The City Council of the City of Charlotte, North Carolina convened for a Budget Workshop on Wednesday, March 4, 2020 at 1:45 p.m. in Room 267 of the Charlotte Mecklenburg Government Center with Mayor Vi Lyles presiding. Councilmembers present were Tariq Bokhari, Ed Driggs, Malcolm Graham, Renee Johnson, and Braxton Winston II.

ABSENT: Councilmembers Dimple Ajmera, Julie Eiselt, James Mitchell, and Victoria Watlington

ABSENT UNTIL NOTED: Councilmembers Larken Egleston and Matt Newton

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ITEM NO. 1. WORKSHOP OVERVIEW

Marcus Jones, City Manager said what you have before you are answers to the questions from the last Budget Workshop. I believe those were delivered to you in the middle of the week last week. I think one of the continuous improvements that we are attempting is to make sure you don't answer the questions the same day that we are going into the Workshop.

We have the agenda that is set for today; a lot of these items have been discussed at the Budget and Effectiveness Committee and because of that we are able to reduce some of the discussions around the enterprise funds. I would like to remind you, everyone, that there is another Budget Work Shop, which is April 8th and we have some of the more challenging issues that we will discuss then. Those would be the Corridors of Opportunity. Remember the six corridors that came out of the Annual Strategy Meeting; Transit, Transportation Prioritization and we will also have two additional enterprise funds, which would be CATS and the Aviation budget. Today we have a focus more so on our compensation, both the general employees as well as the public safety pay plan. As Ryan discusses that with you, I believe we have both Chiefs in the room and there has been some progress related to the public safety pay plan. I would at this time have a plug to remind the Council that there is a public safety pay plan workgroup that is made up of Police and Fire and as we go through these iterations of the plan, we vet that through them, and we had a meeting last Friday with the group.

We have the SEAP (Strategic Energy Action Plan) today and Sarah Hazel will provide you an update with that as well as the two enterprise funds that I mentioned earlier. We will have Water and Stormwater, so Mayor if there aren't any questions, I will turn to you or the Chair.

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ITEM NO. 2: EMPLOYER OF CHOICE (COMPENSATION AND BENEFITS)

Sheila Simpson, Director of Human Resources said I am Director of Human Resources and I'm honored to serve you and our employees. Today, our objective for Human Resources is to talk about our benefits and our compensation, but also two other projects that we have undergone that were initiated here with City Council. One is the Charlotte Training Academy that we are very proud of and the other is to give you some insight into the other initiatives that we have embarked upon for 2020 and 2021.

In terms of benefits, I thought it would be interesting to you to learn how our employees enroll in benefits. So, 53% of our workforce select a coverage of medical care that is the employee-only tier. The other folks in our workforce select from the other tier; as you can tell 23% select the family coverage tier and we have 16% that select the employee and child tier, and we have 8% that is employee and spouse. In terms of the type of plans that people are choosing the bulk of our workforce to choose a PPO Plan. The PPO stands for Preferred Provider Organization plan. We also have two products that are health savings account plans and both of those plans are designed to be high deductible plans, but also income generators for future use that employees can use in the future to help cover healthcare costs. We offer two PPO Plans and two health savings account plans. The vast majority of our employees enroll in one of our PPO Plans, which we call Plan D. The next highest rate is in one of the HSA Plans; the HSA Plan which is A and B Plans and then the other PPO Plan.

In terms of cost-share, when we look at claims data, claims data indicates to us on average, this is not true across every plan, but it is true on average. The employee is paying about 27% of claims costs and the City of Charlotte is contributing 73% of those costs. In terms of the spend, in 2019, our spending was about $95 million. The exact number was $94.7 million and the bulk of that as you might already have guessed would be on the medical side of that. Medical and prescription costs are by far our leading cost indicators and then dental and vision. For the dental plan, the employee picks up part of that and for the vision plan that is 100% employee pay. The City of Charlotte is contributing a great deal on the medical and prescription plan. The other piece of information here that I think is very important for us to understand; I talked about the employee-only tier on the previous slide and our employee base is about 7,600 folks that are selecting medical coverage. However, because of our dependents, we are actually covering about 18,000 different lives. So, when we talk about benefits from a Human Resources perspective, we are talking about 18,000 people and not just the employees that work for us.

Last year one of the initiatives that came out of last year was to really look at upward mobility in reference to affordability of medical care. One of the things that we looked at was our Plan D premium coverage and we used the definition of affordability that is under the Affordable Care Act. The standard that we used was a metric of 9.5% of your weekly salary. Anything above that should not be used for medical costs. We were charged with identifying in our own workforce of the salaries that we know about our employees, how many of them were paying more than 9.5% of their weekly salary towards medical costs. We identified those individuals and there were close to 300 of them and of those 300 we had to do another test and that is of your household income. The results of that yielded about 71 of our lower-paid employees received a refund. The total amount refunded as $63,180. We plan to continue that same program going into the 2020 program and we've identified another 246 that may meet the new metric and the new metric is 9.78% of your income.

This is just a slide that goes back over time and before you, you should have a sheet that lists a lot of our benefits that we offer. It is so many that we can't really put it all in a presentation, but we wanted to give you a view of the different types of benefit programs we run out of the Human Resources organization. We manage about 25 benefit programs again, most of those around 7,600 employees and last year we introduced a healthcare premium relief that I just talked about and 71 employees actually benefited from that. Across the board we had no medical premium increases for all tiers of employees, and we implemented over 250 wellness programs. In 2016, it was a really big change for us. We embarked upon a partnership with Our Health, a Health Clinic which is a near-site clinic location. The goal was to provide easier access to healthcare for our employees and three years later we are able to calculate the savings on that and that is a combined savings for the employee and the organization of over $6 million. That has been a really successful endeavor for us. Last year for deferred compensation, we wanted to expand that, and we are introducing a new 457 Plan. We anticipate that a new plan will be operable near the end of this fiscal year and it will include a contribution that you will ask for the Fire Fighters or 1% of their salaries to go into a deferred compensation program.

Moving on to Compensation; the City of Charlotte operates five pay plans. We generally talk about two main pay plans in this meeting. One of them is the public safety pay plan and Ryan Bergman will cover the details of that pay plan later. We also operate the general employees pay plan and in that pay plan, we have categories. One is an hourly pay plan, the other is a salaried pay plan and then we have two pay plans that are for our variable workforce. Interns are on that pay plan and then we have a wonderful program of apprentices and that is really a progressive wage schedule pay plan. You can see on this slide that our public safety employees comprise 36% of our pay plans and then our hourly workforce is the next largest group 37% and that pay plan, then the salaried folks are in the other pay plan and that is 25% of our workforce.

In 2019 we conducted a salary survey to determine how do we compare with our peers and overall, we have found that we have a better turnover rate, in which our turnover is less so, in this case, less turnover than our peers. Also, our average increase was better than what our peers experience is. Our average increase has been closer to 3% 4.5% and theirs is closer to 2.3%. One of the things that I think we are very proud of that happened last year was that we implemented a dollar increase for those employees; if 3% of your salary was less than $2,080 then you received more than a 3% increase. So, you can see on this slide we had several employees that received a 4%, a 5% and a 6% increase. Those employees are at the lower tier of our income salaries and so it was a great benefit to our employees to raise them up. Again, that was an upward mobility initiative to have a dollar increase for our lower-paid employees. In addition to that we implemented a new floor for our minimum hiring rate, and we were at $15 an hour, we are now at $16 an hour.

This slide just talks about how many changes we've made over time. If you go from the fiscal year 2017 through fiscal year 2020 you can see that there are several incremental changes that we have implemented with the goal all being to really address affordability and upward mobility within our own workforce. So, our hourly pay plan conversion, that year most of those folks received an average increase of 7%. In FY 2018 we went to $15 an hour; in FY 2019 we did an assessment to look at some employees that were in our front-facing position, Charlotte Water and CATS and we made equity adjustments in those areas primarily because some of our folks were being recruited away from us and we wanted to retain them. In FY 2020 the dollar increase again went up and we went to a $16 an hour rate. So, over time you can see that we are making incremental changes all with the same goal, to increase our upward mobility of our workforce.

In terms of where we are looking for 2021; some of this is not new to you, it was covered at the Council Retreat. Right now, we are looking at about a 3% increase for hourly and salaried employees and for those in the public safety step plan, those increases will raise between 1.5 to 6.5%. So, overall it would be about a $13 million addition to the general fund.

Now, we are going on to some of the things we are really proud of in terms of our initiatives. Last year, we implemented a Charlotte Training Academy. We took some of our existing programs and made them better. The quest was to go out into our community and hire 50 individuals who would like a second chance or 50 individuals who needed a better opportunity. We spent a Saturday over Solid Waste really and we had over 1,000 people come interview with us, and we interviewed and hired folks the next week. We hired 50 people to go into this program and when we started this program in October, they were started off at $12 an hour and then we moved them up to $13.50 an hour in December. In February they had another increase to $14.50 an hour and I'm proud to say that come April 88% of those folks are still with us and they will move into positions within this organization and they will all be at a minimum of $16.00 an hour. You should pat yourself on the back for that, that is good news.

Now, moving into next year. One of the things that we have learned over the last three years and we continue to learn and that is financial education is paramount and it is paramount for everyone in our workforce. So, HR is spending a lot of resources to make sure that we are reaching our employees where they need to be reached. So, a lot of our initiatives will be around enhancing the education of our employees around their personal finances and their benefit finances. So, two things I just wanted to highlight here, a pilot that is going on in Solid Waste Services right now. We are in partnership with Commonwealth Bank and the goal here is to help some of our employees who have a difficult time having a financial relationship with a financial institution, obtain one. We are doing one on one financial counseling to help folks when they have needs, housing, food, and people are facing difficult issues in life, domestic violence. We are spending time to work and identify people who have those specific needs to help, not only their health and physical wellness but also their financial wellness.

