

May 16, 2012  
Budget Retreat – Add & Deletes  
Minute Book 133, Page 530

The City Council of the City of Charlotte, North Carolina convened for a Budget Retreat on Wednesday, May 16, 2012 at 3:10 p.m. in Room 267 of the Charlotte Mecklenburg Government Center with Mayor Foxx presiding. Councilmembers present were John Autry, Michael Barnes, Patrick Cannon, Warren Cooksey, Andy Dulin, Clarie Fallon, David Howard, Patsy Kinsey, LaWana Mayfield, James Mitchell and Beth Pickering.

Mayor Foxx said we are moving into the stretch of time where the budget proposal shifts from the staff to the Council and today we will go through the process of doing adjustments to the budget. Today's meeting doesn't mean that the adjustments that are put on the board are actually embedded in the budget today. We are just going to put these ideas up and we will have two weeks before we come back and vote on the proposals that obtain at least five votes today. That is going to be the marker, those five votes so if you have an idea and it gets two votes that will not carry over for two weeks. If you have an idea that gets 5 or more we will put it up and consider it next time. Another principle that is in use since I've been on the Council is that if you suggest an add to the budget, you also suggest a deletion of at least a like amount. You are free to cut as much as you choose to, but adds need to have some kind of corresponding cut. With that we open the floor and see what is left.

Councilmember Barnes said I recognize that this is a CIP discussion today, but there has been some talk about the water/sewer increase and isolating that in the budget and I wanted to have a discussion about two things. One, whether we could isolate those matters today in the budget to see their impact and secondly, what would be in the proposed bond package this fall, which projects would be in the bond package for this fall?

**Interim Budget Director, Randy Harrington** said the first question about isolating the water and sewer increase, on the budget ordinance that will be presented to Council on June 11<sup>th</sup>, it will separate out the water and sewer component from all the other pieces that will be under consideration for Council. The second piece, this was included in the April 11<sup>th</sup> Budget Retreat Packet that you received earlier, but a little bit large sheet, hopefully it will be a little bit easier to see, and this provides in the current proposed spread of projects over the full cycle.

Mayor Foxx said have we gotten these answers to these questions before today? Can you walk through them?

Mr. Harrington said sure. We had two sets of questions that went out that were follow-ups from the May 9<sup>th</sup> presentation. The first set you received on Friday and then at your table you've got the second set and the second set was focused on the capital questions. It took us just a few more days to pull this information together. There were a number of questions related to the Airport and the West Corridor and the ETJ. The question about CIP measurable outcomes for those investments; implications and considerations of one bond referendum package; the impact to the property tax rate going from four to five bond referenda; the allocated and unissued debt projects and schedule, related back to the \$412 million that was identified earlier in a prior retreat and then the planned schedule for proposed 2012 issuance of debt and then finally options to accelerate and improve predictability of projects associated with the proposed bond packages. Those were the follow-up pieces that we have provided to you today and if there are any particular questions about any of those I will be happy to help point those out or make sure that we can answer those for you.

Mayor Foxx said regarding questions 3 and 4, I asked what would be the impact of a single bond referendum with the current project list and it looks like the corresponding tax increase will be 4.91 cents. Then we looked at what would happen if you expanded the referenda over a 10-year period as opposed to an 8-year period and it looks as if there is a reduction with the same project list. Is there some combination of both of those things together that would bring the rate lower than what is currently proposed?

Mr. Harrington said we can look at that in more detail. With one bond referendum, one of the stipulations in terms of spending the bond money because it has to be spent within 7 years. Sometimes you can get an extension on that up to 10 years, but because of that window that narrows for when the bonds have to be spent, that is one of the factors that influences the tax

rate. If there is a particular scenario that you or the Council would like us to look at and try to cost out we would be happy to examine that and bring that back.

Mayor Foxx said to the point of the 7 years, can you talk about the response to Item #7, the acceleration question of how can we speed up these projects and get them done quicker?

Mr. Harrington said staff has been looking at this and trying to come up with additional thoughts and ways to accelerate and advance the projects and some of the ideas we've been working on, one included the funding planning and design prior to seeking bond construction. We've done that sometimes in the past where one bond referendum would have just a planning component and then the construction component for that associated project is in a subsequent or later bond referendum. That is one area that can be reviewed. The accelerating right-of-way purchases necessary for construction, two pieces with this. One is the process to acquire property and right-of-way as well as obtaining public input are two very time intensive components. We could certainly try to accelerate something like the land purchase piece that might necessitate more condemnations instead of letting some things just play out a little bit longer in the process. That is another area that we have examined.

The last bullet point there looks at revising and streamlining the public input process. One of the ideas there is you've heard of the term charette, often times used in planning and there may be an opportunity to use some of those more intense focused type public input sessions to get the public input needed to be able to design and advance a project as opposed to some different designs which might have a series of meetings over a longer period. The charette would focus more on a shorter duration, but more intense to try to get an equal valued level of public input.

Mayor Foxx said I guess the process response, but if we were to support this I'm trying to figure out, is it feasible to get the projects done within the parameters of the local government commission.

**City Manager, Curt Walton** said if you put all \$926 million on the ballot it would be a stretch, but as Randy said, you can usually get one three-year extension to ten years so I wouldn't consider that to be an inhibitor. It is a factor but it is not an inhibitor. To go back to your first question, if we assume that this is approved, that we are going to do \$926 million on these projects. To come to 3.06 cents we've assumed a certain spend rate. To your question Mayor, if we were going to put the \$926 million all on one ballot, if we were going to do it on the same spending schedule it would remain at 3.06 cents. If we were going to be more aggressive, one of the questions identifies that as 4.09 cents. If we were going to put \$926 million on the November ballot and do it over a ten-year schedule then that gets to one of the other answers to the question, it would be about 3.3 cents to 3.4 cents. I don't know if that helps clarify or not.

Mayor Foxx said it does help clarify. You can have the entire package approved at one time and you can issue the debt in subsequent years according to this schedule.

Mr. Walton said to this schedule, more aggressive or slower.

Mayor Foxx said do we have any interest rate advantage of doing it all at one time?

Mr. Harrington said obviously, right now we are in a low interest rate environment so that is attractive and the longer term predictions are for the higher interest rates and if interest rates were to go up higher significantly that could have an impact on the overall capital program down the road.

**Finance Director, Greg Gaskins** said that is true although you are in a unique position in Charlotte. You are always in the market so you always have interest rate risks, but for this particular package it could have some impact in terms of the overall finance.

Mayor Foxx said can we quantify that somehow?

Mr. Gaskins said no, not without looking at the individual projects. We could do it, but we'd have to do some analysis because we would have to make assumptions about what the rates  
mpl

would be, which we don't normally do, or specifically as opposed to the overall market rate. It would take us a process to do that. We would have to look at every individual package and when it was going to be issued and make guesstimates of what the rates would be for each particular package in order to come up with a good estimate.

Walton: Could you tell us what the range of interest rates are over this 8-year period?

**Scott Greer**, said it is only 4 I believe is what we are using which is about what we are getting now for the first issue which would be in the next two years. After that I believe we go to 5.5 and that is the average that we've gotten over about 70 years. We can't keep track of that so we are a good 150 basis points under our long-terms rates now, but we don't think that is going to stay for more than 4 or 5 years at the most. Because of the way this is structured, a lot of this debt is issued after what we talked about in terms of the meeting tonight. If you were issuing commercial paper today you are paying under 1%. A 20-year debt is probably going to be from 4.5 to 5.5 on the long run in a normal time.

Mr. Gaskins said I understood your question is the not the model rate, you were asking us to make a guesstimate of actual rates. We don't do that. We could do it but we don't do that because when the interest rates risks portfolio you are in the market all the time. You are going to have to pay whatever the interest is at that time so the model doesn't assume a particular rate for a particular issue. We could come up with that but we don't typically do that.

Mayor Foxx said your point is, we're not going to get a fixed rate mortgage on this whole package.

Scott said it will be financed after the projects are built.

Mr. Gaskins said regardless of the approval that could still happen. We still do it when the debt has to be issued.

Scott said we actually issue debt every month at a short term and then every two years we do the permanent debt so you are always in that cycle. The short-term is very low and it always going to be very low because short-term debt carries a lower rate so there is a big advantage of doing it that way.

Mr. Barnes said I have a CIP question and a couple of operating side questions. On the CIP question with respect to this issue of how to structure the debt, regarding the streetcar I noticed that it is listed as one project for the 2012 bonds and in light of the nature of the construction would it be possible, feasible, advisable to issue that \$119 million in separate bond packages?

Mr. Walton said I don't think it would be advisable Mr. Barnes because since that is one project from point A to point B it is \$119 million, I don't think we could do it in readymade chunks as opposed to something like a neighborhood improvement program where it does naturally delineate itself from one neighborhood to another. I think it would be unadvisable wherever the streetcar is to break it up into multiple referendums. It wouldn't all be sold at one time on our side of the table.

Mr. Barnes said for example, the way we've got the Northeast Corridor structured is \$16 million this year and an amount in 2014, 2016 and 2018 and that is obviously not going to be all built at one time. Are you suggesting that once construction starts on the Elizabeth end and the Transportation Center end of the streetcar that we will begin construction simultaneously and get it all done.

Mr. Walton said that is a good delineation. The Northeast Corridor has many, many projects in it so you could stop and start and fund or not fund. The streetcar is one project from beginning to end and I believe it would be hard for us and I don't know if we could legally let a contract that broke it into four pieces is roughly \$30 million. I don't know if we could let a contract for something beyond \$30 million to future voter approval is required, but yet the construction project contract would likely be more than that.

Mr. Barnes said on the operating side there was this questions about multifamily pickup and I had gotten some information regarding how we might treat the different constituents in terms of providing a rebate on the cost that they pay now and Mr. Harrington is aware of at least one of these communications, we seem to treat groups differently and Mr. Harrington I wanted you to comment briefly on your opinion, and it is a question for Thomas Powers as well, on whether we could or should treat different properties differently in terms of how we assess fees for garbage and also with respect to this domestic partners benefit question. The ask there is \$75,000 and I wanted to know from the City Attorney whether it would be advisable to, if the Council chooses to approve that funding to allow the funding to be approved Mr. Hagemann, and essentially not authorize the Manager to offer the benefits until the litigation is resolved in this state. The reason I asks that question is because the cost of the benefit is \$75,000 and what I'm worried about is the City getting bogged down into several hundred thousand dollars of legal costs in defending ourselves against whatever action may come from the proponents of the Amendment 1 and the benefits.

**City Attorney Bob Hagemann** said Mr. Barnes, that certainly is an option. Council could include the money in the budget and not approve actually implementing the benefits awaiting to see if there is further legal clarity either through litigation or further analysis by those you are looking at this across the State, including possibly the Attorney General.

Mr. Barnes said we had talked at the last Budget Meeting about having you get an opinion from other sources. Would you get an opinion from the AG's office regarding whether or not our proposed action would be legal or in any way problematic for the City?

Mr. Hagemann said if the Council would like for me to pursue that I'd be happy to do that.

Mr. Barnes said Mr. Mayor can I ask whether there is unanimous consent or majority consent to have the City Attorney make that inquiry of the Attorney General?

