

The City Council of the City of Charlotte, North Carolina convened for a Strategy Session on Monday, May 4, 2020 at 5:03 p.m. in Room CH-14 of the Charlotte Mecklenburg Government Center with Mayor Vi Lyles presiding. Councilmembers present were Dimple Ajmera, Tariq Bokhari, Ed Driggs, Larken Egleston, Julie Eiselt, Malcolm Graham, Renee Johnson, James Mitchell, Matt Newton, Victoria Watlington, and Braxton Winston II.

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Mayor Lyles said tonight’s meeting is our Strategy Session and I think it is very, very strategic because we are getting the Manager’s proposed budget that we will work on for the next several weeks. Tonight’s Strategy meeting is being held as a virtual meeting and it is being done in accordance with the Electronic Meeting Statute. The requirements of notice, access, and minutes are being met through electronic means. The public and the media are able to view this meeting on the Government Channel, the City’s Facebook page, on the City’s YouTube page. As I said, tonight is one of our most important times that we think about what we have as municipal priorities and I think for the first time, having a difference with the pandemic to deal with. We are going to have the Manager present his proposed budget. The Budget Book is available on Our Legislate and hard copies will be sent to you in your weekly packet. Our Budget Public Hearing will take place virtually on May 11th at 5:00 p.m. and our Budget Adjustment meeting will be held May 20th at 1:00 p.m. virtually as well.

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ITEM NO. 1: CITY MANAGER’S RECOMMENDED BUDGET PRESENTATION

Marcus Jones, City Manager said tonight over the course of the next 20 to 30-minutes I will present to you the proposed FY20-21 budget and shortly thereafter it is yours. So, what we will do is provide answers to questions and anything that you need in terms of having a final approved budget that will get us from July 1, 2020 to June 30, 2021. Before we start, I have on the slide before us is actually on Page 7 of the first Budget Book that I presented to this Council and we talked about resiliency and we discussed acute shocks and chronic stresses and chronic stresses are often things that we deal with like high unemployment rates. Acute shocks were hurricanes or tornados that Emergency Management typically addressed. When we talked about this back in 2017, I don’t think anyone had a crystal ball of what we are dealing with today, but I will tell you that because we got on this path years ago it put us in a good situation today to be able to address some of the issues that are before us. This is actually my 10th budget presentation as a City Manager and my 16th budget presentation as either a City Manager or a Budget Director or someone in finance, and I will tell you it is the first time that I’ve done this sitting down and it really shows what we are dealing with right now, something that is different than many of us have ever experienced. Many times, we hear concepts like the new normal or the new abnormal, but as a team we really discussed this as the new, and we leave the blank behind it because we are not exactly sure what this will look like in the future. But what we do know is that with steady leadership and that is from the Mayor and the Council, and steady leadership from the Administration, we know that we can get through this maybe better than any other city our size. We have a strong foundation that we call Team Charlotte, and it is not just a tag line, and I will tell you over the course of the last couple of months I’ve seen good men become better men and good women become better women and a very, very good team even to become even better. I’m proud of what we are going to produce for you today, produce together, and I use we because it really took an all hands-on effort.

Let’s talk a little bit about the Council. Four-years ago you started this momentum around priorities, and unlike many Councils throughout the country you’ve been steadfast. The words may have been tweaked a little bit from time, but we’ve always considered priorities around great neighborhood, affordable housing, safe communities, upward mobility, economic development, workforce development and this has been a great run for the City because you’ve been able to create a great ecosystem. Just some of the things that have happened over the four years; you’ve been able to attract a Fortune 100 Company, you hosted an NBA All-Star Game, you got the private sector to match a \$50 million

investment in affordable housing, you were named a climate challenge winner, you hosted a PGA Championship, you established an office of equity, mobility and immigrant integration, you started off by paying our lowest-paid employees \$15 an hour and then last year you bumped that up to \$16 an hour, then even somewhere along the way a lot of the things that you’ve done landed Charlotte an MLS Team. So, despite all of that momentum, and as I spoke with you, I think in this room on April 13th COVID-19 shifted our focus from that momentum to really an Emergency Management and Public Safety Stance. The EOC has been open for over 50-days; it opened March 12th, and during that time we’ve witnessed so many issues at the state, national and local level that shows that this is just not unique to Charlotte. For instance, some of the national highlights, unemployment is estimated to be between 15% to 20% compared to 25% during the great depression. Over 30 million Americans have filed for unemployment in the last six weeks. The US created 22 million jobs since the great recession so, a decade’s worth of job creation was eliminated in about a month.

