found is that just like Angela Lee came up earlier today, she has an enterprise fund. I am just putting it out there, okay? She has a different way of displaying her projects than Mike Davis does with his storm water projects where that we may have with our general fund projects, so we do not have consistent data on the front end, so we believe we are better off contracting this out much like other cities that have done this. Austin has done it; New York City has done it, and we believe that within the calendar year, we can give you just that, that dashboard, but we have got to clean the bad data on the front end.

Mayor Lyles said bad data in, get your bad data out.

Mr. Winston said we can speak offline about ERSI, but that is all I had.

**Councilmember Eiselt** said this is kind of overwhelming to be honest to sit here and look at this for the first time. So, a couple of questions I have, some budget risks, is what you are saying some budget risk but we feel like we can solve it? The Cross-Charlotte Trail is not highlighted in yellow, and that is a big budget risk.

Mr. Davis said starting from what we know is not just a budget risk but requires a budget solution. That is the one fire station that I mentioned. So, for anything that is not that one, the analysis is we are concerned enough that we are looking closely because our contingency. It doesn't mean we are over budget; it means that when we start depleting our contingency and that project below a certain amount, we are starting to pay a certain level of attention to it to say, do we need to start entertaining anything different in the management of that project, any kind of value engineering that can be on the horizon? These are sort of in that territory. Cross-Charlotte Trail, I will just say there is nothing in this that is like Cross-Charlotte Trail. It is sort of unto itself in the way that we should probably talk about it and have. So, we have \$38 million. What we spend on doing Monday night was sort of stepping through a strategy that was to make the best use of the funds that we knew we had, which involved advancing contracts as they are. As we have talked about, envision a path forward that will give Council choices about whether and how to continue to invest in further improvement to that project, but there is also a strategy to utilize \$38 million that we have tried to be as open as we can about what we think makes sense and give those options. I am not trying to parse words. It is its own thing. It is a collection of a lot of segments with its own strategy at this point that we will track as we go forward. Last thing I will say about it is that as we move forward on the options that we described, each one of those segments lives within a project budget.

Ms. Eiselt said okay, so along those lines, was the Joint Communication Center on here?

Mr. Davis said the Joint Communication Center is being redesigned within its budget. That is its status. So, we would not regard that as a budget risk. Just a quick reflection on that, this was among the projects that we came back last year in February and said this project does have problems to the tune of, at the time, what was thought to be \$20 million. The go forward from that moment was to reevaluate that project to within its funds and that is what we are doing.

Ms. Eiselt said I think what is really tricky and I appreciate all the work that you all have done on this, and I have a high degree of confidence in all of you, but we as Council are not experts in this. I do not really honestly know what is an acceptable scope of acceptability, knowing that you are going to have cost overruns these things happen, but 25% of those construction projects are highlighted as some budget risks, that being three projects out of the 12 that are in construction. I do not have a feeling for what is acceptable, and that leaves me to question then, at what point do we have to worry about rating agencies? At what point do we as Councilmembers say, hang on now. Do we hold a risk with our rating agencies when they look at out- I have never sat in on that process? I think that it would be fascinating, but I do not know if that is what they look at, how we schedule these things out, if we need another party to say to us, look you all are a municipality, and this is exactly what happens, but I do not know where I am going to get my confidence on that.

Mr. Jones said I would like to address that. I believe the Budget and Effectiveness Committee had a presentation by a financial advisor, and in terms of the rating agencies, we are on very solid ground.

Ms. Eiselt said did they know about his? Did they know about these costs over runs, or do they know that? Maybe that is not what they look at, but we have a responsibility to say that we have faith in the way this is being done, and I am not sure I have the wherewithal to be able to say that.

Mr. Jones said trust me. The rating agencies know everything that is going on; as it comes to things like this, they look at newspaper articles, things of that nature. We have been very good with disclosing our issues with the rating agencies, and I would suggest to you that the Cross-Charlotte Trail is not something that the rating agencies are looking at by itself. It is how do cities manage issues? What we are doing is putting a solution forward to an issue.

Ms. Eiselt said you feel- you are right. It is not about the Trail or whatever it is. It is about the absolute dollars, and we only look at Charlotte, so you are saying that you feel very

comfortable with the outside perspective on how we manage our debt, and how we manage our money is okay? Our auditor, they just give you a clean bill. They are not looking at how it is done. It is just if you are following accounting standards.

Mr. Jones said I would not say that it is just me, but again, our financial advisor came in and briefed the Budget and Effectiveness Committee on our finances, and my understanding is that they felt very comfortable where we are specifically because of how we manage debt.