Mayor Foxx said I think that is appropriate to seek that, but let me ask this question. In your experience Mr. Hagemann, with these types of requests, what kind of horizon would we be looking at in terms of response?

Mr. Hagemann said the Attorney General is not under any kind of legal obligation to respond under any particular timeframe. I would hope that he would understand the importance of the question and the timeliness of a response, but I can't predict exactly when we would get that opinion.

Mayor Foxx said I respect and would feel very comfortable with our City Attorney analyzing this issue in the context of his discussions with other municipalities and other counties across the state on this question to the extent that there is an interest in having an elevated request to the Attorney General's Office on that is fine, but we may not be able to get that opinion before we have to make a budget decision. I think we need to level that expectation that you can't control the timing.

Mr. Barnes said let me ask this. Obviously, we've got to vote on the budget in June. The benefit wouldn't be due to go into effect until January 1, 2013. If we authorize the \$75,000 and direct the Manager not to issue the benefit until there is some resolution. If the resolution from the Attorney General or Mr. Hagemann doesn't come before January 1, 2013, we could authorize the Manager to put the benefits in place at that time. The funding would be there.

Mayor Foxx said I think we've got to be clear on who is settling the question for us. Is it the City Attorney or is the Attorney General?

Mr. Hagemann said a couple things I would say in response to that Mayor, first of all my opinion, the Attorney General's opinion is not determinative. Ultimately, as you know the courts will answer the question. It is conceivable, although we don't know that one or more of the jurisdictions that currently are offering benefits might be sued and it is conceivable over the next few months that we might get some kind of judicial interpretation, probably not our State Supreme Court that quickly, but conceivably a Superior Court Judge could rule one way or the

other and that could prove instructive and helpful for this body in making a decision. I will also say that in terms of my own opinion, I have read and I can think of credible arguments both ways. Some who have written already have pointed to a Michigan Supreme Court ruling that I have read a couple things about that. It is a case where the Michigan Supreme Court ruled that under their constitutional provision same sex domestic partner benefits were unconstitutional. Two things, one the language of the Michigan Amendment is significantly different in its wording than what the voters passed in North Carolina last week. I don't know how instructive the analysis is. Second, even if the language was identical, our courts have no obligation to follow a ruling of another state court or even to consider their analysis. What I would put to you is, I don't know and there is no way that I could come up with an opinion that is anything other than an opinion of me personally, and I would prefer, if I was going to be asked to act in some capacity in your behalf, I would prefer that be as an advocate.

Mayor Foxx said I want to make sure I understand what you just said. As I understand the state of play, we've asked you for an opinion on this recognizing that you are not a court or a judge and that your opinion is your opinion based on resources that you are able to use, other lawyers who are similarly situated in other places as well as precedent as well as what the actual language of the amendment said. Am I right or wrong about that piece of the state of play?

Mr. Hagemann said let me more clear and candied Mayor. There is no guiding or controlling law that is going to help answer the question. This is a brand new constitutional provision that is unique in the North Carolina Constitution and I would submit that anybody who is offering an opinion right now is either advocating or purely speculating. I am uncomfortable as your representative, particularly recognizing that the views of the Council may be in different places. I am uncomfortable making up an opinion for two reasons. One, I don't think it is really helpful in terms of predicting what the courts are going to do and second, it puts me in an uncomfortable position versus you, my client.

Mayor Foxx said okay, I thought that is what you said. So what that means, I think the chances are very unlikely that even if we ask the Attorney General to give us an opinion, that we are going to have anything between now and the time we have the vote. What that tells me then is that we are truly going to be making a decision sort of off the wheel so to speak, we are not going to be making a decision with a whole lot of direction either way as to what we think the courts are going to do with this. Is that fair?

Mr. Hagemann said that is correct. What I will say is, as I mentioned before, that I have read and I think of credible arguments both ways. If the Council decides not to pursue this at this time we won't be in a position of having to be in court making any kind of an argument. If the Council decides to move forward and we are sued, what I can tell you is that I am comfortable making a run at defending the Council's decision.

Mayor Foxx said what I would ask you to do, if this isn't already in the cue, I would like to see a report from you of what other jurisdictions are likely to do with respect to this amendment, those that already have benefits and those that may be thinking about it. I do think that is something we have discussed and it would be helpful for us to have some idea what advice other similarly situated county or city attorneys are telling their board. Mr. Barnes, I stole the microphone from you.

Mr. Barnes said you did, but that's okay. I think and it's a challenging issue, we are not looking at spending a lot of money, but I'm concerned about what we may wind up spending defending ourselves if we are sued, assuming it goes beyond his office in terms of defending us. I don't have any problem asking you all to support asking him to ask Mr. Cooper to give us an opinion. If we get it before June that is fine and if it comes after it, it would be helpful just to have it at some point and it may be a collection of thoughts regarding what other jurisdictions have done across the country. Maybe it is a lawyer thing, but I'd kind of like to know what has been happening because 31 states I believe have passed similar amendments so it would be helpful for me to know.

Mayor Foxx said we might get the same response from the Attorney General we just got.

Mr. Barnes said that would be fine.

Councilmember Howard said isn't it the Attorney General's job to defend the Constitution and now that this is part of the Constitution, it is not his opinion, he has to defend the Constitution now.

Councilmember Dulin said great point.

Mr. Howard said that was what I was trying to get at. It is kind of what Mr. Hagemann just said, he is saying his job is to defend whatever we vote. Isn't the State Attorney General's job the same thing? Why would he give us an opinion against it because if somebody sues, he is the one that is going to be defending it.

Mayor Foxx said the Attorney General does have the ability to provide his interpretation of these things for advisory opinion. I have seen that in the past. Bob, you want to speak to it?

Mr. Hagemann said that is correct Mayor. Let me be clear, we would not be asking the Attorney General whether or not the Constitutional Amendment is lawful or not. The opinion we would be seeking is whether or not the Constitutional Amendment affects the City of Charlotte's ability to offer same sex domestic partner benefits. It is really not about defending the Amendment, it is what is the interpretation and what is the scope and extend of the Amendment and whether it does and to what extent it limits your ability to offer something in the form of benefits.

Mr. Howard said he is offering up evidence to be called upon by whoever sues one way or the other by whatever he says.

Mr. Hagemann said and as I said earlier, it may prove useful in helping you made a decision. An Attorney General's opinion is not binding on the courts, it does not have to even be considered by the courts. It is, albeit an important attorney's opinion, an attorney's opinion.

Mr. Howard said in other states where there have been suits, is the proponents or the opponents or both?

Mr. Hagemann said nobody can compel you to offer benefits so if you chose not to offer them I don't see how we would be vulnerable to a lawsuit. If you offered them what typically would happen is the taxpayer would bring an action saying you are expending tax funds in a way that is not authorized or prohibited by the State Constitution.

Mr. Barnes said I don't think we would lose anything by asking, and I still have an outstanding garbage question too, but I don't think we would lose anything by asking for the opinion.

Councilmember Cannon said Curt this may be more appropriate for you or the HR person, but how many city employees has the city lost to other cities because Charlotte is not offering these benefits? Do we know?

**City Manager, Curt Walton** said we don't know that Mr. Cannon because that may not be the reason they tell us they are leaving. It is just an unknown.

Mr. Cannon said okay, I only ask that questions largely in part because there has been a question about it being used as a recruiting tool to compete with and obviously, we are probably on another par than the private sector would be I would think, but it is questions like that, how many do we expect to recruit, that is a question you wouldn't have an answer to. How much is it forecast to cost over 3, 5 or 10 year period? That is a number that is kind of out there per se and we don't know what the answer to that might be. The point I'm trying to make is one where I don't want to make an uninformed decision without having factual data legal wise or otherwise because my question to the Attorney would be how much does he think it might cost him to even litigate something like this in the event that the citizens of the city happen to be sued. You wouldn't know the answer to that I would imagine Bob. Is that correct?

Mr. Hagemann said I could not give you a precise estimate of how much it would cost.

mpl

Mr. Cannon said quite frankly what we are talking about is a minimum amount of capital, \$75,000 we are talking about? In my opinion this probably have ended up in a committee, Government Affairs or Budget if you will so we can actually vet and get information like we normally do through a process and then bring it back before this body and then vote it up or down one way or the other. Again, it is not a lot of money that we are talking about but it gives us an opportunity to make an intelligent informed decision with all of the information so that our votes are not based upon emotion but based upon factual data. I think that is some of what Councilmember Barnes was asking for on the legal side, some of what I'm asking for on the practical side of I think where we ought to be asking questions about what this does and doesn't do to the bottom line. I guess we will just wait and see what happens going forward, but again I would suggest that we scale it back, pull it out of the process right now and put it into a committee and let's go ahead and vet this like we normally do issues and bring it back before the body for a vote.

Mr. Walton said you are right Mr. Cannon, this doesn't lend itself to a traditional business case because it is really more of a human relations issue within the organization. Over the last year we've talked a lot at the Management Team level and overwhelmingly the Department Heads have said this is a major issue for us, both in recruitment, retention, morale, inclusivity, diversity and so it is hard to quantify because people don't come and sign up in order to enter this debate. Intuitively the Department Heads have been saying actually for some time that this is an issue that we need to deal with. Kind of tying in with Mr. Barnes and Mr. Hagemann's questions and answers, Bob and I talked a lot about this before I made the recommendation, particularly since this was the day after Amendment 1 and the reason I recommend it to you is because it is something that we need to add to our benefits program. We are not going to do something that is illegal, just like the Safe Light Program, when we lost that court decision we immediately stopped. I chose the converse of what we were talking about earlier, which was to add it effective January 1, 2013 and stop it at some point should we be legally challenged. It is different side to the same argument, do you never start until the coast is clear or do you start and keep going or stop once there is benefit line in the sand and I chose the last.

Mr. Cannon said that can be understood. You sometimes have laws on the books that people want to challenge and often challenge because they may or may not be fair. We remember things that have happened in years past, 30, 40, 50 years ago, where people have marched and gone against laws on the books, made their case and won out. I just want to make sure that we are at least dotting the I's and crossing the t's, getting all the information we can without making this decision in a vacuum without some meaningful information that could help us and not hurt.

Councilmember Cooksey said I don't know how far we've gotten from Councilmember Barnes' original suggestion, but I had basically an HR timing question. Is the trigger pull here really January 1 or what point does open enrollment start, when will we negotiate the arrangement with our insurance companies to include this? When is the real point of no return as I suspect it is not January 1 when the benefit year begins. I suspect it is sometime before then. I'll offer that to Ms. Brown and see if I even phrased the question in a way that makes sense. If we create this, authorize but hold, pending something to occur by January 1, what does that do to our open enrollment process? What are we saying about what people sign up for? When would that open, when would that close and what might happen to benefits that people sign up for?

**Human Resources Director, Cheryl Brown** said we are planning to have our open enrollment process for a three-week period beginning in late September to the middle of October. We would be able to implement a new domestic partner benefits program frankly at anytime. It wouldn't necessarily have to coincide with the open enrollment. We would be able to move that out July 1, 2013 if we needed to.

