

The City Council of the City of Charlotte, North Carolina convened for the Manager's Recommended Budget Presentation on Monday, May 6, 2019 at 5:04 p.m. in Room 267 of the Charlotte Mecklenburg Government Center with Mayor Vi Lyles presiding. Councilmembers present were Tariq Bokhari, Ed Driggs, Larken Egleston, Julie Eiselt, Justin Harlow, LaWana Mayfield, James Mitchell, Matt Newton, Greg Phipps, and Braxton Winston II.

ABSENT UNTIL NOTED: Councilmember Dimple Ajmera.

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Mayor Lyles said ordinarily we would say we are going to begin the Council Meeting; however today is the Manager's day to recommend the proposed FY2020 budget for Council's review. I will remind you that the Manager presents the budget today and then we take it home and read it tonight and tomorrow and we will be back on Wednesday to begin discussion and questions. I would hope that each of you would pay attention to the presentation; the staff is going to be available I'm sure for the remainder of the days until we adopt the budget. Right now, we are ready to hear the proposal from Manager Jones.

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

Marcus Jones, City Manager said before I go into the presentation I would be remiss if I didn't take this opportunity as we are all gathered tonight working together to make our community stronger to acknowledge the immensely challenging week we've experienced in the City of Charlotte. Our hearts go out to UNC-Charlotte, its faculty, its staff, the students, the alumni, the City of Charlotte offers its support to the UNC-Charlotte Community in the days and weeks to come. I think what is more important that this is a reminder of what we do to build safe, healthy, inclusive communities, and tonight, more than ever that is the work that we are doing. So, let's talk a little bit about how we do that together.

As the Mayor mentioned earlier, the budget tonight is really around four key priorities that the Council brought together at the 2019 Retreat, and those properties are Economic Development, Neighborhood Development, Transportation and Planning and a Well Managed Government. It is kind of interesting. I think I have about 30-minutes to pull this altogether and after that we will hand it over to you, and we will start 48-hours from now again trying to address any questions that you may have about what we are proposing tonight. There are six public meetings between tonight and when you approve the budget on June 10, 2019. So with that said, there are a number of opportunities for us to discuss what is going on in this budget.

If we go back to January at the Retreat, we came in with a lot of pre-Retreat work from the team, and we were excited about having an \$8.4 million surplus going into the Retreat. By the time we left the Retreat, we were actually \$4.4 million down, but a good deal of that was because the Council said Manager, don't build a budget without taking into account compensation for employees. By the time we got on the road and got back home the state had done another action that dealt with our retirement contribution and we were down about \$7 million by then so we stopped counting and said let's start just figuring out what can we do as an organization to make sure that anymore blows that came in that we would be able to address. So, tonight coming out of the Retreat we are presenting to you a structurally balanced budget that is \$2.6 billion for all funds and a \$727.7 million general fund budget. They are both structurally balanced which means that ongoing revenue is supporting ongoing services.

Let's start with the general fund and then I would want to speak a little bit about the enterprise fund. So, the general fund is up 4.8% or about \$33.3 million; 80% of that increase is compensation related, and the vast majority of that compensation related increase is related our first responders. I know that 12% of the increase is related to contractual agreements. In order for us to get balanced in the budget, we had to take about \$5.5 million out of it in terms of adjustments and reductions; so, consistently throughout this entire process we've always looked for opportunities for streamlining our operations and having efficiencies.

Now, I want to speak a little bit about the enterprise funds and typically the discussion is what is the fee increase. So, we will talk about the fee increase, but before we do that one thing that is very important is that between the Airport, CATS, Water, and Storm Water, and as you can see I put a crown on each one of those because we are one team, we are one organization 8,000 strong. Between those four, we have \$4.2 billion of capital investment over the next five-years. When we started the 2020 budget development process or at the end of FY2019 the concept was jobs and the economy, and we would be foolish not to concentrate on some of our enterprise funds that are creating \$4.2 billion of economy activity, and how do we align our residents with those job opportunities? You will see this over and over again in this presentation. I will tell you in terms of fees, because I know you wanted to know there are no fee increases related to the Airport, no rate increase related to CATS, no Storm Water rate increase and the only rate increase is a 3.4% planned rate increase for Charlotte Water.

So, CLT, the Airport, we are global so \$2 billion of capital investment over the next five-years. Last year there was a study that we discussed about \$16.4 billion of economic impact for the region. I think the state said that is not good enough, let's do our own analysis so, the state in conjunction with NC State did a review of what is the economic impact of the Airport in the State of North Carolina, and it is closer to a \$23 billion annual economic impact. Again, there is this opportunity for us to connect our residents with the jobs that are associated with this global Airport.