The second program has been a wonderful program as well. This program is led by Housing and Neighborhood Services. HR has partnered with them to actually do some education and provide Homeownership One on One Classes and the quest there is to identify how employees who work for us can participate and obtain assistance with buying a home. We have great success with that, and you can tell that we have about 221 people who have participated and 88 of those have been identified as City employees. The more that information gets out in our workforce the interest continues to grow and is one of the best things we have to help people have a road to homeownership.

Councilmember Egleston arrived at 2:04 p.m.

Councilmember Driggs said I first want to just highlight the outstanding success of the Our Clinic Program which was adopted a couple of years ago with conservative estimates about its performance and has far out exceeded them and the benefit of that in the current numbers we are seeing is being shared with employees I think is a fair statement worth noting. I do have a question about slide #10, which is the General Fund Compensation Outlook. We had heard earlier a rough estimate in terms of what the surplus and then a change in the state sales tax distribution because of the County's two cents. It looked as if with these increases, we were still in a position of a small deficit. Are you now confident that we can now close that deficit and we're not going to have to have any tax conversations?

Marcus Jones, City Manager said Mr. Driggs; in terms of the programs and services that have been provided in FY2020, if you take those same programs and services and apply them in FY21 we are confident we can do that without a tax increase.

Ryan Bergman, Special Assistant to the City Manager said one thing I would add to that is the $13 million and what I will talk about with the enhanced public safety compensation was included in that number already that I gave at the Retreat.

Mr. Driggs said right, so you don't see anything taking shape that would cause us to have to revisit the question of revenues late in the cycle.

Mr. Jones said yes and no. Currently, there is nothing that is taking shape, as a matter of fact, that gap is shrinking. The gap that we explained during the Annual Strategy Meeting, however, if something happens in the economy or if there is something that is outside of our control right now, we can't guarantee that we wouldn't have to address that accordingly.

Mr. Driggs said I wouldn't hold you personally responsible for things like that so, I'm really talking internally.

Councilmember Winston said slide #3, the 2020 medical plan designation by tier; the graphic that jumped out to me is the one on the left that said 53% of our participants are employee-only. I'm wondering if we have any knowledge or data as to whether or not those folks would like to have family coverage? Are we saying that we have 53% of our people who don't have families that they would like to cover, or they find better options to cover their families?

Ms. Simpson said we can try to find the exact answer to your questions, but in general, what that means is that we are self-electing to have employee-only coverage. I think your question is why are we self-electing.

Mr. Winston said and are enough of our employees able to get sufficient coverage for their families should they desire through our plan?

Ms. Simpson said my anecdotal answer to that is yes because each one of those plans that are to the right has a family tier and they are at different price points. So, there is a family tier for each one of the plans. I think you are asking me if we know why people are selecting what they are selecting.

Mayor Lyles said I don't know the number of people that have two incomes and both offering coverage. I don't know how you would find that out.

Mr. Bergman said Mr. Winston; to answer your question, I don't think we have survey data for why they picked employee only, but one thing I would tell you is out of that chunk you will have people who really are just employee-only plus you will have a lot of people that have a spouse who covers their family and they still take our employee only just because our employee-only rate is fairly cheap and it is better for them for just the only employee to be covered by our plan and then the family to be covered by the spouse. And it works both ways.

Mr. Winston said I guess what I'm insinuating is our family coverage affordable for families and are we presenting a viable option of medical coverage for our employees with families?

Mr. Driggs said in essence what the question is are there employees that have uninsured dependents and are those dependents uninsured because they don't feel they can afford the cost of buying the family plan, right?

Mr. Winston said yes sir.

Mayor Lyles said so we don't have the answer to that today.

Mr. Winston said as it relates to some of the financial empowerment stuff, that is very good. I have heard anecdotally over the years that we have staff members that are rental housing insecure, not necessarily for the fact that they can't afford it, but they have trouble finding it because they might have been previously convicted of crimes and can work for us but have trouble finding. What do we know about how the prevalence of that within our staff and have we made any efforts to try to remediate those barriers with our staff members and housing providers throughout the City?

Ms. Simpson said I can tell you that you are right and those are very sensitive subjects for some of our employees. They do come to us, some of them do and when they do, we are able to know. We take an approach to help reach out and find assistance where that is available, and we also work with our housing partners in Housing and Neighborhood Services to see if they can provide assistance as well. What I don't have an answer for you, I can't you how many.

Mr. Winston said the back story or what is behind that question is that obviously, this is an issue that faces employees throughout our City, not just within our organization, but I would like to believe that we have certain circumstances that might allow us to have more leverage for our employees. Is there something that we can create that can be repeated, a model at least, that can be repeated and exploited to different employers to offer their employees throughout the City? If we can get it right, it might be an example and a service that other employers can get right. I would like for us to put some efforts behind fixing that within our employee base.

Mr. Jones said we can explore that, yes.

Mr. Driggs said referring to slide #8, you've got 73% of peer cities have higher turnover rates than we do. Is there any other data to benchmark our compensation levels against other cities? Is there any way that we can actually show on a like to like basis how much our employees in certain jobs get compared to what they are paid elsewhere?

Ms. Simpson said yes, we actually conduct compensation studies when we do our analysis to derive where we think we should be. In addition to that, we may have some data we can provide from last year when we did the comprehensive analysis. Last year our compensation was one of those things and we can just pull that data back out and provide it to City Councilmembers so you can look at the peer cities data and our data.

Councilmember Johnson said to piggyback off Mr. Driggs' question, the 73% with the peer cities, what is our turnover rate? Are we tracking the involuntary turnover rate compared to peer cities as well?

Ms. Simpson said yes, we track turnover in three categories; one is involuntary, one is voluntary, and one is retirement. So, our involuntary turnover rate on average is for the City overall is 5%; involuntary is 1.3% and retirement is 3.1%

Mayor Lyles said I have one question and I don't know if this works, but given the unemployment rate that we have inside the City and County right now, I guess Countywide, when we look at, are there areas that we need to specifically address to maintain the kind of lack of turnover that we have to retain employees? I was just wondering as the market has changed is their classification necessary for us to remain competitive to have people continue to work for us and what would we need to do to make sure that we are not losing people as the employment market changes. I don't have to have an answer today, but we've been working steadily on the idea; you can see the compensation results on nine of what we've been doing and trying to make sure that we didn't have what I would call wage policies that kept people at minimum instead of figuring how to make sure that everybody had met their full value and potential. I want us to have that same kind of benefit analysis and I don't know what our pay policy is. Is it 50% of market or 60% or 65% or 70%? I just think we have to really consider, especially in our employees that are at the $16 per hour, what do we need to do to make sure that we keep that competitive?

Councilmember Newton arrived at 2:14 p.m.

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ITEM NO. 3: PUBLIC SAFETY ENHANCED COMPENSATION: YEAR 2

Ryan Bergman, Strategy and Budget Director said Sheila talked about compensation and benefits in general, but I wanted to more specifically talk about public safety pay plan employees and some of the work we've done with them collaboratively over the last couple of years. So, today I want to talk about how they are paid and about the multi-year approach that we took last year. I want to talk about how that impacts FY21 budget planning and then based on some of the questions we got from the Annual Strategy Session, I want to talk about some very early results of what the impact has been 2018 versus 2019. I also want to talk a little bit about the 10-year forecast for retirements for both Police and Fire.

Public safety pay plan employees are one of the major driving forces of the General Fund. So, 52% of our personnel costs in the General Fund are for these public safety pay plan employees. You will see what the positions are on the left and how many positions we have, but basically, these are the public safety sworn officers that are not command. This wouldn't include your Chiefs or Deputy Chiefs, Lieutenants, Captains, positions such as that. I will not get too much into how the pay plans work; there is just one slide on it, just to kind of set an example. If you are a new hire without any experience, you will start at Step 1 and then each year with positive performance you will move through the Step Plan until you reach the top. In this case that Police Officer that is SPO1. The other important thing to understand about the public safety pay plan which is a little bit different than our other plans, is we have a built-in education incentive on all of these. If you have a bachelor's degree and you are a Fire Fighter, Fire Engineer, or Police Officer, you will get a 10% stipend. For instance, that $45,000 rate, if you start with a bachelor's degree your salary would actually be $49,500. If you are at the top and you have a bachelor's degree your salary would actually be $80,800. Just like you get 10% for a bachelor's degree, you get five percent for each two-year degree. I do want to be clear though that those incentives phase out as you get up to the Fire Captain and the Police Sergeant level.

The other point I wanted to make about this slide is if you reach the top step the only increase that you would typically get unless we make adjustments, would be what is called the annual market adjustment. It various anywhere from one to two percent in the given year so, that is basically how we are adjusting all of the steps.

The Public Safety Pay Committee, as was mentioned earlier, there are 14 members from each Department selected by the Command from that Department. We work collaboratively with them. The Committee as it is structured now has been in place since 2011, but over the last few years, we've really worked on some very focused areas. The areas of comparing us nationally and not just regionally to help them reach top pay sooner rather than just adding steps at the end and then more importantly, and what the focus of most of this presentation will be, is increasing top pay. I have that bolded because this is what they were referring to a couple of years ago. This is FY2010 through FY2018 and what this shows is that other than one to two percent market adjustment that we did each year, we did not adjust top pay for these positions very frequently. You will see that in that nine-year period Police were not adjusted at all; Fire was adjusted a couple of times. So, what ended up happening is if somebody had reached the top step in one of these plans for about potentially up to 10 to15-years they would have gotten that one or two percent increase each year. So, to focus on that top step specifically we came up with a three-year plan for Fire and we came up with a two-year plan for Police based on benchmarking nationally. You can see here what the plan was in FY2020 so, the reason this was a little different than in the past was in the FY20 pay plan we actually built the FY21 step increases into it as well. It effectively became part of our plan last year. You can see that with Fire, we are to the point now where this year, other than the market adjustment, Firefighter II will get an extra 2.5%, if approved, of course. Fire Engineers would get an extra 5%; Fire Captains would get an extra 3.75%.