Mr. Cooksey said can we speculate on what the implications would be if we were called upon to stop offering the benefits during the course of the year, after the people had enrolled for it and it started January 1, and we stopped? Getting back to Councilmember Barnes' question about costs, he was asking legal costs, will we have any procedural costs on a plan that we had signed up for that then have to modify? It would be great if the answer is no.

Ms. Brown said no sir, I don't believe so.

mpl

Mr. Walton said it wouldn't be a special plan, it would just fold in under the benefits.

Councilmember Mayfield said that I clearly understand because I'm looking on line at the actual minutes that was passed. I'm looking at the language in Section 6, on the actual Amendment which clearly states this section does not prohibit a private party from entering into contract with another private party nor does this section prohibit courts from adjudicating the rights of private parties pursuant to such contracts. So what we are talking about is a benefits package that we currently offer to staff or the city, expanding that benefits package, based on conversations that I know numerous members around the Council have had with either staff who would like access to domestic partner benefits and including me prior to being elected to office, working with one of the organizations on the ground in the community around domestic partner benefits when it was passed for County employees years ago. I'm not understanding why we need to get a question so far outside when we already have domestic partner benefits within the county that have been approved and have been exercised for the last two plus years. We already have an example locally so if what we are saying is the option of moving forward with this benefits package but asking this question, I just don't see why this questions needs to go to the General Assembly or outside of our immediate area when we already have domestic partner benefits within the county and you have some county employees and city employees that are working in the same building, this building, the Government Center and in some cases on the same floor where you have some staff that are able to utilize this insurance benefit, but their co-worker right across from them do not have access to this benefit. I'm trying to understand why there seems to be an additional conversation that needs to happen as if this is a brand new conversation and we haven't heard anything about the domestic partner benefits before.

Mr. Barnes said Councilmember Mayfield has been looking at me so I don't mind responding. The concern I have is that if there is to be costly litigation in this process, it is my job I believe to protect the taxpayers of Charlotte. The County Commission made a decision, the County Manager made a decision and yes, if there is a lawsuit they will be sued and we'll get sued and they are responsible for what they lose and I'm responsible for what we spend and/or lose so that is why I raise the issue. I recognize what you are saying about people in this very building, some folks have it and some folks don't and you are bringing me to another issue and that is, Mr. Hagemann, what is the history of litigation from opposite sex couples who want benefits and can't get them because they are not married? Is there a history of litigation there because they are straight people who have a boyfriend/girlfriend at the house and they want to get benefits and they can't get it. Now we are going to say that only people heterosexual, couples who are married and same sex couples, potentially can get the benefits. Is there any history of litigation there?

Mr. Hagemann said not in North Carolina. What I can tell you is that of the 8 or 9 jurisdictions that we know of that offer some version of domestic partner benefits, some offer it only to same sex couples and some offer it to same and opposite sex couples. The argument would be for those who limit it to same sex is that opposite sex couples under the law, even before the Amendment, had the legal ability to be married and obtain the dependent benefit through our program as it exists today. The other point that I would make in response to some of what just transpired, I have a conference call tomorrow with attorneys from many of the other jurisdictions. You are not the only governing body and I'm not the only local government attorney who is talking about this right now. I don't know what they are going to do and I won't try to influence what they might do, but it is conceivable that based on advice of their attorney or their own collective judgment as governing boards, some of those jurisdictions may in the face of this Amendment change their policy. We don't know and we'll see that play out I predict over the next few months.

Councilmember Fallon said say we grant them and say we give it to the partner, it is going to cost us \$78,000 per year. What happens, we grant it, someone is in an automobile accident, the hospital bill is \$150, another \$150 more for doctors, are we liable for that then to give it back to the insurance company if it is found illegal to have it?

Mr. Hagemann said the question gets a little bit into the complexity of how our health insurance program is put together. Let me try to answer part of what I think you are asking. If we offer the benefits and we were sued and a judge held that the Constitutional Amendment prohibits us from



offering the benefit, at the trial court level the judge may or may not issue an injunction ordering us to cease those benefits immediately. If we chose after consulting with you to appeal, we would try to stay that judgment I would assume in pursuit of getting that decision reversed on appeal, but ultimately at the end of the day when the highest court in this state makes its ultimate interpretation of this Constitutional Amendment and how it would apply to whatever program you approved, we would honor that. Like Curt said, like some other programs that we have pursued in the past, if the courts say what we are doing is unconstitutional we would be compelled to stop it and we would do that upon getting that final judicial order and then we would deal with whatever residuals come from that.

Ms. Fallon said in other words if the insurance company wants the money back, you negotiate?

Mr. Hagemann said we are self-insured for health insurance.

Ms. Fallon said alright that makes me happier.

Mayor Foxx said we have spent almost 45 minutes on this topic and it is an important issue and I don't mean to suggest that it isn't but it is a \$75,000 line item out of a \$1.97 billion budget proposal. I think we need to park the conversation where it is. Mr. Barnes has made a suggestion about seeking an opinion from the Attorney General.

[ Motion was made by Councilmember Barnes, seconded by Councilmember Howard, to ask ]  
[ the Attorney General of North Carolina for an opinion consistent with what he asked Mr. ]  
[ Hagemann. ]

Mr. Cannon said I'll support that largely in part because the difference in terms of what the county has now continues to exist and may or may not continue to exist because it has not been tested as of yet. Now because of what has happened on the State level it could potentially be tested. Mr. Attorney, I hear you on the piece about those persons have the right to get married who may be heterosexual but from research and I only know this because of a certain radio show, but there is some research shows that more people are deciding that they want to be life partners rather than to marry, even if they do have an opportunity as opposite sex couples. If they become life partners per se and one happens to work for the city or the county, I think the question that was being raised by somebody here at the dais was, would they have that right to potentially come back to seek damages. Anyway I will support the opinion coming from the Attorney General's Office.

The vote was taken on the motion and was recorded as follows:

YEAS: Councilmembers Autry, Barnes, Cannon, Cooksey, Dulin, Fallon, Howard, Mitchell and Pickering.

NAYS: Councilmembers Kinsey and Mayfield

Mr. Barnes said I still have the garbage question.

Mr. Harrington said I think what you are referring to is the recent proposal from Mr. Szymanski, Charlotte Apartment Complex Association. The proposal as I understand it would create two different fees for the same level of service going forward. In talking with the City Attorney's office my understanding with Thomas Powers, Assistant City Attorney, that type of arrangement is not allowed under North Carolina law to have different rates for the same level of service across the city. I don't know if Mr. Powers would like to elaborate on that.

Mr. Barnes said is your legal position consistent with what Mr. Harrington just said Mr. Powers?

**Assistant City Attorney, Thomas Powers** said yes that is correct. The e-mails that were sent to members of Council by Mr. Szymanski I think would actually put this city and future Councils at major legal risk of being sued and also possibly losing such case at that time. I think staff's recommendation of having an equal fee for the multifamily disposal is the most prudent course. If you happen to have separate fees there will be little to no justification of why one multifamily

property has a lower fee going forward compared to an identical property of having a much higher fee.

Councilmember Fallon said can we go back to question #4? I had asked on the ten-year thing, and I thought the figures were if we did a ten-year, other than it would get involved in the 2020 Vision, can you bring it down to 2.9 and about \$60 on a \$200,000 assessment?

Mr. Harrington said that it would bring the tax rate down to 2.9?

Ms. Fallon said yes. I think those were the figures I was given.

Mr. Harrington said I'm not aware of that particular number.

Mr. Fallon said could you check on that for me Randy?

Councilmember Dulin said what was the question.

Mr. Fallon said the question was if we did it over a ten-year period, the whole bond package. Would the assessment be about 2.6 on a \$200,000 house?

Mr. Dulin said the 3.3

Ms. Fallon said I know and that is why there is a discrepancy with what I was told and what is there now. Could you check it for me?

Mr. Harrington said we may be able to verify it now. It wouldn't be that low. As outlined in question #4 the current recommendation is 3.6 cents and going out to adding another referendum, depending on the types of projects that were shifted, the range could be between .15 and .3 so subtract that from 3.6 cents and that would be the range but that would not put you down in a 2.9 area.

Ms. Fallon said just trying to get it down as low as we can because it is a charge on the public and if possible I would like to see it be adjusted somehow, whether we take things out, spread things in a different way. I really am very concerned about it and I'm aware that we can't let Charlotte fall down around our ears either. Just wondering if we can shift anything around. Either expand it for ten years, would it make an appreciable difference?

Mr. Walton said this is the point at which you all would do that. If you wanted to get it to whatever point, whether it is 2.9 or 3.3 it would be up to the Mayor and Council to rearrange.

Councilmember Mayfield said I'm looking at the \$10 million for the UNC Informatics innovation partnership. Can you give me some detail on that because I'm trying to understand why this would be a part of our program and does this mean the door is open for Johnson C. Smith or Queens University for them to come and request funding from the city for programs that they may have?

Mr. Walton said on the second part that door has already opened. We have participated with Johnson and Wales and with Johnson C. Smith considerably already.

Ms. Mayfield said through our CIP?

Mr. Walton said yes, so it doesn't open a door that hasn't been ajar at least. I think Queens is the only one that hasn't walked through it. The Informatics Center is something that really ties in with the research and development funding that UNC-C specifically and the Charlotte region is under represented and that is federal dollars, research and development dollars from private sector, etc. and it ties in with the innovation and entrepreneurship that we are trying to foster more of in Charlotte because it is probably a significant part of our future. That innovation corridor between North Tryon and Graham Street going out to UNC-C is the whole focus of that in addition to supporting the Blue Line Extension is fostering that innovation and entrepreneurship and the Informatics tie in pretty closely with that.

Ms. Mayfield said is this something that can be broken opposed to the one-time total costs and the 2012 upholds it being split up between the 2014, 2016 and 2018?

Mr. Walton said it perhaps could. It is up fit and equipment. I would say if this is something you want to do we need to do it sooner rather than later because the sooner it gets going the sooner it will have an impact and I think the impact will be pretty significant. I would keep the \$10 million together whenever it is.

Councilmember Howard said Mayor how do you want to do this? Do you want to keep going down the list or stay with one thing until we finish it?

Mayor Foxx said there are two sheets of paper up here. On one side of it are suggested adds and on the other side are suggested deletes and hopefully by the time we walk out of here today we have an impression of those ideas that have enough support on Council that we want to have a further vote on those relative to the budget. We've been here almost an hour and nothing is on there. If the goal here is to go through the budget we need to start putting some ideas on paper and get to it.

Mr. Howard said Mr. Barnes spoke about this earlier and we could sit here the rest of this meeting and talk about every project on the CIP list and I'm trying not to do that, but it is almost like if we did operate in that maybe we could get some of that and if we did the CIP we would get somewhere. I don't want an additional meeting but the CIP is a lot. I'll start with the Streetcar. The question on that one is what happens with going after future grants and federal funding? Do we take ourselves out of consideration for future urban circulator grants if we go this route. I also had a question about the technology. Are we including new streetcar technology in this that could possibly run on battery across the square and not use the vintage cars if we stretch it this far. The first thing is about the federal funding, what happens with that?

