

The City Council of the City of Charlotte, North Carolina convened for a Budget Workshop on Wednesday, February 27, 2013 at 3:12 p.m. in Room 267 of the Charlotte Mecklenburg Government Center with Mayor Anthony Foxx presiding. Councilmembers present were John Autry, Michael Barnes, Patrick Cannon, Warren Cooksey, Claire Fallon, Patsy Kinsey, LaWana Mayfield and Beth Pickering.

**ABSENT:** Councilmembers Andy Dulin, David Howard and James Mitchell

## **I. Introduction**

Mayor Foxx called the meeting to order at 3:12 p.m. and said we have lots to go through today, the CATS Budget, Storm Water Budget, Financial Partner and Outside Agency Funding Requests. Let me reiterate where we are in the process. This is the first of several Budget Retreats. The information you have in front of you that you will have for the rest of the spring is information upon which the Council will make its decisions on add and deletes and from which the staff will make recommendations on enterprise operations like Storm Water. All this information is cumulative and once you hear it today it is probably the last time you are going to hear it specifically referenced at this level of detail unless you ask a question. I just want to make sure that as we go through the process this spring nobody is under the illusion that they didn't hear something because you are getting all the information one time and if you have a questions about it later you have an opportunity to ask those questions. With that I will turn it over to Julie Burch our Interim Manager and let me say again to you Julie and to the staff, how much our Council appreciates what you all are doing under some very trying circumstances. We can always create our own dysfunction, but it is doubly troubling when we have some that is being visited upon us so I appreciate what you all are helping us work through and thank you for being part of this today.

**Interim City Manager, Julie Burch** said thank you for that and I say that on behalf of the entire team. Just to add on to what you said in terms of kicking off this Budget Workshop Mayor, yes this is the first of three and we the City Management staff have found that over the years it has been very helpful to have these Budget Workshops with Council as we work our way towards the ultimate Manager's recommended budget and in this case this year we will be presenting the Manager's recommended budget on May 6<sup>th</sup>, but the point of these Workshops is to provide to you and present to you staff's preliminary ideas and thoughts around major topics in the budget and certainly to give you an opportunity to give us some feedback, ask questions, seek more information, give us perspective on any aspect of what we are sharing with you. We really encourage you to do that as we go through these presentations this afternoon and then again there will be two more opportunities, two more Workshops before we work our way towards May.

This afternoon you are going to hear from Carolyn Flowers talking about the CATS budget. Of course we had a briefing on the Blue Line Extension financing on Monday evening. This today will be a broader view of the CATS budget and will give you an opportunity to ask questions of Carolyn. That will be followed by Jennifer Smith who will discuss the Storm Water Budget and particularly talk about our recommendations around the Storm Water fee and then finally Randy will talk with you a bit about Financial Partner Requests. No recommendations around this Financial Partner Requests today, but simply for your information and feedback. With that, if everybody is good to go I'm going to turn it over to Carolyn Flowers and we will begin to talk about CATS.

## **II. CATS Budget**

**CATS CEO, Carolyn Flowers** said I wanted to basically bring you up today on CATS budget process. We started our process in January. We start a head of the City budget process because we go through a review with MTC then they recommend a budget to City Council and so we are right now in phase of going over our budget in detail with MTC and today we will be providing an overview of the budget to City Council for your adoption in the May/June timeframe. (She used PowerPoint for her presentation to Council. A copy is on file in the City Clerk's Office.)

I will start out with the overall foundation of the Metropolitan and Transportation Commission direction and that is the 2030 Plan which includes transit projects in corridors that were initially  
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envisioned to be done in a 30-year period and the primary local funding source was the ½ cent sales tax. We were projecting an annual ridership from that build out of 52 million passengers. Today with the expansion of the bus system and the implementation of a light rail system we are about 50% there in terms of meeting the objective of 52 million passengers. However, we had a significant impact to the overall plan with the recession in the 2008-2009 timeframe. We had a projection and escalation of the sales tax that was impacted by the economic downturn and now we are projecting growth at a much lower rate at about 3.5% increase versus a 7% increase that was in the 2030 Plan. The result is that the operating budget has had significant stress on it in the last few years and we are also looking at where our funding partners are. The Federal and the State Government are experiencing reductions in their revenue sources. Tomorrow I guess we will have to see what is the outcome of the sequestration discussion and what this has done is have an impact on the implementation schedules that we had in the original 2030 Plan.

This is a gap analysis on sales tax. The red line is trajectory for the 2030 Plan and the blue line is the actual experience that we've had in the last few years in sales tax receipts. We have a gap of about \$145.3 million to date with our trend line on sales taxes. This gap will continue because it is going to be difficult to ever recover from the extraordinary impact that we had from the recession.

The 2030 vision remains. We are still working on delivering projects even though we have constrained resources. We are still working on looking at innovative financing and project delivery methodologies to look at the next priorities in the 2030 Plan. Our next priority is the Red Line and we are working on ways that we can implement that project and overall knowing that the implementation schedules will be slower than originally envisioned in the 2030 Plan.

Councilmember Cannon said Ms. Flowers thank you so much for your continuing presentation. I wanted to ask you, with regard to the MTC and CATS not abandoning the vision of the 2030 Plan, that Plan would include the Streetcar still correct?

Ms. Flowers said that is correct.

Mr. Cannon said I raised that and I wanted that for the record largely in part because there was some notion that that was not still a part of the Plan.

Ms. Flowers said the Plan continues to be all five corridors that were originally put into the Plan. The Plan includes the Northeast Corridor, the Blue Line Extension that we are working on now, the next project would be the Red Line. The Streetcar and Independence Corridor are all included in that 2030 Plan and we are doing planning for major investment studies on other corridors in the future.

Mr. Cannon said but there is indeed a 2030 Plan, no question?

Ms. Flowers said no question, there is a 2030 Plan.

Councilmember Pickering said the 2030 Plan right now calls for Streetcar to the Airport. Is that correct?

Ms. Flowers said the 2030 Plan calls for two phases on the Streetcar corridor. Phase I is to construct along Beatties Ford Road, Trade Street and Elizabeth Avenue from Rosa Parks Transit Center to the Mecklenburg County Health Department, to Presbyterian Hospital. Phase II extends the Streetcar along Hawthorne Lane and Central Avenue to the Eastland Mall Center and then there is a West Corridor that will construct Streetcar along Morehead Street, Wilkinson Boulevard to the Charlotte Gateway Station to Ashley Road. There were several phases to implement the Streetcar.

Ms. Pickering said I thought I saw on the Plan that a future time past what we are talking about in the budget of the Streetcar servicing the Airport. The reason I asked that I know that light rail is much more expensive, but I was just curious, and I know we have no money, but to me it seems that light rail would be more appropriate to the Airport in terms of speed. The public likes to get to and from the Airport quickly.