Moving on to CMPD to address some recruitment issues among other things, we had a two-year plan for Police. Our two-year plan for Police was the SPO (Senior Police Officer) Program in FY20, which also included 5% for Sergeants as well, and then in FY21, the plan was for December to have another 5% SPO-2 step and then another 5% Sergeant step. We showed this last year, we worked collaboratively with the Public Safety Plan Committee so, having it be in December was always an issue of essentially doing a three-year plan over a shorter timeframe. So, that helps us annualize the cost, so we don't undertake all of the costs in FY21.

Talking about the budget impact; this slide is a little bit confusing, but what I'm trying to explain is that compensation increases build on each other. So, in FY19 and FY20 we spent some money enhancing public safety compensation. Those still exist, they are ongoing costs, so when we look at FY21 we still have to fund to that $9.7 million which is already built-in and that is to take care of the last couple of years. Then additionally, the actions that I just had on the screen add about another $3.8 million in costs. That represents a $13.5 million investment in the last years in enhancing top pay for our public safety.

This might be one of the most impactful slides as far as what has happened. This shows a couple of things; this includes a 10% bachelor's degree and the reason I used the four-year degree as the example is that the majority of public pay plans actually have a bachelor's degree, so I did the most common. This shows what someone with a four-year degree in FY2018 would have made and if we do the plan FY21 actions, this shows the change. This also does have the regular market adjustment in there, which I said is one to two percent a year. Another way of looking at this is if we didn't take any actions to address top pay all of the numbers on the right of the screen in blue would all be five percent. So, rather than five percent, we have these numbers here over the last three years.

Now I'm going to go back to that same slide except adding the last three years and it does give you kind of an idea that this has been a focus of the City Council over the last few years, addressing the top pay concerns as you will see in both Police and Fire, we've addressed these each over the last few years. These numbers are calendar year 2018 to calendar year 2019. Let me preface some of this so it is not taken out of context. These are raw applications that went up, which was a good sign, but that does not mean that the number of good qualified candidates went up. A lot more information would have to be done on that, but it is always a good sign when we are getting more applications. It does tend to point to some of the things we are doing are working. As for the voluntary resignation rate, it has gone down in Police 25%. It is not big enough to add a setback. You can definitively point to this is the reason, but it certainly a good sign and it will take a couple of years for us to understand if we've had that impact.

For Fire, there is a reason that I have a note on there. It is not really fair to look at Fire the same way because our Charlotte Fire Fighters are the only individuals in the state that are in their own retirement plan. That means that a Law Enforcement Officer can leave Charlotte employment and go work for another city in the state and maintain their retirement. Our Fire Fighters can't. So, if they are going to be a Fire Fighter and they are five or six years in, they are almost always going to stay here. While it is good that resignations went down, it is only six to three so, only three people left voluntarily. It is a good sign, but it also not as big of a concern for them because of the retirement system.

One of the questions that Councilmember Egleston had asked at the Strategy Session was projecting retirement in both Fire and Police so you can get kind of an idea on succession planning. We got this data from Human Resources; I should have mentioned this earlier, Delane Honeycutt, who is the Compensation Manager for the City, is who work with me on all of this in the public safety pay plan, so we are really partners in this effort. Working with them we can see that in Fire we have pretty stable 39 average; 2018 and 2019 weren't terribly different and you can also see that as we look at the 10-year forecast we can't guarantee when these people will retire, but what this does show is we don't have any giant outliers coming on the horizon to plan for.

Before I turn to Police, it doesn't perfectly fit with compensation, but this is a good opportunity to mention the Charlotte Fire Fighter's Retirement System. I talked about this a little bit at the Retreat and mentioned that it is possible that they may ask for more funding. The City has had the same employer contribution rate since 1990 in the Charlotte Fire Fighter's Retirement System. The City Manager has worked with them in the last couple of years, we have membership on the Board and really, we tried to work collaboratively with them. They did make a formal ask of the City Manager in this budget that we increase the contribution rate from 12.65% to 14%, which would be the first increase in 30-years for this Retirement System.

Marcus Jones, City Manager said Kelly is on the Board and so is Sheila and Ryan attends meetings regularly and I think it is very important that this has been a collaborative approach. I do intend to meet that request in the budget that is proposed to you because this hasn't increased since 1990.

Mr. Bergman said moving on to Police, you will see their retirements over the last seven years tells a little bit different story than Fire. You will see that the amount of retirements has jumped over the last four years. So, that is really about the age of force, the availability of separation allowance, things such as that more than anything we are necessarily doing differently. This also shows that is going to be the new normal for us. You see the forecast here, the force has grown to a point that while we may see a slight dip in FY21 possibly, you will see that the out years beyond that they are going to very likely stick at that 70 to 80 level, '60s to '80s. You will see these numbers are a little bit higher than what I presented at the Retreat and the difference is this also has all the Command in it as well, so this is all Law Enforcement Officers, which also goes to the importance of the lateral Police Officer Recruitment efforts that Police have undergone. What that means is that lateral officers with law enforcement experience elsewhere can enter up to Step 8 and they would get credit for the years they have been a Police Officer. You can see that to help compensate for some of the extra retirements over the last few years. We've seen the number of lateral Police Officers really increase over the last two years.

Councilmember Driggs said one of the biggest issues we were dealing with in CMPD was vacancies and their manpower. You pointed to some metrics that suggested improving conditions, but can we know what exactly right now, our sworn officer compliment is compared to where it should be?

Mr. Bergman said I can tell you that the number of vacancies right now is about 160 which is a little bit better than it was a few months ago, but it does fluctuate because you only bring in a new recruit class every four to six months.

Mr. Driggs said we were looking at 200 last year, right? So, there is some improvement in that. Under the retirement system, I just wanted to comment, there has been no increase in the percentage contribution, there is no presumption that there should be. As incomes go up the contributions are going up so, the question is why the ratio of the contributions to income needs to change. I'll just look forward to hearing more of your thoughts about that at the appropriate time. The other thing I wanted to mention was, LGERS has gone through a rather painful process of trying to right-size its funding situation. Are there parallels in the Charlotte system to that because there they were looking at what kind of increases would be required to get them back where they think they need to be? There was a lot of talk about over what period of time those increases should take place.

Mr. Bergman said LGERs (Local Governmental Employees' Retirement System) which covers our general employees and also covers our Law Enforcement Officers, up until about two years ago had increased at about .25% per year, the contribution rate. FY20, for the first time, that increased by 1.2% and in FY21 it is also going to increase by 1.2%. They are starting to increase the employer contribution as well, so they certainly parallel there and while there is always a lot of different factors in play, some of it is just investment performance as well.

Mayor Lyles said are you saying the investment performance of LGER's is down and not up?

Mr. Bergman said no, what I'm saying is that there is a targeted rate and from year to year if they are targeting 7.2% for instance, they might only hit 6% or 5%. Some years they might hit 8% or 9% so, it changes each year and the state basically determined that they need to increase the employment rate to kind of work on that volatility.

Mayor Lyles said do we take a position on that or is just kind of like this is what it is, and it is mandated, or do we actually try to look at the financials to determine if appropriate?

Mr. Bergman said the State is totally controlled by the treasurer in them.

Councilmember Johnson said do we have the same lateral structure or lateral recruitment process for Fire Fighters?

Mr. Bergman said we don't, and I don't know if the Chief wants to chime in, but I think because of the retirement system we have here is a little bit less of a need because we have a less resignations in Fire than Police.

Ms. Johnson said I'm thinking that through because I don't know if there were that might increase diversity. If there were an option that someone could buy into the closed retirement system. I was just thinking if there were that structure, I don't know if there is a need either, but it is always good to have outside.

Mayor Lyles said so is the question of how we could increase diversity?

Ms. Johnson said yes if there is a need that might be an option to have that same type of structure for Fire Fighters as Police.

Mr. Bergman said we could ask Fire to look into that.

Councilmember Winston said my question just relates to the increase of compensation around the RNC (Republican National Committee) with the increased hours. I wasn't looking at the whole pie here but will that come out of our General Fund spend or is that covered in that $50 million security grant? I would just like to know what kind of impact we are looking at in terms of overall compensation and what we are budgeting for in the upcoming budget?

Chief Kerr Putney, Police said all of the funding for the RNC is specific to the RNC so all of that work that we are doing exclusively for RNC during that time period would not be carried by the City. That would all go back to the grant.

Mr. Winston said so, we are going to have all hands on deck, right?

Chief Putney said yes sir.

Mr. Winston said so for that week are most of our CMPD salaries are not coming out of our General Fund?

Chief Putney said except if we go; let's say it is a 12-hour workday which is what we are going to. Eight hours is for regular time, for those who are in patrol who are doing City business, but even with the additional four hours, that also goes back to the grant. Everything above normal City business is charged to the grant.

Mr. Winston said what I'm hearing is there is not much of an impact on our General Fund from the RNC?

Chief Putney said from the RNC, very minimal because the RNC takes over all of the funding for full-time people who are totally dedicated and the overtime necessary, based on people to continue to do the normal work.

Councilmember Newton said thank you for the presentation, Ryan. What I noticed looking at the number for Law Enforcement Officer retirements, we have seen those numbers increase as of 2016. I'm assuming that those are more experienced possibly managerial folks within the Department, and I think as our recruitment efforts have improved, but those are for kind of entry-level folks. Inasmuch as our lateral officers are concerned, when I look at this pay scale for lateral officers, seen as how we are only accepting up to Step 8, is that adequately? Granted, more people so we are looking three times as many lateral officer hires, but is that sufficient to; I guess my concern is can we foresee the retirements continuing at that higher 73 average and that being the case if we are only going up to Step 8, is that sufficient to replenish the lost experience managerial aspect or that managerial experience within the Department, or alternatively is there a plan where we are kind of promoting from within as well?

Chief Putney said promoting from within is the only want to get promoted, but also anything beyond eight-years if you get into 15 and 20-years of service here, that is less time that they are going to be here in Charlotte. The goal is to have them have more time here than they've had at other agencies. That is why we cap it at 8 because, if not your point, if we are bringing you in at 20 and 25-years we have a lot less time here and the impact on retirement continues to be high.

