The City Council of the City of Charlotte, North Carolina convened for an Annual Strategy Meeting on Monday, January 13, 2020 at 8:32 a.m. at the Washington Duke Hotel, in Durham, North Carolina with Mayor Vi Lyles presiding. Councilmembers present were Tariq Bokhari, Edmund Driggs, Larken Egleston, Julie Eiselt, Malcolm Graham, Renee Johnson, Matt Newton, Victoria Watlington, and Braxton Winston II.

**ABSENT:** Councilmember James Mitchell

**ABSENT UNTIL NOTED:** Councilmember Dimple Ajmera

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**Opening Thoughts and Establishing Meeting Goals**

Mayor Lyles said [Due to technical difficulties, there was no audio of this portion of the meeting] policies to implement it. There are a couple of things that I wanted to do today; I've been working with Julie on Council Committees and one of the things that I would hope that we would do, and I think we have a way to do it, there were two things that we didn't have in Council Committees that I think is really important. One, and I think this came from Braxton and Tariq when they said we have 34 appointed Boards and Commissions and they send their reports to the Clerk, and I just noticed that the Clerk passed out the Board Report today. We are going to divide those Boards and Commissions by topic related to our strategic goals. Now, not everybody is going to have something strategic, some of them are just process-oriented and they do things and they do work, but there are some of those Boards that should be feeding into the work that we are doing, particular around violence interruption, around transportation and mobility so we will be getting that out. It just didn’t roll out really quickly once we started talking about it. The second thing about Committees and this is one that has been rolling around for a while. On Saturday, Taiwo and his team did a full day on the 20/40 Plan at the UNC-Charlotte Center downtown. There were over 200 people there. They had a session on housing, they had a session on wealth building on the west side, they had a session on placemaking, and in that room, they asked people to get up and talk and those neighborhoods were talking about what we are doing in the 20/40 Plan, but particularly they were talking about where they live and what kind of place they want to be. I think that is the kind of process that we need to have Councilmembers attend and report back to us to tell us what is going on. There are only 11 of us so, we can’t all go everywhere but if we actually divide this work that we are doing, particularly around with strong community engagement so we can have a pulse on what people are saying I think that will make a difference. For example, it is now called Transportation Planning Environment and what is the last thing? I tried to make it TAPE or something like that, but it didn’t work out very well, but we need to go from TAP to TAPE or something like that. That process of where Planning is out talking to hundreds of people to thousands of people, we need to get some feedback. So, working with the Committees, I think that is going to be another thing that the Committee Chairs can work to design a process for each Committee member to participate in those activities as we are going along.

We will be getting that information out. I know that Julie will work with me but, after that, it is kind of like you guys decide the best way because everyone in here is unique and brings a different skill set. We do need to have participation in what communities are saying.

Finally, I know that that we spent all of last Monday on violence and what is going on in our City and during that time I was very disappointed. How many of us listen to the news roundup with Mike Collins on Friday? The first thing that I heard is oh, this is all stuff that we knew before and I was pretty disappointed because I thought the message at the end of that meeting was that yes, we knew all of this before, but we have to have a different approach to it, that is around being community-focused and evidence-based. So, it was like a foundation or level setting for everyone so that we could go about our work differently. So, I was disappointed, but not really, because I listen to it every week and I’ve learned how they just, it is a big picture and it is a radio show. It is just that, but we’ve got to do the big work and I think the Safe Communities Committee is going to do that.
dive, but if we need to talk about that we will try to figure out a way to talk about it today, but right now we have some other major things that we haven’t spent the kind of data analytics on. Particularly, our strategies around transportation and mobility, our strategies for financing, what we are going to be doing around sports and entertainment, all of those things that we need to talk about.

Then the final thing I was going to say, I don’t know who wrote all of the staff briefing papers, the pre-reads, but they were a wealth of information, they were really well done, and I say thank you. I’m going to need to be able to read them a little bit more; there can’t be a test on it today guys. I don’t know who put it together, but no test today. We are doing a lot of work and it showed in that pre-briefing work, so I want to thank the Manager and the team for putting that together. With that, I’m done, any comments, any questions, any suggestions for the day?

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Understanding the Past, Looking to the Future

**Marcus Jones, City Manager** said in the next few minutes before I turn it over to David, what I would like to do is thank you. I know you are saying why is he thanking us for an Annual Strategy Meeting? I use that term, not Retreat, but Annual Strategy Meeting because what this does for us is that you establish goals and we are able to implement during the year. With that level of understanding of what is important to you, it makes it so much easier for us. So, what I would like to do, and I think Julia Martin is in the room, is give you a couple of documents that show your hard work at the 2018 Annual Strategy Meeting as well as the 2019 Annual Strategy Meeting and our strong desire is that same type of blueprint will happen through this meeting. I will use Councilmember Winston for an example, and it is much like a playbook, thinking about putting the playbook together and we are able over the course of the year to implement the plays and Councilmember Graham, over the course of the last week I’ve heard him say big things, big things and we await those. It is amazing, I think the Mayor has already renamed the meeting from Moving Charlotte Forward, Building A Connected Charlotte to Go Big. So, from a staff perspective, we are ready for that, we welcome that.

In terms of the 2018 Annual Strategy Meeting, you will see that there were a number of short-term, medium-term, and long-term goals and what we have is somewhat of a report card against those. Our strong desire is again for the 2020 Annual Strategy Meeting is to have that same short, medium and long-term perspective around some priorities that the Council will come up with over the course of the next few days. In terms of the 2019 Annual Strategy Meeting, we really have some of what I would call unfinished business and I believe Councilmember Winston asked this during the Budget and Effectiveness Committee meeting that Councilmember Driggs chairs, and that is what are some of the things that were asked and not completed. That is a tough pill to swallow for a City Manager to come to you today and give you a number of “to be determined” items. But we want to make sure we don’t do that next year. We are going to come back to you quarterly and report progress as it relates to anything that comes out of the Annual Strategy Meeting. With that said, that is much of the playbook for us, what we would love to get out of the meeting as well as our commitment to you to continue to work the Plan from 2018, the Plan from 2019, and the Plan that comes out today. I believe Jason; we kicked off the 2019 Annual Strategy Meeting with a video. Is there by chance, just maybe something in your back pocket that just maybe a little something that you could queue up to get us started?

A video was shown.

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Rules of Engagement and Meeting Norms

**David Phillips, Facilitator** said I will be your Facilitator for the next two and a half days. I run an Innovation and Training firm in Charlotte called Faster Glass and what we do
primarily is help people and organizations on how to see and think differently so they are then better equipped to accomplish whatever it is they are trying to accomplish. I bring that up because this idea of seeing differently, particularly being the year 2020, is kind of obvious pun there; there are some things that I want to share with you very briefly to help set the tone. We call it sharpening the ax; it is from an Abraham Lincoln quote, you may know this where he said, “If I were given eight hours to chop down a tree, I would spend the first six sharpening the ax”. So, preparing to be successful because as the Mayor said, the work you do throughout the year, but particularly, when you have this much time together in a Strategic Planning Session, big things come out of this and big opportunities, but those opportunities can be lost as well for not really paying attention.

So, with that said, I want to share with you three framing questions we have found to be invaluable for any group of people trying to accomplish big things. And what we know and what you already know from the world of learning, if you want stuff to stick you write it down. It is one thing to hear it, it is another thing to write it, so I’m going to strongly encourage you to write these things down. Number one is this; “what is the problem?” That is critical and you know this. In fact, everything I’m going to share with you right now is stuff you already know, I just want to make it top of mind. You got that down? Scratch through it; that is actually not a very good question. There is a better question and it is this; “What are we trying to accomplish?” What are we trying to accomplish, a much better framing question than what is the problem, and here is why? For some of us when we are presented with a problem, we get locked into solving that problem, and sometimes that leads us to solving the wrong problem. So, if instead, we ask what are we trying to accomplish, it allows us to zoom out and kind of broaden our frame, broaden our focus to help us make sure we don’t spend a lot of time-solving the wrong problem. That’s number one. What are we trying to accomplish?

Number two, is “how might we?“ That language is very, very specific; it is not how could we nor is it how should we, it is how might we because the word “might” implies possibility. Again, from a framing perspective it broadens your solutions at how might we solve for X. If my car won’t start because the battery is dead, if I get locked in to solving for a dead battery my solution set is very, very limited. I could jump it, I could replace it, I could call AAA to come help me, but if instead, I ask what am I trying to accomplish; if I’m trying to get to work my solution set is a lot bigger. I could walk, I could take the bus, I could get an Uber, I could skateboard, I could moonwalk, but how might we allows us to think more broadly or, as I just heard, to think big or bigger.

The last question is this, “what else?” Now you think of this as a sequence; what are we trying to accomplish; how might we and then what else? What else simply ensures that we don’t stop at the first good answer or in your case the first good goal we come to. Because what are the odds the first solution, the first goal you come to is the best one? What else at least forces you to think, ooh, that is a really good idea, but what else might be an even better idea that we won’t find if we don’t look for it. So, what are we trying to accomplish, how might we and what else? If that language is not already part of your toolbox, I think if you find incorporating that, just in your conversations with one another today and tomorrow, Wednesday and beyond, I think you will find them valuable.

Councilmember Ajmera arrived at 8:52 a.m.

The second thing is this again because you are thinking big and this just goes back to human nature, we are all human, is that you don’t let what you know, because you know a lot, especially those who have been on the Council for a while, and even though those of you are new to the Council, you still know a lot, but don’t let what you know limit what you can imagine. Don’t let what you now limit what you can imagine because it is really easy to get locked in and start hammering around, well this is what I know we can do.

The last three things are really just more administrative in nature. You’ve got post-it notes and sharpies at your table. When we start going through the exercises, we are asking you to capture things. I’m going to strongly encourage you to write on the post-it notes with the sharpies for a couple of reasons. One, if we don’t capture it, It is like it never happened. Two, by putting your ideas, your questions, your concerns, your goals, your what have
you on post-it notes it allows us then as we process this information, and we are going to do it together, allows us to move things around, to cluster ideas, to rank them, to rate them, etc. And doing it with a sharpie ensures that it is readable, it also forces you to be concise. It is hard to write a paragraph with a sharpie, but it also makes it more readable when we take pictures of this and type it up, it is to make sure that we can read it and get it back to you.

You already know this, we have a timed agenda, all the different segments are time-boxed but, those are always estimates. Here is how much time we think is sufficient for this particular segment. Of course, there is no way we can always get that exactly right. With that said, anytime we go over then it means we’ve got to take away time from something else and I won’t always know, in fact, I can’t know when you are on a conversation that is worth continuing and when we need to pull the plug. So, what I will do is ask is this worth continuing and I need you guys to weigh in because otherwise again, it is the opportunity caused to continuing this means we’ve got to give something else up.

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Goals for 2020 and Beyond

David Phillip, Facilitator said are we ready for a successful Retreat? The first thing on our agenda is read to the Councilmembers; you’ve got five minutes or so to stand up, take the mic and share with your colleagues what are the big things on your mind, what are your big goals, what do you want to accomplish as a member of the Council? However, you articulate that is completely up to you. Then we will take a short break and after that, we are going to categorize those goals on different time horizons. so, we will need to do that with those magical post-it notes and sharpies. So, as you are thinking about how you are articulating your goals as Councilmembers, either as you are doing it before you do it, or during the break capture those things individually on post-it notes, just one discrete item, one discrete goal, one discrete question per note again, so we can move things around, group them, cluster them or what have you.

Mayor Lyles said last year when we did this there was a little bit of confusion about the big buckets and we limited it to three and under the big buckets, there were a number of initiatives, strategies, programs that all needed to be studied, funded or some of them didn’t happen because they didn’t rise to the top after the strategic effort was written down. I just wanted to make sure we were all good on that this year and just make sure that we don’t have any confusion that the things underneath the line would be done for review but things above the line were the things that we wanted to accomplish over all of the goals.

Mr. Phillips said absolutely, and again, just as a quick go around the room, what are your goals for the year, then we going to start to categorize these things across time horizons and then late this afternoon the last thing we will do is around themes so, what the themes that emerge from your goals? We already have five buckets, five themes in our back pocket; if they fit those great, if there are others, great. We will see where we go but then back to your point make sure that we understand where we are headed and how we make the most of this information. So, with that said who would like to start?

Councilmember Eiselt said my big above the line one would be to invest in our bus system to make it more efficient and connect people on a more timely basis. Get more people to use the bus. It would be investing in a way that operationally and from a capital standpoint, we’ve got more buses on the road, we are getting people to use the bus. It helps to justify moving to electric buses as well, but we need to understand that those are both huge ticket items and so, how can we incorporate both those visions to create a more efficient bus system that connects people and gets people where they need to go on a timely basis? And also redefines what we would consider to be affordable housing because of it.

Councilmember Driggs said I’m going to be very focused this year on the 2040 Plan because I think it is completely transformational. It’s got to redefine basically how we do
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all of our zoning; it will have a big economic impact and it will set a course in terms of what the City is going to look like in the future. So, we need to be sure to get it right and my concerns there are that we balance properly commercial interest with the aspiration that we have for the City, quality of life aspirations. We have big congestion problems that I hope we are going to tackle in the course of the 2040 Plan so, there are many dimensions to it but as I say it is a onetime effort, it is huge, and we need to get it right.

Councilmember Johnson said my big-ticket item or above the line is the affordable housing and strategic development. What that means for me is to keep the residents in mind so as we are going big to keep the strategic development as far as the infrastructure and also inclusivity when we are building, we need to consider those who are disabled and mentally ill and homeless. Just to keep the residents of Charlotte in the forefront in our planning.

Mr. Phillips said there is a principle in the innovation world called thinking left-handed. It is shorthand for thinking about people who are not like us and there are more than people like us across lots of dimensions.

Councilmember Newton said building on what Ed said a moment ago with the 2040 Plan which is my understanding we will have done this year; September time we will be getting something back, but also the UDO to make sure that we can streamline our rezoning process, make it a little bit easier on us as Councilmembers, identifying funding for our transit projects. Something, maybe having a plan in place for how we are going to afford those; potentially identifying new forms of transit. We were looking at our greenway system with the Cross-Charlotte Trail and maybe we can expand upon that. Infrastructure; there are plenty of lights out across the City. I think maybe if there are ways that we can utilize our departments better to try to identify where those are out maybe even identify areas where litter exist and employ our departments to make sure that we clean that up. Also, link our City contracts to local employment. We might be talking about that here today or tomorrow with Project Piece and some of the other City contracts and projects that we have in the pipeline, but just wanted to make sure that we are taking care of our folks in Charlotte and then finally I have to say it; Eastland, let’s get that done.

Councilmember Ajmera said as we are growing at such a fast pace, we are seeing growth and development throughout the City. What I’m concerned about is if we are not intentional about the development, we will lose our natural resources, especially our tree canopy. So, how do we grow as a City where we are continuing to protect and preserve our tree canopy. We’ve got to look at the Tree Ordinance and overall urban master plan for our trees. Also delivering on our promises with 2030 and 2050 goals for the SEAP that we had set last year or actually in 2018. Circular economy and implementing that and actually seeing the results of the investments that we had made.

Councilmember Graham said I would like to just focus on two words; intentional and taking the big shots, when we talk about neighborhoods, corridors, and communities and that we are intentional about what we do, and we focus on the people that live there. That we focus on economic development and do the big stuff, we’ve got to do that, it fuels our economy, but we also drill down and talk about economic development with a small “e” in terms of incentivizing small businesses, not throughout the procurement program by 10%, 20% by actually putting people in business on corridors in communities and doing those types of investments to our own companies locally. That we connect people through transportation and that we think big. I talked to the Mayor about what is the cost to build the whole system out. I don’t know what that number looks like and I don’t know if that is something, we can do but let’s kind of put that on a piece of paper and see what it looks like. How do we connect through our transportation, our planning, and our zoning, and how all those things are talking to one another? I guess the last four big items would be one, we talk a lot about public safety, but I would like to have a great conversation about emergency management. We’ve got 17 new events in 2021 with 30,000 more people; we are building outside of the center city with mid-rise complexes. The RNC is coming in August so are we funding; our emergency management plan has been updated, are we funding police and fire and medic and all those at a reasonable level that kind of talks about our growth and being prepared? We have to be prepared every time there is a
major event, the bad guys only have to be right once. In short of consolidating government really talking about how we work with Mecklenburg County because every time we talk about something, Councilmember Johnson mentioned it, and it is a county function as well and we have that big conversation that we started back in 1990 about consolidation, not advocating it, but I’m just saying we have to be intentional about how we work together. Lastly, I think I’ve already said it about economic development with a small “e”, focusing on small businesses.

Councilmember Egleston said for the ones that haven’t been said yet I think particularly given my role of chairing the Safe Communities Committee, while I know we have not taken our eye off of community safety at any point in the last two-years, or any amount of time, I think that for all of the wins we’ve had over the last year, I think a lot of people will see the crime in our City, particularly the murder number that we had last year and that is probably the top of mind thing for a lot of our constituents so, I think we’ve got not just prioritize fixing the murder number and the murder rate, but I think violent crime and crime as whole. I think if we don’t make progress on that and people don’t see a focus on that then all of the other wins we could possibly achieve will not be appreciated or not important. Then two, I think for me and particularly given the District I represent, by the end of this term, I would hope that both for Phase 3 of the Gold Line and for the LYNX Silver Line that we would have gotten to a place where we are either fully committed or not to executing both of those and also have a plan in place for how we would fund them. I think we need to be locked in on those sooner rather than later if we are actually committed to doing them.

Mayor Lyles said I have two that are not project-specific, but I think that we need to actually have a thoughtful conversation about how do we empower residents in our City to impact the work that we do. I say that because I believe that people want to participate more, and we’ve not figured out quite how to do it. I know Taiwo’s group is working a lot on that but one of the things from Saturday that I remember the woman saying is that sometimes the majority is just the people that speak the loudest and how do you get the people that are not speaking to participate? So, empowering people in this and I think this is knitting together; what we used to do is kind of infrastructure by district or neighborhood or whatever, but we’ve got to create living by district or neighborhood so, when we talk about infrastructure it has got to include the idea of how do we make commercial centers vibrant for the people that live there, how do we make it possible for people to live where they work and that is just philosophically one. I think we have to be prepared to do two things; sometimes to say no and to be flexible even when we have a plan to change it. I know that is tough because we often have these great plans and people come in and they say we want to do this but, if we have to set priorities we have to learn to say that is not on the list today for a number of things that we are doing so that we can focus our work and get some of these big things accomplished.

So, what are the things that I think are really important? I think we need to look at shifting our housing from rental to single-family ownership. I know a lot of you have met with some of the folks out in Ballantyne but 27% of their houses are under $250,000 and under $250,000 is an 80% purchase. So, what is keeping people from that ability to do that. We did a thousand rentals underway, we will have another probably big batch coming up with seconds so, should we start thinking about the West Charlotte Land Trust and making sure that they are successful? Should we start thinking about where we want to preserve housing so that gentrification doesn’t happen. I think the single-family part of neighborhood is important. Then the final thing I think is funding the transportation. Whatever we decide we are going to have to ask this community for a big step to actually make transportation work. If we start talking about congestion and roads, we talk about buses and we talk about trains, we have to have something that gives the community a foundation for that financial decision. So, those are mine to be. Councilmember Winston said I would like us to put a real focus on systems change and not just looking at points of the system, not just programs. How do we create changes that will be perpetually active even ten-years from now or 20-years from now when none of us are here? I want us to develop an equity lens that we apply to all of our decisions regardless if they are economic development or housing or transit, or something like a
scooter ordinance. We need to make sure that the decisions that we are making are equitable for all Charlotteans and we are not furthering the divide within our City. Lastly, I would like for us as a Council to adopt practices where Councilmembers are spending more time together with each other and other policymakers and elected officials to collaborate on comprehensive policy solutions for all our constituents’ sort of like what Councilmember Graham was talking about, but I don’t think it just limits to the county. We can’t make policy in silos the way we’ve been doing. There are a number of state agencies, there are a number of federal assets that if we work together, we can really catalyze the type of work and the solutions that we are seeking.

Councilmember Watlington said most of the things that you all mentioned is exactly what is on my list and many of these I’ve already shared with several of you in the room. I will just run down it very briefly; essentially, I’ve got four key focus areas that are the same; community-driven strategic planning, affordable housing, economic mobility, and transportation. I would like to explore, when we talk about homeownership and we talk about affordability, how do we extend the aging in place type program to location focused? Obviously, streamlining zoning and permitting is on my list. When I think about investing in corridors and really driving that community leadership like the Mayor was just discussing, that is one of the areas that I really want to bring focus to and help support. It is how do we help the residents who live there determines specifically where they would like to go in that area and to that end, when we talk about corridor revitalization from an economic development standpoint, how do we get very, very specific about not just where the large projects are going but how do we build and create those centers within the corridors and getting very specific on what are the parcels, who are the community partners that we can work with property owners, how do we go about really driving the change in the area as the community see fit? I would like to increase the representation of District 3 specifically on City Boards and Commissions so some of you I’m sure have seen a couple of the e-mails I sent out in that regard. I think that goes back to that community-led planning piece.

The Mayor already mentioned the West Side Community Land Trust and getting proactive about acquiring properties and converting our assets to allow homeowners to increase versus just rentals. Project Piece was already mentioned; how do we connect workforce development to contracts and apply some value add to that the same way we’ve done with MWBE’s. When you talk about MWBE growth how do we build capacity there? How do we benchmark from other cities? We’ve talked about this, of course, Atlanta and also, I think it was Milwaukee that we discussed, how do we go about partnering to increase our opportunity for leverage there? I’m really interested in looking at other tools for raising funds locally as you talk about transportation investments for some of the lower hanging fruit things, so I know some of you, we’ve already discussed the MSD in areas and what does that revenue actually look like and what can we do with it as we await the 90-day action plan in regards to short-term, mid-term and long-term improvements, what is on there that is within the order of magnitude that we could fund through an MSD?