Mr. Walton said I think it actually increases our chances at federal funding because I see the federal government going toward smaller more targeted programs, not unlike the \$25 million we got for the streetcar before. It doesn't preclude it. From a macro transit perspective not something that is eligible, but from those targeted project grants I think it actually increases our chances going forward.

Mr. Howard said is it possible to go get money to replace this money. If for some reason there was a grant tomorrow and we voted on this, do they say this is already a funding project so you can't get money to replace any part of the \$119 million?

Mr. Walton said it would not preclude funding because they know that it would be a ten mile ultimate round.

Mr. Howard said it would be used to expand the funding, not to replace it. You were talking about expanding as some type of leverage to get other money. I was wondering if we take ourselves out of contention for being able to get federal money that could replace part of this money.

Mr. Walton said I don't think so, but it is relatively unpaved ground on that, but I don't think so.

Mr. Howard said the new streetcar technology or the old cars?

Mr. Walton said to your point about the square, I think we definitely won't have lines through the square, but it would at least be a battery capacity to run through the square and maybe further toward Johnson and Wales before the lines pick back up. There are other technologies that continue to evolve. I don't know that any of them are viable yet, like hydrogen, but there other alternatives and at least it would be a battery capacity for the center of the center city.

Mr. Howard said this budget calls for purchasing one of those types of vehicles?

Mr. Walton said yes, and actually I don't think it is the vehicle as much as it is the stuff that goes with the vehicle, but there are different kinds of vehicles emerging. We had a visit a year or so ago and those remain possibilities.

Mr. Howard said the garbage issue. When we talked about that during the Budget Retreat, one of the things I talked about after getting educated about how this works, was the county study that was done maybe 3 or 4 years ago and I was asking the question about whether or not we had an issue with the way we calculated how many dumpsters were required for what. The idea right now in a multifamily property is one dumpster for every 30 units I believe. I talked to Thomas earlier about whether or not we had any idea of what a tonnage study cost, just so we can get our hands around whether or not the ratio we have now, 1 to 30 is still the right one to have.

**Director of Solid Waste Services, Victoria Garland** said I'm thinking it would run between \$50,000 to \$100,000 because it is really an in depth study and it is layered so once you start you would have to go into all the aspects.

Mr. Howard said I've said this before and I'm going to say it officially today. I get why the recommendation is the way it is and actually I understand that we need to be fair across the board. That is what we are shooting for and to be fair is to either do it all, which is option 3 or to do none which is option 4. I get that and option 3 is just not predictable and I said so when I talked to my friend at the Apartment Association. After we get past this legal hurdle there is still the question about the quality of life issue and having things pile up and passing on costs. For instance is there a situation where we can base it on a second pick-up on some type of dates that a policy changed. The concerns have been when we went to the compactor we took care of a lot of things, but those properties that are older and only have a certain amount of trash cans, what happens with them. A lot of those properties that are older, we are passing on additional costs to already very difficult bottom line that they are trying to meet as it is. Essentially what they will do is they will go up on the rent and make it harder for the people who live there or they will just have a lower quality of life and we will have more code enforcement because there will be more trash sitting out. Maybe I'm anticipating a problem that we may not have, but there are two things that seem to be fair and that is trying to figure out how do we treat those properties for whatever policy reason are older and don't have the capacity to deal with their trash issue. This whole recycling thing, what do we do to encourage more recycling at multifamily? It seems like we just can't say okay, I'm going to do #4 and move on with our lives and not care about what the result is. I'm not sure if that is referring it to a committee and coming out with a solution or waiting to see if we do have a quality of life issue after 6 months. The idea of just turning it off and doing nothing is not something that I think is fair.

Mr. Barnes said I had proposed doing that the last time we were working with Ken Szymanski in educating folks.

Mr. Howard said it looks like we need to do something formerly. I hate to do this one action without some corresponding action that starts to get at the anticipated problem we may have with the quality of life. If recycling can offset some of it let's do that. If it is looking at the tonnage I'm sure it is 1 to every 25.75 number and do we need to look at that so we are being fair going forward. The one thing I ask about is looking at our policy the way it is set up right now so when new properties come on line we are not putting them at a disadvantage in the future. We are actually look at if we have the proper ratio for new properties, even with the compactors.

Mayor Foxx said I love all of you, but we are in danger of leaving this room with a lot of questions being farmed out and nothing up here. What is going to happen to us is that two weeks from now we are going to come back and staff is going to say here are the answers to your questions, what do you want to do.

Councilmember Mitchell said to follow the Mayor's leadership I would like to add funding for Greater Enrichment with a special two step. The first step would be to ask the County to participate at \$197,376 along with the City to fund the Greater Enrichment for a total of \$394,752. The Mayor said if you add you've got to find something to delete and I would ask the staff because CDBG funding is what we usually for after school that we look how we allocate our funding for other CDBG Programs and maybe take our share of \$197,376 from another CDBG allocation.

Mayor Foxx said what are the options in CDBG?

Mr. Walton said I think general revenue it doesn't have to be CDBG. In fact I would say it really unlikely to be CDBG because we lost about 30% of that in a federal cut so it is already pretty thin. It would definitely go into the housing bucket. I think if we are going to do the \$197,376 and I don't know if you are talking about on a reoccurring basis or a onetime fix for some amount of time I think the answer needs to be different depending on the question, but usually we talk about three things in these meetings when we are not putting things on the list. The balance left in this year's Council discretionary, the balance in next year's Council discretionary and the balance left from the reserve of 16% from last year. Those three total about \$800,000 so CDBG would definitely hurt something in CDBG pretty significantly.

Mr. Mitchell said did you identify another source that could be the contingency, the three you just alluded to?

Mr. Walton said yes, all three of those are onetime so that gets to the question are you looking for reoccurring or is it a onetime short-term fix.

Mr. Mitchell said my recommendation would be a onetime short-term fix just to get them fully funded and no negative impact to the program. The reason why I say that when you think about the Greater Enrichment Program, you look at the collaboration effort. Two of the schools really serve project L.I.F.T. so I do think it could be a negative impact if July 1 we take 65% of their budget away from the program. The county will vote on June 5<sup>th</sup> so that does give us the flexibility since we don't approve our budget until June 11<sup>th</sup>. I don't know it is appropriate to have the City Manager do the request to Harry Jones or if we actually do the request to Commissioner Cogdell.

Mayor Foxx said are we still talking about a CDBG allocation?

Mr. Mitchell said Mr. Walton said discretionary would be better.

Mr. Mayfield said can I add an amendment on that because to my understanding with the way the market is going we do not have unlimited funds so there is a number of organizations that we have been funding for a while and we need to look at diversifying their funding sources. The conversation I had with staff is that they've been having conversations but can we get something in writing that identifies and lets our current recipients know that our model is going to be changing and you need to be able to diversify your funding source that we unfortunately are not going to be able to be 70% or greater of the funding source and have that in writing so if I have a conversation with any of the organizations we are on the same page and it doesn't become a he said, she said yes I had the conversation, no I didn't have the conversation so we can get everyone on the same page. I do have a concern about reducing the amount to what it was reduced to when this is a program that has been in the community for a long time doing great work, but I also recognize that across the board we can't continue funding at 77% and with some organization 80%. They need to diversify and if they need assistance with that diversification I believe we have the ability to be able to help with that. I definitely support this one time but can we get something in writing that goes out that Council also receives a copy of, in order to start the conversations of transferring and diversifying their funding sources.

Mr. Harrington said Mr. Mitchell, just to make sure that we captured it correctly, the proposal is for a total of \$394,752 addition to \$211,000 and requesting the County to fund the \$197,376 and then coming out of Council discretionary \$197,376. I want to clarify on the Council discretionary piece, that would be a proposal from next year's Council discretionary or this current year Council discretionary? One thing on the current year Council discretionary, the balance is a little over \$189,000.

Mr. Walton said my suggestion would be the balance of the \$189,000 and the balance from next year's \$200,000 discretionary.

Councilmember Dulin said the question is Mr. Manager, why were they cut? What indication did you guys have that they were no longer a good investment for the taxpayer's dollars?

Mr. Walton said I will speak generally to it Mr. Dulin. Council approved an RFP process with some measurable and deliverables in it and went through the process. I think there were originally 17 applications and six of them were funded. The funding was fixed at \$1.2 million and it was based on the responses to the request for proposal from those top six groups. The evaluation criteria just sorted out that Greater Enrichment was the last of those so it got the balance of the funding where everybody above the line got the funding they requested.

Mr. Dulin said they were slow to respond to the RFP or they responded to the RFP and they were just the last of the bunch?

**Tom Warshauer, Neighborhood Services** said they were the last in our ranking of the proposal. They weren't slow to respond. Everyone got their proposals in on time.

Mr. Dulin said there were reasons why we defund and it is a small amount of money.

Mr. Warshauer said we didn't feel that any of the proposals were bad. We would recommend a program for you to fund at all if we felt the program was a poor investment. We did find that some programs are better than others. We are happy to rank the programs on the basis of data national standards. They spent a lot of time developing their proposals and getting them back to us and we ranked those proposals and it was an internal process to rank the proposals. We found that CDBG provides a good service, but they were not the strongest service that is provided in our community so we have a \$1.2 million budget and we couldn't recommend that half of the City's budget go to a program that wasn't the best program in our community. That is how we came to that amount.

Councilmember Kinsey said I don't have it in front of me so I don't know what they funding was last year, but is the \$384,000 intended to take them back to their full funding from last year? If the county says no, and if this goes through then they will be able to live with the \$197,376?

Mayor Foxx said is our funding contingent on the County coming through or does it go through regardless of whether the County goes in or not?

Mr. Mitchell said my goal is fund them and I guess that is a discussion for us. If the County doesn't fund them do we still fund the \$197,000? Personally I say yes, but I think that is a conversation for all of us.

Mayor Foxx said it is your motion so this is like Berger King, you can have it your way.

Mr. Mitchell said I would like to fund them at the \$606,000 level. I'm just trying to find a way and I had some conversation with County Commissioners and they will be interested in spreading this 50%.

Ms. Kinsey said this is a onetime with hopefully some notification and understand that they are in competition now and in the future they will have to go through the process and live with it.

Mayor Foxx said this process is not a process that just went poof and appeared, it was a process that we asked the staff to engage in a year ago and as I understand it the organizations were put on notice that the process was changing, that is why they knew to submit RFP responses and there has been a process that we've gone through and I'm very concerned that even if I personally may or may not like the outcome that we stick to what the outcome is. When we start moving things around it sort of destroys the integrity of the process. What you are proposing is adding money into the after school bucket that would backfill from the losses of this one organization. I think a clear signal needs to be sent that this is not a practice that the City Council is planning to go through in future years. Frankly, I hope all of our programs improve as a result of what we are trying to do and that people raise to the top to try to get to the top arm. That is the goal here. The problem is that when people believe that they are entitled to funding because they got it last year so we are making some changes and it doesn't mean that we don't support a lot of these programs, but the goal is to make all the programs better. We can quibble about what the process is and how things are rated and I think that is a fruitful discussion to have, but I just don't want to send a signal that we are not going to stick to the process we laid out.