Mr. Newton said from the standpoint of the more experienced officers within the Department, that is happening internally, and then we are supplementing that through kind of the experience that will be acquired over time through the lateral hires?

Chief Putney said yes sir, and also when we were coming back in the early '90s there was a hiring incentive through the Cops Office, Federal Government; they supplemented the cost of more officers so there was a huge wave of officers coming on, well over 100, and now many of us are retiring at the same time because of that wave of hiring back then.

Mr. Newton said with those lateral hires, are we making sure that they are also CIT trained, implicitly biased training, is that true?

Chief Putney said we would have it no other way. Yes, sir.

Mr. Driggs said I just wanted to comment that these are big increases that we have made and are making, and it reflects our appreciation of our public safety workers. Chief, I hope that you will make sure that your employees understand that. It is also part of our response to the crime situation in Charlotte, so we are investing in Police as well as advancing programs that are evidenced-based and are non-judicial to try and get our arms around those issues.

Mayor Lyles said I would like to ask if you could do a projection of slide #3 where we talk about our personnel costs with the proposed in it and take it out, give us a reasonable number of years. I would just like to see how we look in terms of the cost differential between General Fund and public safety and is there a question or concern there as we are doing this? I just don't know the answer to that so, if you could just do a longer-term projection on slide #3 that would be helpful.

Mr. Winston said I would like to know as well, you mentioned, and you did put the asterisk in terms of the increased applications versus the quality of the applications. I would like to know what the correlation is from CMPD. Are we getting better applicants or are we just getting more folks that we'd rather not have but have to take because of the numbers game?

Chief Putney said yes sir.

Mr. Jones said I think it is slide #8, I would just like to reiterate something that Ryan said earlier so that it wasn't lost with a lot of the discussion. There was a two-year plan for Police, there was a three-year plan for Fire; within the two-year plan for Police, in order to make it a two-year plan that 5% SPO2 was always planned to be in December. Is that correct Ryan?

Mr. Bergman said correct.

Mr. Jones said I know there have been some questions about that, but that allowed us to have a two-year plan for Police as opposed to a three-year plan.

Mayor Lyles said is there any questions about the December among the Council members?

Councilmember Egleston said I think what he is addressing is something that had been posted and shared by the FOP just drawing attention to that.

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ITEM NO. 4: STRATEGIC ENERGY ACTION PLAN

Marcus Jones, City Manager said now we have Sarah Hazel who will give us an update with the SEAP and I believe the last time we discussed a little piece of the SEAP and its collaboration with the Circular Charlotte, but now we are going to give you, not just an update on the SEAP, but I believe there is a one-year summary of what has occurred in terms of the SEAP that you will get also.

Sarah Hazel, Assistant to the City Manager II said you should be getting right now the one-year report so that reflects some highlights from the first year of implementation of the Strategic Energy Action Plan. What I would like to do is broadly talk about our implementation approach, also touch on some key policies and investments that we've made. Then I have folks from across the City and City Departments who have been a part of this effort to answer any specific questions that I cannot. I just want to highlight that this is a citywide plan so, it touches a variety of Departments.
Specifically, I'm going to cover key areas that are highlighted in the Strategic Energy Action Plan for action so, those are Energy Generation, Buildings, Workforce Development & Equity, Transportation and Engagement. So, I'm going to walk through some examples of our work and investments in all of those areas. But before I do that, I do want to take a step back just to run through some of the ways that we've been thinking

about approaching our work around the SEAP and some key kind of principles that you will see reflected in the rest of this presentation. First and foremost, we are looking to spend existing resources wisely and in a strategic way to achieve our goals and where possible we are looking to make long-term investments and use a total cost of ownership model. What that means is we might see some cost upfront that we need to make, for example, to move to an electric vehicle, but we are always looking at calculating what is the return on that investment, both return financially, but also what is the impact when it comes to environmental and health benefits. We want to focus not just on making investments but on seeing some policy framework so that over the course of years we are seeing a strategy across the City, not just department civic that helps us move towards our goals. We want to focus on that alignment as much as possible. Finally, we always want to be seeking out opportunities for grants and public/private partnerships because as those emerged, we can really take advantage of them and we've been able to do that already this year.

I will start with Energy Generation; I'm not going to spend too much time on the Duke Green Source Advantage Program, but you all past this the last Business Meeting and I think that is very exciting. Participating in this program allows us to get about a quarter of the way towards our goal towards buildings and becoming a low carbon city. I want to just highlight that as a really big component of how we are going to hit our goals that have happened in this first year where we were focused mostly on preparation, data collection. This is an example of a great opportunity that came up that we were able to take advantage of with your leadership. But, at the same time, we are not just looking at this partnership, we are also exploring more opportunities for on-site solar and community solar. This work builds on the work that we've done over the years. We currently have seven facilities with solar roofs. Just to dive into the Green Source Advantage Program, as you can see in the first five years we will be making an investment of about $350,000 a year on top of our annual electricity spend which ends up being around $35 million. As we model this out over time, we believe we will see a return on that investment of $2 million or in that present value of $415,000. While there is a premium upfront, we believe we will see a return so, not only is this good for greening the grid, supporting our SEAP goals, our health, but we hope to see that investment as well return.

Just one final shout out, we got a lot of really great press around this leadership that you all took, and we really believe that other cities in North Carolina are going to be looking to us to figure out how they can model what we've been able to do.

Now move on to Workforce Development and Equity which is another pillar of the Strategic Energy Action Plan. We are making an investment of $300,000 in training, including work-based learning opportunities and jobs that include clean energy and also energy efficiency. You can see some of those occupations listed there, but we will be putting an RFP (Request for Proposal) out shortly and we know that the green economy is growing. There is a projected 25% increase in jobs and energy efficiency in North Carolina. We believe this is an opportunity to help meet that need.

Moving on to Buildings; we have been doing work around energy-efficient buildings for a very, very long time. Our goal is to always look at investments that can make all of our buildings run more efficiently. That is everything from LED (Light-emitting diode) lighting to upgrades in our HVAC (Heating, ventilation, and air conditioning systems) and our roofs. When we design new buildings, we are already designing them to LEED (Leadership in Energy and Environmental Design) standards, but where we are really putting our focus here is on making sure that our buildings are solar ready so either installing solar now or having the capacity to install solar when we have the resources to do just that. Five new Police Stations this year, two that will solar on them; three that are solar-ready and one solar-ready Fire Station that is capable of achieving net-zero energy. That is just a broad look at how we are approaching our buildings, but we are always looking for those opportunities when we are building new buildings, but also retrofits on our existing buildings using some of the audits that we've been able to do around how we are currently expending energy and then prioritizing those investments.

Transportation – we know Transportation and Buildings are the two places where we are emitting the most carbon so, Transportation is a really big focus of the SEAP and a really big focus of our work this year. I want to highlight the Fleet Team, I know we have some folks in the Fleet Team, Chris Troll and others, Nick I see, who are here today, but they have been working to advance two policies which will really support this effort to move towards a more sustainable fleet. The two policies are automatic vehicle locater policy, AVL Policy and the other is a Sustainable and Resilient Fleet Policy. AVL (Automatic Vehicle Locator) is like a GPS (Global Positioning System) system, I believe we touched on this a while back, but this is basically allowing us to see how we are using our vehicles, where they are going and this data will help drive just smart operations, but beyond that, it will help us identify which of our vehicles are good candidates to electrify first, where might we put electric vehicle infrastructure, do we need all of our vehicles, can we right size, can we use those resources to invest in electric vehicles or more sustainable fleet and can we look at an idle reduction. Chris has a good example of using this data and understanding where people are just leaving the car on and you can use that to make a quick behavior modification and doing that on a large scale can make a really big difference in our air quality. This policy will guide the use of AVLs and the second draft policy that we are in the process of finalizing is really all about how we replace our vehicles and making sure that we are replacing our vehicles with the lowest possible emission vehicle that is available. We are doing that in a strategic way, not just if a department is interested, but across the board, across our departments. Putting that in place will help us over the long-term ensure that we are moving towards these goals in a really responsible way.

I touched a little bit on the benefits of AVL, but we did do a pillow where we put automatic vehicle locaters on 10 vehicles and through that pilot and some data analysis with a partner, we were able to understand that all 10 of those vehicles would be good candidates for becoming electric vehicles. So, that is just an example of how we know this data can be used. Just to highlight installations to date, we have over 800 AVLs now currently installed. The goal is to have full installation across the City by June 30, 2021. The cost for that overall would roughly be around $250,000 with some ongoing costs to make sure that we are able to use this data on a daily basis to make these types of smart decisions.

Moving on to Electric Vehicle Investments, we have 15 electric vehicles in our fleet right now. We have an infrastructure that is beyond that to support also public charging stations. I want to talk a little bit about our strategy around this so, to get back to some of our guiding principles we are always looking at where technology meets our goals. We know that there is technology around sedans that will allow for the types of work that we do on a daily basis and to match the technology around electric vehicles. We are going to focus on sedans first as we wait for technology to improve in some of our larger vehicles that EV technology is not quite there yet or the costs are a little bit prohibitive. We are going to evaluate and align those purchases for vehicles with the infrastructure that we already have and look to make strategic new investments. We are also going to use all of that data that we just talked about around our automatic vehicle locators. In the meantime, where there are bridge opportunities like propane conversion kits for some of our dirtiest vehicles, we will consistently look to do that at the same time. Here is an example of a sedan, Chevrolet Equinox vs. Bolt; that is an electric vehicle. There is a premium obviously, to buy an electric vehicle it cost more than a regular sedan. But, when you look at the total costs of ownership over time then we look at the length of time that we have the vehicle, we look at the cost of gasoline versus the cost of charging an electric vehicle. We see that in the end, it is very close to the same amount to have this vehicle for 10-years, in fact, the electric vehicle ends up being about $900 cheaper. That does even put into the equation of what the benefits are related to the environmental impact and that is the whole reason we are having this conversation as well. That is just one example of how we are thinking about this approach.