I really need support in Steele Creek so, as we talk about transportation and even as the Mayor talked about being able to say no and prioritize, really, really need support holding the line and getting real clear about what is impactful to us now. We are in a very different situation than we were when we had a lot more land and we could build and build and build. We looked at certain metrics that helped us make decisions that I think it is worth the conversation now to really understand has our situation changed, are we at capacity in certain areas and if so how do we assess that in a way that is impactful for the residents that live there and how does that show up in our ordinance so that we can be very specific about what we are trying to cultivate and where we are trying to cultivate it? I know Taiwo and I have had some conversation already in regard to the UDO and how we really govern that and what our input into planning and zoning decisions?

We’ve already talked about investing in bus transit, park, and ride, bus rapid transit. As far as the Airport we’ve talked about some ways that we can help Airport shift workers get to and from the Airport, especially in off-peak hours. Then, finally, successful implementation of TOD and what does that really look like along our current and future transit corridors? How do we monitor and make sure that we understand and that we are
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leveraging all the tools in TOD box so that, as we are approving zoning petitions, we can make sure that we’ve been thoughtful about how that impacts the community in the future?

Mayor Lyles said we are in the lowest unemployment in our community in a large way and I would like to see us move things like Project Peace to a strategic workforce plan where people that have been in jobs that we can get to $15, to $20 to $25 per hour and to focus on that while we can when the cooperation of the private sector and instead of us looking at how do we fund some of those things, what I think that Tariq is really, that the model that the Fintech hub has been doing, has been where do we plug for the people that need the work that we can find well-paying jobs and not just have it be a training program. I think that is that flexibility piece that I wanted to just note.

Councilmember Bokhari said public safety is the top item for me going down this path that we are already on, especially with the data and the analytics, artificial intelligence opportunities there. I think we are on the right path there and we need to see that one through. Also, within that the work of the intergovernmental stuff as it relates to; we’ve done a lot of great work and there are other parts of this system that are broken that we don’t control so, it is going to be really important for us to get out there and partner with a lot of different folks. My Co-chair and I have already started working on that and picking up where we had left off. Second, is infrastructure, just keeping up with growth, particularly in my district, but across the entire City, we are growing faster than we are kind of putting in that critical infrastructure around it and people are really feeling the pain. So, that is critical; also, within infrastructure the C-NIP process where we’ve started there but also kind of redefining and learning from the lessons we’ve had, kind of creating instead of a list of projects, rather a playbook or things that we can call, things that are living that aren’t something that collects dust over time and that all parts of our City can use in a new model. I think we’ve done some good work there. And then, road, particularly Providence Road. We talk about it all the time, got another rezoning coming up, another one that is going to be the same thing about Providence Road and the traffic. It is Ground Hog Day with that, and it is so impossible to talk about corridors like Providence during a rezoning and what needs to be fixed. If we don’t get ahead of this I don’t know where it ends, but that is something we’ve got to get our hands around, and partnering with the state is the only way to get that done.

Third, and I’m just throwing this in because it’s kind of fits in with roads and Providence, the future of transportation. I would really like to spend more time thinking about as soon as 10-years out or less we are seeing where autonomous vehicles and even flying taxies in Raleigh and stuff like that like we really need to go deep into the RND elements of what is being rolled out that is going to change the way we think about the major bets we make in transit and transportation. I don’t know that anyone is going to be able to know the right answer to that, but it is something that I think we should spend a quality amount of time working with companies like Crews Autonomous Vehicles in California and others like that who literally right now are piloting the things we are going to be using in a couple of years and in a couple years after that cars are going to be coming off the assembly line without steering wheels and I think we need to prepare ourselves and the bets we make as a City on the most likely scenario

Economic Development I think is number four; I think we’ve made a great amount of progress. We have the right to team in place, everything like that. I want to stay really focused and perfect how we go after technology companies, particularly smaller, medium-size high growth technology companies, recruiting them, bringing those jobs here, diversifying our own economy and then particularly also, looking internally in the City to the small businesses that are already in our own backyard. The ones that we know generate thousands of more jobs than the big ones combined that we honestly, and we have admitted pay little attention to. I think really putting that small business lens and resource center around our thoughts there is going to be important to the future of the City. That goes along with workforce development the Mayor said it; I think we have an amazing opportunity to overhaul the P.I.E.C.E. Program and really make this, not a training program that is probably more expensive than it should be, and less effective than it could be and turn it really into workforce development like this is changing lives,
upward mobility. That is the most important thing I think we could do to kind of tie together all the things we’ve been doing around upward mobility in silos.

Amateur Sports, I think there is a lot of opportunity around that. The Mayor pulled me in, and I see this opportunity with E-Sports that doesn’t take a ton of incentive, it just takes us paying attention to it and I think we could have a major economy that drives a lot of revenue into the City. Also, amateur golf and the opportunities around that, but not just bringing that in but also what it can do to change young people’s lives that are in poverty. I know firsthand how important a golf program, a Danner Rater School, but directed towards upward mobility, that kind of thing could be a really game changer. Then a couple other quick hits, affordable housing; I would really like to focus in on the regulatory burden that we have in some of our processes that increase the costs of affordable housing. I love the Boards and Commissions direction that we are going, I think we could unleash a ton of ideas and knowledge and just untapped potential or really smart people in our City that are already volunteering, and we literally don’t get to hear what they say. Keep pushing on the horizontal nature of the City organizations, really connecting the dots and not working in these vertical silos that so many large organizations do and then finally taking a deeper look at the arts and seeing where do we go from the last approach that failed to where we go forward from here because I think we are all going to need to creatively think about what does the new plan look like that our community could get behind.

Ms. Eiselt said I wanted to add one sort of below the line item, and it was touched on by a couple of topics, but with regards to zoning, rezonings, and development. I’ve been talking to Taiwo about this, really finding ways to empower neighborhoods to understand the zoning process and understand how to work with developers because we keep seeing these e-mails about how do we fight the City, how do we fight developers instead of saying how do we work better with them because we’ve all seen projects where neighborhood leaders are organized and they have a base of information that they know that they can work with developers and developers will go to them first before they even try to get a rezoning. They understand that if a neighborhood group is knowledgeable of what is going on and has been working with the developers if they can’t get past them, they are not going to get six votes. I think you see that in some neighborhoods and then you have other neighborhoods who feel so powerless so, we’ve been talking about things like those development meetings, how do you make it more accessible by having them online, giving people a comment period because of them can’t show up when it is scheduled at 9:00 in the morning on a Thursday. So, that whole process is something that I think we need to really think about and help our residents feel that they have more ownership in the process.

Mr. Phillips said before we move to the next part of this; that went a little faster and we started a little earlier than we thought then we will take a break after we get through the first part. Just a couple of quick reactions. One, as I said I run an Innovation and Consulting Firm and one of the cool things about starting your own gage is you can call yourself whatever you want. So, the title I’ve bestowed upon myself is Innovation Provocateur and if you are not familiar with Provocateur it is French for knucklehead. But, in reality, and the reason I bring that up is because part of my role here, obviously, is to keep the trains running on time, but it is to in some ways provoke you and also help you think a little differently, or maybe a lot differently. So, three quick reactions to what I just heard; one, and again, it is stuff you already know but I just want to make it top of mind. One, the world of marketing, there is this phrase that has been around for years is that people don’t want drills, they want holes. So, if you are in the marketing space don’t keep promoting your drill, this many bits, this many speeds, and all these things, it is focus on what people want. The thing about it is they don’t really want holes but what they really want is to hang a picture of their kids or install a new light fixture. So, when you think about infrastructure, transportation, you are the group that has too think about that but for the people you are serving they don’t want transportation, they don’t want light rail, what they want is to be able to get back and forth to wherever they are trying to go. So, there is that. Now you have to think about transportation, otherwise who is going to do it? That is your job but, how you frame those things beyond we’ve got to do transportation better because we do.
The second thing is around this thing of forced multiplication. So, I spend 10-years combined in the Air Force and the Air Force Reserve; my father was a career Special Forces guy in the army. It is easy to think about those guys as the Rambo movies but one of the things I’ve learned from him is again, most of his time was in Vietnam, was this notion of what they primarily did was not the Rambo stuff but was what they called forced multiplication. Yeah, highly trained, 12-man team can do lots of stuff but when they can get the locals and they can empower the locals to do stuff, a hundred highly motivated people, because it is their neighborhood, can do a lot more than the 12 can. So, what ways in this notion of enabling our neighbors is how might we enable them to be forced multipliers? Then lastly, we need to come back to something you said around inclusion so almost every organization, every municipality there is some focus on inclusion. I don’t mean to sound like derisively but for some organizations, it is almost like a check the box thing. Are we inclusive yet, good, great let’s go back to what we were doing? I know that is not what you are about but something that I’ve come across recently that has reframed my own thinking around inclusion and it actually comes from the Microsoft folks, and I know you folks have the digital alliance with them, is they are the Microsoft Inclusive Design Team. It is helping their organization, there are three key principles of inclusive design and the first is recognize exclusion. And it is the question and something that we’ve now incorporated in all of our work is who are we unintentionally excluding. Just because we didn’t think about it. We didn’t think about the lefthanded people or the short people or the people who live way over there and need to get over there. So, if you are thinking about inclusion start with this, who are we unintentionally excluding and see where that may also get you in addition to the other ways you think about this sort of stuff.

Ms. Watlington said can you talk a little bit about how to find the people you are excluding because oftentimes, you are excluding them because you don’t see them.

Mr. Phillips said absolutely and so this is the not so helpful simple answer; it actually goes back to something Malcolm said. It is simply start off realizing there are probably people we may be unintentionally excluding and just by being intentional, thinking about that it becomes oh, alright, we don’t have any lefthanded people in this session, now how do we find them. The answer to that is a longer discussion but the first part, often it is really simple, oh, yeah, who knows some lefthanded people. Great, get them in. But it is just recognizing who is not in the room is a great first step, other than just saying we need to be more inclusive. Of course, we do but how do we do that. The other two principles there is learn from diversity, so actively seek out the lefthanded folks and then the last one is to solve for one and extend to many. Don’t try to solve for all, solve for one and then figure out, oh, that actually applies here and here and here, incorporate these folks and those folks and those folks. I hope that is helpful.

With that said we need to move to the next segment of this where we need to come to a shared understanding about the output, we are about to put on the board. You shared your goals with your colleagues, now what we want to do is to capture those post-it and sharpies but, two things: one we are going to bucket them into three-time horizon buckets. Initially, we walked in saying it is going to be short-term, medium-term, long-term and we would have to calibrate on how we are going to define those because it is really critical that they were all defined in the short-term the same way. However, in a conversation with the Mayor last night, she suggested a slightly different labeling if you will and Mayor correct me if I get this wrong. One, was short-term being 120-days or less, and instead of medium-term it was things that need to go into the budget cycle so, that would be a second category that has a notional timeframe around it, but you guys are all familiar with and the third would be long-term. But I think we said two-years or more. So, that is a proposal for how we bucket our time horizons. Reactions?

Mr. Egleston said one of the ones I mentioned I guess would be hard to fit neatly into one of those boxes because if you are talking about strategy for crime reduction, that is something that we would want to do imminently but, also it is a long-term strategy, it is work that is never done. A lot of these are work that are never done, affordable housing.
Mr. Phillips said great point so, what that also might mean and again why I posted it so our friends here, you may have some things that show up in multiple places, not which one, but then it may be very specific. As it relates to crime reduction, is there some specific thing we want to tackle in the next 120 days or less, great but there needs to be more specific so that the second part of this is once we calibrate on those time horizons is to have an agreement on what is the format if you will, of what we are putting. So, for example, my proposal, what I would suggest is that you make it actionable. There needs to be a little more specific than just say, for example, affordable housing. That is not really a goal, that is a topic and so crime reduction, if there are some specific things and great, this is the thing we should tackle and here is the other thing and then here is the bigger thing. So, how we articulate those will go a long way toward how we are able to structure and prioritize those things. So, another reaction to this time horizon?

Mr. Winston said I was a big fan two years ago when we were sitting in this room, the Mayor introduced two ways of thinking that this kind of quadrant, high impact, low impact, easy/hard, as well as the 30/60/90-day approach and I, think we should really try to focus our work in that 30/60/90-day approach and that we should be structuring the way we meet, the way we talk and the way we handle our business around those 30/60/90-day periods because while our impact of what we do we want it to run much longer than that, the effectiveness of our terms, of our work really 90-days is as far out as we can. So, in those 30/60/90-days we should have structures where we are looking at those points on the quadrant, readjusting, recalibrating, for instance, there are some things that look hard but as we are doing the work in those 30/60/90-day periods, we might say oh, this was a lot easier, for instance, these joint City/County/CMS meetings or review of public land, they look hard here but if over 30-days we are structuring our work in the right way, we are all going to different County Commissioners or going to different School Board Members, we might see that this is a lot easier and this is something that we can move to a different part of the quadrant and we can hit something 60-days from now as long we hit these goals, as long as we touch base within this time period. While that method kind of guided us on our first year, we never built around that and I think if we build around those time periods, we can create processes that sort of automate themselves because we are all falling in line and getting used to it, seeing that culture around it.

Mr. Phillips said just two quick reactions; one is that for tomorrow afternoon’s discussion around transit and transit-oriented development and such, we are going to go back to those three.

Mr. Winston said I think we should do it with everything.

Mr. Phillips said I get that so, I know that is already planned. The other thing there may be an opportunity whether it is here or beyond today, within whatever you put in that short-term bucket that you go back and even more put a fine-tooth comb to it and decide 30/60/90.

Mayor Lyles said thank you for reminding me of that because last night when we were talking and now we have some content and context I do think that the idea of having things within their short-term and difficult or easy and then there is longer-term that is difficult or easier so I think it is a good idea to go high or low and the days, I think that would be better, so, it is a grid that we used last time as I remember?

Mr. Phillips said think of it as three grids.

Mayor Lyles said oh, yeah, here it is. I should remind myself of this so, can we do that for short-term and long-term and do the grid?

Mr. Phillips said we absolutely can; here is the only other thing we had planned to do. So, there is planned and then there is what makes sense for us to do. The other part that we had planned so, this notion of this morning was what are the goals and put them in this three-time horizon. Then this afternoon we walked in with the five categories, but we are going to let the categories emerge and they were things like housing, sustainability, good-paying jobs, community safety, transportation, and planning.
Mayor Lyles said would it be helpful for the individuals to do it as we would do it and then find out where we change this afternoon?

Mr. Phillips said absolutely, but initially, it is just what are those goals and then we figure out where they fit both within the time horizon and then if you want to further map those to impact versus costs, or impact versus what have you.

Mayor Lyles said label what you want us to do and then we can probably figure out how to move it forward.

Mr. Phillips said the first thing though is we have to agree on the labels and so, again, the initial proposal of short, medium, long-term define those, calibrate on those but, then is it better to say short-term impacted by budget cycle long-term? That is what we have to agree on.

Mayor Lyles said high, low, medium impact.

Mr. Phillips said regardless of the timeline.

Mayor Lyles said regardless of the timeline. The timeline comes later after our December meeting before.

Mr. Winston said I agree with the Mayor because even if something is long-term that doesn't mean we are not going to immediately start working on it and something that is short-term we might be able to do something really quick, but we need to keep looking at it long-term.

Mr. Phillips said so it is basically deciding what is the first dimension to categorize on? Do one and then you can layer on the others so, if we don't categorize by the time first, that is fine, but then we have to calibrate on what do we mean by low impact, medium impact, high impact so that we are using those terms the same way. If that is the proposal that we do it by impact-

Mayor Lyles said high, low, medium impact.

Mr. Phillips said regardless of the timeline.

Mayor Lyles said I think it might be okay even if we don't understand or agree on what the terms are; let's just see what people are thinking and let's see how it goes because we can have an opportunity to discuss what they mean. I know that we all have the same yellow cards but maybe if you could just put your initials on it then it would help us sort it better. We bring different perspective and different ideas to what is important so, I think let's just put our initials on the things that we would put in those categories.

Mr. Phillips said does everybody understand what we are going to do?

Mr. Driggs said I still have a concern about, and I've seen this too many times and we put this down and we are going to do this in the long-term. We need to identify certain events or deliverables or observable consequences of things that we do and schedule those and then we need to backfill with sequent of events that it takes in order to make them happen. So, from that would come for the next year a scope of activity that includes things that we want to finish in the next year and things that we are going to do certain steps on in the coming hear but particular long-term often ends up being whenever and if we get more specific about we want to do such and such with the buses, we want to be at a certain place with our buses at a certain time. When you know, and we want to increase the housing stock by a certain amount based on the resources we have and set dates on which we are going to be able to see results from these things and then time sequent them based on those results and as I said, then that will require that we back into the activity that leads up to that result.

Mayor Lyles said Ed; I agree with you, but I think that is the afternoon. I think that is after we hear additional information, but this is to kind of get a scan and then this afternoon we go deeper with where we have more agreement. I don't know if we have agreement yet
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so, let's just throw it out there and then figure out what we would really like to focus on and then go into the dive because it is a lot of stuff.

Mr. Phillips said think of this as a tiered approach or a layered approach; we are first just what are the goals, you said a bunch of stuff now let's get it captured so we can see it and then start to organize it, categorize it because eventually if you don't get to the smart goals and what are we actually going to do, none of this matters. We are not going to start with what are we going to do, it is what are the big things and then figure out what are the things, I think you described it earlier, above the line and what are the details below the line and then you can get to make that happen, what is 30/60/90, otherwise again it doesn't happen. So, one more time; do you want to start with impact? Are you guys comfortable with that? What I think I see is we are good to start with impact. So, here is the deal; what you need to do is to start capturing, if you are not already doing so, those goals that you want to put up on the board; low, medium, and high impact, one goal per post-it note. Then we will take a break and come back start putting those up on the map and then start to see what goes where and why. Then we will start to have those discussion why I think this is high and why I think this is low. Then, again this afternoon we will get even more detailed on whether it is buckets of housing, sustainability, what have you or time frames.

Mr. Phillips said how granular should you be at this stage? I would say more granular is better than less. Affordable housing; I’m not sure how useful that is. Increase affordable housing is more useful, if you have something more specific great, increase affordable housing or distribute affordable housing or whatever it is. I'm going to put the labels up; I just need to know what labels we are going to use. You capture individual items per post-it note; one item per post-it note.

The meeting went into individual work at 9:45 a.m. and continued collectively at 10:06 a.m.

Mr. Phillips said I'm going to ask the Council members to stand up and come to the board but for everyone else, we are going to restart. This was the first cut, the second cut this is very much a hands-on, so we very much believe that innovation is a team sport, but it is also a contact sport. In this case it I need 11 plus one, so 12 of you come up here and see what we have and let's see what it means. If we need to calibrate a little bit more based on what you’ve got up here, then let's do that. Everybody come up at once; I want you all to see what you have wrought so far. What we are looking for out of this is for you guys to see what everyone else has put and where you have either questions or concerns.

Mr. Driggs said why are we even talking about low impacts? We've got too much of these, right.

Mr. Phillips said that is what we need to sort out together. First, just get a sense, and then we will have everybody read theirs off and their rationale. So, Council; here is what I’m going to invite you to do now; each one of you just quickly go through here is what you put up and what was your rationale behind it if it is not self-explanatory. This is your strategy session, not mine. We've got a plan but what works best for you guys? My thinking right now is to have each person read off what you put up there and your rationale behind it if it is not abundantly clear.

Mr. Winston said I was just telling Mr. Graham; I don't really do this part well. I like to talk things out and not really put stuff on paper, but I put two things up. Something I’ve been talking about for two-years, reimaging Council/Manager form to better and more efficiently receive public input and level set adjust the work that we are doing. I put that in the medium impact because I think it can go either way. I heard Mr. Bokhari talking about having City staff taking over facilitating pre-zoning community forums and I think this is kind of part of it. There is a public outreach that needs to be done and we are really the heads as elected that need to facilitate that so that we can get the information back to staff and staff can make more informed advisements and we can make more informed decisions. That can be kind of low impact to a sort because it can just be making our constituents feel more comfortable that they are a part of the process, but it can also be...
high impact. One of the reaction to this data-informed approach to violence, part of the reason why people felt like this was just regurgitating the same information that we had over again because there was no action that came out of it. I think if we had Councilmembers more closely aligned with the process over the six-months we’ve identified four districts that were four specific problems that those District Councilmembers could have worked with staff to do something in those areas so that as this report was coming forward, we could have been able to say this is potentially that can be implemented right now. The form of government that we operate is Council/Manager form and for a long time, there has been kind of a hands-off approach from Councilmembers. Some people think that we should just meet on Mondays or just meet with Committees, I think we should be working more collaboratively seven-days a week with staff to level set because we can’t do the things where we tell staff to do something and they come back six months later and we say oh, that is not really what we meant. We should be working hand in hand with them to readjust. I put on high impact identify streets that can be realigned to form grids and that can facilitate more transportation options. I think that is what we need to do in areas like Providence Road but then if you look around even on East Boulevard and the future, those lines are just not; they are offset so the future development as that place becomes more dense and urban, we are going to have to do real infrastructure work to bring in into the 21st century.

Mr. Phillips said second thing because our next time thing is that we have 11:30 presentation. If we get to it earlier great, is just quickly to understand what you put up here and why. We are going to dive deeper into this this afternoon.