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Ms. Flowers said the 2030 Plan, the Wilkinson extension is the one that would go out toward the Airport. There were technology decisions that were made when the 2030 Plan was implemented. Some of those technologies have been revisited like Independence so there are still investment studies that will determine the final technology. Streetcar was the technology that was adopted in the 2030 Plan going out toward the Airport.

Ms. Pickering said although discussions could still be had to talk about things on the 2030 Plan? Is it written in stone?

Ms. Flowers said no, MTC can revisit that and they have last year with the ULI Rose Study, come back and revisited options for the Independence corridor and then also looking at whether or not there needs to be something in the middle of Independence versus parallel corridors along Monroe Road. MTC has the option to revisit the technology.

Councilmember Fallon said two questions, one just came with that. Say we don't keep the Airport, will we still be obligated and will we be building a Streetcar or anything else out to the Airport since it would not be under our control and why would we spend money that someone else controlled?

Mayor Foxx said that is a question for not only us, but the MTC as well. Some \$40 million in the capital improvement plan from last summer that would have put money into the roads at the Airport.

Ms. Fallon said frankly if they are going to take it away from us, then they should be responsible for everything for it. Can I have a timeline, Blue Line, Red Line?

Ms. Flowers said well we only had the original timeline. We don't have an adjusted timeline because of the issues that we have with funding so we have not updated the timeline. In 2010 we did a workshop and we talked about our capabilities with the available revenue receipts that we were projecting in the future so the only project that we have put on an updated timeline has been the Blue Line Extension. The Red Line, there was a projected timeline of delivering a project by 2018 if we came up with the financing sources and the project delivery methodology and come to an agreement with Norfolk/Southern. The other projects we went to the MTC at that workshop and said we are not identifying a timeline because we don't know what our revenue capability would be in the future. So we do not have a timeline for those projects.

Ms. Fallon said if I'm not mistaken the Blue Line has the shovel in the ground already.

Ms. Flowers said the shovel is about to be in the ground.

Councilmember Cooksey said while I appreciate that there is a lot of sensitivity around the Airport issue I want to be careful about any comments about what kind of infrastructure we do around there for two reasons. One, as much as we do talk about transit here to build on and amplify something the Mayor said, we are in the second position here, it is the MTC that is empowered to be the lead dog on establishing policy induction light. Secondly, the transit system regardless of jurisdictions and changes is intended to be a regional system. After all a good chunk of the Red Line isn't in Charlotte either and we will be supporting it. I would be cautious about saying well if they take it away from us, the heck with them. I wouldn't do that.

Councilmember Barnes said Ms. Flowers, a couple of the questions that have been asked brought a couple of thoughts to mind for me. One with respect to the 2030 Plan because of the treatment that we were attempting to make with respect to the Streetcar, what has that done regarding how the MTC used that project in its plan. Remember the piece that we were exploring was the extension of the whole Rosa Parks to Eastland alignment and then I believe at the Retreat Mr. Cannon asked a question of the City Attorney about the legality of our approach and I wanted to hear the updates on that, and you may answer that questions about the treatment by the MTC.

Ms. Flowers said MTC still has this project in the Plan and there has been no discussion with MTC about reprioritizing it. During the discussions last year we only appraised MTC that the  
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City was looking at the option of financing it, but there was no discussion at MTC and any detail about the impact of the City CIP decision. I think they were waiting to see what the outcome of the decision was going to be.

**City Attorney, Bob Hagemann** said Mr. Barnes you are correct, Mayor Pro Tem Cannon, at the Retreat asked for an opinion as to whether or not there was any issue with the City moving forward on the Streetcar. For that matter with what we've done to date on the Streetcar given the wording of the Interlocal Agreement. In terms of the timing of my answer I plan to get you an opinion by Friday or on Friday. I'm working on it literally as we speak. I finished reviewing documents that I needed to look at this morning so I will have a written opinion to Mayor and Council on Friday. It is a little bit of an odd situation because it is a contract and the City is one of eight parties to the contract. The question really goes to the question of has the City or could the City possibly be in breach of the contract and that is not something that I typically would discuss publicly. My memo will be attorney/client privileged and does not mean that you won't have the right to release it if you choose to, but my communication to you is going to be attorney/client privileged and it is coming on Friday.

Mayor Foxx said just a couple of comments since we've gotten off on the Streetcar project. As we have been saying the funding, can you go back to that chart Carolyn that shows the funding gap? This funding gap is showing you the gap between actual revenues and what would be necessary to meet 25% of the cost of the plan. The assumption that was made in 1998 and subsequently in 2002 and 2006 was that each project would be funded according to the same formula, 25% local, 25% state and 50% federal. One of the flaws in the Plan, and it was rightly called a flaw, is that we assumed that at some point all of these projects would fall into that same formula and the reality is that they haven't. The Red Line for instance, which I'm a supporter of and I want to see us making progress with, but it didn't qualify for federal funding or it wasn't as competitive for federal funding as some of the other projects were and to date that situation doesn't seem to have improved. As a result that project may be one where our local percentage is much higher than 25% but you see what the funding situation is there. That is one point. The second point is that we can sequence these projects in time when we have money. When we don't have money I don't know what the sequence is. It is kind of hard to spend money that you don't have and not only do we not have any new money, we don't have any old money, we don't have money. That is one of the reasons we formed this task force of the MTC to take a look at some options to maybe go to Raleigh and see if additional sources that could allow us to get the funding back on track. The last point is that because of this very chart the argument that I continue to make and hope that you can find a way to make it as well, is that our past efforts to accelerate a mile and a half of the Streetcar actually helped soften the blow of that chart. Because we actually have taken cost out of the system which if you adjust for inflation over time it could end up being tens of millions of dollars out of the cost of the overall system. Those are just various points along the way, but I realize the sensitivity around this, but the financial challenge right now, bar none, is the biggest one we have. Politics are what they are but there is no money and I'm happy to see us get the Blue Line Extension done and I want to see us get it done, but if all we ever endeavor to do is to get one north/south line done I think we are fooling ourselves into thinking that we are solving the problem of mobility sustainability and frankly our land use strategies that we've been talking about for 20 years, if we don't get the rest of that system built. It is almost not worth it.

Councilmember Autry said Ms. Flowers, your chart here makes me think of something else that is fresh on the headlines too. Are your actual projection or the way we are looking at this is also considering the reduction of the unemployment benefits that have passed at this stage and how that impacts people's buying power?