At the state level unemployment has increased 11.5%; at the local level we are seeing similar numbers, but one thing I do want to tell you is we are starting to get some revenue numbers in, and I could only suggest that these are shocking. For instance, occupancy tax year over year for March down 70%. Food and beverage year over year for March down 56%. Vehicle rental down 97%, You Drive It down 98%. Pending home sales dropped 45.5%, new residential listing fell 31%. So, what we are seeing is the impact of COVID-19 and that is just for March. What is important for us is what do we have in place as a City so that we can rebound and also, we are able to provide core services to our residents. I just want to go back to a slide that I showed you on the 13th of April which talked a bit about the impact of some of these taxes. Sales tax takes a hit both to the General Fund and our General Capital and that is high impact and the same thing with the Transit Fund. On the hospitality side we have occupancy tax and food and beverage tax which also has a very high hit. As we go through this it is not just the General Fund or our General Capital, but also what is happening for some other entities that are heavily dependent on some of these tax revenues.

Also, last month I talked a bit about the federal funding for state and local governments, and as a matter of fact our CFO, Kelly Flannery went through some of these pots of money so, I just want to give you a quick update about the impact here for Charlotte. You may recall that CATS (Charlotte Area Transit System) has received \$56.9 million from the federal government and that can help mitigate revenue declines. The same thing with Aviation, \$135 million which can also mitigate revenue declines. You, on April 13th, approved \$5.7 million of CDBG (Community Development Block Grant), ESG (Energy Solutions Grant) and HOPWA (Housing Opportunity for Persons with Aids) funds to help with housing and also you approved another million dollars for grants for the small businesses in our corridor areas. So, it is important to know that there are some federal funds that are coming in that have an impact on the City, there is also the Coronavirus Relief Fund which has \$155 million that is also available to the City. As we talked last month, that deals with cities with a population of 500,000 or more. So, that is a small segment of all the cities in the country, so in other words some states don’t have cities with populations of 500,000 or more and therefore could not access these funds. I will tell you there are some keys around these funds; one is that they are for costs that are incurred due to COVID-19; they cannot be used for anything that was already accounted for in the budget; they are related to expenditures over the period of March 1, 2020, to December 30, 2020, and unlike CATS and Aviation they cannot be used to replace revenue.

So, what we are doing as a team is analyzing how we can utilize those funds to help us, especially in the area of critical operations and infrastructure. It is clear in the guidance that these funds can be used for medical, public health, payroll of COVID-19 compliance, but they also can be used for investments in economic support. One of the things that I present to you tonight is an opportunity for us over the course of the next 30-days to see what is happening across the country for these 37 or so cities that have access to this Coronavirus Relief Fund and how those are being used. One, to help with the delivery of critical services, so for instance, how can we make sure that our buses are safe for people to ride in them and how can we make sure that our buildings are appropriate for the

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general public to come back into. We will provide you with additional information about the use of those funds and how they are being used across the country. In terms of our two big enterprise funds, CATS, and Aviation, they remain financially strong. As I mentioned earlier, they are receiving federal assistance that can be used to help with revenue loss and throughout this crisis they have continued to maintain a level of service.

So, if we go back to where this started in terms of the impact of COVID-19 on our budget, you may recall that for FY20 the year-end revenue challenge, sales were off almost \$9 million in all, and revenue was off about \$14 million. We have controls in place and possible expenditure offsets so, it is not our intention to draw on fund balance to close the books for FY20. But there is a rollover into FY21; at the Annual Strategy Meeting we were actually \$17.5 million to the good in terms of our revenue projections but the impact of COVID-19 has reduced that to just \$1.5 million. As I mentioned last month there are some ways for us to handle some of our issues for 2020 but also there are some things that we are doing in 2020 that we will roll over into FY2021 to mitigate the impact of this loss of revenue.