Mr. Howard said the only thing I would add to what you said is when you have a program that has been an integral part to this community as this one has, I do think you give some understanding about how you would go about defunding it the way that we are talking about doing it. I'd like to support this, but if the county comes back and say no, do we need to have a second one up here that actually has method to take care of them fully for a whole year or we do we just come back and say the County said no, and maybe we take another action then. Do we miss the opportunity to ask for the full funding to be added if we don't do it today?

Mr. Walton said I think you would be sending a pretty clear message to the county.

Mr. Howard said I would like to ask that at some future date on the Economic Development Committee's agenda the whole RFP process be brought back as an agenda item just to kind of talk through what the process is and what it will be going forward as well as asking all interested participants to attend that meeting. I've had conversations with board members and it just didn't seem like it was clear that the RFP process was going to be the determining factor. I'm not saying that that wasn't made clear but it is worth going through if we do this to make sure going forward that Council, staff and everybody is abundantly clear as we possibly can be so we don't wind up here again next year.

[ Councilmember Howard made a motion to refer the RFP process to the Economic ]  
[ Development Committee for discussion and was seconded by Councilmember Mayfield. ]

Councilmember Cannon said since we've already set a process, the one thing I hope we wouldn't do is probably just meet to meet. If there is already a process that is out there that we have already determined, there is real need for it to go to committee. At best we ought to be a report back from staff to give us something as to whether it is working or not and if it is not working then from there we can take it a step further, but we already have a process. I think that was the Mayor's point, we just haven't been following that process.

Mr. Howard said we went through a process but did we give any weight to past history and past performance? We have some projects that probably look good on paper that don't have the same history. I have questions about the process I'd like to ask and I think the appropriate place is in committee to do that.

Mr. Barnes said I was going to ask with respect to the issue that Ms. Mayfield raised, particularly this issue of capping a funding, whether there should be a referral also to the Budget Committee to explore that side of things. I don't think the Budget committee is a perfect place for the RFP discussion and think that is ED, but I'm wondering whether we should talk about the funding cap because you've got folks around you from 2% to 100% funding.

Councilmember Barnes made a friendly amendment to the motion to refer the funding cap piece to the Budget Committee which was accepted by Mr. Howard and Ms. Mayfield.

Mayor Foxx said I'm find with you guys exploring whatever you want to explore but I do think it would be worth having the staff come back another time to sort of lay out what the process has been to this point. The goal here is not to defund programs. The point here is to fund those that are doing the absolute best job and get the best results for kids. Just to be really blunt, I think anytime you take money off the table for programs people are going to be upset. You could have the best process in the world, but if people are not getting the money they got last year they are going to be upset. That has been true of some of the affiliate programs we've had in the past. We are not talking about bad programs, we are talking about how are we going to create the environment so that in the afterschool space we are doing the absolute best we can.

Mr. Howard said they just got evaluated in 2009 and other than a few issues, it was a pretty good evaluation. What I'm saying is when you have organizations that have history and they actually have gotten evaluated and it looks good and then it comes back and they didn't do a good proposal, something is wrong. That is all I'm saying and I want to give this time to make sure we all get together and when I was asked the question I didn't have the answer. I'd like to know more about it so when I get those questions I have an answer.

May 16, 2012  
Budget Retreat – Add & Deletes  
Minute Book 133, Page 545

Mayor Foxx said you are entitled to ask the questions. My point is people's funding gets cut they get mad. Pretty simple equation.

Mr. Barnes said Mayor I agree with you on that and I think it is worth some discussion at some point for us to understand why the scores ranked from 110 to 69 and to the point Mr. Warshauer made, one entity was getting half of the money and they ranked at the bottom. I would like to understand more about how they only got the 69 points as well and if the county says no, are you suggesting Mr. Mitchell that we take it out of the 2013 discretionary?

Mr. Mitchell said yes, FY12 and FY13.

Mr. Walton said there is \$188,000 left in the current year so you would need \$9,000 from next year, then there is not enough in discretionary for us to do a full year from the City.

Mr. Barnes said what do we do about that? I'm not sure I'm comfortable giving up our 2013 discretionary fund for one thing.

Mayor Foxx said are we going to have another piece on this or not?

Mr. Barnes said I have another add and delete on something else, but that concerns me because are either going to give away all of our discretionary money or find some other funding source.

Mayor Foxx said the only thing that is being asked right now is what is up there so until such time there is a different request, unless somebody wants to put something up there, that is all that is there. Is there anything else on after school.

The vote was taken on the motion to refer the RFP process to the ED Committee and the funding cap piece to the Budget Committee and was recorded as follows:

YEAS: Councilmembers Autry, Barnes, Fallon, Howard, Mayfield, Mitchell and Pickering.  
NAYS: Councilmembers Cannon, Cooksey, Dulin and Kinsey.

Mr. Cooksey said about two years ago we had an interesting conversation about helping out friends over on the county side who have recovered fairly nicely so unless the Manager tells me we spent less, I would like to add \$1.4 million from a request to the county to refund us the money we spent on libraries two years ago. I would suggest spending it on sidewalks, but of course it would be open to anybody else who agreed with asking the county for that to use it for whatever they want to if they give it to us. Mr. Manager did we drop the whole \$1.4 million because there were contingencies included with it?

Mr. Walton said yes sir.

Mr. Cooksey said okay, let's ask them for that back.

Mr. Howard said didn't they add that to the County/City ledger?

Mayor Foxx said the question was did the County add \$1.4 million to the City/County ledger and the answer was yes. That was part of the request.

Mr. Cooksey said we can take it off again if they give us our money back. My delete refers to the Capital Investment Plan. I do appreciate the additional data in the answer packet. I've been pouring over it to see how it fit with what I was proposing here and I still want to go forward with what I'm proposing here because the key piece to me is still in addition to all the questions that many of us still had about it, I wish to address financing. I note that this is a pretty innovative and comprehensive and holistic proposal before us on the spending side, but there is very little innovative or original on the financing side, it is just raise the property tax rate. My proposal is to delete the property tax increase. Delete from the CIP the \$926 million regarding corridors, connections and communities which would reduce the CIP to \$3.2 billion. Keep in mind as proposed it is a \$4.1 billion, take the \$926 million out and you are down to \$3.2 billion. Add to the CIP a separate section listing all the incomplete projects with those designated funds  
mpl



that have no estimated completion dates to show that work is continuing. I provided an example from the FY2008-2012 CIP from a few years ago. That budget had a listing of where things were in terms of projects that voters had already approved. We haven't seen one of those in a strategic operating plan in a few years, but if you go back to 2008 there was a listing that let people see what was still in progress, what had been completed and the likes. I think adding that to our CIP is a useful measure to show what is still ongoing instead of just having a pure look forward from what we are proposing.

Mr. Mitchell said because you are consistent with dollar figures on items #2 and #4, what is the dollar amount on the adds in item #3.

Mr. Cooksey said I'm deleting the revenue as well. The tax increase is 3.6 cents that leads to a \$926 million CIP component so take the tax you take away that and it is net, there is nothing changing there. What I'm proposing is to take that \$926 million proposal that we still keep asking questions about, farm out the various provisions that tie our Focus Area Committees to those Committees for about a six month period to study and review, particularly with an eye toward other financial possibilities, other ways to finance it. I think back to a few years ago when we had an external consultant come to us on the streetcar project with a report that suggested a variety of different ways of funding it rather than just a property tax hike to fund bonds. That seems to have been lost. That is something that could be explored as a way to reduce the impact of the property tax hike. We could do that through a series of these projects. Municipal Service Districts could be on the table. Project development financing and the like so that is the referral option.

Mr. Mitchell said do you have any kind of dollar amount it would be because you've got adds to the 2013.

Mr. Cooksey said I'm walking through the process of what this will be. It wipes it out from the FY13 budget and the FY17 CIP. It proposes a different process for addressing the \$926 million proposal from the Manager. Step 1 of that process is to get it out of the FY13 budget. Step 2 is send the Focus Area Committees for analysis particularly around financing to see what with additional study we could come up with different ways of financing components of this proposal other than a general property tax increase. Then by November or so, that six month period have the committee's work funneled into the Budget Committee which, keep in mind never saw this proposal in the first place anyway. The Budget Committee did not get a presentation, from what I understand, there was never a presentation on the CIP proposal to the Budget Committee before it came to the full Council. Am I incorrect on that?

Mr. Walton said no, but that is not the charge of the Budget Committee.

Mr. Cooksey said as a former Budget Committee member and reviewing the charge each time I tend to think of it as the Budget Committee reviews the things the Council sees before a Budget Retreat, so nobody saw it before we saw it on March 21<sup>st</sup>. This would modify the charge of the Budget Committee for next year to kind of compile what the Focus Area Committees do and roll this proposal, the \$926 million for corridors, connections and communities into the FY14-FY18 Capital Investment Plan discussion next year. I particularly like some of the answers that were in the packet regarding this in terms of timing because the Mayor's questions in particular talked about how to accelerate this. In a bit of a paradox perhaps, the fact that these can be accelerated more than they were originally presented to us indicates that we do have more time to look at it, that a delay of a year to get all our questions answered and to explore our ways of financing and the like doesn't change the fact that there are ways of getting these projects to ground faster. Give us the year to look at it and we are still talking about being able to hit the ground in 2014, 2015 and 2016 to get some things done. That is my proposal for the CIP add/deletes.

Mr. Harrington said the one suggestion, if you are comfortable, maybe we could put up here CIP Package and then as you go through the voting process you reference this sheet.

Mr. Cooksey said that is fine.

Mayor Foxx said and again, today we are not making decisions, he wants to make for two more weeks.

Mr. Barnes said Mr. Cooksey if you and I need to take this off line that is fine, but I wanted to get your thoughts on, because of the current structure of the CIP and I too am trying to figure out how we can adjust and minimize some things, but how would we deal with things that are co-dependent. You've got the intermodal yard being built, our plan is to do the infrastructure around it in order to create economic development in that area of the city. You've got the Blue Line which is approaching the signing of the full funding grant agreement this year and we anticipate beginning construction of that line next year. If we don't do the corridor improvements now when will we do them? If we don't approve a lot of this now at what point will we get to addressing the intermodal infrastructure, the Blue Line Extension infrastructure, fixing the Bojangles Arena area and if you want to talk about it later we can or if you want to talk about it now.

Mr. Cooksey said for example on the Northeast Corridor infrastructure, there is a proposed stand in FY13 that is only \$800,000 out of the \$1.2 million proposed. You don't really start seeing some serious money until FY14 of \$14 million then FY15 is \$1.2 million. This would be from the FY12 bond proposal so the overall Northeast Corridor improvement I have to surmise is actually stretched out over four bond issues. The first one is \$16 million out of the \$102.5 million so if we are talking about a year's delay, we can take a bond to voters in 2013, so if we have the provision to know that we can, once the bond is approved, hit the ground running even faster, I don't know that a year's delay to study confounds it more.

Mr. Barnes said there is really not a lot to study with respect to something like the Northeast Corridor and the intermodal yard because there have been other commitments made to get those projects done and what we are trying to do is provide bond money to actually do infrastructure work to improve the projects.