In terms of our regional transit system, we connect people regionally. In 2018, there were 57,000 rides a day through our CATS system, which I find amazing. There is \$139 million capital investment; the bulk of that is bus and facility maintenance, but it is also planning for our regionally connected Silver Line.

In terms of water and wastewater, not only do we flow through pipes and streams, but I believe our Water Director would say that each morning, we brush and we flush, as it relates to Charlotte Water. There is \$1.6 million capital plan over the next five-years with Water and about half a billion with Storm Water. Again, opportunities connect our residents with some of these infrastructure projects.

So, one of the four priorities that came out of the Retreat was being a Well Managed Government and getting our financial house in order. We have four teams in the City that are aligned with the Council for priorities; for example, under Economic Development we have economy, jobs, and upward mobility. Under Transportation and Planning we have mobility, accessibility and connectivity. Under Budget and Effectiveness or Well Managed Government we have Well Managed Government and under Neighborhood Development there is safe, healthy, and inclusive communities. There is a great deal of collaboration that occurs weekly in these teams. There is innovation and we leverage experience, and again, I believe you will see a lot this in this presentation.

Implementing change started last year with our internal assessments. We were able to save about \$1.4 million in terms of just streamlining our internal facing operations like Human Resources, Finance, Procurement, Innovation and Technology. We believe there is the same level of opportunity with some of our operational departments. So, taking care of our most valuable assets, and I see so many of them in the room tonight. So, I'm sure that they are interested in what is going to happen in terms of compensation.

When we left the Retreat if we would have taken the compensation plan from 2019 and just applied it to 2020 we would have a three percent merit increase for salaried general employees and a three percent combined market and merit increase for hourly employees. After that we came back and we said well, continue things that we know that are working well, so remember we started the all-access transit pass, something that is valued at \$1,440 a year. We were able to give it to all of our full-time employee for \$33 per year. So, we are going to continue that because we believe that helps us with upward mobility, and also, we will continue to have no health insurance premium increase in 2020. If we would have just stayed with that, I think it would have been a good plan moving forward, but we tried to do better. We've been engaging with our Queen's Team over the course of the last year, and

in many of those meetings it has been not just what is happening in terms of compensation but upward mobility. They pushed me and they challenged me to do more; so, if we just had a three percent for our lowest paid employees that would be worth about \$936 per year. So, just keep that figure for a second as we go to the next slide.

What we are recommending in this budget is to increase our lowest paid employee, which is \$15 per hour for all of our full-time employees to increase that by \$1. It was kind of interesting. I had a conversation with some folks earlier today, and they said well, are you at \$15? I said yes; we were at \$15 two years ago. So, sometimes we don't necessarily advertise some of the things we are doing in terms of upward mobility, but what is unique about this \$1 an hour is how we are proposing to apply it. So, again if we were to just do a three percent salary increase, and that is the bar on the far left, that would be worth \$936 for the year, but if we take \$1, and we apply that to every employee up to a certain level, the \$1 would be more valuable than the three percent increase. It changes dramatically. So, for instance, that \$1 applied to our lowest paid employee, \$15 per hour, which is \$31,200 per year, is really worth \$2,080. Just think about it in terms of a full-time employee works 2,080 hours per year; \$1 per hour is worth \$2,080. By applying it this way, you see the data. Instead of \$936 you are getting \$2,080. That is equivalent to 6.7% increase for our lowest paid employees. The objective here is to move them up in terms of upward mobility.

The next example I will use is the \$45,000 per year employee, and that is roughly \$21.63 an hour. If you apply \$1 to that same concept instead of having a regular three percent increase at \$1,350, it is still worth that \$2,080 and instead of having a three percent increase that is closer to a 4.6% increase. Again, what we are trying to do is put more resources to our lowest paid employees, and you get to this break-even point at about \$70,000, where three percent is higher than the \$2,080, but that is a part I commend the team for working collaboratively to try to find a better way to address some of the issues with compensation.

We've also listened to our employees; as you may recall we've had both a resident survey and an employee survey, and in the employee survey what we found out is that while compensation is important, it is not everything. It is also upward mobility. So, in 2020, we have four new programs for hour employees. Career Pathways Program, a Job Shadowing Program, a Supervisor Training Program and a Manager in Training Program. What we realized is that many times some of our own employees do not have those soft skills that would make them very successful in terms of upward mobility in the organization.