Let’s talk about closing the gap. If we go back to April 13th we had projected expenditures of \$752 million, the projected revenue with that decrease is \$729 million, so our April gap was almost \$23 million. We always based it on the Retreat and so we went back to January and in between January and today we had almost \$3 million of additional technical expenditures; expenditures that we had to make to fulfill contractual agreements and so that added to our gap. But, also because some of our revenue are pass through in formula-driven there is an offset on the expenditures. So, the plus and the minus basically got us back to where we started, but \$21.8 million was the gap to solve. One of the things that we said early on is that we would not attempt to pass this on to the residents. So, we don’t have this on the screen to suggest that we have a 1.5 cent tax increase to close the gap, it is just not an option that we pursued. We decided as a team that we would use innovation creativity and efficiencies and more importantly work as a team to see how we could close the gap. I would like to talk to you a little bit about how we closed it. Not only did we take raising taxes off the table, but we also said that we would remain structurally balanced so, in other words, we would not go into operational reserves or one-time revenue for ongoing expenses which makes this even more difficult. We also said that we would continue to provide core services, but maybe the most important item on this list is that we would protect existing employees. That is not just protecting jobs, but protecting them as they perform their jobs, in other words, making sure that they have the proper PPE (Personal Protective Equipment) and they have the proper tools that they need to be effective in performing their jobs.

We will start off with some efficiencies that we identified in operations, \$8.5 million, and I will tell you that a lot of that had to do with Department Heads doing a couple of things. It is not just the elimination of vacant positions, but the Department Heads were able to work more efficiently. In other words, it is not as if we are not taking on more responsibilities, we are, we are absorbing it into our day to day operations. So, there is something to be said about the innovation around being able to do more with the same number of people that you have. I really want to say that I’m so thankful for the team. Folks were able to say before we would even consider not having a salary increase or laying off people, let’s see how we can perform our services with the resources that we have. So that is \$8.5 million and another \$11 million came in a different manner and we decided to protect our core services, not really raise taxes, but we also wanted to relieve the stress on the General Fund. So, outside of Aviation and CATS and Water and Stormwater, the bulk of our employees are funded through the General Fund. It was important for us to boost the General Fund up as much as we possibly could. So, some of these are just shifts in the way that we have allocated funds. In other words, one of the first things that we did is that we shifted the allocation of sales tax from PAYGO ((Pay-As-You-Go) to the General Fund. There is one portion of sales tax that was formula-driven and what we decided to do is split it a quarter-cent to PAYGO and a quarter-cent to the General Fund and that change allowed us to provide more than \$5 million of relief to the General Fund. We capture ABC (Alcoholic Beverage Control) revenue in the General Fund; typically, 75% of the revenue goes to the General Fund and 25% of that revenue goes to the debt service fund. We surveyed the largest cities in North Carolina and the

vast majority of them had 100% of the ABC revenue going to the General Fund, so we are doing the same and that is \$1.7 billion. Then we used our capital capacity to transfer and expand street resurfacing. Typically, street resurfacing is done out of the General Fund, what we are doing is moving it over into the Capital Fund as well as PAYGO and the end result is that we will have a million dollars more for street resurfacing, but we also have \$4.3 million that can go to the General Fund.

In this budget-balancing exercise, you can see where we have the department adjustments, the shifting revenue to the General Fund to protect operations. We've talked about the street maintenance and then lastly, we have \$3.5 million in additional revenue that is related to Solid Waste. The increases in Solid Waste, what we paid the County to dump and some of the other fees that are charged to the City came up to \$3.5 million and an 80-cents a month increase in Solid Waste covers that additional costs that we have. The reality is that it doesn't cover what we have to do in terms of purchasing vehicles so, it is not even getting that to be a wash. But when we had all of those, we basically had \$1.3 million in additional resources and we plugged those into investments into Emergency Management for obvious reasons.