Ms. Flowers said that is why we have basically tempered our sales tax projections. 3.5% is somewhat conservative but we have to look at the way that we are going out in the future and maintaining a slower growth on sales tax because there are going to be factors that could impact us immediately or in future years. We are not I think that aggressive. We are basically aligning ourselves with the forecast that the City and the County have also and with the State. We are not looking at a very aggressive growth with the sales tax, but yes, that could impact us because that means those who are transit dependent may not even have the ability to take transit.

Ms. Flowers continued her presentation with slides on Page 5 and said I would like to go over some of the progress we have attained in the last five years. On the Rapid Transit side we did deliver the South Corridor Light Rail Project and it has attained national acclaim. It is a model for land use and transit development and we've had over 60 municipalities come to Charlotte to look at what we've done here. The Northeast Corridor has advanced to the final design and it is moving into construction. As I give you that bid on Monday night we are in the pre-construction phase and we do have grant contracts with the State and Federal Government and we are working on the alternatives for advancing the Red Line. We are engaged in discussions with Norfolk/Southern regarding traffic corridor studies that could lead to final definitions of the project design. On the service side, as I said, with expansion of the bus system and only one corridor implemented we are already at 50% of the ridership projections that were in the 2030 Plan and I think that is a Hallmark of success for us. Operating and maintenance costs have been constrained over the last few years and we've managed with no service reductions despite rising fuel and personnel costs. We have on the revenue side initiated new resources of revenue, advertising, thank you all for your support on that, and we were also able to get well operations implemented as part of the State Maintenance Assistance Program. We were the first light rail and the only light rail operator in the state. They were not counting that in the State Assistance Program as part of ridership and we were able to get the support of the State and finally get the rail assistance in that program. We have been competitive and we've received \$76.7 million in federal grants. With earmarks no longer being available the only way that you can get funding now is through competitive grants and we have been able to get into that process and be successful. We just want to emphasize one of the greatest achievements for us is that we are operating 2014 levels of service with 2007 level of sales tax receipts. I think that shows that we have gotten more efficient and effective in the way we are utilizing our resources.

Mayor Foxx said can you say that again?

Ms. Flowers said we are operating 2014 level of service with 2007 level of revenue.

Mayor Foxx said that really deserves commendation. That is amazing.

Ms. Flowers said we have managed to reduce our operating expenses by about \$30 million in the last five years. (Last slide on page 6) Five consecutive years of budget management – you look at the budget and the actual operating costs and you can see that we have reduced our expenses by \$30.5 million over that period. We focused on what is our core responsibility, which is mass transit, eliminated things that were nice to do and not part of the mandate and basically focused on insuring that we could keep service on the street, which was really important to the taxpayers in this county. They have invested in transit and this is the yield that they get for their investment.

Mr. Barnes said I noted that the 2012 operating costs and budget projections were fairly close and the question I had was at what point you might see the costs exceeding the budget because we've managed to keep the blue higher than the green for the last five years, but I'm worried about it exceeding the blue.

Ms. Flowers said that was part of our discussion on Monday and we see that possibility in the future as we move forward with the BLE financing plan. We try to basically look as we project the budget, we look at the operating costs because we are an enterprise fund so we have to balance our operating costs against the available revenues. Every year on an annual basis we are trying to manage within the prescribed growth in the future and with 70% of our costs coming from labor and 11% coming from fuel we have to insure that we have some proactive management to manage the labor costs as well as manage the fuel costs. We hedge and we do things that we can do to contain our budget growth.

Mr. Barnes said I think it was in 2015 that it might.

Ms. Flowers said yes, this is the 2014 budget, this is a two-year budget process and we are going to have to come back and revisit 2015 based on looking at the outcome of the BLE financing.

Ms. Flowers continued her presentation with the slides on Page 7. Continuing the Management of Resources you can see the reduction in our workforce during this period. What we've done is eliminate positions and reallocated positions from areas that have less of a critical need to those that have critical needs. Through the management and reallocation process we've managed to keep our head count fairly flat. For the Blue Line we are hiring termed positions, basically hiring the resources that we need for only the period of the project so we are continuing to management our administrative costs as we move into the future. Beside the economic impacts we are struggling with the direction that our funding partners are going in the future. The Transportation Reauthorization Act Map 21 was only passed for two years and in the past it had been a 6-year program. They gave transit agencies more budget certainty for their formula funding and for opportunities to get New Start grants and other capital grants. This program was for only two years and it was flat. But they haven't been able to even implement sections of it because we have been in a continuing resolution so we haven't been able to get additional funding. There was a change in the state in the way that they looked at the New Starts program. They eliminated the New Starts program but because they had a commitment with us they extended our cash flow over a 10-year period. We would have in the past received that on a reimbursement basis, based on what we had actually incurred so now we are over a longer timeline which is increasing our need for a short-term borrowing on the BLE and federal sequestration is scheduled for about an 8.5% cut for transit. That could affect us and it could also lengthen the cash flow availability for the Blue Line Extension.

Moving forward from all of that we continue to work on providing ways that we can deliver service and we are continuing our efforts to manage our budget. Our preliminary recommendation for budget is that we are focusing on our core responsibilities which is safe, reliable service for our passengers. If you have safe service and reliable service that attracts passengers and it also keep them loyal to the system. We are growing revenue service hours by 3% and this is all base fund grants that we received to put in new service. We have to continue the stability for the ADA service and customers so we are putting additional resources into our ADA Program and we are seeking federal operating assistance for service growth and as I said we will focus on safety and reliability.

We are coming forward for 2014 with a structurally balance financial plan. We are continuing the hedging to manage fluctuations in our fuel costs and to give us budget certainty. We are managing the debt financing for the BLE Project. Asset maintenance is important for state of good repair. You want to insure that you have assets that are reliable so that you put your service out on time and we are continuing to limit the growth of our operating and maintenance cost and our capital program is sized with only available resources and focused on those things that are necessary to keep the system running. We are putting in funds for studies for the future corridors.

This is a matrix of our actual budget in 2013. The revision that we did in mid-year and the 2014 recommended budget and 2015 proposed budget. The 2015 proposed budget does not include the impact of the BLE financing so that is something that we will have to revisit. This is our operating income for 2014 and is projected at \$138.4 million and our expenses are projected at \$110 million and the balance is \$28.1 million which would go over to the capital side. We do have CIP income that is coming in and that is for our capital projects. Most of our capital is attributable to the Blue Line and you can see our budget year end budgetary balance. We have to, based on the Interlocal Agreement, hold at least a \$100 million reserve balance so we are exceeding that in this budget over those years. These are the positions and this is the summary.