Mr. Cooksey said where I disagree with that idea is that I'm not questing the validity of the projects. I think the projects have a lot of sound things to back them,. My concern is to the financing of a general property tax increase. For example on the Northeast Corridor what we've seen here lately with the Red Line is some concepts about using a value capture approach within the corridor itself to help fund the improvements. Part of the Red Line refinance structure presumes that the Red Line itself will increase property values along the corridor and we presume the same for the Northeast Corridor. Why tax the entire city for the entire cost of the Northeast Corridor Improvements grants when people in that corridor are going to see proportionately higher property values, thanks to the public infrastructure than people outside of that corridor. With some study you can perhaps figure out a municipal service district along that corridor to capture some increased property values there in conjunction with some bond programs. That is the kind of study I'm proposing.

Mr. Barnes said we talked about that with respect to the streetcar and there was some data given to us because I had looked at trying to do that along the streetcar route and the value wasn't great enough and I would submit to you that along the Northeast Corridor there won't be enough value there and keep in mind that for a long distance we will be following the North Carolina Railroad alignment and there is no opportunity for redevelopment along there until you get over to Tryon Street. Once you leave NoDa there is nothing that is going to happen until you hit Tryon. Believe me I'm willing to have someone answer these questions if there is some way to create some value along that line to do what you are talking about, but as I talked to Curt and to Carolyn earlier, I haven't heard anything that will make me think we can survive that sort of value out of an MSD and you've already got an MSD in northeast Charlotte, University City Partners which starts at the University City Boulevard Station. It would create an over taxed area.

Mr. Cooksey said I'm not proposing to solve any of this at this stage. I'm noting that there are sufficient questions to be answered and studied and I'm not proposing that an MSD is the sole source of funding for Northeast, it could be part of it. I'm looking to minimize the general property tax increase necessary for this program by finding the measurable outcomes of economic development around the projects proposed and see if we can't capture the value we are

proposing to do in that area to help fund it much like we do with tax increment financing. I apologize for not having here, it dawned me too late, but the Economic Development Committee has seen and I think Beth and Claire may have seen it too, if they were visiting, a listing of 17 or so public/private partnerships the city has gotten involved in where the ratio of private development to public costs is something like eight to one. \$500 million in public involvement got to be about \$4 billion in increased property values. Where is the calculation about this sort of thing around the Garrison Road/Shopton Road provision around the constructed intermodal facility? What if you throw an MSD around there and you do a combination of a penny or maybe a penny and a-half in that MSD and if you do that in enough of these spots perhaps you could cut the proposed property tax hike for the entire city in half. We are already proposing that everyone in the city should pay 3.6 cents, what if we could limit that 3.6 cents total increase to just the project areas and lower the impact to everybody else to maybe 1.8 cents or maybe 1.5 cents or maybe 1.2 cents. That is the kind of conversation that is missing from this evaluation of the CIP that we don't have time to do between now and budget adoption on June 11<sup>th</sup>, but I'm proposing we take the time to do given that we are talking about this as a major transformative approach to the city. Let's treat that seriously and talk about the measurable outcomes of increased property value around these projects. That is the proposal.

Mr. Howard said how hard would it be to get what he is asking for which is the economic impact of these projects? If I remember the presentation that you gave these are supposed to be catalyst projects for different areas to jump start exactly what he is talking about. If we did have impact measurers I think that would be helpful.

Mr. Walton said we can do that. We've been waiting to see where everything landed, which year, which project and what dollar amount, but we can do that.

Mr. Howard said for instance the one on Independence Boulevard, not just Bojangles Coliseum, but that service road was supposed to be, from what I understand, maybe the potential to partner with the private sector on something right there. It is saying the city is willing to put this in if you guys will come in, what can we do together. A good number of these projects, including Bojangles Arena with the new facility of position would be just that. I think the approach is to do what you said, which is to partner in a lot of different places, but having some impact numbers to see if we get that same 8 to 1 ratio, or what your thoughts are on it, would be interesting to me.

Mr. Walton said we'll be glad to do that.

Mr. Cooksey said the key to that, that we don't have time to settle between now and June 11<sup>th</sup>, if we do I applaud you greatly, changing the financing model. It doesn't strike me that we have in less than a month, the opportunity to change the financing model for any of this. I concede, I stipulate, I agree to the innovation and the combinations in the public/private partnerships of everything in the \$926 million package. Lots of work went into it. It is a completely different way of looking at our CIP. My concern is that the financing is old and tired. The financing doesn't reflect the creativity this city has had in its past for transformative type projects. Basically it goes back to the concern I registered back in November and we know in every district in Charlotte, thanks to the revaluation and the turmoil following that people in every district there are households that had one income where there used to be two. People in every district had to write a rather large check to their mortgage services to cover their escrow accounts this year because of their tax changes. People in every district, perhaps not a sizeable percentage, but people none the less had to take out loans to pay their property taxes this year. I'm not shying away from the fact that I'm trying to prevent a tax increase in FY13, but I'm not going so far as to say there is no need for a tax increase for this proposal. I'm just proposing that perhaps 3.6 cents is not the right choice for this year and may not be the need for the program as a whole because we haven't spent any time to my knowledge, looking at the possibilities. Definitely we as a Council haven't spent any time analyzing the financing side of it. I'm sure staff has looked at some of it.

Mr. Walton said we have. I can't let our financing being old and tired hang out there. It is the envy of every local government in this country and it is the model used by every rating agency so

old and tired means we've done it for 40 years. That doesn't mean it is bad. It means that it is great and it has lasted.

Mr. Cooksey said my use of those terms was based on being exposed over and over to a list of projects where we've been more innovative in our financing when we are talking economic development, catalytic projects, things that directly add value and given that one of the purposes behind this program is to increase property values throughout the city, take the projects and look at what their impacts could be and see if there is a way to capture the value there. That is what we do innovatively and we can cover it both. That is what I'm trying to get done.

Ms. Mayfield said I have deletions so we are going to go back to UNC Informatics, I want to add \$10 million because I think that is something I would like to see us push off to wait on.

Mayor Foxx said are you trying to add it?

Ms. Mayfield said no, delete it. I have a whole bunch of deletions. Also looking at the Charlotte Regional Partnership, that one I totally support. The International Cabinet, but looking at the Charlotte Center City Partners that additional \$700,000, that additional piece I would like to delete and keep them where they are right now. I'm looking at the FY12-FY13 budget at \$3,076,933.

Mr. Walton said you don't have an option on that one because it is dedicated to them.

Mr. Harrington said the net number will be trued up at the end of the year once you get the final information.

Ms. Mayfield said so that is not the final number and it is going to be a different number? PAL, we went from zero to \$282,145. I would like to reduce that to half. To my understanding it is because we are looking at the potential of us offsetting possible funding that they may not be getting from other sources, but it seems that they've done a good job of identifying outside sources, but for right now, again we are thinking about the conversations that we've already had and the conversation that Councilmember Cooksey just had of how do we reduce that 3.6 cents and do we have to do everything right now. I do appreciate and recognize that Police Athletic League does really great work in the community, but it is something that we are really looking at funding the \$282,145 now opposed to looking at funding half of that since this is the first time out that they have come to the table.

Mr. Walton said is that in the after school?

Ms. Mayfield said it could be, you just have Police Athletic League.

Mr. Howard said that is operating, that is not CIP.

Ms. Mayfield said I'm looking at the total, I'm just going through numbers. We don't have no numbers up there, I'm just adding what I've looked at so far, some numbers that we can look at discussing. You wanted some numbers, I'm giving you all some numbers.

Mr. Barnes said financial partners question – the Arts and Science, CRVA, Charlotte Center City Partners, the funding there increased by 6%, correct?

Mr. Harrington said yes, it is 6% and all the general financial partners are at 2%. The 6% is reflected there of the Charlotte Center City Partners and the CRVA which are the two pieces that will be trued up at the end of the year in terms of what their exact amount will be, it is formula driven. Those two you might consider differently because they are formula driven where the others are a straight 2%.

Mr. Barnes said where you have for example, the CRVA requesting \$12.5 million, but budget for 2012 with \$10 million, is that \$2.5 million additional reflective of their anticipation of additional revenue being generated by the tax?

Mr. Harrington said that was an additional estimate.

mpl

May 16, 2012  
Budget Retreat – Add & Deletes  
Minute Book 133, Page 550

Mr. Barnes said the recommendation is \$10.89 million meaning that we don't think the tax will generate that amount of revenue?

Mr. Harrington it was at the earlier stages of the budget process, that was the estimation for where the revenues would be. Since that time we've got new updated information and as a result we get to the \$10.89 based on some new information of what those tax revenues will actually be.

Mr. Barnes so you do think it will hit \$12.5 or not?

Mr. Harrington said no, it will be closer to the \$10.9.

Mr. Barnes said you recall about a year or so ago we had some discussions about their budget and authorizing the Manager to provide money to them upon request on a periodic basis and I understand there are some issues now about the former director being paid and there is no indication as to how long that is going to go on. I do have some concerns about the physical operation there and I think the Council should once again direct Manager Walton to disburse money to them on an as needed basis, which is not an add or delete. I was trying. I do want to add back the UNC Informatics for \$10 million. Mayor was that motion clear?

Mayor Foxx said it one more time so we'll make sure.

Mr. Barnes said it concerned authorizing Manager Walton to provide the CRVA with our controlled portion of their money on an as needed basis as opposed to an automatic allotment of all of the funding. I still have outstanding concerns about the nature of the operation.

Mr. Howard said to what effect to get what results? Is it to include us more in the operation?

Mr. Barnes said it is because if it's true, and apparently it is, that they are still paying their former director, no-one has a clue as to how long that is going to go on or why it is even happening. I think the city should be as involved as ever in what they are doing with the public money and that seemed at that time, Manager Walton tell me if you disagree, one way for us to have some connection with regard to how they were spending public money.

Mr. Walton said what we are involved with is their marketing money, so the piece that you are talking about with the former director is in their operating and we don't have sign off on that. It is the bigger marketing dollars that they have been coming through us on since last July 1.

Mr. Barnes said has that been an effective relationship in your opinion?

Mr. Walton said to tell you the truth, we have to rely on them to tell us in that industry what is significant so as far as us knowing what they are doing, yes. As far as us being able to really provide much credible input into that number is too high or that number is too low, we don't have that expertise. We don't mind continuing to do that, but it just doesn't get to the operating.

Mr. Barnes said don't worry about that, I'll withdraw my motion.

Ms. Kinsey said the Arts and Science increase, is that replacing what they lost in the past years?

Mr. Walton said restoring the 2%. It was not specifically tied to the Block Buster events but they are partnering with the Mint and Discovery Place particularly on trying to help bring Block Busters in, so the money is not earmarked for that, but that is we talked about.

Ms. Kinsey said I really don't have an add and delete except that I am going to be deleted from this place about 6:00.

Mr. Cooksey said that makes you a yes for everything that comes up after you leave?

Ms. Kinsey said no, I'm going to ask to be excused.

Ms. Fallon said how much is the money we give to CRVA in dollars?

mpl

Mr. Kimble said \$10.89 million is the amount formula driven. That is for marketing and then there is money to pay for the Convention Center and the subsidy losses.

Ms. Fallon said how much would you be parceling out each time if we put a governor on their behavior, which we couldn't do on \$9 million?