Let's see what this 2021 budget looks like. The General Fund is \$718.8 million which is a 1.2% decline from 2020. Our proposed positions in the General Fund are down 20 from FY202 and in all funds we net out to be down about 16 positions all funds from 2020 to 2021. The key is that the budget has remained structurally balanced; I think it is four-years running that I've given you this slide and that is the key slide that we want to always give you. We are not using any of the operating reserves to balance the 2021 budget. All in this budget is about 3%, the \$2.55 billion compared to \$2.62 billion in FY20. This budget is about 3% less than the FY20 budget.

During this crisis of financially resilient organizations could do some things that other organizations cannot do. So, it is important for us to keep the organization going. We have to make sure that residents feel safe, that water runs, traffic signals work, the trash is collected. We do that so we can create this environment where people want to live and where people can thrive so, I don't want to ever discount how important some of the things that we take for granted each day, like cutting on water, or flushing. It happens because of the 8,000 plus employees that we have that have been working every day of the year to make sure the core services are provided. So, we will have short, medium, and long-term recovery. Most of that is being discussed throughout the state, throughout the country. We have a team that is in place that is also discussing that. A lot of this will come from our Council Committees as well as the three Council Task Force that is there, but for us innovation in great neighborhoods and mobility, safe communities, workforce, and business development will always continue. It may be that it is just in a different way and our combination of resources will get us to a place where we will recover.

I want to talk to you just a little bit about what has been going on in the last 50 plus days. We don't really talk about this in terms of reopening because we never closed, and I just need to have a shout-out to the folks that have been working so hard. Here are some of the things that have occurred since March 26th. CMPD (Charlotte Mecklenburg Police Department) has responded to almost 28,000 calls for service. Solid Waste has picked up almost 20,000 tons of residential waste and almost 5,000 tons of recycling. C-DOT cleaned 2,400 catch basins and filled 64 potholes. Charlotte Water completed almost 1,400 water and sewer work orders for repairs. Planning and C-DOT (Charlotte Department of Transportation) approved 63 plats and plans and 139 land development permits. CATS continues to operate 70 plus buses a day and Housing and Neighborhood Services has contacted 200 neighborhoods just to check in on them to see how they are doing because that is what we do. Again, we don't like to say that we are reopening, and we have a team together that is looking at this over several periods. One, is that we are following the Governor's order and what does it mean as the County opens back up, what will be the demand for services from the City, but we also have a six-month view which is the last quarter of FY20 and the first quarter of FY21. I'm committed to coming back to you at the beginning of October to give you an update of where we are with revenue and expenditures and of course, will be coming back to you weekly but in terms of are there

any changes in direction that we need we would like to have that discussion in early October as opposed to a typical January Annual Strategy meeting.

We also said as a priority is to protect our existing employees. As I mentioned, they continue to deliver exceptional services, even in this crisis so what we've done is we have safety as a priority, and we continue to strive to be an employer of choice. One of the things that we don't say enough is that we want to attract the best talent to work for the City of Charlotte just like any Fortune 100 Company does. In order to do that we have to create an environment where people want to be on this team. So, everything starts with our employees; we are going to have a 3% merit increase for our salaried general employees and a 3% combined market and merit increase for our hourly employees. That is important and we've always looked at this as total compensation, so to have a salary increase and then just take it away with an increase in insurance premium nets that out. So, for the third consecutive year we will not have an increase in our health insurance premium and the plans will stay very much the same. We will continue our all-access transit pass and I just believe this \$33 a year for our City employees to ride any form of public transit when that would cost something close to \$1,400 annually. It is just a great incentive to be a part of Team Charlotte and our whole goal was to get more organizations to sign on to have this type of pass access.