The highlights of the budget, the assumption is 3% escalator on MOE. We have a commitment for this year from our MOE partners for that and our sales tax revenue reflects recovery, but only a 3.5% annual growth. There is no fare increase in 2014 but as part of our finance policy adopted by MTC we would have a fare increase in 2015. Our expenses, we are projecting at 3.6% growth rate and as we indicated before, labor and fuel are the major items in our budget. We are also projecting operations of the Streetcar system in 2015 and we would be relying on that funding to come from the City's Pay-As-You-Go program.

Cannon: What is that projected fare increase amount?

Ms. Flowers said our policy indicates that we can go up to 25 cents every two years. So the increase would be through a fare hearing next year and through looking at the budget proposal.

Cannon: Up to 25 cents, but may not be 25 cents?

Ms. Flowers said that is the adopted policy of MTC for fares every two years.

Mayor Foxx said one thing we haven't talked about yet which beyond the sequestration issue is that there is a prolonged period of time when the federal government is effectively shut down and there is market ripple effects of that and perhaps consumer effects of that that impacts sales tax. How much running ahead of that have we done to cover ourselves in the event there is a rapid slow down as a result of what is going on in Washington?

Ms. Flowers said if we have a reduction in our sales tax receipts we would have to go back and adjust our budget to match that reduction. We do end up with a balance that exceeds the \$100 million. We would have to look at the combination of operating efficiencies plus not building that reserve as high.

Mayor Foxx said I think that is a risk and things are so tight as they are with our financing model that I think we are going to need to give ourselves a lot of cushion this year on the budget because there are some variables in the economy, in Washington and at the state level that could really hurt us.

Councilmember Cooksey said don't let what he said interfere with the next slide please.

Ms. Flowers said the next slide – this service is implemented on grants.

Ms. Fallon said are you able to reduce that \$100 million that you still have to keep as a reserve or it must be the \$100 million?

Ms. Flowers said \$100 million is the amount that has been approved as the balance and as we go into the Blue Line financing program there are other reserves that are going to be created as a result of that which were basically discussed on Monday, but our reserve requirement could increase which would have an impact on the ability to operate in the future.

Ms. Fallon said not decrease but increase?

Ms. Flowers and increase.

Mayor Foxx said what are the triggers for use of the reserve? If for instance the sales tax revenue just craters because the economy just slows down so dramatically, is that a sufficient cause for us to use reserve funds or not or does an earthquake have to happen?

Ms. Flowers said that is an MTC policy and we would have review that at MTC as to whether or not that policy could be, or if there could ever be any use of that.

**Budget Director, Randy Harrington** said just for clarification and to add to Ms. Flowers, my understanding the \$100 million is really the back stop on the debt service capital side. It is not intended for operating at this point.

Ms. Fallon said what do you do with the interest from it?

Mr. Harrington said it goes back into the operating. It can be applied and appropriated.

Ms. Fallon said it could be used for something else?

Mr. Harrington said yes.

Ms. Fallon said I mean to supplement if you have a deficit.

Mr. Harrington said for operations.

Ms. Flowers said there has not been very much interest recently even on \$100 million. Anyway we are going to be implementing service. There has been a demand and as a result of countywide bus planning study we had a lot of demand for service on the Pineville-Matthews cross town area so we are going to be implementing in June service on NC 51. That corridor has developed and there is a lot of activity centers on that so we are going to be implementing that service. We are also going to implement the Harrisburg Road Express Service and that is also funded with a federal grant. We are going to add 7,198 hours this year to the bus system.

Ms. Fallon said we are getting a lot of letters about disabled service. Will we be enhancing that?

Ms. Flowers said we have added resources to the budget for STS because the demand is continuing to grow. I think some of the letters you are getting are in areas where we don't currently have any local bus service so the ADA requires you to operate in  $\frac{3}{4}$  of a mile of local fixed bus route so in place in the county where we do not have local service, the ADA doesn't require you to add the paratransit services. We service paratransit in those areas outside of the corridors on a capacity and if we have additional capacity we have people who have cancelled rides then we can provide those rides. Our capacity on a daily basis is generally used to 100%, but by adding this new bus route on the Pineville/Matthews Road corridor we are able to offer the parallel services along that route. There are areas like Mint Hill where we do not have any fixed route service and I think that is where a lot of your inquiries are coming from.

Ms. Pickering said I recently had a request for service later in the evening, particularly for third shift workers. How late do the buses run?

Ms. Flowers said we generally run the buses to a little after mid-night and to 1:00 a.m. in some places. Those service workers are probably getting off between 1:00 and 2:00 a.m. are probably the ones who are making the demand. We are looking at places where there is still a high demand for service. The light rail I think operates to about 1:00 a.m. When we have special events we operate later but it is a cost and generally the ridership level for what we call "owl" service is generally much lower and a lot of systems have had to cut that service because it is not efficient. The things that we are dealing with are resource constraints and the ability to fund the additional service. If we are able to get grants or something like that or have private partners who work with us to fund those kinds of services we can do so.

Mr. Cooksey said while yes much of the system does go past mid-night, that is a delightful thing but Route 43 does stop at 8:11 p.m. That is the last stop for Route 43. I just had to share that because I know some of this stuff.

Ms. Flowers said he is a loyal rider and I hear from him.

Ms. Flowers continued her presentation with slides on Page 11. We had a discussion of the debt program with respect to the BLE financing on Monday night, but our outstanding debt as of July 1, 2012 was \$156.7 million. As we discussed on Monday night the BLE cash flow from our partners has definitely impacted us and it is going to cause us to carry more short-term debt for this project. We are projecting that we will be carrying about \$425 million in short-term debt. Greg discussed the financing on Monday night in detail with you and also we plan to retire about \$3 million in debt in 2014. Our CIP over this period is about \$1.3 billion but is primary attributable to the Blue Line. The funding sources are listed here, a combination of State, Federal, Local and borrowing. We will adjust the CIP if we are impacted by sequestration or other federal actions and we would have to adjust it if we had any impact from the state.

The key capital projects for us is procurement of buses, continuing the 5-year overhaul which you have already approved of our S-70 railcar trucks, upgrading all of our radio equipment because analog equipment will no longer be supported so we have to move to digital equipment. Our fare boxes are ancient and we are going to replace the fare boxes on the system to magnetic technology and we have to upgrade our route scheduling systems.



Councilmember Mayfield said are we going to receive a breakdown of what these costs are going to be with replacing the 20-year fare boxes, how many buses, are we replacing the whole fleet with some of the newer buses that we have bought or looking to buy?

Ms. Flowers said we can give you the breakdown of these projects and what they cost. We are phasing in the fare boxes. We will first start out with new fare boxes on new buses and then we will start replacing the fare boxes on the bus fleet. The five-year overhaul of the S-70 railcars, we had a procurement action last year with the Council to approve those and we can give you the radio equipment background. I don't have it on me right this moment, but we will give it to Randy.