I can’t talk about fleet without talking about buses so I wanted to highlight a little bit about some work that CATS (Charlotte Area Transit System) is doing, and I know John will have an opportunity to spend more time with you and have a more in-depth discussion. CATS hired a consultant to look at the path to electrification and Mac and Felton recommended a pilot, so CATS is looking at how to use grant funding that is currently open right now as well as public/private partnerships to initiate a pilot as per the recommendation of the electric vehicle consultant. One of the other things that I thought was very important and interesting from the consultant's presentation is that a lot of cities are moving to electric vehicles and a phased approach is something that many cities are taking, understanding that there really is a give and take with how those vehicles are performing and what it takes to put the infrastructure in place. As we move forward with that the Office of Sustainability is working with CATS to look at those opportunities.

CATS is not the only Department that runs buses; Aviation also has a bus fleet and they are transitioning their fleet to all-electric within 10-years. Five vehicles purchased this year and based on their operations they really see the return on investment and that works for the way in which they are running their vehicles. I just wanted to highlight that and also highlight overall that there is a lot of really good work going on in our enterprise departments around sustainability that aligns up to the SEAP that quite often we don't get a chance to really discuss.

Finally, I think this is one other example of that; our Aviation Department is currently finalizing their own sustainability plan, but they are not doing it in a vacuum, and I think that is the benefit of the Strategic Energy Action Plan being this umbrella plan. That plan will align with the SEAP and then we'll also have components that are very specific to their business including pursuing the Airports Council International's Carbon Accreditation Program which is specifically for Airports who want to lower their carbon footprint.

All of this, while very important as we look at our internal City operations and our investments. We know that one big part of this goal is not just about us, it is about our community becoming a low carbon city as a whole and it is really going to take the efforts of organizations, companies, individuals across our community to make an impact on that goal. To that end, we've been doing a lot of community engagement and we are looking to do more. We've also been meeting with a SEAP External Content Groups which are comprised of stakeholders from the environmental community, folks who have a different interest or are experts in the different key pillars of the SEAP to help support thinking through these community-wide goals as we are working really hard on our internal citywide goal. That is my overview and I will take any questions.

Councilmember Egleston said thank you Ms. Hazel; I want to channel Councilmember Eiselt in her absence today. I know, along with others, but she probably most loudly and consistently has been beating the drum that we've got to push ourselves harder to more quickly adopt electric bus opportunities. I'm glad to see that it looks like because we know we are not going to change our fleet overnight, and we know it is a decade long process to change our fleet and coincidentally a decade from now is when we have the timeline for some of the goals that we are trying to reach. For us to meet those goals we can't wait too much longer to start on some of those adoptions of new technology and we know that maybe the technology is not there today for some of our longer routes, but we don't necessarily have to put the electric buses on our longer routes first. We can start with the shorter ones where it works, so I'm glad that it sounds like in addition to what we are going to be doing with the bus fleet at the Airport where those might fit in more quickly and easily that we are starting to look at what we can do with our CATS routes as well. Thank you for your update on that. Then just a general kudos to you and your team and all the departments that you are working with because while these are policies and goals that the Council has to vote on and adopt, the more important part are the people that are working with you behind the scenes to actually accomplish it and based on this overview and the things that we already knew you guys are kicking ass so, thank you for all the hard work you and everybody that is working with you is doing because our goals don't mean a whole lot if there is not somebody behind them on a day to day basis pushing them and making sure we achieve them.

Councilmember Newton said thank you Sarah; so seeing as how our goal is to make sure that 100% of our energy use as a City is sourced through zero carbon by 2030; I just wanted to ask about two points, one being the electric buses. Do we feel comfortable that we will be able to transition our fleet to electric by 2030? Mr. Egleston just pointed out that our Airport bus fleet will be converted over by 2030, but do we feel comfortable that we can do it with our CATS bus fleet. The other thing was on slide #13, from the standpoint of drafting a sustainable and resilient fleet policy, I noticed the language was the lowest emitting vehicle. Is there a difference therebetween our goal of zero carbon emissions and the lowest emitting as opposed to just non-emitting altogether?

Ms. Hazel said I will start with your last question. If you think about the types of vehicles that we replace, sometimes the technology is not there. There is not an electric option for certain types of vehicles so, in that case, we are always going to look to hit the lowest emitting vehicle, whether that is a hybrid vehicle or vehicle that uses some kind of alternative fuel. The SEAP was written to really push us, the community as a city to strive towards these 2030 goals, but with the understanding that technology has to be there and there is always going to be cost associated. I'm excited about this policy as it gets finalized because it really codifies that approach, but understanding we aren't at 2030 yet and we don't know what technology will emerge. We will have to make some decisions now that will impact whether we will actually get to that 100%, but we need to do that in a way that is very much in line with the spirit of what we are trying to do here. I think that is what this policy really gets at. The question about the CATS bus fleet, I think it is a very similar answer. I won't speak for CATS and maybe this is a conversation that we can either revisit at the next Workshop or John can speak to, but I think that is the same approach which is get started doing what we can now and make sure that we are making really thoughtful and strategic moves towards these goals, understanding that we need to have the available technology and budget to do it.

Mayor Lyles said I wanted to follow up to that Mr. Newton; I can send out to everyone the minutes of the MTC (Metropolitan Transit Commission) Meeting where we have a consultant working with us. In addition to the lowest emitting vehicle, we have market issue and there are only a few manufacturers and if you can get LA who is willing to order 100 electric buses and we are going to order 20, they are going to where the market drives their work. So, we've got market conditions, we've also got issues around batteries for the longer routes. I think Mr. Egleston's reference to shorter routes going first and then hopefully having this technology improved for the batteries and then having more manufacturers. I think two manufacturers right now and one of them is proven and the other one has just gotten into it. So, we've got market, we've got battery issues and I think we are also trying to figure out the way to do this. This has been a really tough one because we have, I think about 10 or 12 diesel vehicles that we shouldn't be having on our streets right now. So, how do we deal with the immediate when we can't get an order in for an electric? I wish it were a lot more simple, but I will send out the minutes of that meeting so you can see the discussion around the dilemmas that we face with electric buses.

Mr. Newton said just to piggyback on that, I think we always understood coming out of the Environmental Committee and then at the dais that our goals are very aspirational. We've set them very, very high and for me, I would love to see us meet those goals, at the same time, I still think we need to shoot for the stars even if it means [inaudible]. Does that make sense?

Ms. Hazel said one thing on this that I think is exciting about the Airport's work around electric buses is they are getting experience with how to maintain buses, how to drive the buses. We can leverage that experience; when we talk about the pilot and talk about CATS' pilot we have another City Department that is going to have this experience very shortly and so how do we leverage that to make that transition as it is just a matter of time as to when that transition will be made? It is not and if we will transition, it is just a what and how in a responsible manner.

Councilmember Winston said kind of carrying on what the Mayor just mentioned, but kind of thinking about it in a little different way. I hope as we go forward in our thinking let's think about it from a market perspective and not simply from our individual bias. What I mean by that is that I don't think what we have at this point in time is as aspirational as we think it is going to be. If you look at the economics that are happening, electrification is happening now so, we need to understand how our procurement processes might be lagging behind where the market is actually going to take us. So, where we might be thinking in 10-years we might be where we need to start thinking about having a full electrical fleet, we know that this fall Amazon put in an order for 100,000 all-electric vehicles to be added to their fleet by 2030 and we know that they are going to have a massive infrastructure investment that is going to have to support that. You know what is going to follow that; UPS is going to follow that, FedEx is going to follow that. This isn't hypothetical, this is happening now. One, we know that we are going to need this buy-in from the private sector to attain our community goals. So, how can we engage with them to see those vehicles, because they are going to start rolling out in 2021, are they going to be rolling out on our streets first? If not, how do we get them there? But, also how can we especially for the entities that we've given public dollars for to bring these operations here, how can we continue to partner to say is there a public/private investment here that we are not thinking about in terms of like we are seeing, whether it be battery technology or charging infrastructure. Where are the places that we are not thinking about that could provide, not just the community benefit, but the specific investment for what we are looking at operationally? I really haven't seen us talk about it like that, I haven't seen our engagement quite like that and I wonder if there is something I'm missing, if those conversations are happening and where we are going because the economics of it, there won't combustion engine vehicles being bought by fleets really within the next five-years.

Mr. Jones said when I saw this presentation the first time there were about six slides dealing with electric buses and I asked could they reduce it to one and to not have the electric buses from CATS overshadow the SEAP conversation. What I will say is that as a team we are committed to electrifying the fleet and CATS. So, that is the takeaway and we are working with the private sector to see if we could have a private/public partnership at very lost costs to the City so, that we can test this with the short routes, with all of the issues that we have been talking about over the course of the last year. The one thing I will say, and I don't want to speak for John, he is right over there, but I think this is consistent with what John would say. Right now, the cost of an electric bus is more than the cost for some of the other buses that he could purchase and with some of the questions around the viability or how they would be utilized, if he just did that today, the frequencies which has the Council has been working on, there would be almost a step back with trying to address the frequencies because you would use more of your money to purchase more expensive buses. That is just March 4th and that doesn't mean that we are not working very, very hard to try to reach the 2030 goal. As technology improves there may be opportunities two-years from now or three years from now that we don't have today. I just don't want the Council to believe that we are just stonewalling you; we are trying to work on a pilot, a public/private partnership that could get us years down the road if we could work it out over the course of the next three months. I'm not saying a year, just over the course of the next three months if we could work on that.

Mr. Winston said I hear that, and I hear the costs and I know if we buy this bus now, we'll have to make decisions, but again think of it from a market perspective. Okay, we buy a bus now, we have to keep it for 12-years. What does it look like to maintain that bus in seven-years? Again, knowing about how electric vehicles work there is a lot lower theoretically and actually breakdown. There are a lot less parts to fix. So, if we continue to buy these buses that we have to maintain for the next five years, that will put us 17-years down the line. What are our upkeep costs looking like for something for technology that really isn't supported anymore?