We are also going to complete the two-year Police pay plan and for anybody who didn't think that Kerr Putney smiles, the guy in the picture is Kerr Putney, and I told him that I was going to do a private placement of him because I may not have a chance to do this next year, so it is how much we admire what our guys in public safety do, we wanted to make sure that we held firm with our commitment to them. As you will recall we have a public safety pay plan and it is a two-year plan for Police and a three-year plan for Fire. This would get us to fully fund the two-year plan for Police and be two-thirds of the way for the plan for fire. The key with the plan is to improve Officer attraction, increase Officer top pay, and for Officers to reach top pay sooner. We've also established a senior Police Program for Police. In terms of Fire, the same concept. This is year two of a three-year plan. We've reduced the number of years to reach top pay and we've increased top pay for the Firefighter II, the Fire Engineer, and the Fire Captain. I think this is the most important slide with the payment plan. When we started off in 2018 top pay for Police Officer was \$72,580; top pay now is over \$86,000, which is a 19% increase and you can see for the Police Sergeant, the Firefighter II, the Fire Engineer, and the Fire Captain how we have been very deliberate in making sure that these individuals can reach top pay sooner in the top pay increase. One thing that is very important is that we learned a lot from other recessions and other crises and one of the things we learned with Police and Fire were those years after 2008 where they went without step increases. This plan has now for Police gotten every step back to 5% and when we meet with the Pay Plan Committee, we are all on board together. I know there is a next step after this, but it is good to make sure that we stay committed to this plan, and the results are great. When we look at the results, we see that Police voluntary resignations are down, so is fire and new recruit applications are up, so we believe we are doing something right in this. Nobody can market the Police and Fire better than Police Officers and Firefighters.

We are going to remain disciplined in FY2021, our core services will continue, but the delivery of these services will change, and expenditure plans may change based on actual revenue. As I mentioned earlier, it is very likely that we will still be working through these COVID-19 related challenges well into 2021. That is why it is very important how we use any federal dollars to offset these costs, but it is also important that we come back to you in early fall to reassess where we are.

There is resilience also in our Capital Plan, so it is important as we start to think about why we are able to be in the position that we are in, both in operating and capital. It is because we have spent years trying to make sure that we protected core services and that we could deliver these core services so that when a crisis comes, we are able to shoulder it much better than many. It is interesting this past fall one of the rating agencies did a review of the 25 largest cities in the country about how resilient they were, and Charlotte was one of six that scored the highest. You will see much of that over the course of the next weeks and months how we respond to what is in front of us.

So, capital planning, we were able to over the years update our assumptions, we have developed a Project Planning Program and many of you I think would see me sweat through changes in some of our scopes and some of our projects, and we feel that we are in a good place now and because of that, we believe we can move forward with our Capital Plan. We are continuing to invest throughout the City, and this is the last installment of our Big Ideas. If you will recall there were four bond cycles, 2020, 2018, 2016, and 2014 that did a lot of great things throughout the City. There were C-NIPS, there is affordable housing, there is support, to enhance our street network, pedestrian bicycle safety, and economic development strategies. When you put all of those together over the four bond cycles it equals \$785 million over those eight-years. We were in good shape because of financial stability to move forward with this \$197 million of additional activity to complete the Big Ideas. As I mentioned earlier because the Council has been consistent with its priorities, we didn’t have to shuffle too much of any of these bond cycles, even as we started to address them mid-way through, and it is good to be able to come to closure on it. As we have evaluated our capital accounts, we realized that almost \$37 million of funding we were able to adjust. So, in other words some of the projects were deferred because they weren’t ready to go into any type of construction. Some of the projects may have been viable at one point, but were no longer viable so, we would not hold the capacity for projects that were no longer viable. It allowed us to do more with some of the priorities, especially those that you have presented to us over the last two-years.

Investing in transportation and mobility; we’ve always had \$15 million set aside for building and repairing sidewalks and there was another \$18 million set aside to construct The Bryant Farms Road. In the 2018 bond, there was \$2 million for the planning of it and now we are able to fund the construction of it, but as we were reassessing the CIP (Community Investment Plan) and that \$37 million that I spoke of earlier, it also allowed us to fund some programs that were not originally contemplated in the 2020 bond. For example, this proposal that I have for you tonight will add \$4 million to Charlotte’s Bike Program; \$2 million to Vision Zero; \$1 million to implement ADA improvements, and then \$7.6 million for congestion mitigation and traffic flow enhancements. I would like to talk a little bit more about the congestion mitigation and traffic flow enhancements. As we go back and review those last four bond cycles, many times you would save a good deal of money in order to build a road and that would take years. So, what we’ve learned, and C-DOT has learned is there is a great opportunity to do smaller projects which help with congestion mitigation and traffic flow. So, the \$7.6 million identified in the CIP as well as \$6.7 million that is available in PAYGO gives us over \$14 million to provide congestion mitigation in areas that need it most. The Steele Creek area, South Charlotte and University City, so this is something that we are proud of that we are able to address some of the traffic flow issues even before the next major road project is in the CIP.