Ms. Watlington said I think I’ve already said all of these so I will go very quickly hopefully. Prioritize key input which is commute time when it comes to zoning. We talk about in so many ways what is actually an impact to the community and having some discussions with the zoning team and C-DOT (Charlotte Department of Transportation). Really, I’ve learned that the way in which they approach zoning profiling doesn’t always incorporate the transportation impacts on the front end. So, C-DOT will tell you well we are basically making magic because it has been decided what box we are working within and I don’t know that that is necessarily always the best case. So, prioritize the key output which is commute time, considering zoning in high congestion areas and so the specific action would be use traffic matrix earlier in the zoning process profiling to better guide project parameters on the front end. I think some of that envisioning happens before we take a look at that. Activate TOD-EX. That one I’ve got a couple in my District right now that are going for TOD (transit-oriented development) as conventional, but I think there is an opportunity to use that hybrid zoning bucket. Leverage stitch Charlotte in similar programs as Marcus has talked about recently to enable community-driven planning is input into the Comprehensive 2040 Plan. STITCH is basically a community engagement effort, it is formal and so how do we direct that engagement to not just talk about high-level kind of community goals but come out of that with this is input into the Comp 2040 Plan. Invest with Land Trust to acquire property to preserve affordability. We already talked about that. Workforce development, the goal being people are skilled and they are working, and they are able to afford a living. Execute the west corridor playbook implementation guide with a focus on job creation, our fair share based on population, growth, and projections in those corridors. Investigate MSD in Steele Creek as tools upon low hanging fruit traffic improvements. Add locational component to aging in place or housing retention program with a focus on forecasting potential location needs ahead of development, the wholesale real estate mentality versus trying to go do work after progress is already begun. Investigate park and ride options in Steele Creek to support BRT. People can’t ride if they have nowhere to leave their cars. Provide option for and grow utilization of the Airport workers program that allows them to have transit to commute in off-peak hours.

Mr. Graham said I kept it really simple; one, an aggressive land banking program along fragile corridors and communities which actually buys land, control the line even if they resell it to a responsible developer. I think at this point the main thing is land control along these corridors so, I would love to see that. To retool our façade grant program so there can be a little bit more specific. We did a façade which is good but most of the buildings along these corridors really need more extensive type of work like HIBC, plumbing, electrical, etc. so if we can add that to the façade grant program, kind of change the gas
in the car, if I can use that analogy from regular to premium, gets to be a little bit more effective and efficient, I would like to see that happen. Lastly, to focus on business creation within our small business development program. It is a procurement based program now, either you want to buy or sell something to the City I want to see that there is a little bit more assertive and aggressive in terms of business creation, actually putting people in the business when we buy these lines, we work with the small business owner, we work with the community development corporation, we empower people i.e. if we wait for Harris Teeter to come on Beatties Ford Road we will be waiting another 40-years. Why can’t we put Vi Lyles in business and work in a distressed corridor [inaudible] work with financial institutions in the community, have her open up a convenience store high level, fresh foods, eggs, bacon and those types of things, put people in business. How do we transfer a company that I know now wants to relocate to Beatties Ford Road and open up a sit-down restaurant, but she needs some help? How do we kind of incentivize that type of opportunity for a business owner to move from one side of town to a distressed corridor that needs that type of service? How do we incentivize that within our tool chest?

Ms. Johnson said I think mine is pretty self-explanatory. It says review the planning and/or the zoning process to include a comprehensive impact study and what that means for me, one of the things David said is don’t let what you know affect the question you ask and because I’m so new I can ask these questions. Like, are we looking at petitions cumulatively like the one we talked about on December 16th? We know that there are 50,000 trips that have been increased or accumulated, but yet that petition didn’t necessarily trigger a traffic study. So, if we can take a look at the development over the last two to five years and see how has it impacted areas like University and areas like Providence Road and areas like Harrisburg Road and really see how the schools have increased and is it time to really take a look at future development and the infrastructure?

Mr. Driggs said high priority I had the 2040 Plan which I believe is kind of an umbrella for a lot of the other topics we are talking about. The things that we write into this plan will determine how we do zoning, it should incorporate things like traffic metrics that are better than the ones we are using today. I mention transportation here; that is obviously key, but it is also at a $6 billion costs, a huge decision that we are making, and we need to think in terms of what else, like what are we displacing by this or what do our finances look like as we see through the Silver Line Plan. I agree that we should invest more in buses as a lower-cost way in the near term of improving the effectiveness of our transportation system and I’m mentioning here sports as well. We’ve got the pending transactions with Tepper. In my mind, the $110 million is really just kind of a down payment on a larger vision that we have that allows soccer to move forward that I would expect there would be many other conversations in the future and that is going to have an effect in the entertainment district and of course in terms of keeping the team. The median priorities, I put housing here because we’ve already made a big investment and that is actually an ongoing effort as opposed to something that calls for a new initiative. We will continue to work on housing. I also put crime in the medium category even though it is such a hot topic right now. The truth is that the crime rate in Charlotte among American Cities is actually not extraordinary so, we shouldn’t take this lightly, we need to be conscious of the human cost but in the national landscape, we are not yet in a critical position as far as this is concerned. Then I mentioned here the tree canopy as well which we have plans for going out to 2050 and I’m not sure we are on track to realize those plans as it stands right now.

Ms. Eiselt said on high impact I mentioned the bus system already. I think others have said it, a comprehensive look at what we can do by investing in our bus system to truly make Charlotte a more affordable living City and incorporate into that the idea of electric buses because we’ve got to schedule those two things out at the same time and you’ve really got to look at what are the capital and operational needs of both working in our SEAP Plan with regards to transportation and just getting a more efficient bus system that people will want to use. Second, is you know Ed; we are working on crime. I don’t think we’ve ever stopped working on crime but right now we’ve got to really talk about how our resources go into the frontend interventions like the different interrupter programs and models that other cities are using but do it within the City/County framework that is being
developed right now and be a good partner in that process. I think that is it for my high impact ones.

With the medium impact, I mentioned before rezoning, empower residents to be more involved in the rezoning process, and understand it better. So, I think that will be very impactful. To what Victoria said, looking at and we've brought this up before, help people understand and us as well, what the overall picture looks like in an area when you are looking to approve a rezoning but give citizens more opportunity to participate in different ways in the rezoning process so that they understand it better. I also agree that we need to really think about how we can take the lead in assessing our arts and culture assets and how those are funded and see if there is an opportunity for us to really make a difference because that is an issue that impacts, that is an equity issue and I don't think we talk about that enough. Consider structure of our Council; Braxton kind of alluded to that, but the Mayor has set up this ad hoc committee that is going to take a look at Council terms and I think that is important because all these things we are talking about are not two-year goals we are going to achieve. We have to really have a conversation led by the community if two-year terms really make sense. When you are talking about a four-year term with overlapping Council terms, we are much better able to address some of these issues. These Council Retreats should be progressive in the sense that let's say whatever we do today and decide today, next year it is hey, where do we stand. How are we doing and there were some progressions instead every other year we are working with a new Council, helping them get up to speed, what is the CIP, helping to explain that so, none of the things that we are doing really have a one-year or a two-year horizon. I think we need help from the community to really address that issue. Another medium impact is developing a scorecard or a dashboard, how are we doing tracking our affordable housing, where are we on the goals that we set out to achieve on that? I had low impact that I guess it got moved over here to medium impact so, I think that is it for me.

Ms. Ajmera said pretty much all of you covered some of the things that I have added here so, first in the medium impact I have circular economy implementation. Last year or the year before Council had invested multimillion dollars into this concept but we have yet to see what the results look like. So, this is not really a policy item or anything from our side but actually, see the results. I know the Manager will probably provide an update on that to see how our investments have resulted into environment sustainability or creating jobs and opportunities in an area. Capital projects planning and implementation; I know when we had a Cross Charlotte Trail issue, we wanted to see all of the capital projects and how they are doing in terms of the funding and are we staying on track or is there anything that we need to be looking at to start planning so there is no budget concerns at the last minute. So, looking at that to make sure that we are not ending up in a situation again where we have a major shortfall. This CBI; Councilmember Mitchell asked me to include this, all of us on the ED Committee. I think this program is continuing but I just wanted to still include it here so that it is in the radar. In the high impact, I have included multiple items that are already in the radar, for example, SEAP implementation that Mr. Driggs talked about briefly. This is not a policy item that we need to address but how do we make sure that we are continuing to meet our goals, especially 2030 and 2050 goals that we have. The same with tree ordinance and Urban Master Plan. With the TOD we had talked about tree ordinance but that was just a very small percentage of the overall area, so we need to look at that from the high-level perspective and how that truly impacts the quality of life for all our residents and look at our Urban Master Plan. Then, corridor revitalization, this is something Mr. Mitchell had asked Committee members to include this so east/west corridor, so we are addressing economic mobility issues. Last, but not the least, plan out a crime reduction strategy. I know Mr. Egleston is already leading on this effort but, really, we've got to have some sort of plan to reduce the crime we are seeing. Where is that master plan and what does that look like so that we can take necessary steps to reduce the crime.

Mr. Bokhari said I only did high impact items because that is how I roll. Amateur sports, we already talked about that; have City staff take over facilitating pre-zoning community forums from developers. This is pretty specific, but this is something that I have seen over the last two years is a problem only for the high drama ones where the community is activating against something, the petitioner is moving forward with it. This would be a high
impact with really a low effort, I think. We’ve talked about this before and I’ve talked to Taiwo about it as well; where it almost has this kind of, I don’t mean this in a negative way, but a fox in a hen house kind of approach where the community is first hearing about something that they are upset and activated against and it is the developer themselves and the petitioner and the representative that are having to explain the City part in the process. It just doesn’t work very well. This could be something for where, maybe not even for all of them, but for the real high drama ones could be a big help because maybe they wouldn’t start by saying City, where are you guys at and they are angry with us from the starting line. Maybe it is more like here is what has been proposed, I think it is cleaner, so it is something to think about.

Providence Road Strategic Plan; if we could really move on putting together a working group in that strategic plan with ideas like I’ve talked to Taiwo about with like density in lieu like we do with density and height in lieu or tree save in lieu. How can we allow them to go above where they want to but also require them to go and impact traffic and congestion? A future of transportation study group, I mentioned that before, but it would be good for us to put together like an RND focus group to go look at autonomous vehicles and stuff and really give us a view of what is coming. That small business really come up with our strategic consolidated approach there so that we spend less time on our favorites like Honeywell and Lowes which we all love and more time on all those small businesses in our own backyard that are making a huge dent and stuff. Continue the horizontal coordination and restructuring inside of the government, particularly, instead of having a net new list of stuff, going back to the things that we’ve already created and connecting them. The whole connection theme, we’ve done all this with affordable housing, we done some stuff with workforce development, transportation; how do we start using of that and connecting the fabric of it to really impact upward mobility? Continue what we are doing with business recruitment, we’ve evolved a lot but really continue evolving that proactive going out and sphere fishing essentially for tech and high growth smaller businesses because we are our own Chamber of Commerce. I don’t know if everyone realizes that Charlotte City Government is our own Chamber of Commerce right now so, if we don’t do it, it is not going to get done. Finally, lower taxes because we haven’t tried that yet. Let’s give that a go.

Mr. Egleston said most everything has fairly well been covered. Instead of putting the ultimate outcomes I put the plan part on mine and said the plan in and of itself is maybe not high impact, but I think the ultimate outcome of having a plan and executing a plan will be high impact. The things that I talked about earlier, the Gold Line, the Silver Line, the plan there; we’ve identified the corridors and started some of the engineering planning and stuff like that, but we’ve got to figure out what the funding planning is. The model that we’ve used to build in the past is not the same financial model we will be able to use now almost likely and so we’ve got to figure out what the new strategy around that is. The longer-term goal is obviously to have those things built and running and people being able to utilize them, but until before then, we’ve got to have a plan so the plan in and of itself, I put medium impact. The same thing here with the crime strategies which has been talked about by a couple people. Sort of like Ed said about housing, it is an ongoing thing, we are creating strategies, we’re creating new frameworks or new ways that we tackle these issues and then they can be somewhat more self-sustaining. We’ve got to identify strategies and programs to help violent crime rate. I think some of that will be part of our budget discussions because a lot of the things that we want to do will require funding so, again, coming up with the funding policy and funding plan there, but also figuring out what we can do that is evidence-based and provable and figuring out what we want to, other than just the violent crime rate, what are the statistical outcomes we want to have as it relates to come so that we can better track our success of failure.

Mr. Newton said this is a medium impact; actually, I think it is probably not all that heavy a list but expand departmental directives, capacity to combat litter and city lighting. I continually hear complaints, not just from my District, but I think across the entire city pertaining to litter and I also hear a lot of complaints about streetlights being out. I think these are some easy fixes for us, maybe not all-encompassing fixes, but we can actually put a dent in the problem if we direct some of our City staff to kind of on a lower level, for example like Solid Waste or maybe even CMPD, if you see a light out, report it. If you see
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Some trash on the side of the road, pick it up and we can start to combat those problems, particularly the lighting problem. We are relying on people throughout the City, the citizens to make phone calls and many of them don’t know that is what they are supposed to do. Identifying and set clearer expectations for developers; I have a lot of questions pertaining to the effectiveness of our plan and whether or not; and granted we are going to be talking about 2040 Comprehensive Plan, we are going to be talking about the UDO and I think those two policy frameworks are going to solve a lot of the problems, but in the meantime, we are receiving a lot of rezoning requests that exceed our own plan and I think we can do a better job of nailing down what expectations are and in that regard, I think also address some of the concerns that we’ve encountered in the community. I think our neighborhoods and the voices within them are very important and I don’t think we are adequately addressing the concern by placing the burden on the community. I think what we need to do is instead of saying how can community member better work with developers, I think the question might be how can developer better work with community members and I think that all starts with us setting the expectations, so we know, and the community knows that those expectations won’t be exceeded and that is the baseline. I think that maybe the concern or some of the discontentment arises within communities.

Moving right along, reassess definition of transit to include; I think I mentioned somewhere identify funding sources for City transit projects and I talked about the Silver Line, Gold Line, and the Pink Line, apparently, there has been some talk of connecting the Silver Line over to Eastland, Taiwo; does that sound familiar? Maybe 40-years down the road. But having said that, at least in the interim seeing how we made a preliminary commitment $50 million for the Silver Line maybe what we can do is start to identify additional funding sources or some sort of plan over the coming years to ensure that these projects do get built so we can fulfill our existing plan that we have in the first place. And then of course, maybe what we can do is reassess the definition of transit altogether and I feel like we started to do that. I don’t know if we’ve actually put that in place but when we funded the Cross-Charlotte Trail recently we looked at it as a transit corridor and it makes a lot of sense for us. It is low costs for us, it is low costs for the citizens that will be using it and it is also ecofriendly and I feel like what we can do is we can direct more of our attention to areas of Charlotte that have the most transit need and as we wait for some of these large scale transit projects to come online we can make some smaller-scale investments and create some greenways that will meet the needs of the communities that have that need the most. I think that might start by us really reassessing or reimagining what we considered to be a transit corridor. Then again, maybe even go one step further. If we are talking about being aspirational here during this Retreat, maybe go one step further and say maybe some of these areas could be TOD Districts as well. We can encourage come development in the immediate vicinity of those areas that we are looking to do around our transit corridors.

When we talk about crime, I think we can identify at-risk youth and social service networks to help those youth at a very early age. The statistics we saw last week indicated that many folks in the range of 18 to 35, and I don’t know if this was violent crime altogether or if it was just our homicide rate, but 18 to 35, those were the folks that were offending and I look at that and I wonder if you are 18-years old and you found yourself in a position where you’ve committed a homicide, you are facing the charges, potentially a conviction on your record, where does that leave you for your future? So, ultimately, I think this is a problem that we have to start to address at a very, very early age. We do that by ensuring that Social Services and the networks are in place to provide a support structuring system for at-risk youth, particularly youth and so our Opportunity Task Force Report identified two specific areas that we could look at to encourage and incentivize upward economic mobility. The first one was early childhood education and I think we touched on that a bit last week, but the other one was a strong familial unit and what that means is support structures at a very early age at home to make sure that folks have those opportunities, aren’t failing through the cracks and maybe have aspirational goals in their lives. I don’t know if we could drill down on this, but I think we might find some of those things very lacking with some of our young offenders and if we can target that then I think we would really behooving ourselves and doing ourselves a service to underscore or to combat the crime that we are seeing. Create a framework plan for building better communities to counterbalance lacking infrastructure and combat crime. What I think I’ve heard even
today is we need to catch up with our lacking infrastructure in the areas that are being developed. Maybe what we need to do is get on the frontend of this and say we need to scale back a little bit of some of our development until our infrastructure actually catches up to support it in the first place. Maybe what we can do, much like a scoring system that we have with our locational policy and I think Julie was talking about some sort of system or some way that we can categorize the needs. Yeah, a dashboard, I think when it comes to some of the decisions we make for development maybe we can have a dashboard there so it is not just a one-off, so we know how things score inasmuch as infrastructure, transportation in the immediate vicinity and our ability up front to support the development rather than us coming up and finding ourselves in a position where we are creating a mess and then trying to figure out how to fix it or clean it up after the fact.

Create a program to place ourselves in the frontend of affordable housing process to target locality and cut down on costs. We do have a locational policy when it comes to our affordable housing framework but at the same time, I feel like we are not doing enough to make sure that we are incentivizing developers to follow that. What we can do is, we can get on the frontend of projects, we can maybe put out an RFP and say this is a particular area, maybe purchase a property and offset that cost to a developer to further incentivize them but get on the frontend and say this is an area where we want to incentivize this particular type of development, put out the RFP, competitive bid process, they come back, we save money on the backend and then we ensure that our policies are followed altogether on the frontend.

I had two other things here; link our city contracts to local workforce through community partners. We might be talking about that with Project Peace, but I think we could do a better job, particularly if we are the ones awarding the contract, to ensure that the people that are going to be building out our contracts, work with our workforce development partners to employ the people that are being trained in those organizations or in those programs. Then finally, I always have to say it, Eastland; let’s make sure that we get Eastland done. Let’s do that this year and to Ed’s point there might be a little bit more all-inclusive in our discussions regarding that, but it will be very nice to have a final plan and something that we can vote on as soon as possible.

Mayor Lyles said I want to take credit for two things; I have two low impact ideas up here; the first one being when we go through the Zoning process, the Zoning Committee, the staff agree to it, on our agenda and by exceptions we let those things go through unless one of the Councilmembers wants to speak to it. We always talk about it from our frame of reference, which is it will save us time, but if you look around that room when we are doing those decisions the number of people being paid for those zoning decisions to sit there, it is a cost of development and we always talk about the cost of what we impose upon people but I think this would help and it means that you could make the decision to vote for it but you don’t have to and then I wouldn’t have to read that long extensive statement. Basically, a Consent Agenda, if you want to pull it to have a comment; the hearing is over but we go through each one of those individually so it is just one of those things that I say it is low impact, but it would certainly decrease the cost I think for a lot of the people that show up.

Mr. Driggs said is that legal?

Mayor Lyles said we will figure that out. The other thing that I had is that we’ve approved Envision our Ride so, it is about bus rapid transit, it is about allowing the staff to go ahead and move forward with that plan because we’ve approved it. I know a number of people have said well, I didn’t know we were going to do 4th Street. Well, it is there, it is done, okay. If it is not working then we can say something about it, but if we don’t try it and it was in the plan; it is sort of like letting some of that stuff, the flexibility, the creativity, following the plan I like. The other thing is just generally, almost everything that I’ve put up was covered by one of you guys so I’m not going to go through it but again, I think what we’ve got to look at is where does innovation require flexibility? Sometimes our look is what we currently do today, and I say that particularly around, I hear Project Peace a lot; you remember Project Peace happened as a result of the death of Keith Lamont Scott, but when we’ve been talking about economic development, we’ve been talking about
workforce involvement and pathways for work for economic opportunity under out plan. I think again, let’s remind ourselves to be current for innovation and to be flexible to realize that what we did in 2016 was in reaction to an event and that what we are trying to do today is to carry us through the long-haul.

Mr. Winston said I just added two things high impact; one, make public transportation free and we need an opportunity zone strategy asap and that is under high impact.

Mayor Lyles said I would like to see us have an opportunity zone decision from the federal government.

Mr. Winston said the investment is happening, there is definitely rules that need to be done, but the investment is happening and there is no one city, no municipality, there is no entity that has figured out a best practice for it. We need to figure it out for ourselves.

Mr. Phillips said just a couple of quick reactions. Again, making something top of mind you already know because if you are going to go big that means you’ve got big plans, big ideas, big things so two reactions; one around the innovation front. We do a lot of work for-profit, non-profit, government, academia and what I’ve learned in that space, in the for-profit world fear of innovation is always about fear of wasting money. In the non-profit world, it is very similar, but it is fear more of I don’t want to be seen as wasting or being a bad steward of the dollars, we’ve been given, or granted or earned or whatever it might be. What I’ve learned in government, particular local government especially, because you guys are the ones who really get stuff done, is when you are wrong you are in the news, you are on the paper, on the TV, on the radio and so depending on how that message of being innovative which means being willing to make mistakes is how that message gets transferred all the way down to all of your staff matters. Because if they are afraid of making a mistake then they are going to stay way away from that line, way away from it. Now you want to make mistakes cheap and fast, not long an expensive. If you are not willing to do that then you are unlikely to be innovative solutions. The last thing we need to do with this before we move to our next scheduled thing which is our presentation for Mark Vitner from Wells is, I need four volunteers, two on each side of this, from our Councilmembers, to come up and take the first pass at clustering these into categories, housing, transportation or what have you. I think it is safe to say that we don’t need to spend a lot of time categorizing the low impact items; we have these two. Perhaps something could be moved but what I’m going to ask is two Councilmembers to take the first stab at low and medium and two Councilmembers to take the first stab at high and again, just categorizing these; these kind of go together, these kind of go together and the last thing before we do that; I don’t know if you noticed this is, you can’t spell Eastland without Ed. It is right there.