**Councilmember Harlow** said I know that we were originally going through the eight yellows. I just had some questions about the budget risks around the CMPD stations. I know that we have kind of advanced that process last year by adding in the North-West Division Station the budget cycle for last year under COPS. If you could speak more specifically about the gold line phase two beyond the stuff that we have probably heard about already in closed session.

Mr. Davis said to the first one, you are referring to was sort of the sixth of a set of six police stations that were funded in one umbrella project, so you are right. Last year, we did add some funded to all projects to insure we could complete all six, so we are going through and looking at the condition of all projects. We are being conservative in an assessment of saying, there is some risk that we have not pegged the right amount of money to complete it. The reason we say that is for two reasons. One is chronologically it is the sixth. Our current status is that we are looking for the right piece of land, which represents a major variable. So, where we sit right now is we have an estimate that is both for the construction of the building, which was adjusted last year when we saw price cost escalation go up for all projects. We built that in, and we anticipate what we think that the real estate will cost in the market that it is in, and all that goes into the estimate.

There is some uncertainty when you are at this stage and you are still looking for the land. I have a lot of confidence that we will be able to build that project within budget for where we sit today, but if we are looking for things that could have an issue, yeah you say we do not know, let's see how this goes. Before I move to the second one, does that help on the first?

Mr. Harlow said yes, it is really just leaning on the side of caution.

Mr. Davis said at this stage, yes that is right. There is still a lot to learn as we advance that project. To the second one, the budget rest that is associated with Gold Line phase two is kind of tied to schedule, so a lot of critical pieces of that project, which is now under construction that have to fit together to deliver a project on time. Generally speaking, the longer a project goes the more expensive it is going to become. We are going to do everything that we can to combat anything that becomes a cost threat, but there is risk tied to a delay in schedule for that project.

**Councilmember Bokhari** said so, when I was asking in the Retreat and before that for what we agreed upon is that fourth government and accountability take away priority that we had of the portfolio reporting. I think that what I was talking about is exactly what Councilmember Ajmera and others were talking about today of we need to not see a status report. This is a great start. Status report is a great start. It is a status of everything and what we know. We really need the portfolio of your performance and risk, and what I mean by that is if you want to just simplify it down to the most basic terms, for every one of those projects that a tax payer approved in a bond, promises were made. We promised what we were going to deliver, when we were going to deliver it, and how much it was going to cost. So, that is the language that we have to go into here and I love the concept of the cone of confusion or whatever it is, but at the end of the day, that just makes me less confident when I look at these lists that we do not know what we do not know yet, and I think that is what you are saying, but that is the urgency of what we need to get in front of us. The one example that I would use is, one-line item here that has the bucket of ongoing is the Cross-Charlotte Trail. We have gone deep and we know this is one of the more complicated ones, but there are 11 subsegments to that of which they span not started to planning design. I think that in fairness to you guys, Mike, everyone, I am not

sure before a couple of weeks ago that you even knew what the status was at that level, so we need to fix that problem, but we need to get you guys around to the point where you can say it is \$77 million or it is not, which you cannot say yet, but more importantly I count those 13, at least more than half of those are significant spends that are also listed in ongoing. We do not even really know where those fall, and we have to get to a point to where we peel this onion back and you just very simply say red, yellow, green, in those three promises of what, when, and how much, and red, Cross-Charlotte Trail is red, and either we get creative or we figure out how to do it within that cost or spend more money. Promises were made, and we are going to have to compromise on one of those promises.

What we need from you at a board-oversight level, is to give us a real, honest assessment of the things that you know, which you have shown us today, but now also you need to show us the things that you do not know. That has to be listed simply for us to digest, and this is a red stop light. Only if those 13 are just as complicated as the Cross-Charlotte Trail that maybe we are going to have to go back on a promise. Manager, I give you kudos; you have ripped half the band aid off by having this conversation publicly. That is the other half of the band aid that has to be ripped, and it has got to be through that portfolio report.

Mr. Driggs said I say corollary to what Ms. Ajmera's remarks, one thing that is lacking from this analysis is the situation with the Trail and the JCC, you get it done within the number you talked about, but you did not do what you said you were going to do, and that doesn't show up anywhere as a negative. There is no deficit that is identified that needs to be filled or that maybe will never be filled because we are not even going to do it, so having that dimension to where when you reduce the scope, that shows up as a minus in terms of the overall performance our investments would be useful.