It is important to make sustainable investments; as you know this fiscal year was the first year of our Strategic Energy Action Plan where we did a good deal of assessment, and what we found is that we could make investments, both in our buildings but also in charging stations and electric vehicles. There is \$3 million total and \$2 million will increase our building sustainability and we are very excited about that, but even more excited about purchasing 20 electric vehicles. That is 20 electric vehicles or more than the total electric vehicles that we have in our fleet. Those would be Sedans, but we are also going to invest \$1 million for charging infrastructure so, it is one of those cases where we’ve discussed in order to electrify the fleet, one of the things that we had to do first was to provide for charging infrastructure, and we will look for opportunities to also partner with the private sector there.

We are keeping the momentum in affordable housing. This bond cycle we have \$50 million again for affordable housing so that would be \$100 million over two-years. It took 16-years to get to the first \$100 million so it shows the commitment that this Council has to address affordable housing. We are excited that we have the capacity to have another \$50 million bond and just maybe there is somebody out there who may want to match that too. The proposed bond allocation, as I mentioned earlier \$197 million, \$102 million for transportation; we mentioned affordable housing and I want to talk a little bit about

neighborhoods. As we analyze those projects, we created some additional capacity. Always in the CIP was \$30 million to complete our Big Ideas C-NIPs, so that would be the last installment there, but this will be the first time that we’ve placed \$14.5 million to support the corridor development. During the Annual Strategy Meeting the Council spent a great deal of time discussing corridor development. As a matter of fact, I believe Tracy and Taiwo talked about some key areas that we should have an emphasis on, so not only do we have \$14.5 million in CIP, we have \$10 million in PAYGO to also have new investments in our corridors and that \$10 million in PAYGO will cover areas such as business recruitment, it will cover areas such as placemaking so we feel comfortable that this is a different way of addressing corridors, different from what we’ve done in the past. This is more collaborative and what we’ve come to find is that everybody was doing good work, but they were doing it as a department and not necessarily as a team. I am excited that Tracy Dodson and Taiwo and Liz Babson and Pam Wideman are taking the lead on having a comprehensive view on the front end of how to have a better outcome in our Corridors of Opportunity and that \$25 million is our beginning. It is a tailored approach to not only build capacity but also capitalize on the momentum. We call them playbooks, there are a couple of these neighborhoods that have strategies in place, and we believe that a good portion of these funds can be used to start to implement those strategies as Councilmember Graham has often said, we’ve study things a lot and we are moving beyond studying to implementation.

We are also leveraging partnerships for safer communities. In January, the week before our Annual Strategy Meeting, we talked about this framework to address violence. So, we are not moving away from that; we are supporting the Violence Interrupter Pilot, we are developing a Violence Crime Dashboard, we are launching a fellowship program and we will continue our jumpstart micro-grants to build grassroots capacity, but we want to lock into these opportunity corridors for these grants.

We continue to manage water resources, stormwater with an operating budget of a little over \$15 million. Has no rate increase and water with an operating budget of \$172 million has a 1.9% rate increase; it is the lowest rate increase in more than 10-years. We have this in mind with what is going on with the general public today. Our goal was to minimize rates increases as we get through this crisis.

As I wind it down, I hope we’ve made the case that we have a stable organization, a resilient organization, but maybe more importantly an adaptable organization. We’ve preserved core services in this budget, we are not laying off employees. We do not have a tax increase, we preserve our long-term financial health by not using one-time revenues in the General Fund. As we continue, we will continue to update you, but what is most important here is just the Team that we have and normally at this time of the budget I thank the Budget Team in which I will. Ryan Bergmann has done an awesome job and Kelly Flannery, our CFO has done an awesome job too, and the Budget Team had to put together a budget book virtually, and I will tell you that is probably one of the strangest things that has ever occurred because typically, it is a bunch of people running around cutting and shredding papers and punching holes and all of that, so kudos to the Budget Team who has been able to put together what I think is an awesome budget. But, also to the entire Team, area Department Director or Deputy Director, or Assistant Director, the folks who have been working from home, the folks who have been coming in every day, we can’t do this without you and we very much appreciate all that you do. We will get through it, we’ll get through it together. The next steps are the Budget Public Hearing on May 11th; the adjustments on the 20th and the straw votes on the 27th and the fiscal year begins July 1st. So, Mayor; Members of Council, I am turning this budget over to you together. We serve this resilient Charlotte and it is a pleasure being your Manager and it is a pleasure having the Team around me. So, Mayor and Council it is your budget.