Mr. Jones said not to do a back and forth because I will lose; is that we don't know what the market may be three-years from now for the buses that we have. So, there could be innovation around how we swap out a fleet. That is all I'm asking.

Mr. Winston said which is why in the first place I was suggesting that let's be approaching this and really engage our private partners to really get an understanding of what the market outlook is holistically, and not just the limitations that we see as handcuffing us right now today.

Mr. Jones said I don't disagree.

Mayor Lyles said I thought Mr. Winston was going in when you look at UPS and all of those, I actually have this in my mind that we are doing this, but my question was, when will we actually begin to see EVs (Electric Vehicles) in our fleet where we know that they work? It is not just the buses, it is like we've got a lot of cars, we have a lot of SUVs and we have a lot of pick-up trucks. If we are going to look at this in the next 12-months, is this something that we would begin to see the changes with electric vehicles in our fleet overall come up in the upcoming year, or is it two-years?

Mr. Jones said absolutely, Mayor. That is kind of the point that I'm not making well. We are going to electrify a fleet and we are starting with the sedans. You will see that in the 2021 budget. There are a bunch of things we are going to do, so it is not just his buses, we have a fleet that we are working on right now.

Mayor Lyles said I think we can do a tremendous amount of work if we just got past our cars, our SUVs and pick-up trucks. They are everywhere and so I think we need to go where we have the technology and move as quickly as we can in those areas for the most impact and that might give us some time to figure out how some of these large systems are working to help us get to this point. My question was really was, will we see electric vehicles for approval after the 2021 budget as we begin to look at our fleet acquisition?

Mr. Jones said yes Mayor and a lot more than what Sarah had on the screen today.

Mayor Lyles said I wondered if Chevy Bolt had enough cars for us, but I'm sure they do.

Councilmember Driggs said I just wanted to remind everybody we had this conversation in the context of transportation. We went into a lot of detail on hybrid buses, the technologies, the federal funding, our aspirations for the root structure, some financial constraints, $30 something million in operating costs, so, I don't think for a minute that there is a lack of understanding on the part of staff about how much importance we attach to this. I appreciate the work you are doing, and I think we need to have, if we are going to discuss this further, we need to do so with Mr. Lewis up there and get somebody that really knows about buses to respond to a few of the things that are being said here. You can't just wish out of existence some of the constraints that we are operating against in terms of these buses. I would remind people who remember, was it Dreamliner Mayor? They had a bad experience at the Airport and if you buy the wrong bus at the wrong time you could end up with big headaches and a big mess on your hands. I hope we will support our subject matter experts and take it that they understand us about the importance of the environment and work with them and not sound as if we question their commitment to our goals.

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Marcus Jones, City Manager said we will have our last two topics and they are the Enterprise Funds; we will have two today and then at the April Budget Workshop we will have CATS and we will talk a lot about buses then, as well as Aviation. We will have David walk us through the Water Budget Overview.

ITEM NO. 5: WATER BUDGET OVERVIEW

David Czerr, Interim Director of Charlotte Water said thank you for having me here this afternoon. I am Interim Director of Charlotte Water; I'm pleased to have an opportunity to bring before you our proposed FY21 budget. First, I'm going to talk at a very high level and overview of Charlotte Water. Charlotte Water is one of the largest water and sewer providers in the southeast. We provide service to more than one million people around the clock in the City of Charlotte, Mecklenburg County, the Six Towns contained within. We also have partnerships where we share services with the majority of the adjoining counties including Cabarrus, Union, Lancaster, York and most recently Gaston County. We have nearly one-thousand employees who work around the clock and they help us maintain over 8,600 miles of pipe with five Wastewater Treatment Plants and three water treatment facilities. We are currently seeing an average residential customer bill of about $67 per months and that is for the average usage of about 700 cubic feet, which is bout 5,260 gallons.

Next, I'm going to talk quickly about some of the ongoing initiatives in Charlotte Water and some of these I can count as accomplishments that kind of underpin our FY21 budget request. A little bit of what you will hear me say has been previously covered both by Sheila with regards to employees and Sarah as well as it relates to the Sustainable Energy Action Plan. First, I want to take a moment and tell you why this slide is organized the way that it is. Charlotte Water over the past year has endeavored to come up with a long-term strategic plan. We did that with input from our employees, we did it with input from other City Departments, community organizations and the public at large. Out of that, we developed a mission and that mission is to provide high-quality water and wastewater services to the community. We also have six priority areas and those are the circles that you see around the edges and that is how we will talk about our initiatives and accomplishments.

First, starting at the top we have financial stability. It is very important to our organization and to accomplish that we maintain a long-term financial plan; this is a multi-year look out at our anticipated water sales, revenues, and expenditures for operating and capital. This allows us to try to maintain a somewhat steady stake financial plan and that also helps us maintain the highest bond rating with all three bond rating agencies. We maintain the AAA and we are about one of a dozen large utilities in the country that have that and that helps us borrow for our capital investment program at the most affordable rates possible. We very much recognize the need for a high performing workforce as Sheila talked about earlier the importance of the Workforce Development. Over the past year Charlotte Water has two different programs. We have a Workforce Development, we have an Apprenticeship Program and that has allowed us to bring in two dozen folks from the community that might otherwise have some sort of impediment to employment and put them through these programs. Most of those folks made it all the way through and they are now employed with Charlotte Water in full-time positions. We are very proud of that and we will continue to utilize that program and advance it in the coming year.

Of course, we need to be responsive to our customers, but not just in the traditional way of picking up the phone and calling 311. Over the past year, we partnered with a private company named Home Serve to provide for a warranty of the private water and sewer lines. This was somewhat the no man's land, the small [inaudible] of pipes between the customer's house and our public mains. Now the customers have an opportunity to get coverage for those in a low-cost manner. Additionally, to that, we are also partnering with Housing and Neighborhood Services and looking for some grant-funded opportunities for any folks that would wish to join Charlotte Water System and to pay those capacity and connection fees. This would be for people at a lower percentage of the AMI (area median income) in the area.

Environmental Stewardship is at the very, very core of what we do. We recognize the importance of that and additionally, how it fits with the City's larger and broader goals with the Sustainable Energy Action Plan. Charlotte Water has been doing these things for years, but notably, we call it a CHP, Combined Heat and Power project at our McAlpine Wastewater Plant and this harvest what would otherwise be a waste product of methane gas. It puts it through a generator which converts it to electricity, which is put back on the grid. That has been running successfully now for close to three years and we have the opportunity if it works out, to possibly add another unit down there. We are looking at a public/private partnership with a company that would come in and put in some fancy infrastructure that will harvest the nutrient phosphorous out of our waste stream, also at the McAlpine Plant. It would take what is currently a bi-product of the waste treatment process and reutilize that probably as a component of fertilizer. So, that project just starting. We've also begun a pilot of using bio-diesel in some of our fleet vehicles and we've been a partner in the AVL, the City's automated vehicle locater, program and we have nearly all of our fleet up and running with those at the moment.

We understand the need for community engagement as our capital investment program grows and we have more projects out in the community. We've done two things on that front to engage with folks, we have had more in-person meetings trying to meet the people out in the community and talk to them about the project, the need and what they can expect. We've also updated our website, so we have more of a web presence if somebody wants to find that information that way. Also, with our growing capital program, there is an additional opportunity for vendors within the community. Typically, our projects are quite large, we utilize large contractors to do the work, but we recognize that opportunity to support the City's Charlotte Business INClusion program. We have hosted two vendor fairs over the past year that have brought together these small businesses with our typical large contractors to try to offer them a chance to meet those folks and see if there are potential partnerships.

We have also contracted with a Small Business Engagement Specialists and her role has been to go out in the community, identify small businesses, get them engaged with the City through this City's Small Vendor Program and find them opportunities to participate in some of these large projects that we have. It has been very successful, it has helped us achieve the CBI (Charlotte Business INClusion) goals with our projects, but all of that is predicated on us having reliable infrastructure. Everything that you see above ground in Charlotte, all of the development, all of the growth is reliant upon sound infrastructure below ground and we have to maintain that, and we have to plan for that. To that end, we've recently completed a system-wide master plan of our water system that will tell us where we need to go and what we need to do that and when we need to do that. We've been strong partners with the City's 2040 Comprehensive Plan. We will use that information to help inform our planning folks so they know where the growth will happen and when it should be there so we can make sure that we have the right infrastructure there at the right time to service that.

Talk a little bit about our annual budget and we have a proposed budget this year of about $475 million. The largest piece of that by far $300 million will go towards our capital program. About half of that will be used as PAYGO financing, basically cash for projects, the other half goes for debt service for those projects that are funded through long-term water and sewer revenue bonds. That has been an intentional move on our part. In years prior we were more heavily weighted towards the bond funding and we've wanted to bring that back to where it is about equal. We are at that point now and we will continue to try to keep that mix. The other $175 million is split between our personnel and our operating expenses. This is the money that goes to pay our nearly 1,000 employees and their benefits. It pays for the power at our facilities, the chemicals, the repair and maintenance of our system.

I mentioned earlier that one of the key things that we have is the long-term financial plan; that long-term financial plan does include the expected annual rate increases. We work very hard to manage those and keep them modest. This year we do expect that there will be a rate increase; it is still fairly early for our staff and the work that they are doing, but we expect that that rate increase for the average customer will be between 3.2% and 3.6% and that will yield a monthly increase on their bill of about $2. This is very much in line with where we anticipated we would be last year at this time and so, we are happy that we are keeping on track and able to afford all of the things, particularly our capital program that we need to support the community with that nominal or modest rate increase.