We are doing something very different this year in terms of creating our own career pipeline. Our partners across the City are all trying to get a handle around the future of work and upward mobility; so, there are a few people that surprised me tonight that came by that are in our Pipeline Academy, and I just want to tell them thank you, because they have created an opportunity that I don't think they realized at the time they were scaling it up. So, removing from 10 individuals to 50, and as we started to talk earlier about all of those opportunities at Aviation and CATS and Water and Storm Water, we are creating our own Career Pipeline where these job seekers who have barriers and barriers are sometimes that you've never held a job before so, we are talking about an 18 to 24-year old. We are talking about individuals who have transit issues and people who may have a criminal record. We are going to bring them into our system; we are going to partner with some of our training partners and after five to seven-months they then will have an opportunity to move into an entry-level job within the City. If we can't get them into an entry-level job within the City we are going to have them placements with some of our partners. The goal is, even after that to be into an apprenticeship program and we believe again, that this experiment, this opportunity to work across departments are going to provide opportunities for our residents and many times we rely on our partners but we believe that we can do this ourselves. One of the cool things I'll say about this is that once you get in the door you are on the team so, even with that the all-access pass will make sure that those are available to those individuals so that won't be a barrier to coming to work.

We will also work with our first responders; as you will recall our first responders have a step system which is very different than the system for general employees. Last year, we focused on recruitment and retention and we used regional data, and shortly after the budget was approved our first responders came to me and said, thank, but no thanks, I think you are

looking at the wrong data set. We took them up on their offer and we analyzed 20 cities from across the country, and they were right. When we started to review those 20 cities across the country in terms of top pay we did not fare well. So, what we have is a three-year plan for Fire and a two-year plan for Police that would get our first responders up to the median of these 20-cities, and I believe we have a general agreement on that.

We will start with Fire; it is a three-year plan and starting in 2020 400 of our most experienced Fire Fighters will get an extra 2.5%. All Fire Fighters will get an additional contribution to their 401-K Plan. We are trying to get their plan to be consistent with the Police that have 5%, and we are adding nine Fire Fighters to help with overtime as well as adding a new engine company and one truck that has 18 Fire Fighters.

In terms of police, it is a two-year change, and it is pretty simple. It is three points; one is for police officers. Their top pay will increase by 10% and that is beyond our normal merit market adjustment in this two-year period. All Sergeants their top pay will increase by 10% over that two-year period and that is beyond our normal market adjustment and then all steps will be 5%. That has been one of the hang-ups over the years is that the steps in Police are inconsistent. At some point there were five and 2.5 and we are going to collapse steps. You will top our earlier; top pay will be higher and I think we are in a good place, because many of the meetings that occurred I sat at the table, and I'm very appreciative for both Chiefs and the Public Safety Pay Plan Committee members that came together for these two programs.

We are also accelerating public safety training. There is \$2 million in FY2020 budget and another million in the FY2021 budget to ensure that public safety officials have the appropriate training to meet the needs of our community. I have been working with Chief Putney, and I applaud his willingness to begin to design programs for these efforts. So, again over this two-year period \$3 million is set aside for accelerating training with their first responders.

Neighborhood Development, as you know is another key priority, and it interesting as we started to talk about affordable housing a lot of times the discussion is around what is in the bond, but we don't talk enough about the millions of dollars that annually flow through the City from federal funds. Whether it is down payment assistance and you sometimes hear about these programs and you think we have nothing to do with them, but there is about \$13 million that come to the City for these types of programs, and I'd like to focus on two, emergency repairs and housing rehab, but before I do that I would like present to you a new opportunity that we have with additional \$12.7 million, the bulk of that around naturally occurring affordable housing opportunities.

As you know, we have the \$50 million bond that was approved; we have the private sector and the philanthropic community that has matched that and it is going over and beyond that, but at some point, there was concern would we run out of money before the next bond. So, what we have been able to do working with our partner for LISC is set aside money for naturally occurring affordable-housing opportunities. One is very unique; one unique item is vacant single-family acquisitions. So, we would put \$2.1 million into this program in which we would get \$1 million back, and we would be able to have 12 single-family homes where people could reside in with all the wrap-around services that come with that. That is about \$90,000 a unit. I believe that is a good investment when we start discussing accumulating wealth and also having people in single-family homes. Also, the remaining money in that pot, we would be able to do 400 NOAHs, and that would be multifamily rehabs. We also want to enhance our housing rehab program, and our emergency repair program by adding \$1 million to the housing rehab program and doubling what we have in the emergency repair program by adding another \$250,000 for a total of what we have that is consistently coming to the City and the new programs of \$26 million.