Mayor Lyles said thank you City Manager. First of all, I want to say thanks; we have a great professional team that lives and serves our City and that is a very important part of it. I think the Manager has represented them well tonight, but I want to thank every employee, all of our 8,000 employees for participating in this budget process and understanding how difficult the times are and stepping up to serve the community without imposing additional tax burdens on them. The Manager, you represent everything about

our organization in this budget so, there are two key components that have been recognized, one now the public has this budget and we will have that Public Hearing on the 11th. We will also hear from advocates, but I encourage any citizen that has anything that they would like to consider or have thought about to come forward in our budget Public Hearing and talk to us as a Council and a community. Talk to our team and express your concerns and you don’t have to have an answer for everything, but at least come and be heard. Then after that the Council gets the budget; it is online right now, and the budget book will be coming so those that like to highlight everything. Council, it is now our budget to take a look at, to study and examine, question, comment, and look at it in the context of our strategic planning efforts as well as building what I think the Manager recognizes a resilient workforce. After our Public Hearing, we should be able to sit down and begin to talk about changes that we would suggest as a whole to the Manager’s recommended budget. With that, I believe we begin our study period and we’ve got the budget to look forward to, our straw votes are a few weeks out, so I encourage us to begin our conversations and collaborations, especially in our Recovery Task Force Groups where it seems appropriate and you are hearing from a lot of people already.

We are going to recover. Over the past week, I’ve been with several Mayors across this country, Atlanta, Los Angeles, New York City actually, but a number of cities more comparable to ours and I have to say that they would admire the budget that was presented to us tonight because of the issues that they are having around a number of things that are around this pandemic. So, it is good to know that we are able to weather this storm and be all in this together.

Motion was made by Councilmember Egleston, seconded by Councilmember Mitchell, to adjourn.
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Denada Jackson, Constituent Services Manager said there is a question from Mr. Driggs and a question from Mr. Newton.

Councilmember Newton said thank you Mr. Manager for this budget presentation. I have two questions that I was hoping could be addressed. The first one is going back to the Coronavirus Relief Fund, the \$154.5 million fund. I think we all recognize that there is a tremendous need in our community. We are looking at a housing bubble that has been created as we continue to grow, leading up to when the stay at home order is lifted. Also, a lot of needs for small businesses in the community. I know Mr. Manager that you had mentioned that I believe you focused a lot on operational expenses for that particular fund, you also mentioned that they could be available for public health expenses. I think that is things like PPE, maybe hazard pay overtime for City employees. I’ve read the US Department of Treasury guidance so, there is a document that they released back on April 22nd pertaining to this particular fund. I was hoping to get a little bit more clarification regarding the economic support portion of that in that document from the Department of Treasury. It specifically mentions that that money could be used for grants for small business, it is also my understanding that that money would need to be refunded if it is not used. It is a big pot there and I’m just wondering if all of that is being taken into consideration. You had mentioned that we would be receiving recommendations on this in about 30-days. I personally don’t know, given conversations I’ve had with numerous small business owners here in Charlotte if they have that kind of time and I’m wondering has all of that been considered? Is that included in our budget here and what plans do we have thus far to make sure that we get that need out to the community, assuming it is included, that we get that need out to the community as soon as possible with that Coronavirus Relief Fund?