Mr. Walton said it is usually in the tens to hundreds of thousands of dollars at a time.

Ms. Fallon said you don't think it would make much of a difference?

Mr. Walton said again back to Michael's point, it let us know what they were doing, but we don't really have much real input into it.

Ms. Fallon said can you ask them what they are doing?

Mr. Walton said they tell us, but it is just that we don't know that industry. The industry is very specific.

Ms. Fallon said so it really doesn't pay to put any kind of a governor on because it is not going to make a difference. In other words you can't control what they do.

Mr. Howard said going back to the CIP, the multiuse trail which is kind of finishing out the greenway, is any of that in the county's current CIP list of projects going out into the future?

Mr. Walton said the county went on that debt diet last year. They looked at 2015 for getting back into the greenway business, or at least that is their schedule and they have a formula that now ranks capital projects and having the city partner with them will raise the greenway in their capital priorities. That is why we pushed it out a little bit and in my opinion and I wouldn't recommend that we do it all if they don't do their share because we are basically doing the more urban part over roads, building bridge. They've still got to do the lion share of the greenway.

Mr. Howard said I was going to ask if for some reason they did have new capacity, could they take us out and just do it. Your take on that is if they did that would just slow down that becoming what we want it to be?

Mr. Walton said I think for the whole 26 miles what we are doing here, they never really contemplated doing and that was when they came to a major road, just to pick one, Harris Boulevard, you would just use the crosswalks and what we are talking about is that we might do a bridge or some kind of connection so it is a continuous 26 miles instead of pieces.

Mr. Howard said so we are talking about improving the greenway.

Mr. Walton said I don't think this really lessens, it really connects.

Mr. Howard said the road on the other side of I-485 near the Airport, the Berryhill, is that something that we just do and wait for potentially people to come. I'm thinking if we actually kind of get going and we find a developer that is interested, normally we let them put in some of this infrastructure. Are we going to wait and have that conversation and then put the roads in or are we going to put them in and then say you all come?

Mr. Walton said no, I think we would do more of the former. We would work with the developer and there is some developer interest already in doing that because there is no infrastructure.

Mr. Howard said so in a lot of ways this works just like the rest of what you've been thinking. This is participation in something bigger. It is not just us putting it out there and saying you all come?

Mr. Walton said right.

Mr. Kimble said some of their participation is agreeing to be annexed and pay city property taxes as well. That is important consideration.

Mr. Howard said the ones for the neighborhoods where you are talking about concentrating on one area at a time, is that working with area plans that are in place already or is that coming up with a new capital investment plan for just that area so we can make sure we put in the right sidewalks where the development community may need them for future development and the fire stations, are we going to do some plan to make sure that makes some sense?

Mr. Walton said there are larger areas and there is already in place three or four area plans with contiguous.

Mr. Howard said that was my point. There are so many different things, how do you concentrate it to get the most bang for your buck?

Mr. Walton said we will put those together and look at other things that might need to be done that are outside the plan. You mentioned the fire station, so if there are some other facilities that need to be done. We don't have a very good history of funding our area plans so this process would get about 14 or 15 of them done in larger groups.

Mr. Howard said kind of what is going on now you do Freedom Drive and you do the markers and then you come back three years later and do the street lights.

Mr. Walton said no, this is a more impactful way to do a larger area.

Mr. Dulin said I just want to talk about it a little bit. Warren did a lot of good work thinking outside the box, trying to save however many households we have in Charlotte from paying more tax next year in an awful time when all of us, if we are holding our own, we are holding it barely and there are a lot of them that are sliding backwards. On top of the revaluation I really thought this was poorly timed to bring up a property tax increase. His points of giving it some additional study over the next couple weeks as far as this goes, I'd like to see five or more of us vote to move this thing on in a little bit, to continue the discussions because if five or more of us don't vote tonight then it dies, and it won't come back. Five or more of us to get together and move this thing forward and the projects are worthy projects. It is the city's job to build roads, that is what we do, we're supposed to keep people safe and we're supposed to build infrastructure for our city. A lot of this other stuff we do has been thrown in over the years, all the partners, the whole list of partners has been added over the years and it is hard to get rid of one when they get on there. These projects are worthy except for the greenway and some others, but this is not the time for us to be thinking this big. This is a big bold plan. This thing can be studied on, the questions that Mr. Howard was just asking are the kind of questions about the greenway for instance that none of us knew that that was to build bridges, to build underpasses to enhance what is going on with the county side of it. That is just a small example of a small project on this list. We don't know for instance on the streetcar, is that \$119 million including the \$6 million cars or is that just construction?

Mr. Walton said cars.

Mr. Dulin said we don't know what kind of technology these cars are going to have at that time. The people that live in those houses that are outside this building, I don't they can afford. Cathy Dulin has told me we can't afford it and I don't think we should be taxing our bosses at this time. If you want to and if you feel strongly about these and these are good projects, I think they all need more work, but what Mr. Cooksey proposed is that it go to the people for a vote in 2013. That is an election year, but if you feel strongly about these projects and you want this to happen then you need to feel strong enough about them to put them on the ballot in an election year and stand behind them and stand up with them and sell it. We are salesmen too. Sell these projects to those different areas. I just keep thinking the widows, the folks that are the least among us because this tax increase is non discriminatory. It is going to hit every household in some manner in every corner of our city, and it is not a good time to be doing that to these folks that we serve and we meet with. We all have a servant's heart sitting around this table as do a lot of these folks that work for the city and it is not the time to be hitting these people that we work for.

I'd like to see some of that in committee. The Planning Committee can have it. There is a piece of this that can go to just every committee to study and get a report on, at least get more information on. Clearly the greenway thing, I was thinking why is that greenway on there and come to find out it is for bridges and underpasses, etc. There is a list of projects that we've got that we can't get to now fast enough. Putting the tax increase on the shelf for a year will not stop this city from moving forward. This city is moving forward and we've got plenty of roads to be built, plenty of bridges to be built and reinforced and fixed. Gosh knows, we've got plenty of potholes that we are getting on as fast as we can. I think we could show the nation that this Council has the leadership qualities that during a recession and the eyes of the nation and the world will be on us, that we've got the fortitude to look out for those folks that have elected us to come down here on Monday nights and Wednesday afternoons, to look out for them. Those folks that we'll never see their faces but they are out there. They don't call us, but they are out there and I think we need to look out for them. I plan on voting to support Mr. Cooksey's \$926,400,000 deletion and that might be the biggest delete in the history of Council, certainly in my time, but we are talking about \$926,400,000 that we can immediately save the citizens of Charlotte.

Ms. Kinsey said it is just a comment and actually Andy referred to it, but I was going to call our attention to the fact that next year is an election year and that is just a political reality and I can never remember anybody raising taxes in an election year. Whether it is right or wrong, you need to know that, particularly those who may be running for reelection and you haven't done it before. It is a political reality. I feel comfortable that I know enough about the CIP, I understand it, I'm not raising my hand yet to vote for it because I don't want to raise taxes either, but I'm comfortable with what is on there, or at least I know enough about it to feel comfortable, and if I don't know something, I'll go ask someone.

Mr. Barnes said in years past on the ballot there is a provision for transportation bonds, affordable housing bonds and NIP bonds. Is that how you would anticipate the structure of the language continuing to be this year? Secondly, with respect to this idea of people voting up or down on particular parts of the package, would it be feasible, useful, fair, thoughtful to provide some sort of delineation within the bond package to allow folks to know what it is they are voting for or against. In other words if you didn't want to vote for the greenway, the multiuse trail money, you could just vote it out or if you didn't want to vote for affordable housing.

Mr. Walton said we have some flexibility. We have presumed the same three categories that we have traditionally used. The statutes allow for some flexibility. I think what we wouldn't want to do regardless of what the projects were is to get too much into an a-la-carte menu, but in our communications with the community between whenever you set the ballot in August and November we always say what the projects are. It may not say on the ballot, the greenway, but it would be in the communication that we do with the community.

Mr. Barnes said I want to give more thought to that over the next few weeks because I think it might help the public if we break it out more.

Ms. Fallon said Mr. Manager, what are the consequences of not passing a budget? Putting it off for a year?

Mr. Walton said approving Mr. Cooksey's suggestion?

Ms. Fallon said yes.

Mr. Walton said there are a couple things, first when we get back to it, it will cost more. We'd have at least one year of inflation and one year of those less predictable interest rates. I can't tell you how much that would be, but I think it would cost more. Second, as I said really since the Retreat in Pinehurst, I believe we are at a tipping point, and at the cost of remediation to the community, it is going to be greater the longer we wait.

Ms. Fallon said you mean fixing roads and potholes, etc.



Mr. Walton said and being a catalyst with public infrastructure. I think the longer we wait the longer the North, East and West have to wait and that is a hard thing to quantify too, but I believe now is the time for the investment. We said in March if you approve a tax increase this would be our third in 26 years, so it is not something that we do arbitrarily or capriciously so I strongly believe this is the time to do it.

Ms. Fallon said if we pass it, is it possible, I know the bonds go out as they are approved, to pre-purchase things when the prices are so low or put in some kind of an option so we could take advantage of the prices, even though it wouldn't be done for a couple of years?

Mr. Walton said quite possibly. I think the biggest impact, and this goes to it costing more, there is a fair amount of land included in here and the sooner we move on the land so that is something that is not a commodity necessarily, but it is something that we would move out quickly on.

Ms. Fallon said could it be imminent domain otherwise?

Mr. Walton said it can be. We can't do that for economic development purposes so for public safety, police stations, fire stations, absolutely. Economic development is harder. I don't think we would have to do a great deal of that.

Mr. Howard said since Mr. Dulin spoke about the little old ladies, I thought we would talk about the little old ladies on the east and west side too. The reality is and Curt tried to say it, but the reality is that at the last three retreats that I participated in, we kept talking about risk and doing things differently and worried about these trends that we saw coming. That is what we charged him with and we asked him to do something, help us figure out how to stop the trend of just a certain part of town paying a good share of the tax burden. We have asked for that over and over and over again, which kind of leads you to this whole conclusion that I think staff came to of doing some things that would be catalytic. The more I looked at this, if you look at these bond amounts, the first couple of years go a little high, but these are kind of on average of what we've been doing anyway, about \$200,000 or so. The first one gets to be a bit high, but the rest of them are kind of on average. What we ran into was the fact that we have no capacity to do CIP. We still need to do CIP. We've always done CIP. This is about the fact that we need to continue to make those level of investment that we've been making. We are not going out of the box, doing something like totally different. Some of the projects may look different, but normally we ask taxpayers to help fund the capital investment needs of this community on about average of what we are asking now. The difference is after coming out of this economy, we don't have that capacity and there is no other way to do it. Let's talk about what happens if we don't it. If you wait for some years we are just putting off those opportunities to start making some other areas in this community start contributing. It sounds sexy to say don't raise taxes, but what that does when you don't, it leaves the burden where it is right now which is on that wedge we all keep talking about. To me it is kind of like having a business where you only have one product that is producing. Every time the cost of producing that product goes up you have to go up on the cost of that one product to carry the rest of the company. What we are talking about is actually finding opportunities to now make other products, other sides of town produce more. We've seen this happen. Growing up I saw Dilworth and Dilworth was not the place it is now. I won't talk about what they used to do in those big houses, but it wasn't living there. Plaza/Midwood, some of these areas that are now producing that didn't produce before because of attention by corporations, you name it. We've got some really good things going on. All of center city used to be that same kind of way and now it is producing. If we don't figure out a way to redraw this map about where taxes are coming from, we've got a bigger problem in the long run. Because every time we have a need we're going to have to go up on the people that pay and we'll have to go up even more. We're just pushing that political ball down the road. It is not going to go away. The last thing I will point out to my friends of the other party, is that is also how you start to redraw that map that you keep talking about, that political map. Because as long as a lot of that wealth is concentrated in this geography is the way we draw maps around here, it is going to continue to be concentrated in one area. The way to redraw that map is to incentivize people of all persuasions to live all over this community and that is not something we are doing right now. I wanted to make sure I responded some to what Andy said because it is really easy to get off on the emotional part, but reality of the need is still there whether we do it now or do it later.