We also want to make sure that we are complementing the County's Homestead exemption, and we started last year with \$750,000 for our Aging in Place Program. We have another \$750,000 in the 2020 budget that is proposed for the Aging in Place Program, which would give us a total of \$1.5 million, and this is targeted for individuals who are 65 and older who have lived in their homes for more than five-years, and their income exceeds what is available for the County program. We started income at \$30,200 but not exceed 80% of AMI.

Also, in Neighborhoods, we are preserving our natural environment. We are beginning the implementation of our SEAP Program; we are opening the Innovation Barn in 2019, and we are utilizing the technical support that we are receiving from Blumberg's American Cities Climate Challenge.

We are also keeping our City clean; we are proposing a \$1 per month increase in the Solid Waste Fee. That would cover both the tipping fee and two additional crews and two new trucks related to the growth that we have in the City. I didn't have Solid Waste with the other enterprise funds because the other enterprise funds don't have general fund dollars. Solid Waste is different; it is a hybrid. So, what we are doing here is trying to recover all the costs associated with the tipping fee and what is new in terms of Solid Waste.

Councilmember Ajmera arrived at 5:27 p.m.

In terms of Neighborhood Development, we are continuing to connect with our neighbors, and we want to leverage 311 more than we have in the past. We learned a lot through Ageing in Place, going out into the community and knocking on doors. We believe that this is a hidden gem in our arsenal at bridging the difference the Citizen's Academy, Placemaking Tours, Civil Leadership Academy and our Neighborhood Board Retreats help us create and maintain safe, healthy and inclusive neighborhoods.

In terms of Economic Development as I mentioned earlier, we knew after the 2019 budget that the focus would be on jobs and economic development. The track record on new jobs over the past year is nothing less than staler and something that we can all be proud of. It is time for us to put resources in our four pillars and put those four pillars to work. What that said jobs and economic development and upward mobility are essential to the City's future. As we go back to the Opportunity Task Force Report with their 91 recommendations, what the City has done is align 16 unique strategies with those 91 recommendations and earlier this year we had the diversity, equity and inclusion report that was delivered to Council, our own report with 13 recommendations and one of the key recommendations was to identify a lead person to coordinate the work.

So based on that report, we are creating an Office of Equity, Mobility and Immigrant integration within Housing and Neighborhood Services. Federico Rios will head the expanded office; it is kind of interesting. This is two-years in a row announcing something new for Federico, just hang in there man. The key here is to implement the report's recommendation but also examine external facing policies and practices that cause inequitable investments and development in our community. So, it is much more than just an internal look, much like Economic Development it is horizontal in our organization. We need to make sure that diversity, equity, and inclusion is also horizontal in our organization.

We are also putting resources directly into our community; the JumpStart Grant that has been wildly successful; we are increasing that to \$500,000 in 2020. We are continuing with our Neighborhood Matching Grants at \$400,000 and the Historic West End Initiative, which the City put in \$150,000 last year for a three-year commitment. Charlotte Center City Partners is stepping away from that program; we'd like to stay in and we are partnering with LISC that they will match our \$150,000 contribution with another \$150,000 contribution which is really focusing more on loans, investments and opportunities within the community.

There are two new initiatives that deal with upward mobility in our neighborhoods. We have Westside Collaborative Initiative that we are setting aside \$500,000 for and an Eastside Collaborative Initiative that we are setting aside \$500,000 for. It is very different; we want to use what we've learned from our Place Making tours, our community engagement. I'm not going to have a bow around something and deliver you two programs. Instead what we are going to do is work with the community to find out what programs are important to them. A lot of this is around beautification within the neighborhoods; community engagement and enhancing the growth of small businesses. LISC is going to come in and add another \$500,000 for these two programs for a grand total of \$1.5 million.

We are fostering innovation; MWSBE Capacity building, we are adding \$450,000 to that program. Our New Business Creation, Innovation, and Entrepreneurship we are adding \$1.7

million, for a total of \$2.1 million for Targeted Economic Development Initiatives, and Project P.I.E.C.E., which has been very successful in the City, before we end Project P.I.E.C.E., I guess 1.0 we want to launch Project P.I.E.C.E. 2.0 with \$300,000 in this budget so that we can expand to include trade and logistics on top of what we have in terms of construction and skilled labor.

So, with all of this we are not proposing a property tax increased. Right now, the rate that we have is a revenue neutral rate and would be the lowest rate in the last 50-years. I started off this morning say it was the lowest rate on record but someone can't go back 50-years so we will stick with 50-years for now. It is the lowest among the 10 largest cities in North Carolina. So, the revaluation impacts some of our most challenged neighborhoods and we had this discussion in the room with the heat map and you could see some of the impacts on our most challenged neighborhoods. So, we through it was the best we could do to not exacerbate this is just keep the rate revenue neutral. So, the 2019 rate at \$.4887 will now be the recommended revenue neutral rate would be \$.3481.