Mr. Cooksey said tell me a little more about the fare boxes and what are they going to look like.

Ms. Flowers said they are going to be magnetic. They will be working with a magnetic strip. We are projecting that they will be like a debit card, you can fill the card at different locations or on line and when you come on to the bus you can cap them and decrement the card. This is the direction that they are moving in the industry and also reduces conflicts between the operator and the passenger about the fares because it will just take the fares off the card.

Mr. Cooksey said obviously, I have no idea what the cost of this will be which is why I'm asking the questions. Any possibility of skipping the middle man and just being able to read a credit card or debit card directly at the fare box?

Ms. Flowers said yes.

Mr. Cooksey said is that going to be part of this change?

Ms. Flowers said yes.

Mr. Cooksey said two happy dances in one report. When does that start? When can we start bragging about that?

Ms. Flowers said hopefully starting next year because we are going to be coming to you for a bus procurement and so the spec on the buses will include a new fare box. We have reached the end of our five-year contract for buses so we have to go back out for procurement and that will be in the June timeframe.

Mr. Cooksey said is CATS doing the financial projections or is the City Finance Team doing the financial projections?

Ms. Flowers said CATS did a financial projection for the funding of the project through the FTA and we provided baseline information for the model.

Mr. Cooksey said this is overall not just the capital improvement. For the CATS budget, are the projections?

Ms. Flowers said this comes out of CATS. I thought you were talking about the financing. For the budget CATS provides the projections.

Mr. Cooksey said thank you and I look forward to the new fare boxes. I would hope that increases some ridership because it will be a lot of easier than making sure you've got a couple \$1's on you all the time.

Councilmember Autry said I want to thank Mr. Cooksey for two happy dances and a ghostbuster's reference in one meeting.

Mr. Harrington said Ms. Flowers is exactly right in terms of CATS and their projections on the revenue. One thing I would add, there is a significant level of collaboration with the Budget and Evaluation Department and in particular the Finance Department as it relates to sales tax revenues and in collaboration on this particular point.

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Ms. Flowers said that is what I had mentioned that we are aligned with the City's projections for not only our revenue but in terms of our personnel costs. We are City employees so except for the bus operators and the mechanics who have a collective bargaining agreement so we are aligned with the assumptions for personnel cost increases with the City.

Ms. Flowers continued with the last slide on Page 12 and said this is the CATS budget schedule. April 24<sup>th</sup> the MTC will adopt the budget and recommend it to City Council for approval. May 13<sup>th</sup> the City Council receives and approves CATS Operating Budget and CIP and June 10<sup>th</sup> adoption of the budget.

### **III. Storm Water Budget**

**Interim City Manager, Julie Burch** said Jennifer Smith from Engineering and Property Management and our Storm Water Services Manager will be presenting the Storm Water Budget.

**Jennifer Smith, Engineering and Property Management** said I will talk a little bit about the history of Storm Water and how we came about and what we are based on, the types of projects, our Storm Water Fee and then our recommendation for the fee increase for the coming year. Ms. Smith used PowerPoint for her presentation to the Council.

I would like to point out one of our flood safety messages, Turn Around, Don't Drown. That includes not only a car but don't walk in it either as I would say that is not very safe.

Councilmember Cannon said there is a question about if we know where that is located.

Ms. Smith said yes, that is at the Boxer Building at Morehead and McNinch Street in the August 2011 storm event.

Mr. Cannon said it looks like those folks in the back were not trying to stop him.

Ms. Smith said way back when, the US EPA mandated that localities must reduce pollutants flowing to the streams. The way the City of Charlotte decided to handle this was creating a Storm Water Utility. That Utility was created in 1993 and at that time it was decided to charge the storm water fee based on the contribution of the problem which was impervious surface. When it rains and hits an impervious surface runoff is created, it runs off that impervious surface and won't soak into the ground. From the beginning that Storm Water was created there has been a huge backlog of problems, both water quantity and Storm Water quality. Our fee increases started in 1997 to try and get that backlog down and at that time they were projected to continue to sometime in the future get to a PAYGO program.

I will share with you a little future. The EPA is working on new Storm Water rules. They were to come out a year or so ago, they are now projecting that a draft comes out in June of this year and finalized in December 2014. That could put additional requirements on us for improving water quality so what impact that may affect our budget for FY15 we are not sure at this point in time.

Mr. Cannon said when might you have some idea?

Ms. Smith said when we see the draft rules in June if they come out in June, they have been delayed several times. We would be able to get a sense of what impact that may have. The types of projects that we do are capital projects for flood control. We do both what we call major and minor projects. These are generally very large neighborhood wide projects that would affect somewhere between 20, 100 or 200 properties at a time. Large pipes going in and these are the most expensive projects that we do. Our maintenance and repair projects are also to help reduce flooding, but they are really to try and maintain the system. The generally only affect may 1 to 15 properties, but definitely smaller in size. Our water quality projects are to improve water quality throughout the City and the County and to restore impaired waters. The majority of our streams are listed as impaired and so we are trying to work on improving that water quality.

The other thing that we contribute funding to is collaboration with other strategic city initiatives like neighborhood improvement projects, transportation projects, transit projects and also economic development projects. A little bit of detail on each of the projects – our flood control projects as I mentioned were very large. We started these projects when the program started and we've completed 65 projects to date. There are 28 projects in progress and our goal as of FY12 was to start four projects each year. As you notice in the graph next to this (Page 19) our backlog is currently about 45 projects. Between FY10 and FY11, actually with the FY11 budget Council had requested that we take the backlog of the major flood control projects down. It was at 19 years and that dropped to 13 years and it has continued to decrease as we've been doing those four projects per year. I will mention that this list isn't a definite list as residents call in and we see the magnitude of the project. Projects could be added to this category of projects. Luckily we haven't gotten more than what we are able to start in any given year so we are still trending downward.

On the minor projects, this program began in 2009 and we've completed three projects too date. Originally we were only starting about one project per year. In 2011 we increased that to two projects per year as well. We have seven projects in progress and here is where I said projects could be added. You see this backlog continuing to go up so the number of years to complete all the projects that are currently on the list is about 17 years. For our maintenance and repair projects, this is probably the thing that you as Council may hear the most about. Residents call in, we go out, take a look at the problem and these are I wouldn't say first responders but we are trying to get to these projects very quickly. We currently have about 408 high priority projects for future work. Our high priority projects are founders in the road, street flooding, house flooding, it could even be a failure that is close to the house that could compromise that house if it wasn't take care of in a reasonable amount of time. We have about 243 medium priority projects and those projects are crawl space flooding, a hole that may be further away from the house and it is not yet a compromise to the house or the roadway. Then we have over 5,800 low priority requests. Those low priority requests are channel erosion where the erosion isn't affecting a house or a road, it is in the back yard, it is definitely a nuisance but it is not really damaging the house or roadway.