Mr. Phillips said we are going to accelerate things just a little bit since we are ahead of time, we want to stay that way. There are a couple things I want to point out, one, thanks to my co-facilitator Braxton Winston, we have a parking lot which I neglected to position. If you have other items that don’t fit into whatever we are working out at the moment, there is a place for them. Two, it is hard to do any kind of session like this without somebody saying hey, do we have any kind of toys or something, some sort of manipulatives at the table. We’ve got that however, it is not your normal stuff, you should have multiple packets of model magic at your tables. Model magic is just another form of play dough, but it is cleaner, much cleaner, doesn’t leave residue on your table or your hands. Here is the deal; you are planning for the future of Charlotte so instead of me bringing in some preformed toys, make your own. Make whatever you want with them, if that just helps keep your hands busy while you are thinking and listening, great. It is totally up to you but there are resources available at your tables.

Lastly, before I invite Mr. Vitner up to talk to us about the economic outlook of Charlotte just one more top of mind thing, especially as I look at some of these big things you are either suggesting whether they are aspirational, or we’ve got to do them; I’m reminded of something; how many of you are familiar with the books and podcast “freak economics”? We had an episode years ago called the cobra effect and they were basically talking about unintended consequences. So, some of these big things might be very well awesome but
they might have such negative unintended consequences that you wouldn’t want to do them or you do them and you only oh, crap, I wish we’d thought of that and you certainly can’t think of everything in advance but certainly another question to ask similar to who are we unintentionally excluding, it is what else might be a consequence if we do this that we may not want. It is just a way to start to help you look around corners that it is impossible to [inaudible] around but it may help you identify things that in hindsight should have been obvious or people would have said you should have seen that coming, but you didn’t. The cobra effect story is Colonial, India, the British Governor of Delhi said you know what, we’ve got too many cobras in this city and so they instituted a bounty. It is carrots some sticks, it is incentives that we will institute a bounty, you bring us cobra skins we will pay you and all the people said yea, and some of the people said ooh, we could farm cobras, basically let’s raise cobras to get to a certain size, cut the skin and go get paid. The governor realized the people were pretty smart, no more bounty on cobra skins. So, then the people went oh, I guess we should let these cobras go. True story and by order of magnitude the problem got much worse than it was had they done nothing initially. It is something to always have in mind, if we do this, this might be awesome, but it might create something else that is way worse than had we not done it.

Economic Outlook

Mark Vitner, Senior Economist Wells Fargo said it is great to see everybody; I wish I had been able to get here last night, but I needed to be at home at least one night in a week and so I got it last night and went to see “Come From Away” on the last night it was there so it really good. I’m going to talk about the Economic Outlook in kind of broader terms and then talk about Charlotte and things are really good. I can make the economic outlook really short if I just said things are really good but there is still a lot of concern as to what is going to happen going forward. A lot of the headlines and I was here in Raleigh last week giving a talk on the economic outlook for the Triangle and I said you know if you turn on the news, the voices have gotten to be kind shrill on some ends and I have people come up to me and they are worried about recession. I said the only worry that I have about recession is that it looks to be such a low probably in virtually every economic forecast that that begins to raise concern to me, when nobody is looking for it, maybe there is something we are missing. But looking at the economy going from bottom-up, top-down it looks to me like surprises this year are likely to continue to be to the upside. The economy is likely to grow faster than expected. Our most recent economic forecast resulted in significant upper revision to fourth-quarter growth which we will get in a couple of weeks, but we had been expecting 1.5% growth and now it is 2.6%. That is a pretty big change and for the year we had been expecting 1.9 and now it is 2.1 so smaller change. Even with the employment number that came in a little soft on Friday, we added 145 jobs or some down or revisions to the two of the prior months, we only need to add 103,000 a month to keep the unemployment rates steady. So, if we are adding more than 103,000 a month the unemployment rate is headed lower. There is an awful lot of good economic news; more good economic news that came out since I made the forecast, so it is actually a little dated, but we tend to be conservative in our forecast. The economy grew 3% percent back in 2018 and we slowed to like 2.3% this past year; about two-thirds of that slowdown was in the manufacturing sector and the manufacturing sector was most exposed to international trade and we saw that the volume of international trade declined last year, and it primarily emanated out of the trade war and it was not necessarily just between China and the United States, but China’s economy slowed. It slowed more significantly than the US economy did. China is the number one market for motor vehicles in the world. They buy 25 million cars a year, we buy 16 million, and even for a company like GM; GM sells more cars in China than they sell in the United States, but their auto sales have fallen every month since the first tariff announcement was made. What happened with that is that weakness fell most heavily on Japan and Germany which are big auto-producing nations. Their economies weakened; that is why interest rates came down because German rates came down because their economy weakened and that is what caused our long-term rates to come down because pension funds, insurance companies, ordinary investors are looking to get your yield. They bought out treasuries because they were higher than the German treasuries which were negative and that is what brought about that short inversion of the yield curve that we saw over the summer.
It was a very unique situation where it was weakness outside the United States. When you look around at the US economy other developed nations, US economy did not slow as much even though you could say the trade war started with us although even today after we’ve added tariffs according to the world bank, if the rest of the world would lower their tariffs to US levels economic growth would be considerably stronger. So, if the rest of the world would trade as freely as we do economic growth would be stronger and so, I don’t that you can say that we started it, but ever since Trump bumped the tariffs global growth has slowed, the US has not slowed as much as the other G seven nations or the other G six and then when you expand it to G 20 the US economy has held up better than that and it has held up better than China. At least the tariffs came on from a position of strength. In terms of the policy environment, when the economy slowed the Federal Reserve cut interest rates three times. That seems to be the appropriate thing when we got into 2019 the expectation was that the Fed was going to raise rates twice. I can’t remember what I said when I was back here, but I know that when I was in Hickory in January we had our interest rate person there and I told her that I’m going to tell the audience that I think the Fed is going to cut rates this year and I know it is counter to what is in our forecast, but it was based a lot of those swollen in manufacturing so the cuts by the Feds didn’t surprise me at all. I knew that our forecast was a little different than that the state of the year though.

They are on hold at least through 2020; I don’t think they will raise rates or lower rates; Jay Powell said it is a very high bar to raise interest rates so we would have to see a substantial increase in inflation. Jay Powell has also said that he believes that even though the unemployment rates at 3.5%, historically the Federal Reserve has felt that full employment was 4.3% or 4.25% to be precise. He said as far as he is concerned, he does not believe that the Federal Reserve has met their full employment mandate and he says the reason I don’t feel that is that wages aren’t rising enough that they are putting enough pressure on inflation that would suggest that we are at full employment and so we are going to continue to maintain an easier monetary policy. He didn’t use that term but that was the implication, easier monetary policy until they see some evidence that inflation picks up.

On the tax side, I don’t really see much change; it is an election year and you will hear a lot of talk. I don’t think there is much change coming either way, either if Trump gets reelected or you get a Democrat elected, I don’t think there is much change coming. Certainly, the election would be in November of 2020; if you have a change in parties, it takes time to get any kind of program through so, if there is going to be any kind of change in tax policy it would more likely be a 2022 kind of timeframe, not 2021. We see the economy pretty clear sailing through 2021. In terms of trade policy, we are going to get a deal with China signed this week on January 15th; the trade deal is likely to be better than what is widely expected. The press has been nearly uniformly negative on this, so they are saying oh, they are going to buy some more farm products. They are going to buy some farm products because inflation in China is horrendous right now and not only is inflation high, but it is hard to get meat, it is hard to get protein in China right now. There are shortages of pork and beef and chicken so, they are going to buy an awful lot more stuff but right now there are shortages and their inflation is relatively high and I think Xi Jinping's comment was are American farmers going to be able to produce enough for them to buy. We have a lot of stuff in inventory although it gets hard to keep things in inventory so pork and chicken, they turn over pretty quick.

That is actually something that I think might add to inflation in the US later this year or in 2021 we may see that food prices perk up a little bit. In China, one of the things they are dealing with is the African Swine Flu which has decimated their pork supply and really the only way that you can fight the African Swine Flu is you have to kill all your pigs and you have to burn all your farms and lots of the farms in China are very small and even though China is a highly regulated economy a lot of those farms in the countryside are loosely regulated so it is going to be very hard to eradicate that issue and have a larger support producer and larger support consumer in the world.

In terms of US households, the data there is pretty good. Now, we've got low, unemployment-income growth has perked up. We've seen that the strongest gains in...
income and I will show you a chart on this in a little bit, are actually coming from folks at the lower end of the income spectrum. At that level wages and salaries have risen 4.4% over the last year and when you look at the upper end, they are up 2.4%. Now part of that is a base effect but part of that is also that we’ve seen a lot of pressure, a lot of difficulty on the part of employers in finding workers to staff operations. I will tell you one other thing and I’ll show you on the graph; about a month from now, a little bit less than a month from now when we get the January employment data, the first Friday in February, there will be revisions that go back to last two years and the data from 2019 will show that we added a half-million fewer jobs than are currently reported. Two-thirds of that downward revision will be in retailing and the leisure and hospitality industry which is mainly restaurants. In retailing is because of store closures and Amazon and on-line retailing and in leisure and hospitality is because folks are having a tough time finding workers because they are jumping to higher-paying jobs and there is a huge shift away from full-service restaurants and even in fast-food restaurants toward quick service. So, kind of the Chipotle model, and in that model, you don’t have as many workers, so you are taking labor out of the question. This is particularly true in New York and California which have passed very aggressive minimum wage laws and so we’ve seen that there has been a real push. So, if you go to New York City right now you will have a real hard time finding a diner, and diners have a different staffing model. Most of the small diners have all closed.

I’ve already mentioned this, the recession risk. They have debated considerably. I remember I was taking my son on college tours and I was in Washington, DC and when the stock market was down 800 points, I think it was August 15th and I had to get back to Charlotte to do an event out at the baseball game and when you do an economic event at a baseball game it is the exact opposite of what I’m doing here. You keep your remarks to three minutes, and I said the one thing about the inverted yield curve, I explained how it had happened nine times previously in seven of those prior instances we had a recession within two-years and the thinking was we’ve got an inverted yield curve, we are going to have a recession, it has happened in seven of the last nine times, nobody ever said within two-years. The typical length is about 16-months if you looked at what the average was. But this period of time when the yield curve inverted didn’t look like those, it looked more like one of the exception or the exception of the late 1990’s when we had problems in Southeast Asia which caused a flight to safety and you had people buying US Treasuries because of their safety and that pushed our long-term interest rates down. In that instance the Federal Reserve cut interest rates three times by a total of 75 basis points, so the same playbook the way we did now. We didn’t have a recession within two years, it came two-years and nine-months later which would put it in May of 2022. I’m not saying recession in May of 2022, but you might just want to circle that month just for the heck of it and say well it would be kind of interesting. On the flip side, instead of looking at historical precedent and what has happened with yield curve inversions, there are few if any notable imbalances in economy; what causes a recession is that things get out of line that we overdo it, we have too much exuberance in parts of our economy and the last cycle it was in housing. Usually, when things are going well you don’t know, but usually, there is a story that helps fuel that boom and that story last time was that we have democratized credit, we’ve made credit available for more people, we are increasing homeownership, that is great, it is an ownership society with all those things, but what happens is my very favorite saying by a non-economist is Warren Buffet who says you can’t tell who is swimming naked until the tide goes out. When everything is going well you can’t see where the problems are but when the tide went out, we saw there was a whole lot of fraud and a lot of homes were in weak hands so, it became a much more systemic issue.

Before that it was the tech stock, it was .com stocks and you heard a lot about hey, it is a new economy. Before that in 1990 it was commercial real estate which was fueled by the Savings and Loans and there were the Savings and Loan crisis. It is hard to see where those imbalances are today. It doesn’t mean that they are not there, they may be somewhere that we are not looking but, in a recession, there is only 20% of the economy that tends to decline. The other 80% of the economy continues to grow. That 20% is home building, commercial construction, investment in plant and equipment, and motor vehicle sales. If you take them one at a time and you look, we didn’t over consume motor vehicles,
light vehicle sales have averaged about 16.5 million units a year for the last three or four years. That is replacement demand. We didn’t overbuild housing, we actually have a shortage of housing which is contributing to the affordable housing crisis that we are in. Now, sometimes we can get blinded by the stuff that is going on around us. How many of you got lost in South End yesterday? I’ve been living there for 27-years and I said we keep following this road, I know we are going to find Tryon Street eventually. It is just amazes me how many apartments that we’ve had but for all the apartments that we’ve seen in Charlotte, this expansion has been extremely narrowly focused across the country. You take the top 16 metro areas where you’ve seen population growth and we are one of those; Raleigh is one of those when the only state other than Florida are Texas that have more than one of those top 16 metro areas in it. Those top 16 metro areas have accounted for 63% of all of the apartments built in the United States since the last recession. You added New York and Los Angeles which aren’t growing from people moving from other states but are growing from people coming in from other countries and it is 85%. So, 85% of all the apartments built in the United States were built in 18 metropolitan areas. The overall apartment vacancy rate is currently the lowest it has been of this business cycle. Rents are rising significantly faster than inflation which is a sign that you are not overbuilt. And if you look at the entire, the overall vacancy rate for rental housing in the United States it is the lowest it has been in 35-years, so we didn’t overbuild apartments, which it looks like in excess. We certainly didn’t overbuild single-family housing. When it comes to commercial construction again, you look around Charlotte and you think gosh, there seems to be a lot of building, particularly, I work in the Duke Energy Center so, people are always asking me, what is that, what is that and it is like there is a whole lot of what is that. We are not overbuilding commercial real estate; it doesn’t mean that some markets don’t get overbuilt, but if you add up all the office, industrial and retail space built in the United States since the last recession it is only 15% of what is normally built in a business cycle. This business cycle is in its 11th year; your typical business cycle last six years.

Vacancy rates for office buildings, industrial space, and retail space, even retail space, which hasn’t had a whole lot of demand are at the lowest levels of the cycle. So, that is not an imbalance. We haven’t had much growth in capital investment; well without those imbalances, it is kind of hard to see how a recession or a serious recession would take hold. Economy doesn’t always work that way; this is the current business cycle, you can see we had one other long one which was in the 1990’s that was a tech boom. The other real long one we had was in the ‘60’s which was the Vietnam War plus putting a man on the moon, a different era, the 80’s was kind of long. Business cycles have been getting longer and I think the reason why they have been getting longer is that the economy has become less cyclical; the less cyclical parts of the economy are now larger parts of the economy. So, our forecast going out through 2021, we do have a little bit of slowing right here. The first quarter of 2020 is likely to be a little bit soft because that is where Boeing has been producing the 737 Max and it has been going into inventory; they are going to shut down production or significantly curtail it. That has got to take about a half of a percentage point of growth off of GDP in the first quarter so, that is a little bit of an issue.

Capital spending has been weak, you see it getting a little bit better. I don’t know if it is going to get a whole lot better. There is a lot of structural reasons why capital spending has been so weak; one of them has been the big move to cloud and with so many companies moving their IT needs to the cloud they haven’t had to buy as much equipment themselves. They haven’t had to hire as much IT staff, and they don’t need as much office space. So, that has curtailed capital spending all by itself. The other thing that has been kind of more temporary has been with global economy slowing a lot of businesses are concerned with what is going on with the global supply chain and so they’ve held off on making major capital commitments until we see how trade is going to settle down. On that score I can tell you that we are going to get Phase I and you know they are going to get Phase I they are going to work on Phase II. Normalizing trade relations with China is something that we are probably going to be hearing about for the next 50-years because the world has never seen a situation that we are presented with today, which is that we have two large economies or another large economy that is the size of the United States operating at the same time and we haven’t seen that and China is state capitalism if you want to call it that, it is a communist country but it is state capitalism. China needs a deal
more than people in the US realized because you have competing interest in China. They produce 50% of the world’s steel using some of the most antiquated technology in the planet that pollutes the heck out of the environment, kills thousands of people in China and in Canada and the US each year because of the heavy metals that are in the air. That is not the way free trade is supposed to work. Those Chinese steel mills borrow from state-owned banks; they never pay back the money, gets converted to equity which disappears, and so they have a negative cost of capital. They don’t have to clean themselves up; they employ lots of people. A lot of those state-owned industries is owned by the military. Xi Jinping is Emperor for life but his life in some part is dependent on how well he gets along with the military so, that makes trade negotiations pretty tough, by the United States being tough in the trade negotiations makes it easier for him to work with the military. It is a delicate dance all around on those ends.

I think the weakness in capital spending is somewhat overstated. This is non-defense capital goods shipments and it does look weak like the GDP chart does. This is our survey of small businesses and our survey of small businesses shows the second-highest number of small businesses planned to increase capital spending over the next year of any time of this expansion. The National Federation of Independent Business, which is another survey of small businesses, is also at the second-highest level. They do their own survey; we have the Gallop Organization to do the survey for us so two different sets of small businesses being surveyed.

In terms of those down revision to jobs, the reason that we know that employment is going to be revised a half-million jobs lower is there is an employment series called the quarterly census of employment and wages and rather than just a survey of employers, which is what we get the first Friday of each month, it is actually a physical count of W2’s which is available with a lag, but the latest numbers that we have are through September, and we could see that things have slowed. The interesting thing is that the IRS provides this data because of tax withholding so it is very good data of wages and salaries. The Bureau of Economic Analysis gets it, and the Labor Department gets it. The Bureau of Economic Analysis, which is called the BEA, uses it to adjust their income numbers in August, they get the data, they adjust their income numbers. The BLS gets the numbers at the same time and they don’t adjust their employment numbers, they don’t release them until February so there is a little bit of a lag. Even though we added a half million fewer jobs we added significantly more income over the last year from wages and salaries. If you look here this is wage growth in industries that are at the bottom 40% of pay spectrum and you can see how much wage growth has accelerated here, it is getting close to the last cycles high and I might say that is kind of interesting because a lot of the construction jobs that would be included in there and we are not seeing that. Then, this is jobs in the industries paying the bottom 40%, they’ve also increased but they are up 3.1% as of October.

We’ve seen a lot of improvement at the lower end of the pay spectrum, very good news. Unemployment 3.5%; I think I had mentioned this before, one of the reasons why the unemployment rate is as low as it is, we measure it the exact same way, but technology has changed. By show of hands, I can see who is listening, how many of you are on “linked in”? With linked in jobs are looking for you before you are looking for a job which means you have less friction along employment and that is one way that the labor market is more efficient.

Another innovation we have is Uber; I take Uber to work virtually every day. I’m trying to minimize my footprint here a little bit. I know it doesn’t totally minimize it, but the guy is going to be driving somewhere anyway. It just makes sense for me because I travel three days a week so paying $240 a month for a parking place isn’t worth it if I’m only going to be using it two days a week, and it is quicker. I always get to talk to the Uber people, and it gives me a real-time survey. Something happened a couple weeks ago and it’s kind of struck me as a fellow drove me home and he just moved here from Silicon Valley and I said what brought you to Charlotte and he said well, I lost my job there, had some severance and was looking around and Charlotte was highly ranked. I said well, have you had much luck looking for a job and he said I think so, I think I’ve got something. I’ve got a second interview coming up Thursday. The next day I’m going to work, I was talking to

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the buy and he just moved here from Los Angeles. It is very different, you don’t see a lot
of people coming from the West Coast, but getting two in a row, but the other thing about
that is that in both cases these are people that moved to town, they are driving Uber to
kind of learn their way around town and they are looking for a job. It used to be if you
were unemployed you were unemployed, you were looking for a job and now you can be
unemployed, you can be looking for a job and you still show us as employed. I don’t know
how much that has influenced the employment rate but that is one of the reasons we have
a 3.5% unemployment rate and we haven’t seen as much wage pressure or as much
inflationary pressure as we did previously because we didn’t have Uber back then. It is a
way for folks, they are engaged, they are counted as employed. In order to be counted
as employed you only have to work one hour for paid or for profit in the preceding 30-
days. Inflation is low and it seems to be losing momentum that is at some source of
concern for the fed although I don’t share their real concern, but they don’t want to see
the United States go the way of Japan where we have a deflationary influence take over.
We’ve seen what they call the “Japanification” of Europe where they are seeing some of
the same tendencies that happened in the Japanese economy happen in Europe. A lot
of this is demographically driven with the growing older population and older folks don’t
tend to buy as much stuff. If you want to see where the economy is headed go visit the
villages. I just went down there for the second time to visit my in-laws. I only saw one
millennial there and she was a waitress in a place that we went to because the other place
was closed, and she looked lost. The millennials have killed golf; they’ve invented top
golf, but they’ve killed golf as we’ve known it and golf courses are going away like they
are in Ballantyne. There are more golf courses in the villages than any place on the planet
as far as I can tell. I do think that the demographics are one of the reasons why inflation
is lower. Older folks don’t buy as much money, so the boomers are retiring in mass,
they’ve got more time to spend but they don’t spend a whole lot. Younger folks, up until
recently haven’t seen a lot of wage growth and a lot of them are carrying student loan
debt; apartments are pretty costly, they haven’t had as much discretionary income.
Younger folks tend to spend 100% of everything that they earn since they haven’t had
enough income to cover student loans and everything else there hasn’t been as much
pressure on inflation and I think that is part of it.

I’m not going to get through every one of these charts because I want to make sure we
have plenty of time to talk and take questions. This is global economic performance that
I mentioned earlier. The United States is in the blue; GAG 20 countries here, the smaller
economies have always been growing faster, but you can see how much they have
decelerated and this is the G-10, the G-2, and G-7 and so that slowdown in those other
large developed economies is what led the influx of investment into our bond market and
brought bond yields down. I mentioned that 80% of the economy continues to grow in a
recession, that is the blue and in the great recession it came down to close to zero, the
black or the four cyclical areas which is homebuilding, commercial construction,
consumer spending on cars and capital spending. We have seen a little bit of a slowdown
in the cyclical part of the economy, but most of that has been in the energy sector. It
actually hasn’t been in manufacturing. For all the troubles that manufacturing has had,
and the ISM index had dropped under 50 there are 464,000 job openings in
manufacturing today, which is the highest number of job openings that we’ve seen in
manufacturing since we started tracking job openings in manufacturing in January of
1990. So, there is an awful lot and if you go to Hickory and you talk to employers in
Hickory, the ones that are very proactive are going to PTA meetings and trying to convince
people that there is a future for their kids if they want to work in manufacturing and talking
about the new jobs that are being created there.