Transportation and Planning, as you know we've been embarking on the City's first Comprehensive Plan since 1975, which will provide a shared vision for Charlotte's growth. We've set aside \$550,000 to continue the Comprehensive Plan Engagement and Implementation in 2020, as well as \$250,000 to continue our place making initiatives, which have been very helpful in terms of gaining information from our residents.

So, let's talk about debt and debt capacity and bonding. We are in between the third and final bond of the four bond cycles that started in 2014; 2014, 2016, 2018, and 2020. This bond cycle, in order to that there was a 3.17 cent tax increase, and the concept was that tax increase would cover all the projects for those four bond cycles. Prior to that, there were three bond cycles that required a 2.67% tax increase to complete those projects. When we had a budget discussion last year, one thing that we talked about was that 2022 bond which didn't exist; so, no projects and conceptually it would have been you would need to now have a tax increase in order to have your next series of bonds. So, as we scrubbed our projects and got a better understanding of what is our debt affordability, what I presented to you last year is that we believe based on all of the input that we could have \$165 million bond every two-years for the foreseeable future, not having to raise taxes in order to have a series of bonds. On top of that, in order to keep the lights on in the buildings and the roofs maintained, we have something that is called COPS, but let's just that non-voter supported debt, and we needed \$25 million over those two-year cycles for a total of \$190 million. What I said to you last year is that we would go back in this year and try to refine estimates and get a better understanding of our bond cycles in our affordability.

So, the best way to describe this is we took it in six sections; one we had to define the need. We had to look a project management, project and account reviews, debt affordability, the funding existing projects and planning for the future. So, let's start off with defining the need. The first thing we did is we did a capital needs inventory and this had not occurred in the last 10-years. Before we could say that a number of dollars could cover us in the future, we had to understand what the needs are, and boy did we get some needs. I'm not prepared to give you all of those now, because we have to scrub them, we have to identify and make sure that they are scoped and planned, but conceptually, we knew we needed more funds just to keep and maintain our buildings and kudos to the entire staff for the long effort to took to identify all of these projects, not just for this year, but for the next decade.

We also learned in terms of Project Management that that is so much for one department to do. So, in terms of Engineering and Project Management, and I'm going to say project and not property, that should be something that is taking care of just scoping, designing projects, making sure they are on time, on budget and within the right scope. What we believe we were missing was just a Department of General Services that takes care of procurement, that takes care of the buildings, and we believe that as we move forward this is a better way to operationalize and get projects done. We scrubbed all of our accounts, and this is something that we discussed I believe back in January or February. I just ask for a little bit more time, because in the past, we would ask departments what do you have that is finished that could be let's say discontinued? That is really not the right way to do it; the right way to do it is look at all the projects and then go to the departments and say tell me why you need

more money? It was collaborative. We went through that process we identified almost \$12 million of projects funds that can be reprogrammed.

In terms of looking at a PAYGO, we also identified \$13.5 million of funds that could be other capital use, and we had one refunding opportunity 2009 series of bonds that without extending the bonds would have you, the refunding opportunity is worth about \$14 million. So, we scrubbed a bunch of pots as well as made sure that we were in the market for refunding. Then we said how do we determine our debt affordability; we looked at projects spend rates, interest payments, property and sales tax revenue and investment returns. We learned that we had unrealistically, high project-spend rates; so, if I have a spend rate that says we are going to spend \$100 million a year in projects, and I'm only spending \$60 million it really messes up my modeling. What we have to do is be more pristine with these spend rates. One of the reasons why I'm suggesting to have a Department of General Services as well as have Engineering and Project Management. We also looked at interest assumptions, and they were not aligned with the market and lastly revenue projections were below our historical averages. The outcome we are in a high cash point in our debt service account. Not the general fund, the debt service account, and with that we are recommending using cash in lieu of debt for 2020 for some of our projects that are high priority.