Mr. Jones said you are correct. I put this into two buckets, one bucket is critical operations and infrastructure and the other bucket is investments in economic support. So, there is \$155 million; the instructions have come out and there is flexibility there. What I would suggest is we don’t know exactly how much we would use of that for the critical operations and infrastructure versus how much should be used for investments in economic support. So, the critical operations and infrastructure is anything from PPEs to cost associated with public safety that addresses the COVID-19. What we would like to do is see what is

happening with some of the other cities also. Could you do some type of relief fund for small business? Absolutely. Could we retrofit buses? Absolutely. And that is what we are trying to do is give you an opportunity to be thoughtful about how to utilize these funds. One of the things that I believe is important is that we should leverage it. While we have to use these funds between the period of March 1st and December 30th, I would ask that you think about how could you leverage these funds to bring more funds to folks who are in need. Yes, we did send that guidance out to you and all the Councilmembers, I think it was 5:00 on Friday and I did say that tonight I would talk a bit about it, which I have. We believe that it should be a thoughtful process and I think as the Mayor mentioned earlier, having the Task Force reports back I think would be very helpful in how this Council decides to use the funds.

Mayor Lyles said Mr. Newton; if I could just add to that. I do think that is an important consideration for us going forward and I particularly look to the work. I would like to say, Mr. Newton, the first question to the budget book where we will write your question down, identify the Councilmember that asks it and give you a written reply versus; the Manager has gone through about 45-minutes of presentation and he will give the opportunity for the entire organization to weigh in on those kinds of questions, but I think that question is really important for the Charlotte Recovery Task Force effort with the small businesses. I know that Ms. Ajmera, Mr. Mitchell, Ms. Eiselt, and Mr. Bokhari as well as seven other citizens across our community that are weighing in on that so, I look forward to that. Our practice has been that we ask the questions that we would have and to send those in to the Manager and then that way we would get a response that is written and shared with everyone, so we keep everyone with shared information and the ability to have shared decision making.

Mr. Newton said I would agree with you Mr. Manager; our scope where operations senses are limited because it is only between March and December, but I do think that we need to offer a sense of urgency here to make sure that as we appropriate money that we are doing it before it is too late for some of the needs that we know exist in the community. The second question is what is the reserve fund? I will have to wrap my head around the shifting around of the funds that we have and are looking to the budget more thoroughly. I know that we talked a lot about PAYGO funds being shifted and there was talk about congestion mitigation and traffic flow enhancement, corridor investments that those funds are used for, but I just wondered, we are looking [inaudible] from the reserve fund is that 16%. I know that the state’s reserve fund is just below 6% and their perfect bond rating is still intact. At what point in time would we look at that reserve fund to say maybe that is somewhere that we need to target to pay for operational expenses and maybe not shift around so many funds that might be used elsewhere.

Mr. Jones said I’ve given the budget that we presented tonight, and I know it would be irresponsible to dip into the operational reserve when you have a structurally balanced budget. There is not a recommendation that I could give you to dip into that.

Mayor Lyles said that would be question number two; I would like to say that kind of question is a financial policy that impacts every part of our community and that would be a Council debate that if we decided to change that financial policy because the 16% is something that is included in the foundation for our budget-making. It has certainly been tested this time.

Councilmember Driggs said I just want to quickly congratulate the Manager and the staff for coming up with a budget that does not have a tax increase, maintains essential services, and is even aspirational in places. But otherwise, Madam Mayor; in the spirit of what you just said I will state my questions for later.

Mayor Lyles said again, for the Council; if you can get the budget and look through it and make sure that your questions to the Manager we will be ahead of the game in terms of where we have common ground around questions and issues and things that we would like to do. I think it is going to be a tough year for all of us and we’ve still got to have our City, protect our employees. Remember those that are impacted most by this virus and hope that we get to Phase I with the Governor’s Emergency Declaration.

The vote was taken on the motion to adjourn and was recorded as unanimous.

Mayor Lyles said thank you everyone for being here this evening; thank you to the Team. I think we really appreciate the wisdom and guidance that you've give us and now it belongs to the community and the Council.

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ITEM NO. 2: CLOSED SESSION

There was no Closed Session

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ADJOURNMENT

The meeting was adjourned at 6:01 p.m.



Stephanie C. Kelly, City Clerk, MMC, NCCMC

Length of Meeting: 58 Minutes
Minutes Completed: May 13, 2020