Councilmember Pickering said this is tough stuff, no question, especially for a newbie and I appreciate what Mr. Cooksey and Mr. Dulin have said. Nobody likes to have their taxes increased and certainly nobody enjoys raising taxes on someone else. That is a given. At the Retreat we talked about the maps that the City Manager showed us of the disparities among neighborhoods within Charlotte. We saw the red area, we saw lots of the middle class and one thing that concerns me, which I think goes to your point possibly is yes, we need to invest in those areas to raise up those areas, but when we do that it seems like we tax the folks who may well leave because we are taxing them. I have friends who are saying that, I'm going to move to South Carolina and I'm sure we've all heard that. I'm going to put the City Manager on the spot for just one minute, I'm just going to ask you to point out on the scale of 1 to 10, 10 being extremely critical, how important is that we pass this now?

Mr. Walton said I think this is probably an 8 or 9. One new variable is the county has talked about doing the next revaluation in 2015, so much faster than is required. I think if we do nothing and maybe even if we do it now it will take us a while to get the train going again. I think where we are looking at 50% of the value in the county being concentrated now in the south, I expect it is going to be 60% because there is not going to be any intervening factors in between now and then. I don't think the next revaluation will show the great swing from up 50% to down 53% as we showed, but I do think the disparity is going to grow so that is going to exacerbate the problem. The sooner we get going the better and I would say it is an 8 or a 9.

Mayor Foxx said if you look at this entire amount in the aggregate, \$926 million plus, how much of that is contingency?

Mr. Walton said there is contingency built into most projects, but it is probably I would say between 7% and 10%.

Mr. Harrington said the standard we typically project for any project would be right about that.

**Tim Richards, Engineering** said it's not that far off. It might be a little higher than that. One of the earlier projects that we knew nothing about had more contingency, but not much more than 7 to 10%.

Mayor Foxx said sometimes we've had years where there has been growth and we've actually captured a higher amount of revenue in that then gets transferred into the capital program. Historically, is there a percentage or is there a way you can quantify historically what we've seen?

Mr. Walton said in terms of additional capacity?

The Mayor said yes.

Mr. Walton said I think that is a good question and we probably have to look at that. The last five years it has been relatively low, \$5 million to \$10 million additional capacity generated through growth. I think we finished last year with \$6 million of unallocated capacity. There is some and it is a lot of money, but not this time.

Mayor Foxx said what I'm wondering is, and again some of these projects we don't know exactly what the project is until you get into doing it. What I'm wondering is, is there a way to sharpen the pencil a little bit on the scope of the projects maybe, looking a little bit at the amount with a view towards, and I'm sure you guys have looked at this, not trying to create some Mercedes Benz Plan and have gotten us to a good strong American car level, but the idea being is there a way to sort of go back and take a look at the projects and maybe look for 10% scope changes in the projects that could get the same projects done, but get them done at a more contained amount?

Mr. Walton said yes sir, let me elaborate a little bit. Some of these like the corridor improvements on North Tryon relative to the Blue Line, the neighborhood investments, there is always going to be more to do that we have dollars to do. Those are scalable, we would scale those to whatever dollars so in that sense it is pretty easy to bring the number down. Other things like the streetcar, you can't really stop at 10% shorter. It would depend on the project and  
mpl

those like affordable housing that you have complete control over, the neighborhoods that you have complete control over, there is a margin that we can cut. We can manage because of those programs that are kind of buckets of money. We can manage to the number that you are most comfortable with. We would tell you what we lose in that process, but we can manage to the number if that helps at all.

Mayor Foxx said I would like to see you show us if you were to trim the scope by 10% what would get left on the cutting room floor. My goal would be not to cut projects but to tighten the projects and also over time as revenues come in if we see additional revenues come in, rolling those revenues into the capital budget, maybe add some of that scope back.

Mr. Walton said we'll be glad to do that.

Mr. Howard said Mr. Mayor are you shooting for a certain number?

Mayor Foxx said 10%.

Mr. Howard said the 3.6 cents down to

Mayor Foxx said he can knock 10% out of the total cost of the capital program and they will translate that into a tax rate. The goal is not to cut projects.

Mr. Walton said I understand.

Mayor Foxx said this is hard and Beth you said it well and I appreciate the Council kind of working through your thoughts on this. I will say just a couple observations and I've said this before. In previous generations in our city the goal was to grow the city out and that required substantial investments in infrastructure. Roads, pipes, sidewalks, streetlights, stop signs, everything. This is not to say that we are not done with that work. I don't know that you ever get done with it, but there was another phase in the city where we've said we need to have a vibrant thriving downtown and we are still working at that. There are still pitches being made so that work continues, but I do think the challenge of the city for the next 20 years is going to be that middle ring, what sits between our center city core and our suburban range. I'm troubled because it feels like the conversation changes when we start to talk about the tougher problems that our community faces. We start to get a little gimpy on those topics, but those are exactly the topics that we need to be talking about. I've got a 94-year old grandmother, she is a widow, she's on a fixed income and she has lived in a house for 50 years and the neighborhood that she lives in has deteriorated over that 50 years. She doesn't want to have crime in her backyard. She doesn't want to see another generation of kids growing up that don't have any clue about what they want to do when they grow up. She doesn't want another generation not to have access to transportation resources and just a No. 6 bus, which I took as a kid. I think there are times in the city's existence where a paradigm shift is needed and the paradigm shift that is needed in the city is, we've gotten comfortable ignoring parts of our city and I refuse to see that happen again. In fact it is not going to happen. But how we do that I think we've got to continue talking through and that is one of the reasons why I've asked some of the questions to the City Manager about the delivery system of our capital program because I don't think it is a good idea to do this and then have Councilmember Cooksey pointed out, 12 years pass by before people actually see a project happen. We do have to change our thinking internally too. We cannot have business as usual even within the city and I want to applaud the staff for going to the map to think creatively about how to have fewer but more impactful projects that can have the kind of catalytic impact that we want to see happen. The last point I will make is as a group, hopefully all of us can grow old in this city and at some point we won't be sitting in these chairs, actually maybe Mr. Cannon and Mr. Mitchell will be, whose knows, but I like to think there will come a time when we look back on what we've done and we'll say maybe that was an inflection point in the city and maybe we played a small role in helping this city thrive. I think the choice for us does the best brighter future for the city rest in staying pat or does the best and brightest future for the city rest in going forward with this capital program. As we get closer into the process I'm increasing of the opinion that this capital program in some form or other deserves the public's attention on a referendum. We've got some items to vote through here, but I hope that the community understands that we are trying to think about now and we are also trying to think about 5 and 10

years from now and hopefully we make good decisions about how to best get us into the future. With that let's go through these items and again, you have to have five votes for the conversation to continue.

Starting with Mr. Mitchell's effort on the Greater Enrichment Program – ask the county for a 50% split and the council would take its 50% to make that program whole on a one-time basis with \$197,376. I would like to make clear that if we do this we should make it very clear to this program that this is a one-time effort and that whatever competition happens in the future they are going to have to compete and they are going to have to live with what the results are.

Mr. Barnes said I'm still struggling with this item because if the county says no where will we get the other \$197,376 from.

Mayor Foxx said let's have a vote on this one, see if we get five.

The vote was taken on Mr. Mitchell's motion and received five votes. The votes were recorded as follows:

YEAS: Councilmembers Autry, Cannon, Cooksey, Fallon, Howard, Mayfield, Mitchell and Pickering

NAYS: Councilmembers Kinsey, Dulin and Barnes.

Mayor Foxx said we will see that come back next time. To Mr. Barnes' point do you want to make another motion?

Mr. Barnes said no I don't, it is just going to put us in a fairly challenging position if they say they can't do it and we have to use all of our 2013 discretionary fund. I want to figure out how to help the program, I'm just trying to make it make some sense. Let's keep going.

Mayor Foxx said now we have Mr. Cooksey's Library point.

The vote was taken and recorded as unanimous.

Mayor Foxx said actually Curt, I don't think that we need to carry that forward. I think you could just write a letter to the County Manager. I think that would suffice.

Mayor Foxx said next is Ms. Mayfield's motion on the Police Athletic League. I will say just one thing on this I don't support it and I'll tell you why. I think the program is doing some good work overall, but what I do think is that in the future with the after school process we should not allow city departments to compete for city funds in that process. I think it creates a perception of unfairness that may not be one that we want to continue. I think going forward we will kind of pass the process we've had but I think going forward we probably ought not allow city departments to compete.

Mr. Howard said that could be part of the discussion in the Economic Development Committee.

The vote was taken and recorded as follows:

YEAS: Councilmembers Cooksey, Dulin and Mayfield.

NAYS: Councilmembers Autry, Barnes, Cannon, Fallon, Howard, Kinsey, Mitchell and Pickering

Mayor Foxx said that does not go forward.

Mayor Foxx said Mr. Cooksey's CIP Package that has been presented. I think we went through that pretty extensively.

Mr. Howard said I would like to see those impact numbers and I didn't want to put it up here, but usually the way it works if it doesn't come up it is just done. Can we wait maybe on this one until next week to make sure we get all the information.

May 16, 2012  
Budget Retreat – Add & Deletes  
Minute Book 133, Page 558

Mr. Dulin said vote yes.

Mayor Foxx said I think if you vote yes you give yourself time to get that information. If you vote no you won't.

The vote was taken and recorded as follows:

YEAS: Councilmembers Cannon, Cooksey, Dulin, Mayfield and Pickering.  
NAYS: Autry, Barnes, Fallon, Howard, Kinsey, Mitchell

Mayor Foxx said Ms. Mayfield's motion for UNC Informatics.

YEAS: Councilmember Mayfield  
NAYS: Councilmembers Autry, Barnes, Cannon, Cooksey, Dulin, Fallon, Howard, Kinsey, Mitchell and Pickering.

Mayor Foxx said it is not up here but I've asked you to take a look at a 10% reduction in scope and keeping the projects to see what that looks like. With that we've gone through these and we'll see you next time.

The meeting was adjourned at 5:52 p. m.

---

Ashleigh Price, Deputy City Clerk

Length of Meeting: 2 Hours, 42 minutes  
Minutes Completed: June 29, 2012