So, let's talk a little bit about the high priority projects, again kudos to Mike Davis as he stood in this room and basically said I've got 150 projects and those 150 projects I can't tell you where we are with those and then he came back and he said there are about four that give us a little concern going forward. So, let's deal with those projects that gave us a little bit of concern moving forward; I think they were yellow in Mike's presentation. So, the Central Division Police Station we are going to need \$1.8 million more. We know that is what we need. The new infill Fire Station which is really planned for 2021, which is a two-bay Fire Station. So, as we start to look at Fire Stations going forward and three-bays, that is just not enough money, so \$3.4 million will get us there, then, there is the Cross Charlotte Trail. As you recall, there are 11 segments to the Cross Charlotte Trail; one segment is complete. One segment is under construction. There are seven segments that are in the plan or design stage and then those two that are orange, those last two segments are neither planned or designed. One of the reason that Mike had his 150-project sheet was because many of those projects were neither planned nor designed and costs were associated with them. So, when I look at the Cross Charlotte Trail for those remaining segments that are planned or designed, the cost is about \$54.4 million. Those last two segments, neither planned nor designed, I do not feel comfortable asking you for funding for something that would put us right back in the position that we were in four or five-years ago of asking for funds without planning or designing.

So, moving forward what I am proposing is that we fund the planned segments of the Cross Charlotte Trail with some of the pots that I identified earlier. The \$11.7 million in project savings, the \$13.5 million in PAYGO fund savings, the \$14 million in refunding, and as I mentioned earlier about that high point of cash and just like we would take care of the Fire Station and Central Police Station we'd close the gap here with that high point of cash and use \$15.2 million; that would be \$54.4 million that is ready once you approve the budget to finish everything associated with the Cross Charlotte Trail that has been planned or designed and the planning and designing will have to catch up with the money. The money would be available.

Let's talk about the last piece which is developing a Project Planning Program. Deputy City Manager, Sabrina Joy-Hogg and Phil Rieger, the Budget Director spoke with you at a Budget Workshop about having this project planning fund that would be a revolving fund that we could use to get better estimates to scope projects before we put them into the CIP. I'm recommending that the first project that is in this Project Planning Program would be the last two segments of the Cross Charlotte Trail. That would be approximately \$2 million; it will take two-years to plan and design it and then once those last two segments are planned and designed, similar to what we did now, we would look at refunding opportunities, project saving opportunities to fund the last two segments. After all of this our steady state, as I mentioned earlier, that \$165 million plus \$25 million which was \$190 million is now \$223 million taking into account everything that I previously mentioned. So, the affordability actually went up, and we took care of some issues that have been hanging around. What I would also like to also propose to you that this capacity provides us with the opportunity to

take the last bond in the four-bond cycle, which we beforehand affordable housing was at \$15 million a year, in the 2018 bond cycle we raised it to \$50 million but then because of capacity concerns, I left it at \$25 million for 2020. I would strongly recommend in this budget that in the 2020 planned bond cycle you take it up to \$50 million also. The last two things I would like to mention is that a lot of times people think about the budget as a policy document which it is, but the budget is also a communication device, and I will say to you that we have let you down in the past, even under my watch, in terms of it being a communication device. So, what you will see in this budget is much more clarity; we don't have a page that lists every project. We have every project with a project description, and we believe that it is going to be much more user friendly, and I think you will be much more prepared for our Wednesday discussion with this new budget format.

This is the time of the presentation where I thank the team, Sabrina Joy-Hogg and Phil Rieger and the budget team. Could I have them stand so that we could see the team that stayed I think all through the weekend, so the bags under their eyes is not anything other than that, and for the Queen's Team that is in the room and Team Charlotte if you would all stand, because it is just one team. My favorite part of the presentation I get to turn this over to you. It is now your budget; we are poised to answer questions. Our goal is that those smiles that were on your face at this picture is that when we get to June 10th that we can still have those smiles. The next steps; the Budget Briefing on the 8th; there is a public hearing on the 13th, Budget Briefing on the 22nd, Budget Adjustments on the 23rd, Straw Votes on the 29th and hopefully the budget adoption on June 10, 2019. Thank you for your time this evening.

Mayor Lyles said I could only imagine that this alignment of our plan around equity, inclusion and diversity and economic opportunity meeting our policies for the last year and then actually having a finance plan to debate and decide upon is an exceptional effort. We generally as government, we go slower than this, and I think that we have really hit a place where our policies are going to be funded and that you will literally be able to see activity on our streets, in our neighborhoods, in our workforce that will make a difference.

So, for all of you who have worked on this budget I really want to say that the Manager has said Team Charlotte, and I truly believe that this is an effort that we are all going to believe in and endorse. So, thank you again for what you are doing around our ideas around economic development and workforce, around a community that cares about how we use our land use and plan, how we get people to and from work and a great neighborhood where they can be safe, healthy and feel like this is a place they can call home and raise their families. I'm sure there are going to be some questions and debates, and we start that on Wednesday at noon, and we will go until 1:30 p.m. and then I think we will have a gage for how much more of the briefing we will need to do after we have the public hearing. We are now ready to hear, not just from what you've done, but our community to say are we in the right place? Are we spending the money that you entrust us to have, that you work hard for in the right places for your government?