Councilmember Kinsey said when somebody is having a water problem, CMUD will go out if it is on CMUD side then CMUD fixes it, if is on the property owner's side they have to fix it. Do we ever run into anything like that with Storm Water?

Ms. Smith said yes, our practice and what was approved when the Storm Water Program was set up is that the issue or that storm drainage system has to receive runoff from a public street in order to qualify for service. As long as it is getting water from a street somewhere above it, it would qualify for our service. We will go out, take a look at it and investigate it, if we indeed find that it is receiving runoff from a public street and it is a valid problem to us then we will include it on the list.

Ms. Smith continued her presentation with the last slide on Page 19. Our program goals are to have our high priority projects ready for construction within 6 months of the date they were called in. We are currently behind as we are getting more calls in for service than what we complete in a given year so we are running at about 2 ½ years from the time a request is called in until we can get out there and have a project ready for construction on the highs. On the mediums our goal is to have those ready within a year and we are running at about 3 ½ years. Again trying to fix the road flooding, the house flooding, the higher kind of damage type projects. One thing we are looking at is how we can create some efficiencies with our staff to try to get more projects done. We are also working with the County to consolidate some customer service type work that we could then reallocate those positions to doing some of this work.

Our Water Quality Program, the goal again is to improve water quality by restoring impaired waters. We started doing projects in 2000 and to date we have completed 41 projects. We have 28 projects in progress. These are stream restoration projects you see come through the Council agenda process where water quality enhancements which could be a pond retrofit or some other types of BMP, rain gardens, wetlands and that type of thing. There are thousands of projects out there that we need to do in order to completely restore our impaired waters. Our program goals are to start 1 mile stream restoration and 4 of the water quality enhancement projects per year.

With those stream restoration projects we have worked with the core and the state to create what we call stream mitigation bank. With that stream mitigation bank, if there is a transportation project that wants to widen the street and there is a creek that runs underneath that street and currently has a pipe in place, in order to widen the road we need to install more pipe. That is considered an impact by putting that pipe in the creek by the state and the core. With our program of having a stream restoration bank, we can do a stream restoration within our community and that can be used as the mitigation for putting that pipe in. The benefit of this is that if we didn't have this program and that transportation project put that pipe in, they would have to pay into a state fund to mitigate for it. The state could then use that money anywhere throughout the state and it would not necessarily come back to our community. So we would have an impact that would even make our water quality worse where at least we are getting the benefit of doing the work here and mitigate for that impact. We have sold to date 4.55 miles of stream restoration credits to our bank. A lot of these have gone to the Airport. We are also selling credits to the one extension for impacts that they had so again we are able to keep any impacts that we had by doing other types of projects, mitigating for that locally.

Mr. Cannon said at some point would you be so kind as to get some information back. I would like to be able to see about the 28 projects that are in progress, where they are taking place and when they are projected to be completed.

Ms. Smith said would you like that just for water quality or would like that for all the programs?

Mr. Cannon said all of the programs if possible, but if that is too much then I'll back it back, but if it is not too much of an ask.

Ms. Smith said I can definitely get the water quality in the major ones.

Mr. Autry said Independence Boulevard, the creek running under there, we are not going to pull the pipe up but put a bigger culvert in there. We are going to pay off money to offset some place else, but yet the capacity of that culvert running underneath Independence or any other roads is not being improved to deal with the runoff that is up stream for those, correct?

Ms. Smith said Independence is actually a state road and our Storm Water fees don't go to improving the state roads unless we are making it worse. If the state was wanting to increase those pipes then they would do that project.

Mr. Autry said but outside of the state's right-of-way for Independence and that was just for instance that is still our Storm Water system outside of those right-of-ways, correct? So we can ... the system north and south of Independence but it is still going to be a problem when it tries to go through that culvert underneath Independence, correct?

Ms. Smith said yes and if we were doing work upstream and saw that our project was going to make the Independence Boulevard situation worse, then we would start talking to the state about improving Independence Boulevard.

Mr. Autry said just another point of frustration.

Ms. Smith said a little bit of recap on our fee increases to date. As you can see in the graph from FY10 to FY11 shows that additional increase that Council gave that ended up reducing the backlog timeframe years to start those last projects for flood control minors. Then from FY11 projected through FY15 we have been showing a decrease in fee increase, trying to get down to the cost of living with our fee increases. I will mention that the construction cost index for FY12 was showing somewhere between a 2.5% and 3% increase in construction costs. Our costs for construction are probably about 65% of our overall budget so that gives you some sense that as construction costs rise we could see definitely some rises in our expenses.

Our proposed fee increase for FY14 is a 5.5% fee increase for the majority of the residents within Charlotte. They fall within tier 2, 3 and 4 category. That is those properties that have an impervious area 2,000 square feet or greater and that would be a 41 cent per month increase on those. The reason why I'm showing the tier 2, 3 and 4 in FY10, the County went to a 4-tier  
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system so they actually break down their fee a little more into four different categories. We still only charge two rates, one for less than 2,000 square feet and one for 2,000 square feet and greater. The FY14 total fee includes not only the City portion of the fee, but the County portion of the fee which is charged to every resident throughout the County and then an 85 cent administrative fee for the billing. What I used here just to share with you what those rates would be, is the FY13 Mecklenburg County Storm Water fee because I'm not sure what they are going to do with their fee this year. I think they are proposing no increase at this time.

Councilmember Mayfield said is there any way for us to look at the administrative fee because we are receiving calls constantly regarding the water bills. We are hitting people twice. They are being hit by the County, they are being hit by us and it is to the point that the actual usage that they have opposed to the fees, and I understand we need to make sure we have a high quality of water and we receive awards for our water quality, but is there anyway on this end that we can try to offset and alleviate some of these costs because the idea of continuously increasing the rate for that to fall on the citizens is just extremely hard, especially for a lot of our seniors and those that fall in that 60 and below AMI where their water bill is becoming the main bill in their household. They are having to make a choice between some essential needs and making sure that the water isn't disconnected, which we've had calls where people were hit with extremely large bills that we have to then go back and try to negotiate and try to offset to assist them. Has there been any discussion around what can be done to alleviate some of this financial pressure on the residents?

Ms. Smith said related to the 85 cents, we would definitely have to work with finance on that. That is part of producing the bill in the system, the software that is in place to maintain all the bills so we would have to work with them on that piece. We can certainly follow up on that and see.

Mr. Autry said so we have different tiers of ranking Storm Water but two fees, correct?