The largest part of our budget by far is that that goes to fund our infrastructure investments so, I want to take a minute and talk about that. We roughly categorize these projects into five different groupings. Overall, we have well over 100 projects in our Community Investment Plan and that is proposed to increase this year about $300 million over where it was last year from about $1.6 billion up this year to a proposal of $1.9 billion. The largest of that, right at $1 billion is in the category that we call the Capacity for Growth. So, as you look around and all of the development that you see throughout the County, the City, the Towns, we have to make sure that our infrastructure is there in time to support it and it is the right size, it is big enough to provide the water and carry the wastewater. We are endeavoring to do that, that has seen a lot of growth in the past several years. We've known these projects were coming, we had predicted them in our master plans. The growth has ticked up a little bit beyond what we expected that it would have and that $300 million increase, a significant portion of that I'm excited to say is for our newest, or soon to be, newest wastewater treatment plant known as the Joe C. Stowe Regional Water Reclamation Facility and it will be located out near the National Whitewater Center. We currently own that site; this is particularly exciting for us as it is formed in part out of a partnership with a couple of towns over in Gaston County as we've recognized the need to be more regional. You get economies of scale and it makes more sense from running a utility so, we partnered with the Towns of Belmont and Mount Holly in a long-term agreement to take their dated facilities offline. We will accept their wastewater and it will be treated at this new facility. What that helped us do was to be able to negotiate with the state to obtain the permit to build this, but ultimately it provides for the long-term capacity to treat the growth that will happen in Charlotte and the community.

Of course, we can't ignore the infrastructure that we have in the ground. A lot of it was built in the '50s, '60s and '70s and it is nearing the end of its useful life. Although I will note that in some places, we have some pipes that are still providing service as they approach 100-years old, which is pretty impressive. We have about a half a billion dollars that we reinvest through the form of either pipe replacement or a lot of times it is rehabilitation where we are able to reuse the pipes that we go, and we clean, we line them and then we can get more useful life out of that pipeline. $154 million will go to Regulator driven projects. We are heavily regulated by both the federal and state level and so, often you will see changes that are prescribed in the way that we operate or treat water or wastewater. These projects are a result of that.

Then our commitment to public projects; this is where we make infrastructure investments that are somewhat in partnership with other City or community projects or investment. I will give you an example, there is Independence Boulevard when that project was being done and the widening. We recognized that it was smart to go in and replace and upsize those water and sewer pipelines while we had that opportunity so that we weren't coming back later to do that work. Then our facilities in technology; these are some of the things behind the scenes that keep our organization running well. It is everything from buildings to upgrades to our billing system and one of these that is exciting for us is the new Field Operations. We have four of those zones, this is zone four that is being replaced down off of West Tyvola Road. It is a very outdated facility that is really undersized for the operation we are running there, but when we saw that opportunity we felt we should reach out to our sister department, Storm Water Services and right now it actually looks like we are going to be building a facility there that will be large enough to allow for the co-location of their staff. That is an exciting opportunity as we look for some synergies with them.

That brings me to the end of the presentation, but first I would like to extend a quick thanks if I may to some of Charlotte Water staff, to Ryan and his folks in Strategy and Budget, Kelly in Finance for helping us get to this point and put this together and to Council for your continued support.

Councilmember Driggs said, first of all, thank you for what you do. I think anybody who remembers when Michigan knows what bad water is and we are fortunate to be able to take the water we have for granted. I wonder if you could comment on the page that has the dollar bill broken upon it? Do you have a slide for that?

Mr. Czerr said I actually don't have that slide with me. It is on your handout.

Mr. Driggs said since this is a Budget Session, it has the residential fee comparisons in it, and it says water SDF (System Development Fee). The SDF, is that Service Delivery Fee or what does SDF stand for?
Mr. Czerr said that is System Development Fee; it really replaces what we used to call our capacity charge. It is for a new customer who is buying into our system.

Mr. Driggs said so, all of these fees are actually payable kind of on a one-time basis as opposed to the customer's annual cost?

Mr. Czerr said yes, this is a one-time for new customers to hook on to the system.

Mr. Driggs said so, our take away for the budget is that you expect to be in this 3% to 3.5% range in terms of the increase in the residential water bill. Is that right, typical residential water bill?

Mr. Czerr said yes, that is correct.

Councilmember Egleston said two facility questions that maybe I just missed, but you mentioned the Tyvola. That is just a plant or is that an office?

Mr. Czerr said it is an operating facility for us; it is where our staff that operates out of our Field Operation Zones so, these are repair crews, video inspection crews, heavy equipment, trucks, backhoes, dump trucks, pipe and piles of stone and things like that.

Mr. Egleston said so, operations but not water processing or any kind.

Mr. Czerr said it is not a water process, no.

Mr. Egleston said what is the timeline on that facility?

Mr. Czerr said we will be breaking ground this year and I think it is about a 2.5-year project to get to completion.

Mr. Egleston said the other that you referenced I believe was a replacement for Mount Holly facility that is outdated.

Mr. Czerr said yes.

Mr. Egleston said is that one already in the works?

Mr. Czerr said it is in the works, it has multiple parts. The first part which is bringing the pipes actually underneath the Catawba River. That has already started along with the ability to receive that flow on the Mecklenburg County side. That work has started, meanwhile on the Treatment Facility itself we just selected the design/build team that will be constructing that and so they will be getting to work very soon.

Mr. Egleston said and that is a multi-year project?

Mr. Czerr said yes, probably a four-year project.

Councilmember Winston said going back to that dollar slide, what I'm seeing here is that connection fees being lowered so, developers are paying less for water connections, but we are raising; that SDF would that be ratepayers for residential service will be going up?

Mr. Czerr said this would be for whoever is doing that initial connection to our system. Usually, it is a builder or a developer that is paying both of those fees and if I may, the reason the connection fee goes down is because we look at our actual cost to perform that work over the last year. We utilize contractors for that service, and we had some favorable bids come in and that means that our cost has reduced on that. We just pass along the actual cost.

Mr. Winston said by SDF is what?

Mr. Czerr said that is based on a very deep calculation that looks at the value of that existing system, treatment facilities, pipelines and for every customer kind of buys into their own fair share of that value. In other words, we didn't want the existing customers within the County to have paid for the creation of that, but for new customers to come along and not likewise have to invest a little bit into that.

Mr. Winston said when it gets to that time when we have to vote on this budget, I would just like to point out to us; I'm sure we will have to answer questions around equity, about reducing costs for developers, but increasing costs for working people.

Councilmember Newton said when you say customers that is not developer, that is members of the community?

Mr. Czerr said it is developers as well.

Mr. Newton said that SDF [inaudible]

Mr. Czerr said it is usually paid by the developer or their homebuilder. It is before the actual residents move into the home.

Mr. Newton said I wanted to ask about the PAYGO funds; are those exhausted every single year?

Mr. Czerr said they are close to exhausted and then we replenish it. If we had a project with a little bit of savings, we would carry that forward, but typically, yes.

Mr. Newton said whatever is not spent, is that rolled back over to the following?

Mr. Czerr said yes, it is.

Mr. Newton said you said you would get us more information on the rate increase and how that was calculated and how it compares to previous years?

Mr. Czerr said yes, last year at this time I can tell you that we anticipated it was going to be 3.38%. Right now, our methodology is saying between 3.2% and 3.6% so, I believe that we will very much hit where we thought we would be.

Mr. Newton said I just want to make sure it is also what the community anticipated as well. I would love to see the numbers maybe previous years and the calculations and then how we can communicate this to folks.

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ITEM NO. 6: STORM WATER BUDGET OVERVIEW

Mike Davis, City Engineer said you all saw me in a different capacity Monday night, good to be with you again. Tonight, we are going to talk about our budget for Storm Water Services. I've got three things I plan to tell you with eight slides and that is basically who we are, what we've been doing in FY2020 and what we intend to do in FY2021. This slide is one that probably doesn't need to change year over year, it is just a quick reminder of what we do as out an outfit and it is basically to take water that begins as rainwater and make sure it arrives safely to our streams in the cleanest way that we can get it there. We deal with flooding and we deal with water quality.

This slide is meant to give you sort of a sampling of the variety of work that goes on in this program. I won't mention all of it, but just point out a few things. We operate as a joint utility with the County, it has been a successful venture with the County that we've enjoyed for a little over 25-years. Much of what we do and in fact part of how we were created was to make sure we are complying as a community with the requirement to the Clean Water Act, which is related to what you saw Monday night. Asset Management is something you are going to see me touch on in a couple of slides. It has increasingly become an important part of our business. The last couple of things I will mention on this slide is just sort of a reminder that we, like many departments, are a high touch outfit as it relates to community engagement. We get anywhere from three to four thousand contacts initiated to us in a given year and on top of that we try to proactively do outreach and education. It is common to see us out engaged in the community. We are also big into engineering and construction, large project management outfit and increasingly we are finding we have a home and a role in severe weather response.

This slide is really just to give you a sampling of the volume of work that we do. I won't read it to you, but you can keep that in your materials. I will point out all that work gets done through a group of folks that is around 170 people plus apprentices and workforce trainees that we are happy to have been part of the team. This is the slide to remind you that we've got a good history of investing with efficiency so, we are proud that most of our revenue collected ends up in direct capital investment and been able to sustain a AAA bond rating as we go.

That is kind of who we are. FY20 is where I want to spend most of my time and it is just to kind of remind Council that FY20 was a big year for us in terms of commitments to really reform the program and do it with some lessons learned about what was sustainable as a program. The first part of that is to shift to an asset management approach. Really what that means is to transform our program away from one that just relied on people telling us where things were breaking and increasingly towards being intelligent about what the health of our system is overall. Being able to take proactive interventions which means we have to know more about our system and try to stay ahead of the curve which we think is a good long-term investment strategy to take care of the system overall. The second part is that we are shifting the focus of our work to really deal with the City maintained drainage system as our top priority. The last is to reprioritize all of our work to make sure we are dealing with the very highest risk work first. We always dealt with the most severe things first, that was not new, but I think we also recognize there were things that were sort of hovering in that middle tier that required that we rethink how we tackle our priorities and we've done that.