Councilmember Winston said if you may I would like an itemized budget of CMPD, Charlotte Fire, Code Enforcement, Engineering and Property Management, as well as this General Services Project Management Department for 2019 and proposed 2020. I would also like a definition and accepted living wage that we accept as the City of Charlotte for our workers.

Councilmember Bokhari said clearly this is a point where we get to go off and read a lot of detail, but I think just at a glance, especially some of the people in the general public who might see what is happening here. I think it is important to recognize what an immense amount of work, not just putting a normal budget together is normally but the work you guys have been doing behind the scenes with major overhauls and going from vertical to horizontal internal staff structures, from getting a capital process five and ten-years old that you had to go back and essentially take a decoding to figure out and then bring back an overhauled view for us and what that means and then the work we had left to do with police officer pay.

From everything I've heard so far, I can't wait to go into the details here, but it sounds like there is a lot of really good things that have come out of a lot of folk's hard work here. I just

want you to know that all that work and effort, it seems Herculean in comparison to a normal budget cycle some of the things you had to come to, but I appreciate it, and I'm sure my colleagues do as well.

Councilmember Driggs said first of all congratulations and I wanted to acknowledge you in particular Mr. Manager; we've recognized the whole team, but obviously it is your leadership. I think you have been responsive to a lot of input that you've had from us over a period of months in Retreats and in Committee meetings. So, this budget in my mind is in step with where we need to be going. I did have one question; obviously, the police pay issue is very sensitive in light of what is going on right now; so, are we comfortable that we are doing enough, or do we know how these changes that you've made might impact our staffing levels or our ability to deal with the current conditions that we are experiencing?

Mayor Lyles said can he have until Wednesday?

Mr. Driggs said I will just put it out there, but you get the idea right. We clearly need to indicate that we are thoughtful about what is going on and the investment we are making in Police. My other point that I just wanted to mention was the old Big Ideas Program has, as you know, no capital projects in District 7. So, I'm hoping as we start charting for the future that we are going to see a little more of that kind of equity in the way that we schedule our capital projects. The C-NIP also had the effect of basically excluding projects that might have been in my District and for that matter, Mr. Bokhari's from prioritization alongside other one because of the departmentalization. So, I hope we can as we go forward see a little more balance among parts of town and the way we make those investments. A good job, I really appreciate the work you've done.

Councilmember Eiselt said I too join my colleagues in saying thank you Mr. Manager and to the staff for the hard work on this. It is definitely a lot of detail, and I wanted to know before I dig into this, I see that there are some pages that do have side by side comparisons so that we can look at, for instance the departments, the general fund; so, we can do a comparison for department totals. Is that right?

Mr. Jones said yes.

Ms. Eiselt said and therefore we can ask you separately if there are changes in the balance. We can dig into why that is.

Councilmember Mayfield said great job Mr. Manager and team. I have two questions; one question since we are live now and that is regarding addressing specific infrastructure issues. I think it might be in this beautiful homework that you have given us to go through, but specifically asking around expanding the existing roads that are overly crowded, the roads that C-DOT are in charge of, and also how we make sure the community understands what state maintained roads versus ours, but as we are approving projects there is definitely a question regarding what our infrastructure priorities are in the budget and to help identify that. The question that I have for more clarification, I appreciate the additional funding to help with programs, but when we talk about the west side, I need to be able to understand exactly what we are talking about because we have two west sides. We have Beatties Ford Road, Rozzelles Ferry Road, and you also have for District 3 Tuckaseegee Road, Freedom Drive, Wilkinson Boulevard, West Boulevard, Clanton Road, South Tryon Street, Arrowood Road, Old Pineville Road. So, when we are talking about a west side initiative it would be helpful to know if I can come back to my constituents without throughout District 3 and southwest Charlotte to let them know if we are in consideration or if this is just westside, Beatties Ford Road, and Rozzelles Ferry Road area.