This is commercial construction and this business cycle compared to all the previous
business cycles, and you can see how much less we’ve built in this cycle compared to
prior cycles, even though you will have a hard time convincing anybody in Charlotte of
that. I wish I had a comparable number of that for Charlotte, but it is not available. This is
the apartment vacancy rate; a few years ago, we were thinking that apartments might be
an issue because the vacancy rate was climbing. A little over a year ago Freddie Mac
does a survey of apartment renters and they asked them what are you going to do when
your lease is up and the prior year about two-thirds said they were going to move, some
of those were going to buy a house. In 2018 that survey flipped, and two-thirds said they
were going to renew their lease and we saw the strongest quarter of absorption that we’ve ever seen. So, even though the reason why they are renewing is there weren’t as many options as you would think and so a lot of people are staying in place. The demand for apartments has been very strong. There has been a shift toward rental housing and a shift toward apartment living and urban living by consumers and by young people in particular. I believe it reflects a structural change a technical change and if you think back to economics there is something called the work leisure trade-off and in order to work, you have to pay me enough to give up leisure. What has happened with the evolution of smartphones and really just digital technology, you could even through Netflix and Amazon Prime in there, is that the cost of leisure has gone down which means the reservation wage, which you need to pay me in order to work is higher. Well, the wage is not just how much you are paid, it is how much you net and if you are having to sit in a car for an hour to go to work and an hour to go back there is a cost to that. It is giving up leisure time. People don’t want to do that, so they all are moving back to the cities and they are choosing to rent and rent for longer periods of time.

Now there is another thing and I mentioned this before and it is the one that is kind of amusing in some ways but it is a real shift, is that we are seeing a growing proportion of college degrees are being earned by women and it is very evident in Charlotte, which attracts lots of college graduates and so there is a mismatch where we many more college-educated women in Charlotte than we do college-educated men and because of that we saw that in the employment numbers and the first time that we’ve seen in the post-World War II era where the economy has been growing more women are working than men. Now, this happened in the recession because when manufacturing and construction, which employ a lot of men go down, it is not uncommon for women to rise in the majority, but this is the first time that we’ve seen it at a time when the economy is growing and construction and manufacturing are doing relatively well, and both looking to hire more women too. It is almost all the growth in construction employment since the recession has actually been in women. But that is another factor that has lengthened the apartment build and that people are getting married later in life, they are renting for longer periods of time. So, I think both of those are longer-running trends.

In terms of the housing forecast going forward people are thinking that; when I was riding back yesterday through South End, I saw a sign up somewhere near development, it said it is time to own, South End. That doesn’t mean to own South End, it is time to buy something guys. We do think that things are going to normalize a little bit, but when it comes to single-family starts, I think we are still going to be fairly soft in the coming decade. You have a rising number of millennials reaching 40 every year for the next 10-years and there will be more people reaching 40 than the prior and then it’s kind of levels off. After that, you would think folks would get married and buy a house. This is our forecast going out through 2030; it is something I did for the first time back in 2010 when I looked out 10-years. It is not a forecast I should say, because we don’t have a business cycle in that, it is not meant as a forecast for any particular year but over that time period, I don’t think we get back to a normal level of single-family starts. Apartments are pretty much at a normal level. One of the problems is that the model for single-family homes has changed and it gets back to that change in the work leisure trade-off. People don’t want to live that far out; they don’t want to drive to qualify and the cost of developing real estate everywhere has increased because the time that is needed to get it done has increased. I can’t go to any community that tells me that affordable housing is a problem for them. Wilkesboro; in Wilkesboro, they tell me that affordable housing is a problem; in Harrisburg, PA affordable housing is a problem because it takes so much more time to develop property, and time is money and the regulatory burdens have increased. Some of that is environmental, some of that is very activist organizations that have slowed down development. The next-door apt is sited by a lot of folks and they say it is very easy for someone to download the most activist policies from the most activist, you can take Berkley’s tactics and bring it right home to Harrisburg and that has greatly increased the cost of building homes just about everywhere.

The other thing that has changed; one of the things that allowed more affordable suburban development in the suburbs was that a lot of outlying areas would embrace residential development because they knew commercial construction would follow it. With Amazon
we don’t need as much retail space, we don’t need as many Wal-mart’s, we don’t need as many Target’s, we don’t need as many Home Depots. You don’t get as much housing and with more people wanting to live in the city employers are moving back to the city because they want to hire that young talent and the values of urban office space have gone way up; the values of suburban office space, next to owning retail, has been your worst investment since the last recession. So, suburban office hasn’t been very good anywhere. So, you are not getting as much commercial development in the outlying areas so single-family housing has to pay much more of the upfront costs of new residential development and that has added to the high cost of residential development. Along those lines, I mentioned how much growth was concentrated in just a handful of cities. In virtually all of those cities, housing has become much less affordable. The problem is most acute out west; that is where economic growth has been the strongest and for the longest period of time. We saw this with San Francisco and Seattle really took off because you’ve got Microsoft and Amazon in Seattle, you’ve got more than that there but those two in particular and you’ve got all these other tech companies in San Francisco and so very quickly folks are getting priced out of those markets. One of the markets that folks moved to was Denver and Denver was real hot from 2010 to 2015; one of the fastest metro areas in the country but everybody was complaining very quickly, and said, wait a minute because the houses were cheap for people moving from San Francisco and Seattle, but they became very expensive for anybody who lived in Denver so people in Denver started leaving. Their population numbers began to come out because folks were coming from other places, but people from Denver were saying I got to move somewhere less expensive. I’ll moved to Salt Lake City and Salt Lake City got real expensive, so they went to Boise and so it is all throughout the west all of those markets have gotten very expensive and now they are increasingly looking for lower costs alternatives and you see that Charlotte has become one of those and our home prices are 1.8 times the average income in Charlotte. We are suffering that same malady that Denver is, our houses are a lot more affordable for people that are moving to Charlotte than people that live here and become less affordable for people who live here but because they are more affordable, we are seeing folks move here from other parts of the country. This is the top 50 metro areas is what I have represented by all these bars here. The areas that are in blue have home prices that are two to three times average income in that community. The red is three to four; the green is four to five and we don’t have any that are over five times average income. This is 2019; I have faith in the census estimates but generally the home prices that are becoming so much more expensive that Charlotte has become one of those and our home prices are 1.8 times the average income in Charlotte. We are suffering that same malady that Denver is, our houses are a lot more affordable for people that are moving to Charlotte than people that live here and become less affordable for people who live here but because they are more affordable, we are seeing folks move here from other parts of the country. This is the top 50 metro areas is what I have represented by all these bars here. The areas that are in blue have home prices that are two to three times average income in that community. The red is three to four; the green is four to five and we don’t have any that are over five times average income. 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This is GDP numbers by state; every state in the county has seen economic growth over the last year. This swath, the Midwest which by in large has an unemployment rate under 3% but has an older population and doesn’t have a lot of population growth. It has got slower GDP growth than much of the rest of the country. The strongest growth is out west, and Utah, Nevada, and Idaho have very strong labor force growth in their own right because they have very high birth rates largely due to the Mormon population in those states and that has allowed them to grow at a sustained high rate. The fastest growth in the country, Orlando adds about 50,000 jobs a year; we are around 30,000. This is where we are so one of the fastest-growing area in the country. When you look around at that list and we are certainly one of the fastest-growing parts of the country that is not an identified tech area. People don’t identify Charlotte with tech even though a lot of the growth that is in Charlotte is tech, we are not readily identified as a tech hub.

Looking at population growth the numbers are quite a bit softer here; one percent population growth. This is 2019; I have faith in the census estimates but generally, the census estimates when you get them even though they have pretty good sampling techniques, when you get in that last three or four years of the decade, they can be off pretty considerably for a single year. I wouldn’t be surprised to find out that growth in North Carolina was stronger when we get the actual census numbers, provided that we do a good job with the census. We are still one of the fastest-growing states in the country, notable Mississippi and Louisiana and there were a lot of folks from those two states this past weekend that growth has been as weak as it has been there. Their economies are not as weak as those population numbers are.
This is population growth by percentage since 2010; it still surprises Austin, Orlando, Raleigh there, and then Charlotte right here which we are in pretty good company. We've got a larger base than a number of the areas that are ahead of us. This is the absolute numbers, net number of people moving in versus moving out from other states. We are essentially even; we are just a little bit behind Atlanta in terms of Atlanta is about 2.5 times the size of Charlotte but if you look at the number of people moving to Charlotte versus the number of people moving away Charlotte is seeing about as large a net increase as Atlanta has since 2010 which is pretty remarkable. This is growth in the Carolinas; these numbers are going to be revised in late February or even early March but pretty strong growth here. This is recovering; a year ago they had some storm-related damages that held back employment. This is three percent job growth here using the state's numbers; Raleigh, Cary, and Asheville also really high out there but three percent is pretty strong. This is Charlotte; this is all indexed to the recession; it is kind of interesting, the is Raleigh, the recession was shallower in the Raleigh Durham area. They have one big advantage and that is the State Government is here and they have another big advantage, they've got all these universities here. So, they have a lot of workers that have tenure which means in a recession they just coast on by and so not as deep a recession. They recovered all the jobs that were lost in the Raleigh Durham area before the end of 2012. Charlotte had a deeper recession than most of the state and of the other areas that I have in here, this is North Carolina; these are the areas outside of Charlotte and Raleigh and Charlotte's recession in terms of job losses was actually worse than the state outside of Charlotte. Raleigh, we came back very strong, recovered all the jobs lost in the Charlotte area a year after Raleigh did in 2013. The State of North Carolina by 2014; the rest of the state, excluding Raleigh and Charlotte was all the way in 2018, much slower recovery when you got outside of there.

This is the net migration numbers within North Carolina; you see Charlotte, Raleigh, Asheville, Wilmington, and Durham down here, so it really falls off after you get outside of Charlotte and Raleigh, but the bases on some of those are pretty low. Charlotte job growth as of November, the latest numbers we have 2.4% versus 2.1%. We are adding jobs in virtually every area just kind of defaults with the government numbers. Does anybody in this room think that we've lost construction jobs in the last year in Charlotte? We did not and a friend of mine is Ken Simonson, he is the Chief Economist for the Association of General Contractors and he says we've got the largest drop in construction employment of any major metropolitan area in the country and I said, well it is just wrong. And sure enough if you look at the quarterly census employment numbers it is a five percent increase, not a four percent decline. So, when you do that instead of adding 23,000 jobs on net Charlotte is right around 29,000 net new jobs so it is a big swing because of that error. There are likely some errors on the other side in other places; most of your tech jobs are right here in professional and business services. In terms of population growth, we don't have the numbers for 2019; they are not going to be published for several more months. My sense is somewhere between 45,000 and 50,000 based on the numbers that we have from the state. This shows you where the folks come from and that international migration and natural increase. Until those millennials start getting married, we are not going to get a big bump in that natural increase number.

Let me stop there and open it up for questions. Our tech employment which is professional and tech services, one measure of it, it is one thing that that number is roughly comparable with what you have in the Raleigh area in terms of raw numbers and that is measuring it by industry. I think a better way to measure tech employment is to measure it by occupation.

**Councilmember Eiselt** said is the population growth in the west like Idaho, you are saying that is driven a lot because of how expensive their neighbors are in California, Washington; is that right?

Mr. Vitner said that is a big part of it. In some of those areas like Idaho, Utah, Nevada they have very high birth rates and so they've got a lot of natural increase much more than the US as a whole does. But what has really been driving them has been a shift in tech jobs around the west as folks are trying to find more affordable places to do business.

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and it is also places like Salem, Oregon, and Billings, Montana. In the west, there is a lot of open space between towns, but it had been the small towns that have been growing the fastest and then the other thing that is happening in the west is Las Vegas and Phoenix which were two of the areas that were hit hardest by the housing collapse and they took longer to recover and now they are booming right now. Vegas is going to have NFL football next year and so that has been a big driver for growth. It is kind of a unique situation in Las Vegas because they are really expecting the Rader’s fans to travel from California to Las Vegas, so it is a big tourism economy and it is kind of an add on to that.

Ms. Eiselt said what is driving the population growth in Texas? I think that was the biggest.

Mr. Vitner said that has been a lot of out-migration from California too and I did a thing at the ULI and one of those things I’ve done in my job is I was the Economist for the Cow Chamber which was not a paying job, it was in addition to working for Wells Fargo. In that role, I did a thing where we debated California versus Texas which was a very hard thing to do and the economic development recruiter from Austin was there and he had a stack of RFP’s which were just California companies looking to do business in Austin. It was that high, which is a great visual and so I fell back to country music and just said listen, all your songs about Texas talking about somebody’s girlfriend running off with his dog in his truck, like how good could things be in Texas. Dallas has just been phenomenal in terms of the tracking headquarters. We did very well, and we nearly got Toyota; it wasn’t a fair fight. They were 99% sure they were going to Texas and we were probably their cover bid and it was pretty close. I heard that from a good friend of mine who is in their city management and he said it was really close but the way the Japanese companies work is their compensation is kind of a lifetime achievement award and so they have a lot of older senior management that were going to get paid and when they retired they wanted to be in a state with no income tax and we have an income tax.

Mayor Lyles said earlier you were saying that you had just left an economic development recruitment program for about 50 folks so, can you talk a little bit about what Charlotte’s strengths are in the current environment and what some of our challenges are that you think we ought to be aware of as a body?

Mr. Vitner said I was just down at Water Color; I’m trying to remember the town that they made the Truman Show. Sea Breeze maybe; I can’t remember, it is a little isolated part of Florida at the Southern Economic Developer’s Roundtable and I’m not an economic developer, they all like me and they treat me like one I guess but the big issue that everybody was talking about was workforce. Workforce rural economic development, those were the kind of big themes at this year’s conference and where I think Charlotte really excels is, we are a City where young college-educated folks want to live because there is a lot of fun stuff going on here and so we are attracting lots of great talent.

Mayor Lyles said you mean like Major League Soccer?

Mr. Vitner said I talked about it a little bit because we had somebody there; there is another city that is building a Whitewater Center and I can’t remember where they were but I was like wow and I said you know when we first built the White Water Center there were a lot of people that were pretty critical of it and I said I don’t know if we were lucky or good because it just kind of turned out to be a home run. Who knew that millennials were going to want to go work up a sweat before they drank lots of beer and they were all going to do it at the same place? It was like nobody knew that when we did it, but it turned out to be just fantastic for us. Soccer is kind of a natural; it is very popular with young people. I think that is another home run for us and certainly, David Tepper is a homerun for us. It is kind of amazing that we are getting a Soccer Team and it is going to take the field before the other two expansion teams do. That is remarkable and there are a lot of time when you hear something announced and you don’t have a high degree of confidence that it is going to happen but when he got behind this, we are going to get a Soccer Team. There are a lot of things that we are doing right and the thing that always scares me and I don’t ever want it to be interpreted as a criticism to UNC-Charlotte because UNC-
Charlotte has been a huge force for good in the Charlotte area but we don’t have a Duke, we don’t have a Stanford, we don’t have a Georgia Tech, we don’t have that kind of internationally recognized higher education institutions and as I’ve said to this group, I think we need a tie in and the University of South Florida is doing exactly what I’ve been saying that we need to get a tie in with an Israeli University or some other University around the world. I know you are going to think I’m crazy, but we could have a Cancer Center on par with Duke and our key competitive advantage on that is that we have the Airport and that is the real key competitive advantage. I’m hoping that the Medical School with Wake works out to be that way, but it doesn’t preclude us doing something with another. Getting with Ben-Gurion University or someone who could also help us in the technology sector too.

Workforce development; I think we do as well as anybody does in workforce development but if we can find a way to stand out and to make that a strength that instead of being as good as everybody else that we do it better than everybody else. Then, given the trouble that companies are having finding workers, I think that would really put us at a higher level. I don’t know what all the answers are on that, but we seem to have a lot of the pieces in place. I know that the Community College is a big piece in that, and I can’t wait until we finally have; I don’t even want to call it the streetcar, I’d like to call it light rail that goes on the street. People say streetcar and they think of the trolley and it is not going to be the trolley, but I think connecting all of that together is going to be a big plus.

The other issue and you’ve talked about it a little bit today; crime has become more of an issue and I don’t know, it potentially could be something that sets us back. I work with numbers, so I know that Charlotte is safe City but the one thing that I think is changing a little bit is that crime is touching more people and more people are seeing evidence of it. Where I rented my car to come here, they were tied to one of the tragic events that had just happened, and it gets people to talking about it and that is not what we want to talk about. We don’t want that to be the topic of discussion and we don’t want crime to be either. I wouldn’t say that we are doing worse than other areas but maintaining a safe city is vitally important. I remember some bad incidents that happened in Atlanta and it didn’t stop Atlanta from becoming the world’s next great city, but it did create a speed bump that took them a while to recover from so, that is one thing that concerns me. I will be happy to work with whoever to help do something on the University end and to get out there and push because I really think we need an international partnership and if we don’t do it somebody else is going to do it. Tampa has done it already; Tampa is one of our peer group cities that is now growing faster than we are and I wouldn’t think that they had all the advantages that Charlotte does.

Councilmember Bokhari said we’ve had a lot of success recruiting companies particularly from the northeast and we are seeing also now the west coast and internationally Europe and a lot of that is due to our ability to paint the picture of affordability here and the cost of living. Also, the talent topic and being able to show them that this is where millennials are moving, and we have the workforce development capability. Any other thoughts from the data you look at as to drivers in that and how long is that window going to remain open for us? If you think about New Jersey and that northeast area where it has been quite easy, to be honest.

Mr. Vitner said I would pay a few more calls to New Jersey and Connecticut because I don’t think it makes any sense to do business in those states. I mean if you have an option; and probably Chicago too. I think folks are looking at ways to do business elsewhere. People want to be where folks are moving to; they don’t want to have to sell their workers on coming to work for them. One of the things that was surprising with Amazon’s big decision in northern Virginia because it is tough to get young people in northern Virginia, it is tough to get the workers there. That labor market is tight, and it is really expensive but [inaudible] live there so I think that was a big part of what did it. In November I did an event in Atlanta which was kind of an interesting thing where suddenly they had woken up to the fact that Nashville was a bit of a competitor and so it was Atlanta versus Nashville. They had asked me at the tail end of it and we talked about the things that are making Nashville grow and Nashville is growing; they are doing a lot of things

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and it is funny that a lot of these cities that are doing very well, I remember them coming to visit us to see what we were doing right, and they were like gosh, you need a big financial anchor. They got UBS and now they have got Alliance Bernstein, or soon will, I don’t think they have actually moved there completely, but they’ve got like a 2.5% unemployment rate for all success that Nashville is having and all the buzz that it has when you look at those net migration numbers they are not seeing as many people move there. Housing is very costly in Nashville and so we have an edge on that. In the case of Atlanta: Atlanta is share of the southeastern economy both in terms of population, employment, income has actually grown so while they are worried about competitors, they have actually gained share in the south, so it not like they are falling behind. The other thing about that that was kind of interesting is they asked me what other cities might compete with Atlanta. I didn’t mention Charlotte because I didn’t think it would have gone over very well. I was looking at what the other cities were, and I just ignored Charlotte in that because maybe we’ve become too much of a competitor and I was worried about the blowback that I was going to get from them. The other cities in the south that are kind of there; the Triangle is doing very well. When I spoke here last week I said if you look at whatever list of what you are measuring the Triangle is near the top of that list. The other one is Orlando which is doing very well and the space program; I’ve got to say this, I can’t leave without saying this because the space program is something that a lot of people when they think about space and they think about going back to the moon and they hear about Mars, all that stuff is a lot closer and it is a lot more definite. Hypersonic weapons are already with us right now and in order for hypersonic weapons to work, the only two countries in the world that have them are the United States and Russia because you have to have a viable space program to make them work. We can’t relinquish our lead in that, so a space program is a real fast driver for this. I met with a company called BWXT which Babcock and Wilcox kind of spin-off, used to be in Charlotte a little bit; they are in Lynchburg. They are working on the Nuclear Propulsion System for the spacecraft that will take us to Mars. The timetable on that is just about the same as the timetable as widening I-77 to the south and right now I’m betting on Mars because they are talking about somewhere 2032 to 2034. So, it is an interesting one. I’m hoping that we get the Hawthorne Bridge done before then. I’m going to leave it there but that is one thing that has got a lot of growth.

Councilmember Winston said one thing I will say is Mark has been mentioning, and to Ms. Eiselt’s point earlier about continuity over year over year; Mark has been mentioning this international relationship with an institution and it is something that we’ve talked about, but we really haven’t moved on it at all in the past two-years. Thank you again for mentioning it.

Mr. Vitner said if there is any way that I can help do that I’ll do whatever I can to make that happen.

Mr. Winston said likewise; thank you for coming; economic numbers don’t always tell the entire picture and I hope that we are as a policymaking body, we look between those numbers because economic data for all the economic numbers you gave us that doesn’t really equate to the quality of life for our constituents. A good war will drive those economic numbers up. Poverty is very profitable and drives those numbers up. National disasters as you showed us drives those numbers up so they don’t really tell us very much without critical analysis of what we are doing necessarily well.

Mr. Vitner said there is no such thing as a good war.

Mr. Winston said economic sense it definitely drives up GDP.