Ms. Smith said the County has four tiers, the tier one, tier two, tier three and tier four and we charge the same fee for tiers two, three and four.

Mr. Autry said I might suggest that you could have relief with those seniors etc. if we had a fee structure that represented more about what the impact of the impervious surface was on the system.

Councilmember Cooksey said I owe it to Ms. Smith to take the blame for that in that staff did come before Council about 4 or 5 years ago with that very suggestion, the same year that the County went to the four tiers, but as we were in the earlier stages of the recession the impact would have been to raise Storm Water fees on roughly a third of the households in Charlotte by 40 some percent. I take full either blame or credit because my point of view on busing back against that and other joined of course, but I was pushing back on that a good bit at the time. To be honest I have been waiting for things to get better because I prefer the idea of a tier system based on percentage of impervious surface, not an absolute measurement and the system we have in place is one of absolute measurement of impervious surface. That is an unfinished business item that at some point Council will have to confront again I think, but on our side, just by way of the background, we stopped consideration of it because of recession concerns and the County went ahead and did theirs. Have I covered the history satisfactorily?

Ms. Smith said yes, it was FY10, the same time that Mecklenburg went.

Mr. Autry said if we are looking for more capacity to take care of more project it should be something that we should consider going forward.

Mr. Cooksey said at the time the proposal was a revenue neutral one and I think the County did it roughly revenue neutral as well. The transition was designed to be revenue neutral so it wasn't about shifting the tiers to gain more revenue it was about where we distributing how the revenue was gained based on the amount of impervious surface. I wouldn't look to a four tier system as necessarily as bringing in more revenue, it is just about distributing where you get the front more equitably.

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#### **IV. Financial Partners and Outside Funding Request**

**Interim City Manager, Julie Burch** said our next topic is Financial Partners and Randy is going to lead you through that conversation.

**Budget Director, Randy Harrington** said I'll try to bring us home. I don't have a PowerPoint presentation for you this afternoon, but I would like to make some overview comments about what is in your packet and what we have received so far as requests. Ms. Burch did mention that these are requests we've received and these aren't recommendations, we're just passing along the requests that we've received for Financial Partner and Outside Agencies. As you recall the City does fund Financial Partners and Outside Agencies and often times these are non-profits to help provide various services to the community. Some of these include support for high priority Council initiatives, like the Charlotte-Mecklenburg Housing Partnership. Also provides funding that compliments various departmental services such as United Family Service Victim Assistance which is now called Safe Alliance, which in some cases works with our Police Department as Community Enrichment Programs. An example of that would be the Arts and Science Program.

The funding for Financial Partners and Outside Agencies comes from – really we put them into two buckets. One are those that are funded from the General Fund, those being from general dollars as well as specific dedicated revenues such as to municipal service districts and Charlotte Regional Visitors Authorities which are based off of formulas. Then the Neighborhood and Business Services financial partners which are funded from CDBG and home funds as well as the Innovative Housing Pay-As-You-Go funding in the City's capital program. The packet before you includes one page summaries of the agencies and in those summaries it provides an overview of what the financial partner provides in terms of services to the community. It provides a brief overview of some of the performance information, it also includes some financial information of prior and the history of what they requested along with the very bottom of the page includes what the requested funds, if they requested an increase, what those funds would be applied toward. As far as new request the application deadline for financial partners for the General Fund is January 8<sup>th</sup> and at that time we did not receive any new applications, however, we did receive two additional letters funding requests after that and we have included that as a handout at your place. One from the eNOugh for Domestic Violence Awareness and another one from Carolinas' Carrousel and the letter that we received is provided to you as FYI.

As it relates to a couple other special notes, as you know the Charlotte International Cabinet, back in October you received a presentation from the Lee Institute regarding their findings and recommendations to transition the Charlotte International Cabinet into an agency or office within the City's budget or a City department. The Charlotte International Cabinet Board did affirm that recommendation in the fall as well and right now City staff is reviewing that and continuing to evaluate that. The City Manager will bring forth a recommendation on that a little bit later in the budget process, but I just wanted to inform you that that is currently being reviewed. The After School Partners, we do have 8 new funding requests under the After School Program and again those are going through the review process and evaluation and a recommendation on those will be provided in the future as part of the City Manager's recommended budget.

If you want a brief summary, on Page 29 provides an overview of the current Financial Partners and what they have been funded at as well as the new one that have requested additional funding and that provides just a basic overview.

Councilmember Mayfield said when the presentation was made regarding the Charlotte International Cabinet they were also looking at doing some consolidation because we have a position out there which is Chief of Protocol that works with our International. I want to see if I could get a little bit more information because I think there was a conversation where it was decided that that may be rolled under but that conversation didn't necessarily include the department or individuals that worked in that space to make sure that this is a good fit. We've seen where we have merged a couple other departments that someone thought might be a good idea, but on the ground it hasn't worked out as well as we thought it would. I would like to get a little bit more information on that because when it was presented it was presented in this overview, but I think we need to really look at is that a role that should be rolled into the

International Cabinet and if so what is that going entail moving forward since this has been a standalone position since 1995. I want to make sure that it is not something that is going to hurt us moving forward since we are working to build better and stronger international relationships.

Mr. Harrington said we'd be happy to provide some additional information. I do have Brad Richardson in the audience and I don't know Brad if there is anything to add to that right now, but we can certainly follow-up with some additional information.

**Brad Richardson, Business Services** said I prefer the latter.

Councilmember Kinsey said I see on Page 29, it is very helpful to have this year's budget and then they have the two-year request, one for 2014 and one for 2015 and the change of course if from 2013 to 2014. When we look at our budget and approve it are we automatically approving the 2015 request? Are we doing a true two-year budget or not?

Mr. Harrington said as part of the two-year budget process Council appropriates funding only for the very first year and then the second year is what I would call an endorsement of the plan. It is simply a plan or starting point for the subsequent year, but of course we come back with any tweaks or changes and Council does have to approve that second year in the second year.

Ms. Kinsey said I think if we are "endorsing" that second year that makes it a little bad if we don't do anything about it the second year and in some cases I don't know that we can. I thought that was what you were going to tell me, but I wanted to make sure.

Mayor Foxx said create an expectation.

Ms. Kinsey said I think that is what we are doing and are we doing it with anything else, with any of our departments?

Mr. Harrington said in terms of?

Ms. Kinsey said create the two-year.

Ms. Harrington said yes, all City Departments as part of the two year process will submit a budget for the two years. That is what we will present to you and the Manager will present that as part of the recommended budget, a two-year budget.