Councilmember Harlow said Mr. Manager and staff I'm really appreciative of this summary. Certainly, dive into the details but I think definitely as we talk about how we've consolidated priorities, and I think you have captured everything or a good bit if not most of everything of how we have a lot of challenging priorities that are competing for limited resources and dollars but are certainly captured in here with a proposed revenue neutral tax rate as well, specifically some of the investments around economic development this year and doubling down on a lot of investments we've made last year in some of our neighborhood development, public safety, housing and environment initiatives. Just more clarity for detail

when we talk about these westside and eastside collaboratives, we see a lot in here of LISC matching the dollars. I think that is a great thing on the whole; we see that for the West End Initiatives. We see the matching dollars on those mobility initiatives. I think there was another microgrant piece there where they are matching, matching, matching. My question would be what are the terms of that? I think we will have our conversations around the terms on our end for our portion of it, but the LISC portion, especially when we talk about small business loans, micro loans, those are different than grants, who would qualify and who wouldn't, how is LISC assessing that at least on their end of the match and then maybe we try to figure out how we make that in line or nudge them to make it in line with whatever we decide, a little more detail on that. I imagine there has been conversation with [inaudible] about that, so I would like to know a little more.

Councilmember Phipps said I echo the comments to the Budget Office; I can attest that they've been working really hard on this budget on weekend and late at night. It has been incredible, and I thank you for it. I'm particularly encouraged by the proposal to fund the Cross Charlotte Trail, especially those two sections that haven't been designed or planned out. I recognize that it looks like we have monies earmarked to get those that have already been planned and worked out to get those started and at the same time we would use these funds to get those two sections planned out, so we can have a complete seamless trail. I'm really appreciative of that.

One of the questions I had was under the Solid Waste discussion, you said there were two trucks and two crews to compensate for additional growth in our City. I didn't know if that was to maintain some of the aesthetic appeal of our City through our litter pick-up efforts for if it is anything in particular that is going to be directed towards that. I thought you said something about beautification in the westside and eastside initiatives, but I was wanting to get some clarity behind whether or not there was any kind of cohesive effort to try to tackle that overall litter problem throughout the City.

Also, I didn't see anything in here about the status of the MSDs in terms of what we had decided to do. I know they had come before us earlier with a possible millage rate increase but in view that this was silent on this I think that has probably been something that you did not seek at this time to be appropriate. Is that a fair comparison?

Mr. Jones said we left everything at revenue neutral rate.

Mayor Lyles said I believe we got a packet of information from University City last week, and we responded to the question, and I think Michael Smith has also done something about the request that he made, so we probably need to pull those things back out again.

Councilmember Ajmera said I also echo what my colleagues have said, great job. It is great to see the \$1 increase in our hourly employees to \$16 per hour. I think that is a bold step for us. Also, I liked how we are making headway in implanting the SEAP, and I was just reading through some information here, but I think more detail around that would be very helpful as to what does that mean and if we can a more detailed breakdown about any budget line items that we are allocating to our SEAP to ensure that [inaudible], also the same thing for circular economy and the tree canopy. I would like to echo what Mr. Phipps said about the Cross Charlotte Trail, that was great so thank you. That was the promise that we had made to our residents, so I'm glad to see that moving fulfilled and I'm looking forward to having more discussions on that.

Mr. Driggs said just a brief comment; there was a lot of uncertainty and anxiety after the revaluation notices were sent out. This is good news, right? So, I hope we will do a lot to kind of make sure that this information gets out into the community and people start to understand what will really happen to their tax bills instead of being apprehensive that they are going to go up in line with property values.

Mr. Bokhari said I had forgotten to say the most important part in my comments, which is you did an awful lot in this proposed budget, and it is revenue neutral. So, thank you so much. I'm sure a lot of people in Charlotte are really going to appreciate that, and it should

show how much can be done by reprioritizing inside the existing world and doing so at a revenue neutral rate.

Mayor Lyles said I have to remind all of us that we all are Charlotte, and it is not so much about our particular space. We are trying to build a great City and keep people that haven't been a part of our economy moving forward to be a part of it, so we can even put everybody to work and have a value that is gained by that. I think this budget goes a long way towards that. I know there are going to be more questions, and I'm always glad, and we will hear from our employees, and I expect other members. As always, we have a number of people that we contract services with; they are going to want to come in and talk about what the Manager recommended. I also think what the Manager recommended was a revenue neutral budget and our tax rate is equal to what we had last year in terms of what we will bring in this year, and that says a lot considering the amount of people that have grown and the programs that this Council has really seen as essential to the kind of City we want to be. Congratulations again to everyone in this room that participate, and I think that is all of our 8,000 employees. I really want to say thank you to them.

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ADJOURNMENT

Motion was made by Councilmember Bokhari, seconded by Councilmember Harlow, and carried unanimously to adjourn the meeting.

The meeting was adjourned at 6:05 p.m.



Stephanie C. Kelly, City Clerk, MMC NCCMC

Length of Meeting: 1 Hour, 1 Minute
Minutes Completed: June 4, 2019