Mr. Vitner said sometimes they are necessary, and they do drive GDP, but there is no such thing as a good war.

Mr. Winston said I agree; I’m talking strictly from economics and you showed during the Vietnam War was one of the longest periods of economic expansion. I want to dig into these numbers a little bit and qualify what this means. For instance, you look at this gig economy and it looks good for employment, but I can tell you from firsthand account and
from just looking at the market that gig economy leads to all types of other social impacts and problems. For instance, if Lift and Uber are your job you pretty much got to drive like 20-hours a day to make a wage that works in Charlotte. As you talk about these international residents moving into New York City you also know that is driving natives out of New York City into places like Charlotte which leads to our growth and our stronger numbers but is also pushing people that are native to Charlotte out so where are those people going to go? What is the correlation between some of these wage impacts and these numbers to the actual impact on people? What I see that saying is that while we have expansion in wages on both ends there is still the possibility of increasing that wage and income gap.

Mr. Vitner said those are all great points. There has never been a time where we didn’t have challenges in the economy. I can’t ever remember a time that we didn’t. First time claims for unemployment insurance; a number of people that are newly unemployed is the lowest it has been since the 1960’s and that is great, but it is another number, it reflects real activity but the question that should go off is that when we have good economic times and we are not making progress, a given with these persistent issues. We need to ask ourselves if we can’t do this when we’ve got the wind at our back, how are we doing things, how can we change things so we can take advantage of good opportunity?

Mr. Winston said is the wind really at our back though? If you have two point something percent wage increase at the upper levels of income, but you’ve got the 4.1% is the wind really at the backs of those folks on the bottom or is that income gap widening and is still becoming harder for people to survive, live, and make it?

Mr. Vitner said it is challenging for people at the bottom. It always is challenging for people at the bottom but right now there is such demand for workers that we are seeing that it is putting some pressure on wages, it is pulling some people into the workforce that wouldn’t have had that opportunity before. If we could have the workforce training programs that are in place that can provide a good worker, we are going to attract more businesses at that time and it could be good for the workers, it is going to be good for business recruitment because that is where the economy is. I look at it as an opportunity, but I wish I could tell you just one way we could get it done; there was one thing that we could do but it involves everything. When I look at our list of advantages in Charlotte; we talked about the Whitewater Center but the more important one was the light rail which we may be the last city that has built a light rail system because Nashville turned it down and Raleigh is going to have a hard time getting it there. That increase to mobility is going to pay off for it well.

Mr. Winston said is the wage gap increasing or decreasing?

Mr. Vitner said I don’t know because it depends on how you measure it. There is a good article in the Economist that would suggest that we are actually making some progress at decreasing the wage gap. The problem is when you look at an income gap, an income from all types of sources, people that are making income off of property using stocks, bonds, real estate or whatnot, rapidly growing economy, the returns on capital are far outstripping that because it is highly cyclical they go down 40% in a recession so they go down a whole lot during a downturn too, but I would say that the income gap probably widens when the economy strengthens, it probably narrows when we are in recession which is not necessarily a good thing.

Mr. Winston said how much of that lower-income range increase can be attributed to minimum wage increase across different states that are coming online now?

Mr. Vitner said it is part of it; with the minimum wage and with the gig economy, if I could finish on both of these because there are issues that are upfront and center in a lot of places. California has got an initiative which is maybe addressing it, Uber and I think it is wrong-headed. Uber was started by a group of economist, so I’m a little more sympathetic to the business model but the idea behind Uber was predominantly flexibility. This is just an example of one situation; so, a teacher that teaches nine months out of the year and
has a more off time in the summer might drive for Uber in the summer; during the school year a parent who has a few free hours during the day might drive while their children are in school for a few hours. That was supposed to be 80% of the drivers for Uber who were supposed to be doing this part-time or it might be people that were doing it full-time while they were looking for full-time jobs, or it might be retirees that were doing it for a couple of days to get off the couch. I know that I meet lots of people that are doing that but to do it as a means of support, that is not what it was intended to do. The advantage of Uber is that your typical car is only used four percent of the time so you’ve got a depreciating asset that is not generating any income and you’ve got people that have some free time and so think back to economics what we’re talking about doing is the production possibilities curve and what the gig economy has done is it has pushed the curve out and when you push the curve out the example they use is guns and butter and you get more of both. So, the standard of living for the entire country benefits. If we are going to have limits on the gig economy, we don’t want to limit it in a way that would slow its growth. The same with the minimum wage; I have no problem at all with raising the minimum wage, but I do think we should have a lower wage for seasonal workers. We shouldn’t make it impossible for Carowinds to operate. We should have a lower wage for teenagers, and I insist; my son turned 16 he went to Harris Teeter and he went and got a job because I believe that the skills that you learn as a teenager to show up for work, to listen to somebody other than you father, I think that pays off for your entire life. It is great if he goes to work at Target, they start at $13 an hour. I think there are fewer opportunities that are going to be created when the wages get that high and they are probably not going to be as interested in hiring a teen-ager who is going to work six months and then stop for six months and then work six months. If we raise the minimum wage, we want to raise it in a way that maintains a lot of flexibility in the labor market and doesn’t limit opportunities. But raising the minimum wage, there is room for raising the minimum wage.

Mr. Winston said the question was; you mentioned that higher rate of growth among that lowest income rate is up 4.16%. What is the correlation between –

Mr. Vitner said there is a relationship I believe and it is too soon to know it definitively, but I do believe that there is a correlation, as I mentioned, it has the shift from full-service restaurants to fast-casual as most evident in California and Los Angeles and so there are fewer jobs being created in the leisure and hospitality industry; 160,000 fewer over the last year, but the jobs that are being created tend to pay more. I do think the higher minimum wage has had something to do with that. It is kind of a value judgment in an economy that has got a 3.5% unemployment rate that may not be an issue.

Mr. Winston said again those numbers don’t really tell the whole story about employment and the relationship to people.

Mr. Vitner said to me and my 30 plus years as an Economist, the best way to get work experience is to work. That is the best way to get trained and get skills is to work and the number one quality that employers in North Carolina say is lacking in the folks they interview is work ethic. That is the number one skill; that is something we can address, and that is what I’m addressing with my son and my children with getting a job. My youngest is 15, she is chomping at the bit to go work at Starbucks and they are just like their dad, they want to work somewhere that they can walk to. Work ethic and the way that you address work ethic is getting into the labor market and so if we limit opportunities for people to get into the labor market then I think we are making the problem worse. Then having opportunities; one of the ideas and I mentioned this the last two times and when you are saying with consistency, it is another idea that I’ve had and again, I would be happy to help with this. I don’t know if it is beyond my realm, but I’ve always talked about it to be so beneficial if we had a festival of learning, if we expanded Novella to talk about learning and to me, it would be more like a local international job fair, not job fair necessarily, but you had all your major employers talk about the technologies that they use. If you had someone from the hospital to talk about how an MRI machine works and what it takes because I think there is a huge gap between children that are growing up today and the opportunities that are being presented to them and by the time they find out about those opportunities they are in their 20’s, they’ve moved beyond their traditional schooling age and they feel like it is too late for them to pivot because they are involved
in too many other things. I think if we did that, just for the companies that are here, I think it would work with workforce development and I think it would make more people aware of more opportunities and add to that work ethic because they would know what it would take to get those jobs. That is something that I think could move something that is one of our biggest challenges to being one of our greatest strengths.

The meeting was recessed at 12:32 p.m. and reconvened at 12:54 p.m.

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Building a Great City

David Phillips, Facilitator said we are ready to move on to the first part of our afternoon, our working lunch panel discussion around Building a Great City. I have the privilege of introducing our two panelist, and you may note this differs from your agenda where there were three panelist, we are now down to two. Unfortunately, Professor James Johnson had a flight delay, mechanical delay, could not get another flight and he cannot join us today. I think Brent is now thinking about How Might We still get Dr. Johnson’s input while we are gathered here this week. We are going to figure out if we have some other options around that and adjust our schedule accordingly. We have Deb Ryan, UNC Charlotte Professor of Architecture and Urban Design and Richard Harris, Executive Managing Director; Cushman Wakefield, Raleigh-Durham.

The first thing I get to do is embarrass both of them a little bit so, Deb I read your bio; you’ve done a lot of amazing awesome stuff. Can you share with our assembled crowd just how awesome and amazing you are?

Deb Ryan, UNC Charlotte Professor of Architecture and Urban Design said I’ve had the privilege of working in Charlotte for over 30 years, and if you say that I’ve done lots of awesome things I would hope that I had done something in the last 30-years that was noteworthy. I’ve been privileged to be able to work on the Planning Commission for seven years and chair it year before last and been part of those discussions. But also, through my students at UNCC, we’ve been able to do a lot of innovative projects that sometimes fine themselves into fruition and sometimes they just start good conversations. I have been hopefully a good part of the conversations about how cities grow over the last 30-years.

Richard Harris, Executive Managing Director; Cushman Wakefield, Raleigh-Durham said thanks for having me. It is an honor to be here with you folks from Charlotte that are making some important decisions for your City. I was struck by the fact that someone asked me to be on this panel being that I’m from the Triangle but was told I’m going to speak a lot to the business community. What I’m seeing in terms of the CEO’s and CFO’s that I’m sitting in the room with, what I’m hearing is important to them. A little bit of background on me; I’ve been in the commercial real estate industry for about 25 years. I started on the landlord side of the business and then quickly moved to the tenant side of the business. I started my own company after about 12-years and then sold that to a national company and then I ran the Cushman and Wakefield Office for the last five years, just stepped down this past summer to get my life back, but my intent today is to just be as candied as I can be with all of you about what I’m seeing. I’m also very involved in the various charitable organization; Step Up is one that is near and dear to my heart that has been really successful in Durham and Raleigh, so I do understand the interplay a little bit of community and capitalism. So, I’ll try and be balanced in terms of what I share.

Mr. Phillips said we have a list of 76 questions, and it is really important that you get this right. The format of this is the conversation as well as Q and A from members of the Council. Question number one: Deb, I will direct this question to you and Rich of course chime in. What is the biggest lesson learned from other cities as it relates to managing growth?
Ms. Ryan said I have been on sabbatical since May so, I've been able to travel a lot and so, the last three weeks I was on a cruise in South America and while I was on the cruise I came across this book and it was *The Most Amazing Cities in the World* and so, of course, I flipped through it to see if Charlotte was in it and we were not; Charleston and Asheville were which is sort of interesting. It made me wonder of course what the criteria is, and it is always subjective, but it made me wonder what are we doing today so that we will be that great city of the future? I say that to preface my remarks about what other cities are doing and I think the most important one to me that I want to bring up today, which is probably going to be sort of a weird perspective after coming from my background on the Planning Commission, is that the most significant lesson that I can think of right now is that we don't have to be victims of the tyranny of the normal. That is a term that Terry Shook, who many of you know, an architect in Charlotte, that he came up with, the tyranny of the normal. You know what that is, it is the average, the common, it is what everybody does, and it is what happens when you have design by committee where everybody has an opinion, but nobody has a vision. I think sometimes we have suffered from that in Charlotte and it is understandable because most of these are actually very risk-averse, as we heard earlier because if you make a mistake it shows up on the front page of the paper so, it is certainly understandable. That often comes about I think because of who has a voice and who is in the room and let's kind of think through that for a second about who has a voice. Right now, in most cities, the people who have a voice are homeowners and all those renters that Mark talked about, they tend not to have a voice in the room. So, they cause us not to question assumptions, long-standing assumptions. So, what I want to suggest is that we look at Minneapolis and I know some of you know about what has been going on in Minneapolis; there is a lot of young leadership there like here. One of the things that they questioned was single-family zoning because 70% of their city is zoned, single-family. As they were doing their Comprehensive Plan, they looked through the lens of economic mobility, just like we are, and they said what many people have been saying, that single-family zoning is bad for affordability, it is bad for economic mobility and it is bad for the environment. Yet, for the people who live there, it is not bad for them at all. So, they are the ones who usually show up and I call them the loud and the small because there aren’t that many of them but they sure are loud and speak of their fear of change. We brought up trying to rethink single-family zoning on the Planning Commission when I was Chair a couple of years ago and at that time, this was before Taiwo, staff said absolutely no way, off the table, the community will never hear of it and yet here we are today perhaps giving it some thought. So, what I want to end this question with is thinking about who we are listening to and sharing with you, which some of you already know, is in Minneapolis they have this advocacy group and it is called Neighbors for More Neighbors. I just think it is a wonderful way to begin to reframe our arguments when we think about who we are listening to and why.

Mr. Philips said that is fascinating and I’m not sure if you were here at the beginning or some point this morning, we were talking about one of the approaches if you are looking to build inclusive communities, products, services, or what have you, and environment experiences is to first identify you might be unintentionally excluding. Who is not in the room, who is not at the table and these planning sessions would certainly be another forum for that?

Mr. Harris said I think I would start a little bit more philosophical; I think one of the challenges that anybody in government has is you’ve got 50 fires and where do you send the firetruck. So, I want to acknowledge that it can be challenging to figure out what the priorities are, but I do think the word that kind of saved the day is balanced, meaning that I think it is important to try and be audacious and think without limitations to bring prosperity to certain neighborhoods and that sort of thing, but I also think it is important to keep your eye on the ball relative to what is working. There is a great book by Chip and Dan Heath called *Switch* where he talks about in business and in our approach to problems, oftentimes we are looking at what is not working so we shoot all of our resources to what is not working instead of taking what is working and replicate it. I go back to the idea that there is balanced to be had, that keeping your eye on the ball with
respect to huge employers is really important at the same time that you take on some audacious projects in areas that could use some upward economic mobility.

So, I think one other thing I would point out from being the non-threatening Triangle guy is one lesson I think we learned, and fortunately, this wasn’t another city that went through this pain, and this is not at all by means a political statement because I’m leaving the politics to you guys, but I think the single biggest thing that I saw in terms of a misstep was the HB2 Legislation. I say that purely from a business perspective because I was in more than a few conference rooms where I was dealing with leaders who were asking me how can I sign a lease and bring all these jobs to a place where my employees may not have equity. So, that was a very difficult conversation to have, number one, and number two, I think it was very challenging because it caught most of our business community and even some of our leaders a little bit on our heels. I certainly was taken back a little bit by the legislation and the national attention and I really tried to rally in commercial real estate to have people who had a genuine business interest in this issue to kind of step up and I thought it very challenging. I think business leaders like to be agnostic, put your head down and hide and hope that it is going to go away but it was with us for quite a while and I saw a significant impact, not only to my business as a tenant broker but also across our brokerage group. The numbers were real and so I was calling my counterparts at Jones, Lion, Lasalle, and C. B. Richard Ellis and other firms to say are you seeing what I’m seeing and are you hearing what I’m hearing? I found it very difficult to rally people around the issue because no-one wanted to take a stand. I just think in general it is important to try and keep yourself out of the national headlines if at all possible, particularly for high growth cities like Charlotte and the Triangle. We want people to have no reason not to come here. There is plenty of competition, but we don’t want to have big reasons for people not to come to our cities.

Mr. Phillips said I love it, you mentioned Switch and their concept of bright spots, instead of focusing only on what is not working, don’t forget to pay attention to what is working and how do we scale it and replicate it at least a little different, a little different in best practices. Rich; I want to stay with you because as you just mentioned, you are in a lot of conferences, you are in a lot of meetings with the CEO’s and that is people who are making buying decisions whether it is about should we relocate, should we stay here, should we expand here, and not just big companies, not the companies with big buildings and their names on them but all these other guys, the mid-size and small companies as well. Can you share a little bit about what you are seeing, what you are hearing in terms of commercial real estate to have people who had a genuine business interest in this issue to kind of step up and I thought it very challenging. I think business leaders like to be agnostic, put your head down and hide and hope that it is going to go away but it was with us for quite a while and I saw a significant impact, not only to my business as a tenant broker but also across our brokerage group. The numbers were real and so I was calling my counterparts at Jones, Lion, Lasalle, and C. B. Richard Ellis and other firms to say are you seeing what I’m seeing and are you hearing what I’m hearing? I found it very difficult to rally people around the issue because no-one wanted to take a stand. I just think in general it is important to try and keep yourself out of the national headlines if at all possible, particularly for high growth cities like Charlotte and the Triangle. We want people to have no reason not to come here. There is plenty of competition, but we don’t want to have big reasons for people not to come to our cities.

Mr. Harris said I think the predominant win if you will, I will start with the Triangle is the skilled labor. Obviously, we have three major universities and we have the Research Triangle Park so we have a lot of educated people here and that skilled labor serves I think as our primary engine for why so many folks come here, but when you dig deeper beneath just the skilled labor, I think you also see the cost of living. So, keeping the cost of living down; when we talk about real estate and Charlotte is certainly not that far from Raleigh/Durham in terms of rents we are still a third of the rents in San Francisco. When you start looking at a company that is trying to grow, trying to solve their hiring issues, having the ability to access that skilled labor quickly is probably the single biggest thing that I hear from folks, and then when you combine that with the cost structure, both the cost of living structure and rents for a business, that allows for people to make those decisions. I just represented Microsoft; you probably all have seen in the Business Journal. I know they did a big deal in Charlotte. I represented them on their deal here in the Triangle and that was the single biggest focal point for them was the amazing skilled labor coupled with the low cost of living. They also got a very nice incentive package but that was kind of the driver for them. I do think accessibility, taxes, quality of life, these are all positives and I think the Triangle and Charlotte score very well. You talk about Ashville; they’ve got wonderful mountains, you are dealt a really nice hand there, you guys are just a stone’s’ throw from those and a stone’s’ throw from the beach and so much like the Triangle, we enjoy the ability to do a day trip to the mountain and a day trip to the beach and I think that is a big thing that I hear about as well, the quality of life.
Ms. Ryan said I can pick up on that quality of life and sort of break it down a little bit. So, the most important investment to me would be the quality of life investments and there are the hard quality of investments like transit, obviously, really important, and the hard quality of life investments like good jobs, affordable housing, safety, good education but then there is a soft quality of life issue and that is the natural environment and what I care mostly about in terms of what I do is the built environment. Then there is the social quality of life and so increasingly by my readings is that employers are looking for people that are not just technically skilled but also socially skilled. Because of that, these socially skilled people are going to want social places to hang out and that only makes sense. I'm going to get to what I think that means but before I do, I also want to take about this issue of belonging because if we talk about social relationships and part of what that means is a sense of belonging to your community because it is about those sorts of networks. So, in terms of belonging to a community, the question is how big can a community be, and you still feel like you belong to it? There has been an awful lot of research done for that for hundreds of years in terms of people trying to figure what the ideal size of community is. I will tell you that Charlotte is bigger than the idea by most rankings. That is perfectly okay, but what that means is that if we sort of visualize Charlotte as downtown/uprighton surrounded by suburbs we are no longer that. We are a multi-centric city, but we are almost that by accident because those multi-centric places have been sort of built up through private investment. It is not like we as a City went out said here, here and here are our centers and what is important about that is that, just to back-up for a second, although we are becoming multi-centric from an urban design standpoint there is absolutely no doubt that you need a strong center, absolutely, got to have that before you can start getting multi-centric. We've got that and all those wonderful catalyst projects that you and your predecessors have done for uptown, they are working and uptown is kicking. You don't need to incentivize anything else in uptown because it is kicking. The question is, where is it not and where do you need to incentivize the kind of growth that you want? I would suggest in all those secondary centers that are evolving around uptown but are not yet the beneficiary of a lot of civic investments. Then tend to rely on private investment; now you got lucky in Ballantyne. I live on the north side of town, so you got lucky in Ballantyne and we had a developer come in and say you know I’m going to build a park on top of this driving range. That is awesome, but not many times are we going to have that similar opportunity in other neighborhoods. So, the question then is how and when and where do you start with that second level of investment and what is it. Are we talking about sports and entertainment somewhere outside of uptown? And believe me, I know at one time I would say no, never, never because we were busy building up the strength of uptown, but we've got that. So, where are the secondary centers to the City and one obvious one, and I know this is probably unfair since I don’t teach out there anymore, I teach at the Center City building but out there in University City it is a place that although it has a light rail investment there is no “there” there. There is absolutely no “there” there and if we wait for private enterprise to create one, we may not ever get that. So, what do we need? And I know this is controversial, we need more parks. We need a park in University City. We need a part in a lot of those secondary right, and I know, I’ve been around here long enough to know that parks are county business, but we are 97 out of 100 in metropolitan cities in terms of park space. They are not getting the job done and I’m not going to worry about why I’m just saying that if parks are not on our plate then Planning has one arm tied behind their back because you are asking the Planning Department to create places without the most significant place-making tool in their toolbox available to them.

**Mayor Lyles** said the idea of just having large athletic fields is not a park and what we’ve done is focused a lot on making sure that there were lots of organized places to play but in our City today we don’t have the half-court basketball goals in places, we don’t have a tot lot but there is hope. If you come down Parkwood Avenue, there is a park there in Belmont that has a picnic table, a tot lot; I don’t think it has a basketball goal, but it is a place where their community gathers now and Taiwo is working with the Parks and Rec Commission on a strategic plan and I think what we are saying is the voice that you just articulated is often the silent voice that we need to figure out how to get in this dialogue and conversation. We are really concerned about that because if we are going to have all of these places that Mark said the people are going to stay, they are renewing their leases, they are millennials, they still need open spaces to play, we need leisure places of play.
Deb; you’ve done a lot of work in our area and Rich, I don’t know you, but I’m hoping that you will be able to help with this. Four or five years ago, the Knight Foundation talked about developing “8 to 80 Cities” where cities for eight-year-old and those same cities could have for 80-year old. I hear that parks being a component. What do you see as absolutely essentially to be an 8 to 80 city where you can have every range of the population engaged in what you were just talking about belonging? Help us think about that. I know it is parks and open spaces, but what else makes that work?