About the rating agencies, there is nothing that we are talking about here that would cause them to change their mind. The advisor told us in fact the AAA rating that we have is not supported entirely by our financials, but it rests in part on the excellence of our management, and my familiarity with the rating agencies is that they are very thorough in terms of how they reach that conclusion, so I would not want to go away from this meeting with any question about if they knew more, would they still give us a AAA? They would.

The only last thing that I would like to say is, an easy way to respond to some of what you are being here now is just put some more columns on this piece of paper, and let's start penciling in some numbers. It is like we have no visibility past 2020. We are aware of things that we need money for, the streetcar, whatever, and at some point, for kind of whiteboard sessions of Council, having this piece of paper with three or four more columns on it and starting to list the projects down the side and pencil in numbers, and it is no promise to anybody or whatever but at least so we get a feel for what kind of things we need to prepare for and so we reach a point to where if we decide to spend \$50 million on housing, we identify something that we are doing less of. Any tight budgeting process does that. If you divert funds to a new use, then you show what you took it away from. I think that would be responsive to a lot of what you are hearing right now if we had your thoughts on what those future projects are and when you expect to be able to fund them.

Mr. Phipps said piggybacking off of what Mr. Bokhari was talking about, there are several projects on here that lack specificity in terms of being designated to specific projects. It is like broad categories, like Neighborhood Reinvestment Programs and land acquisition and street connections. Under land acquisition and street connections, could that be where Ms. Mayfield's round-a-bout is? I am wondering, on all these categories and on page three of five, 67 through 70, are these areas that have broad funding allocations? What kind of assurance do we have that those will be put towards those, or could they be reallocated to something else? It is not like it is an easy project, something specific, but it is just a broad thing, like Neighborhood Transportation Programs. Is that a specific-

Mr. Davis said typically, if what your question is about is the programs that are described at a pretty high level, those are typically guided by Council priorities that are established in other ways. Again, I will go back to sidewalks. There is a goal of building a certain amount of sidewalks in a given year, and there is a prioritization system that works down

a list that is based on what Council would have said, connect the schools, build on major thoroughfares, things like that, so it is following in accordance with the prescribed set of criteria. When you complete one you move to the next one.

Ms. Joy-Hogg said in response to whether or not Ms. Mayfield's project is in there, it is not. We believe Ms. Mayfield's project may have been approved through an RCA Council action off cycle. We will get to those too.

Mayor Lyles said I know that these projects have lists with them: intersection improvements, things like that. I know that last year in the budget, we were given that as a handout in the budget process. I expect that will continue this year. We get the intersections list, the sidewalk list and priority and all of that.

Before we leave this subject, I really want to say something that has kind of bothered me. Yesterday, the Charlotte Observer had an editorial, and it basically said, and I am going to quote some of this: "Remember, Jones knew of the trail's funding woes long before last month. He brought up the budget shortfall to Mayor Vi Lyles in the Spring of 2018, but he tucked away information about the problem in documentation the Council did not know what to look for."

If the Observer would look at the Budget Workshop Minutes Book 144, Page 694, Ms. Mayfield brought up a question about what do we know about these projects, and how do we know them? Mayor Lyles said, "I think that every option ought to be put on the table, including one that Ms. Mayfield recommended." Mr. Driggs said, "I would recommend that you not step through these individually. I hope what we would do is in the context of our general CIP discussion, which we are having right now." Mayor Lyles said, "The only thing that I would say is that we have the information in the packet. Mike has some things that we need to know and we ought to walk through that, because we are going to have to have this information. We are going to be asked about it, and I would like to actually walk through and have an understanding of what else is on the agenda for this type of presentation, which we were talking about projects that would not have sufficient funding."

So, I just want to say that February 21, 2018, there was no attempt to hide or be lack of transparent in this discussion. It was around the table just like we are having today, and I really appreciate the fact that we can do that, but the idea to think that the Manager and I would have a conversation and tuck away information is wrong, and I want to let you know that we would not do that. That is not in us. I may not always be as quick as I need to be, but I want you to know that when you have ever asked me a question, when you have ever asked the Manager a question, you have gotten a response, and I that it is unfair to indicate that we were not doing that last year. So, I regret that we had this kind of editorial in our newspaper.

With that, we have budget scheduled to look at, and I think that we can adopt that. We will have to reschedule Storm Water and Area Transit Systems for the next meeting.

\* \* \* \* \*

#### ADJOURNMENT

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

The Meeting was adjourned at 5:11 p.m.



Emily A. Kunze, Deputy City Clerk, NCCMC

Length of Meeting: 3 Hours, 27 Minutes  
Minutes completed: March 18, 2019