Councilmember Barnes said as I look through the financial partner information I noticed that the difference between the current funding levels and the requested levels is about \$1.3 million and within that there are a couple questions I had for you and then there is a broader issue I want to talk about. With regard to Center City Partners, I think this is a simple typo but under their prior year accomplishments they list 115,772 new retail establishments in uptown. Is that really 115 or 11.5? That is that Mr. Harrington, it is under that first bullet point on Page 36.

Mr. Harrington said that does appear to be a high number doesn't it?

Mr. Barnes said if you could get clarity on that. On Page 38, the CRVA one of our favorite topics, there was a note under performance that their target was to consume 6.5 million occupied rooms for the year and 34 million square feet of convention and exhibit space being used and the actuals were 6.1 million rooms and 18.7 million square of convention center exhibit space used. I wanted to know what happened to create that shortfall in light of how great we all through last year was going to be. Also the customer satisfaction survey fell short and I wanted to know what were the underlying issues and responses they received from visitors that resulted in that number being lower. They also failed to meet the MWBE number and I want to get background on that. Also with the YMCA Community Development group they had a target of 100 families being served and the actual was 93 so are we to assume that there were fewer families that needed help than we thought? That appears to be the same for the advocacy piece. The target was 100 families and they served 93. They note that a \$15,000 increase would help them serve an additional 22 students.

Mr. Harrington said that is correct. That is part of the Y achievement.

Mr. Barnes said that is accurate, okay. The bigger issue that I wanted to talk about is in the HAND Committee we've been dealing with issues related to supporting families and homelessness etc. something the Mayor brought to us during the various Housing and Neighborhood Development Retreats that we had last summer and fall and a number of these requests mirror what we heard about 3 hours ago in HAND so we are trying to meet the same issues in our budget on the CIP side in HAND and the same stuff is popping in our operating budget here. It seems to me that we need to figure out which one it is going to be because just to give you guys the background, we discovered today that the CIP request for affordable housing, etc. went from the \$60 million that we were discussing last year to \$68 million and there may be an additional request of \$10 million for something else. There is some growth occurring in the budget and what I'm worried about here is a duplication between what we talked about as HAND Committee and as the whole with the issues the Mayor raised and some of us supported and raised and in these requests being made by the funding partners. Again if you could clarify those issues and I'm fairly sensitive to it because no-one ever asks for less money. I think CMS asked for \$11 less than they did last year, otherwise the requests seemed to be more except for another one and with the Out of School Time Partners I think we agreed on, per the ED Committee and Budget Committee \$1.24 million for that and the request totaled \$3.2 million. Obviously we have something to resolve and then the two new ones that we talked that Mr. Harrington mentioned are an issue, but I just point that out to the Council because it is something that the Out of School Time Partners will become a political football the way it did last summer and I hope we can address it early on.

Councilmember Fallon said in view of the fact that we will go into sequestration and it looks like it and we won't be getting the money we expect and we won't be getting the money from the State, is it possible for people to hold the line for a year?

Mr. Barnes said Ms. Fallon during the major downturn a few years ago we did that as I recall. I think Mr. Hall was the Budget Director at the time, but we actually kept the funding levels of the prior year and in fact we cut them 2% so people kind of knew they had to adjust and obviously we can always propose something similar this year but some of these I think we should pay a bit more attention to.

Ms. Fallon said I'm not proposing to cut, I'm just saying hold the line.

Mayor Foxx said can I offer some perspective on this too? I'm sensitive to what you are saying Mr. Barnes because we could spend an unlimited amount of money on some of these issues and still not make a dent in the problem. We are in the throes of a tsunami that only seems to be getting more intense. Let me describe a little bit about what I mean. The recession knocked out 27,000 jobs in the City of Charlotte in two years and we struggled to get our numbers back up. I think there are actually more people working now than there were back then. The workforce is bigger than it was back then which means that the percentage hasn't changed as much. But just think about what is happening in the last few weeks. Unemployment benefits, and I'm not talking, forget politics for a second, I'm just talking facts. The State of North Carolina has cut unemployment benefits from 26 week to 22 or 23 weeks and what that means is that the prospect of extended unemployment has been eliminated in the state. If people can't get extended unemployment benefits the way they have been up to this time, and my concern is that those lines at the soup kitchens and in those shelters is likely to get a lot longer because of some of the things happening at the state level and this is a theme we are going to keep talking about over and over and over again for the next couple of years, as decisions get made at the federal level I think it is going to get more challenging there. As it get more challenging at the state level, guess who the citizens are going to look at. They are going to be looking at you and me so I hear you but I think one of the counter ways to look at it, if things were just static that would be one thing, but I just think things are going to get more challenging and it is probably at least wise for us to at least look at the possibility of creating more capacity at some of these backstops where we not actually decrease the number of people that are homeless even if we build homeless facilities because of how rapidly people are going to be falling off the wagon. But if we don't do something the problem is going to get worse so I think we will continue



having the conversation. It is actually very good policy conversation to have but I think we are in for a tough ride. I'm sorry I'm so upbeat today!

Councilmember Cooksey said two things, first of all bus route on Highway 51 and debit card at the fare box which I pretty happy about. Actually I had a question about the answers to Council questions. Are we ready to move on to that or do want to deal more with Financial Partners. I don't want to cut that conversation off. I need to continue a cliché phrase and I want to channel my energy on Mr. Autry in this case. The answer to question 2 about alternative fuel vehicles, Page 50, said that today in 2013 we have 876 flex fuel vehicles. Don't really expect the answer to the question now but what is life without asking a question in response to the answer to a question. How many of those flex vehicles are actually using the E-85 as opposed to are just capable of it and are still fueling up with 10% ethanol or less? I would be curious to know because we've bought this and they can run on it. I don't know where to buy it so are we buying E85 for them or are they just ready for it when it is available?

Mr. Harrington said I'll be happy to provide that for you.

Mr. Cooksey said do you approve of the question John?

Mr. Autry said absolutely, and Tyvola Road and I-77.

Mayor Foxx said this is not a budget related statement but he is not here with us right now but I think we all owe Councilmember Dulin a great debt of gratitude. He has been in Raleigh for the last two days carrying a lot of water for us and when you see him tell him thank you because he has been a great soldier for us on this Airport issue. I also want to thank staff, Dana Fenton has been doing an awful lot of work. Julie, Greg Gaskins, Bob Hagemann there has been a lot of them out there toiling over this and I know there is a lot of disappointment in the action the Senate took today, but it hasn't been for lack of trying. I really wanted to say that.

Mayor Foxx said this is the first of three and this is a good conversation. Ask all of your questions, see you tonight.

The meeting was adjourned at 4:51 p.m.

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Ashleigh M. Price, Deputy City Clerk

Length of Meeting: 1 Hour, 39 Minutes  
Minutes Completed: April 15, 2013