Ms. Ryan said the one thing about parks is that if we are talking about urban parks, one of the things we want to do is look at them through the lens of economic mobility and to realize that proximity is perhaps the best thing we can do in terms of economic mobility so that if people’s kids play on the same soccer teams, they go to the same schools, they shop in the same markets, they go to the same restaurants, just that proximity is good for economic mobility and whether that is on a main street or in a park, that is what we want to try to achieve. Relative to “8 to 80 cities” what I read about the grain of America and what millennials want, they are not different at all, they are about where they can spend their leisure time. It goes back to the quality of life, the differentiation that I see by what I read is that the elderly generation cares more about natural resources where millennials care more about built resources because they might want the vibrancy a little bit more. But what both groups want is walkability. A lot of them may want to move to the suburbs but what they want is suburbs that are walkable where there is transit and where there are different housing types so that when I want to downsize I can down the street, stay in my neighborhood but a smaller unit. That goes back to that exclusion in zoning of single-family because it doesn’t allow for those kinds of places where we can walk and mix. I think what defines an “8 to 80” community is choice.

Mr. Harris said I think I would add to that on the walkability and accessibility, it is really no mystery the largest trend that we’ve seen across the United States in commercial real estate has been “live, work, play” and “live, work, play” communities whether they are office developments, we’ve even seen that spread into other forms of development. Mark was mentioning the villages which was really one of the first retirement communities again where this “live, work, play” concept is just abound, but we’ve seen that be something that is very attractive to companies from a law firm perspective to be able to walk downstairs and have lunch. We’ve done the studies to show law firms, for instance, that if they don’t have to go off-site for lunch you save that many more billable hours or whatever. I think that it has been pretty pervasive, and it has been not only a millennial-driven concept; you have a group of people that are spending more time working so, the ability to go just get a quick workout, grab a quick bite to eat or have a beer with the team after work has become increasingly important and valued. When I talk to CEO’s and CFO’s one of the things, they do is they look at it as a part of their benefits package. So, they are saying while it is a $5 a foot premium, otherwise, I’ve got to all kinds of things and conversely, as that space has gotten more expensive an ideal with someone who says, we probably can’t afford to go there, we are going to need to go to the suburbs and what we are going to do is put $3 a foot towards bringing in lunches and that sort of thing. It is really interesting to see how folks are dealing with that issue, but the “live, work, play” piece has been an amazing trend.

I think the other thing from a cost perspective, one thing that was really interesting as the market was accelerating out of the great recession was that we were seeing, particularly in the Triangle, we were seeing a situation where there wasn’t a lot of development. The credit markets were still really iced over and as we started to see demand come back into the market you could almost forecast that there was going to be very little new supply. So, we saw rents go up pretty dramatically, particularly, at these “live, work, play” spaces and at the same time, you will remember that everybody was pretty concerned about the recession. You are kind of looking in the rearview mirror, ooh that was really bad, when is the next one coming. What I saw CFO’s do, which was really kind of interesting, was density. When you looked at the statistics you would see a rise in rents but yet your occupancy costs per employee was level and that is because we just saw CFO’s create this density. You started to have these cafeteria-like seating and all that sort of stuff which is really interesting because that kind of shifted then into co-working. The entrepreneurs that I’m working with today versus 20-years ago, it is very different. These guys and gals
are like just give us a table and we will sit 25-people but you do have bathroom issues and so it is really an interesting problem that the commercial real estate developers have had to solve. I've got a good friend that is a CFO at Brono Software said it is the never cold toilet seat problem, so it is out there, and it is real. Now as cities we need to be thinking about that, not only from the perspective of bathrooms and that sort of thing, but also from the perspective of HVAC loads on buildings; things that are challenging. Just one thing I could throw in there as a commercial real estate guy alongside of my colleague here.

**Councilmember Watlington** said we try to wrestle with this quality of life and maintaining and increasing the quality of life so that we can attract and retain business. Can you talk about maybe some innovation in the tax increment or in the tax incentive space? How do we incent businesses to not only come but to invest in that community quality of life piece? Have there been any new movements in how we attract business in that way?

Mr. Harris said I think so, incentives are a kind of necessary evil if you will at times. I'm going to share a little bit about a conversation I had recently with a very high-ranking household name real estate person, and we were having a conversation over dinner and I was asking the question of is it good to be in the paper receiving incentives? Particularly, if you are a company that is making a lot of money and so we were having the conversation and he said philosophically I hadn't really thought about that and I said well I kind of felt like Amazon's Headquarters debacle kind of changed that. It started off as kind of an intriguing and then it became, I think poorly received. You had a lot of people spending a lot of time and energy; it was like the world's worse beauty contest or something and it obviously didn't do well relatively speaking in the press after that all went down. Then you had several other high-profile incentive packages that I think were not well received publicly, and again people just saying why do these companies that are making all of this money need that. His particular take was we are competitive, so it is hard not to look at incentives when your competitors are playing in the incentive market, but we also feel like we are making decisions to be in places for more than just incentives. You make a great point and I think it is probably incumbent on the folks that are cutting those deals that they really act on the community side of it. These companies want to get involved but they are new to the area so to some extent they have to figure out how to get involved. In our community when I'm working with folks I will try and point them to the local ecosystem if you will that might jive with where they are, what they do like we have several good programs out at NC State and the Centennial Campus where they work hand in hand with the companies that are there on research. Also, CED's and other good example for us the Council for Entrepreneur of Development, which really kind of serves as our regional entrepreneurial facilitation organization. They are not just the Chamber of this particular community, they are working on a regional basis to try to drive value and they definitely benefit from these larger companies that come in and they will grab their CTO and have them speak or something like that. I like your question because I also think it points to make sure that you are nourishing ecosystems in the community, whatever they may be and I'm sure Charlotte has a lot through the financial industry that is so strong in Charlotte. That is an area too where you start to look at what should we be nourishing?

I know coming out of the great recession, one of the things I saw having been doing what I've been doing for almost 20-years at that point, I saws a lot of really good entrepreneurs who couldn’t get any funding. I worked with a group when we established what is called Triangle Range of Partners and that is a classic example of an ecosystem where you have angel capital and this is like another place where you have really good success stories, people that sell their business for $400 million or something like that. It is really important to keep those people involved. Sure, take a vacation, do what you are going to do, but come back into the community and give back and I think a lot of them want to do that. I think that there could be a better bridge for cities to help them do that, to make sure that there are organization, that that are angel capital, that there is venture capital, that you are tracking those type of groups that are then going to be reinvesting in the city and passing it forward.

**Councilmember Winston** said the term walkability was brought up and last week I spent some time in Raleigh and I asked the Lift driver to take the long way back from dinner to...
the hotel and he drove me through Six Forks Road area and one of the things I noticed, not just there but really across Raleigh, including the downtown area, that you all have been able to develop property with activated ground-floor retail and Deb, you know in Charlotte that is not something that we have been able to do very well. I think we need to if we want to have a less segregated city. Why you are able to do that so well, in my opinion, and why aren’t we and how do we fix that here in Charlotte?

Mr. Harris said I will start by saying it is probably no mystery to this room the challenges that have happened in retail in general. We are seeing a tremendous shift obviously, you can have anything in two-days, right, some of it in one-day. That has undoubtedly really impacted the retail world and I think we are seeing a shift now to experiential retail if any of you have thrown at urban axes or the golf stuff. It is interesting to see how things are changing so the first thing I would say is that is a product type that is certainly under transition. I think it is more challenging if you think it is bad in Charlotte, drive to some of the communities between the Triangle and the beach. Some of the parts of North Carolina; I took a tour with Capital Broadcasting as they were developing some property and I was stunned by the impact that Amazon and some of these things have had on that retail. I think that it is really important to sort of rethink that retail because there are certain things that are not a part of the internet economy yet and there are certain things where people value relationships whether it is insurance or accounting or get your car fixed or whatever it is. I think it is important to look at those things and figure out what is working and then replicate some of that in Charlotte. I think in that section of town you are mentioning at Six Forks, it is wealthier area and that is a corridor that has seen a lot of good development. The Cain Development in mid-town in Raleigh; North Hills is one of our showpieces in the Triangle so you kind of had a good area there, but I’ll let you speak to Charlotte if you want.

Mr. Winston said the downtown area too was much more than ours.

Ms. Ryan said what I have always heard through the marketing folks is that Charlotte is over retailed, and we have more retail space than we have the need and it is getting worse because of the national trend of on-line shopping. I think the solution is perhaps not so much to try to solve the problem with retail but try to figure out what other uses might be able to activate the street front. To go to less traditional sources like, and the panacea is always well, let’s just have artist. But I think there is an inversion to them because of their ability to pay and how they will be there and short-term leases, but I think the City can get behind some of that and working with developers to try to find some sort of assistance so that it is not so much of an unknown. I do think we have to widen what it means to activate a street than retail; I just don’t think we have enough of it anymore.

Councillmember Egleston said before we switch off of that question, I would be interested to hear Deb’s take or anybody’s take; I don’t know how familiar with uptown Charlotte. Overstreet Mall is part of the reason that we have – there is a ton of retail uptown, but if you don’t work in one of those buildings you probably don’t know that Overstreet Mall is there. A lot of visitors think there is no retail and they wouldn’t have any idea of all the things that you could buy if you get into that little network of tunnels of sort. If that holding us back and is there some way to kind of reverse that and have it be more outward-facing, still an amenity and accessible to the people in those buildings who enjoy it and utilize it, but more outward-facing to the community?

Ms. Ryan said it certainly has been a discussion on the radar for about 20-years now. You go up there and you walk to the Overstreet Mall, it is a nice uplift, but I don’t know how you de-incentivize that from happening, but it is definitely having a negative effect on the streetscape.

Councillmember Johnson said Richard; one of the things you said as far as rent is that we are lower than Silicone Valley, which is not a great goal. So, if we are not Silicone Valley 2.0 there is another slide that said the average home price is above what the area median income is or what people can afford to buy. How do we as a City, is there a way to balance that out; are the landlords driving the housing market or what are the strategies that can be done from our seats to help balance this out?
Mr. Harris said first of all, to just kind of address your first point; I think it is a good thing to be less expensive than some of the first-tier markets. That is in effect what is driving a lot of the growth that we have down here in the Triangle because it is so much more cost-effective to establish an office. For instance, I will pretty regularly see business owners from New Jersey, New York, Boston even DC that are wanting to come to the Triangle or down to the south because number one the skilled labor that we talked about earlier, but also because that cost of living. They know they can open up an office here and it is that much less expensive, and I’ve got all these great resumes that are coming in. I think in the near term that is a good thing for Charlotte, it is a good thing for the Triangle to be more cost-effective from a business perspective rents wise. I think some of the challenges that you talk about in having affording housing and that sort of thing, part of the challenge you have when the economy is good and we’ve had this nice long run, is that everybody is employed. So, the cost of labor, construction costs, all these things are up dramatically and that is one thing that a lot of people don’t realize in commercial real estate; the cost of building these things moves. In good times it is really expensive to build new buildings or houses because everybody is employed and in this particular cycle I think we are seeing a high degree of construction labor because multifamily is booming, you’ve got residential booming and then you’ve got office and other development booming so this is one of those really challenging times when it is going to be more expensive to build and therefore, more difficult to make it affordable. Then you couple that in this particular cycle again, I want to remark that we were in an extended period of time where demand had returned to the market and no new supply was coming on the market. When I just kind of baseline it out for people who aren’t in my industry, that is what I try and explain and that is why we have seen 20+% appreciation in rents through this cycle. And, as I was talking to our panelist beforehand help is on the way and I say this in the Triangle and I know again very similar markets, we are finally starting to see enough development that I think in three or four quarters we are going to see winners and losers again. I think it is a challenging problem that you are facing, and I want to just reiterate some of the market forces that are causing that to be as challenging as it is right now.

Ms. Johnson said do you think increasing the demand will balance out the housing costs?

Mr. Harris said at some point the economy is going to turn and Mark is the guy making those predictions but I think at some point that will taper down, but right now between the trade wars and the challenges that we’ve got there to materials costs I’ve just seen the numbers that are project development services group, construction managers put out and not only are you seeing much more expensive raw materials for buildings and for houses, but then you add to that the labor and the phenomenon that we are seeing in terms of it being pervasive across all development. In past cycles, in other words, take Durham for instance, it always seemed like in the City of Durham they were developing one product type of the other. They had this massive boom with American Tobacco where the developed a lot of office and then all of sudden they stopped developing office and they developed all this multifamily. That allows for your construction labor and things like that to ebb and flow. I think the challenge we are seeing in this particular cycle is widespread.

Mr. Phillips said our last question and Deb; I will address this to you. What is the biggest challenge Charlotte may need to address in order to build a great City?

Ms. Ryan said a little bit of a long answer to start with a short topic is global warming or climate crisis or the environmental crisis which is looming. The City has done such a great thing in terms of its support for the Circular Economy and addressing what the carbon footprint might be, but I think that what we don’t do is see how that affects our day to day working. What I want to talk about just for a little bit is the relationship between the climate crisis and our rezoning’s because to me they are directly linked. So, you know when a rezoning comes in and what people are concerned about are property values because they are concerned a mix of housing types will sometimes drive their property values down, which is absolutely not true, but they don’t know that. School overcrowding and traffic, those are the three things they are concerned about and unfortunately the three things that we spend way too much time talking about. We don’t ask what the carbon footprint of a new development might be, and we could easily do that as one of the ways
in which we evaluate whether we want a development to happen or not. We spend far too much time talking about mitigating traffic and in fact when we mitigate it, we increase our carbon footprint. What I want to say is that no City has ever solved traffic, nobody ever will and so if you think about Rome, Paris, San Francisco, New York City, you don’t go to those places because you think I can drive them as efficiently as possible, that is not why you go to a city and so you ask yourself what are the reasons I’m going to those cities, what is the quality of the environment there and it has usually nothing to do with traffic. We put up with it because of all the other good stuff that happened, but we don’t ask about that in our rezoning’s. What I would ask is that for a conversation in terms of rezoning are more about experience and efficiency. What experience does this new development create and so can we have a walkability score? Does this new proposed development in some way contribute to walkability or sociability or economic mobility because of its proximity to other things? We have a tendency to say if we have apartments then other new apartments will be good right beside it. So, whenever we start rezoning because of saying this rather than diversity, then we are not getting to the thing we want in terms of a mixed community. The tree ordinance, we can shade really a lot of it. Is it aggressive enough in terms of the context of the climate crisis? Water collection, local food, all those things which I know we are beginning to talk about, but we at a crisis point and so now we have to do something. Anyway, what I would suggest about all of this is that we have yet to make that link between our goals for the City and our rezoning’s and I think we can if we again, reorienting our thinking from one of efficiency to one of experience and one of quality of life.

Councilmember Eiselt said I think that is an interesting question; it is this chicken and egg that we constantly get into because we do talk about it. It is just baked into our process and so we are in this position of saying to neighbors, yeah, but if we don’t build there you are not going to get a sidewalk because we need the density of people there to build the sidewalk and that comes later. Is there a different way to do that, the other way around that you can say; we talk about this with transit maybe we say let’s focus on our transit route but how do you flip that on its head?

Ms. Ryan said there are new lens we’ve adopted in terms of economic mobility really changes that conversation because if we don’t have that sort of diversity across the City then we can’t achieve what we are trying to achieve. Then the issue of density and people being scared of it again, you are almost always hearing from homeowners, not the future renters that will be that and so it is an unbalanced conversation because everybody is not at the table.

Mr. Phillips said we are almost out of time, but we have a bonus question. We remember the evils of separate but equal, but there is a different phrase or frame around this but different but equal or equitable or accessible. So, as we talk about different parts of the City developing in different ways to meet different needs of different types of companies or neighbors or what have you; what would you recommend to either do or not do as we think about how you develop or incent development in one part of town versus a different part of town in a way that makes sense without it being inequitable or unfair?

Mr. Harris said I think this is great because I was thinking about what my parting thoughts would be or a couple tips but this Segway’s right into. When I can use again, the non-threatening Triangle guy, when I can use Durham as an example we all know that we’ve seen a tremendous renaissance in Durham which was a place that I loved for a long time, has great DNA, great restaurants, there was a great artistic kind of class in Durham for many, many years, but the office market was just absolutely stagnant. Obviously, Capital Broadcasting came in, Jim Goodman, and made a huge investment in American Tobacco and American Tobacco has really become the heart if you will, the beating and allowing more blood to get to other parts of the city is kind of how I would describe it. So, what they did there was amazing from a public/private partnership perspective and obviously, there were National Park Service, there were tax credits and that sort of thing on the up-fit that really led to a competitive advantage for that development, but because there was so much historic product down there that became kind of a pervasive technique to use that tax credits and achieve again allowances that were probably 33% above what was happening in the suburban parts of the City. I would say and when I look at who was
involved, Mayor Bell and a guy like Bill Calcaugh who was leading downtown Durham Inc; they had a very good machine for these public/private partnerships and I kind of kicked it off with balance. I think there was a lot of balance around what they were doing; they knew that they needed to get the heart built and then get some of these arteries built and then extend out into the communities. I think the other effort that was done is how do we get some of these companies that are coming in to be employing local folks and not just gentrifying a lot of these neighborhoods. I think that is really important and I think the developers would stone me on the way to the car if I didn’t share one of the challenges that they see in working with City Councils is kind of the Charlie Brown/Lucy effect where Lucy puts the ball down and then pulls the ball up. When I talk to developers they find it just gets increasingly difficult to know what they need to do to appease Council and municipalities to drive forward a development. I think it is logical that as we are evolving as a city that you would start to ask for more. Hey, we want you to put in more sidewalks, we want you to put in more of this or we want you to do more affordable housing in this community and I think all of that is noble. That is what your jobs are in many respects, but I think if I could say one thing, it is important to understand the plight of the developer. What they are trying to do, what the numbers are, having that basic understanding such that the ask can be bridged with what ultimately is going to be developed. I think again, Durham is a great example of that where there were very thoughtful steps on the front side to drive significant employment and high growth technology and service companies to then have that start to jump out. I will tell you every single project that occurred there were naysayers and I cut my teeth in Durham; I do a tremendous amount of work in downtown Durham and I used to get swinging in these debates with a lot of commercial real estate professionals that said ah, American Tobacco is the Disney Land. No, it is not, and we have seen products like Golden Belt which is another converted warehouse be extremely successful. Nobody said that that project was going to be successful, but what we have seen is that as we have moved out from those public/private partnerships we are replicating what we did well there. Then of course, obviously, as the city evolves there is less of a need for incentives, there is less of a need for that sort of thing, but I think it is critical to never take your eye off the ball either. It is important not to forget how you created some of the prosperity in some of these places and let that translate now as you work out through the City.

Ms. Ryan said remember right before the 2040 Plan started: Mitch Silver came to town and he said we were a deal-making City rather than a plan making City. It spoke directly to that criticism is that it was always a negotiation because we didn’t really state well enough what we wanted. I know with Taiwo’s efforts that the idea is to be much clearer about what our expectations are and that they rise at the same time because we are not the needy little City we used to be. We are a City that has choices now and so we can raise our expectations, but we do have to be fair about what they are so people know coming into that. What I would end with is something that I like to say is that you know in Charlotte we have a diversity of neighborhoods, but we don’t have diversity within neighborhoods. If we want to get to where we want to go, which I think most of us agree on what that is, then we have to strive for diversity within neighborhoods, using all the tools we have in order to do that. Again, we’ve got a great staff here in Charlotte and they can do great things if we are clear about what we want them to do, and then when they do it that you stand behind them and take the heat so that they don’t have to. I know there is sort of like a culture of fear and failure and there are too many good people with great ideas that I think you’ve got all the tools in place to do all the things you want to do, and it is just being a little bit more comfortable with risk.

Councilmember Driggs said we have a history in Charlotte of a very challenging development process and developers have often said to me, it takes a long time, there is a lot of uncertainty, plan review inspections and things like that. I’m wondering how big a difference does that make to the attractiveness of Charlotte as a place to invest and as a corollary to that, if we relax some of those, speed up the process in situations where we want to provide incentives for affordable housing, how much of a difference can we make there that would motivate people to invest in affordable housing instead of what they might have done otherwise?
Ms. Ryan said what I would say is that the development process in Charlotte is not that difficult compared to other cities. I understand that they want you to believe that, but it is not, and I think that in order to get the City that you want then, it is going to be a process which favors the City. We’ve been so pro-development for so long and so I think that is kind of crocodile tears on that one.

Mr. Driggs said I think the predevelopment thing we want jobs etc. so this is just process where they say the completion time, for example, to get through inspections and all of that is highly uncertain and I heard it again recently from a developer down in my District. Ms. Ryan said I’m sure you did and I’m sure they think that but if they were honest they would probably tell you in other cities they spend more time. If you wanted to do a study of that I think you would find that our process is certainly not streamline, but democracy is not meant to be. That is just me from my Planning Commission standpoint.

Mr. Phillips said Ed; that might be yet another “how might we” because we may not be any worse than other cities, but what if we were significantly better, would that be more attractive?

Mr. Driggs said I’m just wondering how big a difference it makes. We did the Gartner Study a few years ago and it found a whole bunch of things in the interaction between the City and the County that it thought were not ideal. We’ve worked on it and I think we’ve made some progress but there is still a kind of reoccurring theme and really the question is, you are saying it is not that big of a deal in the sense that we are not that bad. I’m just wondering how much difference does it make? Like if people decide they want to come here, are they going to decide not to because they perceive this as a place that is not welcoming and friendly to developers?