As we think about transiting to a program of work that is really focusing on public liability, I think everyone, staff, and Council, had recognized that we had developed a commitment that we needed to honor that dealt with private property locations where people were expecting services from us. We know where these are, the total to about 1,700 projects and the commitment in last year's budget was we wanted to try to resolve these in five-years. To do that requires that we increase the output of our production and so what that represented was 30% in an initial year followed by successive rates and increases in our productivity in the succeeding years. Another way to talk about that is that we will need to open up the project pipeline. That has meant bringing some innovation to our work. We always work with designers who are consultants, but we've chosen to enter into an arrangement where they are co-locating with us alongside the work that we do to try to streamline how the design work gets done. You probably also noticed a barrage of Council actions at your Business Meetings to try to create more capacity around survey, GO-technical, real estate, structure, all the different things that need to happen in order to advance projects. We also try to make internal adjustments to increase efficiencies as we would in any year. So, the idea is that year by year we will continue to try to open up that pipeline to meet that five-year commitment to the 1,700 projects.

As we think about FY21 the main message is we want to stay the course. We think we've got ourselves on a good sustainable trajectory and this chart that is on this slide is really just meant to give you a side by side of a baseline view that really reflected what our projection was before we entered into FY2020 and let you see how again, year by year trying to increase that productivity. Part of the way that we've accomplished that, and this went into our FY20 work, was to work in a closer way with the Finance and Budget Offices together to really think about this with increased commitment what does it take from a resource perspective, but also what are the best practices from a financial perspective. It was a comprehensive review that was done last March; we are doing it again this year as a best practice and are grateful for Budget and Finances' support of that effort. Where that leaves us is that last year, we had believed that the financial model that we had brought forward was one that we might expect to be something in the realm of 3.6% in a given year or say over a five-year outlook. So, where we are today is, we think we will be able to come in below that so we will work to finalize those projections to come forward as part of the Manager's recommended budget.

Councilmember Driggs said the pilot, I was out of the room for a minute, did you talk about the pilot program or what utilization there was of that?

Mr. Davis said I did not, I'm happy to share kind of an overview if you would like.

Mr. Driggs said just to recap, the pilot was a program where we offered customers the opportunity to pay 15% of the cost of remediation of stormwater issues and that the City would pay 85% and we budgeted up to $5 million for that and what was the response.

Mr. Davis said what we found was what we thought we might find which is that just as it was our very lowest priority, so too was a very low priority to the typical homeowner. The folks that we sampled it was something in the realm of one to two percent interest, represented a very low overall utilization of that fund.

Mr. Driggs said I just want to be sure that everybody knows that we did manage therefore to right-size our entire Storm Water operation and get away from what looked like a several hundred-million-dollar-deficit in service commitments compared to our pipeline.

Mr. Davis that that is true.

Councilmember Winston said seeing that the mission of Charlotte Storm Water is to provide infrastructure around impervious runoff and to reduce water quantity wherever possible that is running off, I would like for Storm Water to really get into this kind of SEAP development space and start finding options for developments to do things to reduce impervious stormwater runoff. Options like how can we look at vertical gardens, greening roofs and other things that we might most be thinking about drains and pipes. I know you all do much more than that, especially ins some of those terrain engineering issues that you have. I haven't heard of us thinking about that from a stormwater perspective and I think we should be doing that.

Mr. Davis said I will just touch on it briefly and thank you for the question. It is an important part of the program, but because of our other challenges we've seen over the years, we haven't had an opportunity to really feature this side of the house. But again, our program really grew out of an interest in providing clean surface water quality and so what we've really seen and is really true across the country is a transformation and a belief that the most important thing to do with stormwater was to rapidly get it out of your City and as fast as you could in the creeks. What that meant was a lot of environmental damage done so, a big part of what we are doing in our programs, it is a suite of things that includes direct capital investment. We've got some projects that I know some Councilmembers have had a chance to come out and be a part of some ribbon cuttings at a time when we kick off environmental investments. We also do things through regulation and I think you saw some of that Monday night. On the development front, we benefit today from some regulations that have only been introduced in a modern era, probably the last ten years or so where when you see these detention ponds that are built on-site, they have this dual benefit of slowing down the release of water that helps relieve flooding. It also helps settle out pollutants as it does that. In aggregate, over time we've done a lot, but to your point, there is always more than can be done. The science still evolves and as it relates to things like green roofs, it is something that people experiment with and we are delighted when there are new ways that we can kind of build that into the built environment.

Mr. Winston said just to push it a little further, I think it is less of the multifamily ponds and things like that and as we get denser and higher up it is great when the community is experimenting on their own but is there something that we can find that we can offer especially as we are looking in the I-277 Loop, South End? Is there a different option that we can say you should consider this because we've vetted it, and this is something that we want in our community and it works within our overall infrastructure or compliments our overall more traditional stormwater infrastructures?

Mr. Davis said I wholeheartedly endorse that interest. We did participate in Citywide teams and the point is well taken. We should push the envelope on what those opportunities are.

Councilmember Newton said touching on the pilot program with one to two percent response, did we exhaust the $5 million that was placed in that?

Mr. Davis said no, I think the total spend on that is under $100,000 in terms of what our commitments represent. We still have funds that could be available so, that program officially still exists. If anybody today felt like it was important enough that they dealt with a 15% investment on their end to have the City help them with that, we would still provide that. That one to two percent participation rate was really speaking to the number of people we talked to. The vast majority of them were not interested when they had to put any of their own money in.

Mr. Newton said I can't remember; did we place a timeframe on that program, or it is just indefinite now?

Mr. Davis said we hit it pretty hard early on for several months to try to really proactively go out and engage with people that had signed up for that in order to bring back data to give us insights on what the future of that program was. Councilmember Driggs may have mentioned this, but $2.5 million the first year, $2.5 million was intended in the second, so the total $5 million commitment. Again, the program is still available, and we would point that out to anybody that would take an interest in that. One other quick reminder about it because it has been a while since we had talked. We had not qualified that work since 2015 and so, for a lot of folks, people have moved, they don't even know that these commitments have been put out there. Again, for anybody that is still interested, we are happy to work with them and we think the financial capacity is there when needed.

Mr. Newton said so it is there to the tune of just under $4.9 million. I wanted to ask, with these 1,700 projects, it is my understanding that these projects were committed to. Are any of those included within the parameters of that pilot program?

Mr. Davis said these 1,700 are not those lowest priorities.

Mr. Newton said can there be a case made; I really appreciate you and others taking the time to meet with me the other day and explain this process and how lengthy it can be to evaluate a stormwater problem, go through design and planning and then implementation or construction of it and how that process could take upward, from what you were telling me, upwards of seven-years or maybe even more. Over that period of time, the longer we wait, do costs go up?

Mr. Davis said let me clarify one thing. When we speak to anything that would be five to seven years what we are talking about is a duration to get from the top of the list down through the bottom of say that 1,700. When we begin a project, we are talking about something that is in the one to two-year timeframe, but to your question about cost escalation, absolutely. The longer it takes to get something on the ground the more we would expect to pay for it. That is built into our financial modeling so, we at any moment will be tracking what is the average costs of a project and as we build our ten-year financial model, we are assuming an escalation of those costs over time.

Mr. Newton said could a case be made that if we were to put more into maybe some of these 1,700 here today, the ones that aren't may be higher in that priority that could otherwise extend out five to seven-years beyond what our aspirations or our hopes are that we could actually be saving money?

Mr. Davis said theoretically maybe, but what I would point out as a practical matter is when we made the commitment to do this 1,700 in five-years, what we need to be able to do is create what we thought was a realistic plan to accomplish that work. So, part of that is to develop the capacity to produce that work. We didn't want to kid ourselves that just because we put more money into it in the near term that we could just crank out projects that fast. That is why you see, not just an escalation of our productivity, but an escalating productivity year by year. We want to learn in this year and be able to do that much plus more the following year. We really think we are pushing, in terms of adding resources, growing the capacity, not just in our group, but in real estate, contracts, utilities across the board, we have to grow that capacity.

Mr. Newton said what point in time are we satisfied that we have done all we can to extend this pilot? It was the Class C folks, so at what point in time do we say we've done all we can and maybe we can look at other ways or other options to kind of address some of our other stormwater concerns with the pilot program funds?

Marcus Jones, City Manager said I understand what you are saying Mr. Newton; what I would like to do is reframe this if we can. Prior to last year, we had comments, whether they were true or not, that suggested that we didn't know when we would ever do a project. It could be five-years, it could be eight-years, it could be 20-years so, what Mike did, I guess the budget before last year, we had 23 additional people added to Storm Water so that we could actually design projects. That was step one. Then, what he said is here is our backlog, 1,700 and what we are attempting to do is eliminate all of those in five-years. What I want to do is give Mike a lot more credit than what he is taking right now which is taking something that was all over the place and gave us something that is consistent, that is measurable, and we are seeing progress. Now, I thought that we had moved beyond the pilot because the pilot was dealing with an old system of As, Bs and Cs and what Mike tried to do then was to find a way to address those Cs, and this is the last time I'm ever going to use As, Bs and Cs because they had been with us for so long. So, that pilot we had such a low response rate you could have just pulled the plug on it and used the remaining $4.9 million for something else. But what he suggested is if there is somebody still out there and people have moved, we had to verify the address list, whatever that number was in 2018 is dramatically lower because those weren't the individuals who actually registered the complaint. So, if we could just separate the two, there is the old system in which there was a pilot to address what I would call our lowest priority projects and now we've moved forward to something that is more definitive, measurable and we are starting to make a lot of progress.

Mr. Newton said many of these 1,700 that were addressed within five-years, they would have been categorized as C, right?

Mr. Davis said these were a higher priority, not our highest, these were sort of hovering in the middle.

Mr. Newton said so what the pilot program if no-one takes advantage of it, we need to start looking at that and saying okay, now this should be allocated somewhere else at some point?

Mr. Jones said I don't disagree with you at all.

Mr. Newton said we just need to figure out what that point is.

* * * * * * *

ADJOURNMENT

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

The meeting was adjourned at 3:57 p.m.

Stephanie C. Kelly

Stephanie C. Kelly, City Clerk, MMC, NCCMC

Length of Meeting: 3 Hours, 12 Minutes
Minutes Completed: April 8, 2020

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