Mr. Harris said I don’t think so. I’m going to give a little bit more of a tempered answer. There is an old adage that developers develop, and I think Charlotte developers are going to continue to develop whether the City is difficult to deal with or the City is easy to deal with. I think that it is absolutely your responsibility as leaders to try and be easy to deal with. Try and be probusiness; that one philosopher said regulate me gently. Obviously, you need regulations but what I would do is I would be doing the studies that our moderator is suggesting; how do you compare to other municipalities, how do you compare to the Triangle in terms of how long it takes to get a permit. Do you have a fast track process? I think it is absolutely relevant to hold charrettes on the topic. One of the things I used to do for Bill Calcough in Durham was I would say you should get these seven people in the room to talk to some of your developers because in Durham there were some less experienced developers I should say that could really stand to benefit from the reads and the more experienced players. That was something that we really wanted to do but the same thing can be held. If you had a safe place, whether it is a third-party survey or something you would learn things that the development community finds to be challenging and I think you could home in on at least the top two or three things that they find most onerous. But I think back to the second part of your question on affordable housing, I think again, the biggest thing to affordable housing is ensuring that the project is still viable. You want to get to the place where you are getting affordable housing and things that you want but you don’t want to out kick your coverage. You want to know kind of what you can get, what the development will allow, and not be working the developer back from the place where they’ve got to bring spreadsheets and show it is just going to work.

Ms. Ryan said I think that is really fair; I’ve seen an awful lot of it where there will be a proposal for multifamily housing and it is six-stories tall and the neighborhood will go, well, we are only comfortable with four-stories and that is just going to completely screw up their proforma because they need all six-stories in order to make the project work. The neighborhood people don’t necessarily recognize the complexities of what it takes to knock off two-stories from a project. I think that we strive so hard to make sure that homeowners that are five blocks away are happy when it is not really an informed conversation. In terms of civic engagement which we all believe in we just need to make sure there is an education component to it as well.

mpl
The meeting was recessed at 2:03 p.m. and reconvened at 2:33 p.m.

Mr. Phillips said again, in true innovation fashion; here was our plan for the afternoon, here is what we are going to do now based on where we are now and the inputs and the outcomes we want to get to today and then also, how it leads into tomorrow. So, as you certainly remember, this morning we went around the horn just articulating goals out loud and then we started getting a little more granular with medium impact, high impact, a couple low impact, thanks to Renee and Victoria we’ve categorized the high impact, thanks to Eastland Ed, we’ve categorized the medium impact ones, but now we want to take a slightly different approach basically, as we continue to explore these things, but also ensure we get to meaningful outputs and useful and useable outputs. So, here is what we are going to do; we are going to work in three teams, the teams have already been identified by leader and by teammates. What we are going to ask you to do is for your particular theme; the members of those three teams are organized around those three themes, you are going to come up and select all the goals you think relate to that. For example, we’ve got a theme around neighborhoods; great neighborhoods which will be Malcolm, Victoria, and Larken. We are going to have a group around TAPE which is transportation, and planning, and environment, which is Matt, Julie, Renee, and Ed. Then a group around workforce development which will be Dimple, Braxton, and Tariq. You will come up grab the goals that relate to your theme and then you are going to have 45 minutes to an hour-long working session within your teams. So, three groups working in parallel. Your mission is to consolidate as needed, write-up, or draft a description of the one or two or three areas that you consolidate into under your theme and then if you have specific policy questions round that, define those. In terms of what management support might be needed to make progress on that goal, that theme, that topic, capture that. Also consider and articulate how might we engage influencers like citizens, developers, whomever. Lastly, when we are done with our working time we will have each group report out no more than their top three. Most likely with the time you have you are not going to have time to dig into all of this for more than three, but that what we are assuming based on what we think is ahead of you, based on this templet. Are there any questions about what we are asking you to do?

Mr. Winston said so the exercise is, we have three groups, we go with our group and we want to take ideas that are up here, consolidate them however they relate and create a plan, a policy; what is the outcome?

Mayor Lyles said you are not creating; I think what we are trying to look at is enough preparation and definition. For example, there is up there, small businesses, strategize, well what does that really mean in the context of what we’ve been trying to do and list that out. So, a description would be we strategize on small business by – and you’ve heard the discussions today. I think Malcolm's discussion was how do we ensure success, growth, what are the city’s policies around that and just get all of that together in your description and then really at your description, what is the real policy question and the initiative and then what is the management support, research, background, scan or whatever to get it done and then how are you going to engage the people that are important to doing that. It is not going to be perfect, but it is a stab at something that I think will take us from all the sticky notes to something that might be manageable under each of these categories for tomorrow. So, you are trying to get us to the next step. Does that make sense, is that better for a description? There will be staff people to join you at the tables too.

Group work 2:39 p.m. to 3:29 p.m.

Councilmember Driggs said the objective and the key result below those that will ultimately say that is achieved when we were done.

Mayor Lyles said usually you are so always on point. Sometimes you ask staff good policy questions and they don’t have enough discernment from the discussions to do that so the question that I would ask is for the staff to set the table, do they feel like they would be able or is it enough to go through one, two and three and it doesn’t have to be perfect.
This is a work in process so that is why I sometimes put the staff in the position of thinking what we think.

Mr. Winston said I would love to get a response from staff on that but I kind of agree with both of you. A lot of times this part of the work is absent from when we give staff the guidance of what we want and I do agree with Tariq, after step two.

Mr. Bokhari said maybe three of those is fair.

Mr. Winston said it could be fair, but absent of this kind of work, what the Mayor is saying is right and we lose a lot of time when staff comes back to us and we say that is not what we wanted. So, somewhere in the middle.

Mayor Lyles said it doesn’t have to be perfect; my concern is that we won’t have the money to do it, my concern is that I don’t know if I’m willing to target a neighborhood versus citywide. There are some [inaudible] like that to say well, we want to do some things that are specific around targeting versus comprehensive. They might be easier to do for policy direction like that versus trying to write a policy question.

Planning for the Year Ahead

Marcus Jones, City Manager said one, two, and three would be great; get through these discussions the three different tables could get through one, two, and three.

David Phillips, Facilitator said it might be for one or more where the sub-themes, for lack of a better term, within your main theme area. Are you guys finding yourselves getting down to one thing?

Councilmember Bokhari said we’ve got three things and we are almost done with number three.

Mr. Phipps said Malcolm; are you guys sort of consolidated around one thing within your theme or is its multiple things?

Councilmember Graham said we brought it down to really two broad things with variables underneath them all and for lack of a better word, overarching statement, two big buckets with variables underneath them, taking into consideration one, two, and three.

Mr. Phillips said for those two things underneath you can get to two and three on it?

Mr. Graham said I think we accomplished that.

Councilmember Eiselt said we got through one, two, three.

Mr. Phillips said with 15-more minutes you could get done.

Group worked continued 3:36 p.m. to 4:05 p.m.

Mr. Phillips said this is the time; we want to hear from each group where your discussion took you, particularly around your discussions for goals for your particular theme.

Ms. Eiselt said we sort of distilled the conversation and consolidating it is to really how do we achieve a livable and connected Charlotte through the balanced distribution of our resources. We said that it starts with the 2040 Comprehensive Vision Plan because that is what we are working on, but we recognize that it is not done. So, that is really a hard challenge for us, especially in things like rezoning’s because we are trying to fly the plane while it is being remodeled and built and everything else and that is really a challenge. What we talked about, again, if you start with the Comprehensive 2040 Plan and within that, it includes both the 2030 Transit Plan and strategic mobility, so that is sidewalks,
complete streets, scooters, greenways and everything else and so for the first time all those discussions are happening together which is great. I don’t know if Marcus is here but a shout out to Marcus for facilitating it so those Department Heads can really work on that altogether. Within that defining the policy question really came down to how can we work within the framework of our policies to work towards the goals of the 2040 Vision Plan and what we identified was that staff could come forward with some strategic measures to help guide us. Three or four different things that might be a pilot program in key priority areas from a transit standpoint that would help guide us with some of the land development and the CIP issues. Again, wherever we’ve identified that transportation challenges exist today, staff could give us some ideas to different tools for greenfield development versus infill development, again, when we have these rezoning’s that come up maybe there would be strategies to treat them a little bit differently. The other area really was funding; how much are we really talking about when we talk about a complete strategic mobility plan along with the 2030 Vision Plan, we need to be talking about (a) how much that is going to cost so that we can then identify really how does that get funded and where could that funding possibly come from. That conversation about the environment that would also be brought forward when we talk about our rezoning’s and what not, what tools can we use to be able to make sure that we are including our SEAP goals and our environmental goals in our land-use decisions and in the development decisions that we make? It was a big topic, it was a lot to bite off. Did I miss anything that you all want to comment on?

Councilmember Driggs said pretty good.

Mr. Phillips said any initial reactions?

Mayor Lyles said we have a lot of existing processes going on that need to be coordinated and the staff would provide strategies as a result of that coordination that would come to the Council in addition to continuing to monitor our SEAP goals. Did I say that right?

Ms. Eiselt said yes, but also to compensate for a lot of our plans that are outdated, that we are going off of plans that are 10 to 20 years old, but we don’t have the finalized plan that is going to get us to a different solution. Like Taiwo was saying, they could look at what could become the public draft of the 2040 Vision Plan which would become a public draft presented in the fall of 2020 for approval in 2021, but they are working on those now so we can get guidance from them now on what we pretty much think like we did with the TOD right. The TOD should have been part of the UDO, but we acknowledged that was too big of a deal, we can’t wait for the UDO to be finished. We needed the TOD, so they moved that, they pulled that forward and that gave us guidance and we passed it. We have the ability to maybe target two or three things that are key that staff could pull forward and give us some strategies earlier rather than later.

Councilmember Newton said during the course of our conversation we identified, particularly as it pertains to transportation is that our departments aren’t coordinated and working together and so having sort of an over-arching comprehensive transportation plan is important, something that we probably aren’t going to be able to finalize until the 2040 Comprehensive Plan but in the interim, we can get guidance as we are moving forward with the departments working together to help inform us in our rezoning decisions. Also, I think from a planning perspective too, maybe a little bit of guidance there also, so we are talking about some strategic points on that.

Ms. Eiselt said I think in the past the departments worked differently, but right now they are working together to really marry the goals of Liz’s Department in C-DOT (Charlotte Department of Transportation) with those of John Lewis in CATS and with Taiwo’s in Planning so for the first time those are being discussed together and coordinated, but how does that help us right now? That is the big question, what tools from that effort could be brought forward to help us?

Councilmember Winston said I like what you are saying in terms of working with staff to kind of guide those plans and adjust them and how you brought up how we did with
the TOD and before that the Station Area Plans. I've been waiting and I've been wanting to see what the next step is because I thought we should have had a transition once we completed the TOD District to go into the next kind of plan. There is always something to do so, whatever the next group is of plans that we attack there should be a natural transition, and once that is voted on and completed to get to the next group and the next group and the next group.

Mr. Phillips said now do you want to do or was that just in jest the third reaction?

Mr. Driggs, they didn’t do a thumbs down, so we are good.

Mr. Graham said on behalf of the Great Neighborhoods Committee, we are happy to report out; I want to thank Larkin, Victoria, Deb, Mayor, and our Assistant Manager Johnson and Pam for their help and their support. Basically, we talked about as an overriding statement is how do create and preserve great neighborhoods. Neighborhood that are safe, affordable, diverse, and rich in character through the use of new and retool and existing housing and business tools. How do we create and preserve great neighborhoods that are safe, affordable, diverse, rich through the use of new and retool items? We developed two big buckets; a housing tool bucket and a business tool. Under our housing tool, we talked about the investment in the land trust to acquire property, the Westside Land Trust for distressed corridors, and land banking along distressed corridors. The overarching theme is land control along these distressed corridors and investing and looking at our tools to do that. Housing affordability; how do we increase homeownership? We are building a lot of apartments, we clearly understand that families gain wealth through homeownership and that is an area that we really want to begin focusing on and try to work with existing partners through the City in terms of increasing homeownership. We talked about the tax rate for the home [inaudible] as well as the aging in place programs in terms of how do we retool those two particular programs to advance our goals and objectives as well. Obviously, we talked about affordable housing. We talked about the upcoming bond campaign, we talk about the assessment of the existing $50 million bond dollars that we already have, making sure that we know what we are doing, how we are doing it, why we are doing it. How many units are under construction, what incomes have we served, and should we consider geographic preference or focus for these programs.

The first bucket was really the housing tools bucket. The second bucket was the business tools, how do we review commercial property ordinance to ensure maintenance and residential character? How do we consider both the social and the physical infrastructure and new development and also consider what other community service can be housed out of these developments? Last, we talked about the façade and the infrastructure programs; how do we improve, retool existing programs, what other programs should we include, and also should we consider a geographic preference and focus for these programs? Again, the overarching statement how do we create and preserve great neighborhoods that are safe for our community, that are affordable, that are diverse, rich in history and character through new tools, retools and existing housing and business tools? How do we take a look at what we are doing and how do we advance what we are doing? So, that is it; any questions, comments, criticisms talk to Larkin.

Mr. Driggs said I’m wondering if you talked at all about location policy and the changes we made not long ago, how those are working or what your goals are in terms of location for housing?

Mr. Graham said we touched on it a little bit again, looking at those policies that we talked about earlier in the presentation in terms of geographically, where they should be focused and located. Are we paying the dollars and where they need to go?

Pam Wideman, Director of Housing and Neighborhood Services said I would just say that you talked a little bit about it, particularly when you talked about creating home ownership, like if you talked about if there are areas that you wanted to target there.
Mr. Phillips said I would suggest just changing that second word to “might” in your overarching question. How might we? Again, I don’t want to say it is magic but when you explicitly say “how might” we do this versus “how could” we, “how should” we you give people this permission to think more broadly. Simple but powerful change.

Mr. Graham said we accept it as a friendly amendment.

Mr. Bokhari said good afternoon everyone! We are workforce and business development and we came up with three buckets that I will walk you through, but really kind of focusing in on what are some very specific yet aspirational objective or goal statements that we at our level on Council could hand to Marcus and staff with the policy recommendations that they could then break down in management, kind of key results or deliverables to say okay, this is what we think we can do with those specifics in mind for these areas. We bucket these into three areas, the first one was recruitment and retention, the second workforce and the third one is small business. The statement for recruitment and retention is using innovative and data-based approaches, target specific large and small economic development opportunities that deliver measurable ROI for Charlotte as a City. We chose some of these words specifically, innovative and data-based, one where we are finding now as we are exploring into this space, looking at certain industries and things like that; we don’t necessarily just have to lead with incentives and things like that. There are many other things from deal-making opportunities with the private sector to really showcasing the type of talent that we can offer them that can entice folks to choose us over competitors on its own. We also used the word target “specific” large and small economic development opportunities. Specific being, I think one point is Charlotte doesn’t have a Chamber of Commerce; the region has the alliance and they use a wide net to cast for all the benefit of the region to find opportunities to recruit and brings folks to town. Great, we need that, but Charlotte doesn’t specifically have its own, we’re left to do that specific job on our own as well as we don’t necessarily want to cast a net, we want to go sphere fishing. So, specific meaning going after and really proactively whether it is tech and fintech companies or whether we heard Mark today, we are going to go and just look at New Jersey and see how many folks we can go steal from there, really targeting that and then making sure large and small, people realize that we are not just talking about Honeywell and Lowe’s. We love them but focusing particularly on recruitment but also retention of that small business in town and what tools we have there are important. Then, finally economic development opportunities; we didn’t say companies because that could include companies that could include amateur sports, it could include the international university partnership. That is area one.

Area two is workforce; we said establish a next-generation connected workforce hub for Charlotte that increases upward mobility reach while decreasing cost per person served. This was about not saying we are going to overhaul Project Peace, this was about saying what is the next step from Project Peace and that is where the word “hub” kind of came to be where people in the private sector are doing a lot things; Charlotte Works, Good Will, Urban League, many folks like that and we have things here, how do we consolidate the internal stuff and then connect it to the external stuff, find the gaps and really find a measurable approach that can go out there and really churn high volumes at a lower costs. Finally, small business; consolidate internal and connect external small business-related programs to maximize positive equitable impact. This was again about, we know we do a lot of stuff inside the walls of the City for small business. It needs to be consolidated, it needs to have instead of shooting 75 BB-guns at the problem we need to shoot one bazooka at it, and we need to further connect with those external groups as well.

When we talked about the policy question for all of these, we really struggled with this because we realized what do you need a policy for versus what can you just have a strategy or an objective. And actually, comparing this to the work we’ve done over the last many years on affordable housing, I think we found a solution which was we already have a recruitment Business Investment Grant, big policy and we’ve just overhauled it. We don’t need to change that, it exists as a policy, we need to monitor it in this pilot we are through to make sure it is effectively crafted but that is like the locational policy. It is a policy by design, but what we require is more of a framework, just like the affordable
housing framework, it is more strategic and operational combined for workforce and small business particularly, which in essence will be defined as a policy in the end, but it is really more of that framework approach. Finally, our expectations because I hate writing down like soft mission statement stuff like this so that we all feel touchy feeling and then we leave and then nothing actually happens. These are really designed for staff to take this and Marcus to take these and say here are the three or four things that we will do, measurable, time-lined with owners to make this workforce goal happen. I just wrote down a quick example, one, inventory a map all the internal and external programs touching workforce by the end of Q1. Two, link public/private stakeholders, establish a full-service workforce develop capability at X capacity under the price of X dollars per person that we serve, and then three, serve 500 of them by Q4. That is the kind of specificity so that this becomes something that is a tracking tool and an indication of here is what the measure looks like and when you’ve achieved it you’ve achieved this and then we redesign that.

Mayor Lyles said I would just say I think got exactly where we were going; one, really good discussion by people that really care about these issues and the Committee Chairs being the people leading the discussion so that in itself I think was a real accomplishment. But, to actually end up with aspirational statements around what we can do and to begin to see some-term, and I don’t mean short in like 90-days, but the ability to say that we out of our 2040 Plan will come up with some things that we can adopt in the interim. That is something that I had no expectation for so, the idea that we would look at legacy programs and make them more reflective of aspirational instead of repair and maintenance, again, entire different approach. All of us I think are excited about workforce and business development in a different way of let’s do a project, invite people to come in here, and design them and we pay them to do it. I think the idea of how we begin to look at preparing people long-term for jobs is really something. I applaud the success of all three groups. I think it is great.

Mr. Phillips said well, let’s applaud the success of all three groups. Why not? Can I invite Marcus to the front because as I said earlier, we deviated from what our original plan was so, now we need to figure out what we are going to do to catch-up? I know we originally planned to have dinner at 7:00; we are going to break at 5:45 and have dinner at 7:00. We do need to adjust that so now I’m going to leave it to Marcus.

**Day 1 Wrap-Up**

**Marcus Jones, City Manager** said unless there is a strong rally to go the distance today, I think we have accomplished enough. I just want to talk a little bit about tomorrow and it is what you would traditionally get in terms of the Annual Strategy Meeting. Ryan Bergman will start off and discuss where we are in terms of our budget, not only for the fiscal year that ended but the fiscal year that we are in currently and the next fiscal year. Then we are going to try something a little bit different and Kelly Flannery will tag team with Ryan on that piece. Then we will try something a little bit different and we are going to have Taiwo and Tracy almost replicate a little bit of what you heard today from the panelist but from really a City perspective of how we are trying to address some of the challenges that we have in terms of all of the things that you’ve discussed today. You know we will have a heavy dose tomorrow of what I would call mobility, accessibility, connectivity. Transportation/transit; we will have great speakers from across the country that appreciate Taiwo with some of his relationships to bring this guest panelist tomorrow who will stick with us throughout the course of the day to help us as we move forward. So, Mayor; unless you have something.

The meeting was recessed at 4:35 p.m.

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**Tuesday, January 14, 2020**

The City Council of Charlotte, North Carolina reconvened for an Annual Strategy Meeting on Tuesday, January 14, 2020 at 8:08 a.m. at the Washington Duke Inn in Durham, North Carolina with Mayor Lyles presiding. Councilmember present were Tariq Bokhari, Ed
Driggs, Larken Egleston, Julie Eiselt, Malcolm Graham, Renee Johnson, James Mitchell, Matt Newton, Victoria Watlington and Braxton Winston, II.

**ABSENT UNTIL NOTED:** Councilmember Dimple Ajmera.

**Mayor Lyles** said I think that we had a really good day yesterday. I hope that you feel that we had the opportunity to be very, very flexible, and nimble and the discussions had depth. We are glad to welcome back James Mitchell. I think today will start us off with context for a lot of the discussion. We had a lot of time to talk about what our priorities, our thoughts, what we through were goals for our Council and our City and now today, I think we start off with some context about how we are going to be able to do big things financially and how long-term they can be. We will start there, and we'll keep working; thank you very much for a great day, for helping us be organized but more importantly for helping us feel like this is our ownership topic.

**David Phillips, Facilitator** said the format for this morning; we are going to have a presentation from Ryan Berger, followed immediately by a presentation by Tracy Dodson and Taiwo Jaiyeoba. Then we will briefly have some Q&A as it relates to both of those, and if it makes sense to take some of the questions immediately after Ryan’s we will do that, we will just need to keep it short. What I’m asking you to do if you have questions, comments, concerns, ideas, what have you while they are speaking, capture them on post-it notes so you have them; we need to place them later in our parking lot over here to my left. We will take a break after the mini Q&A and then we will dive into getting into your workaround allocating funds from the bond funds.

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**FY 2021 Budget Outlook and Future Capital Plan**

**Ryan Bergman, Budget Director** said I am the Budget Director; I was recently promoted within the last couple months when Phil Reiger was promoted to General Services Director. I know that it is a very prestigious position historically in Charlotte, especially the Mayor, also Curt Walton, Ruffin Hall, some very impressive people, so I don’t take that likely, and hopefully I can live up to it. I have had the privilege for the last 18-months of being part of the Budget Team; we’ve been able to keep the team together. I spent that time as Deputy Director and I even got to talk to you guys on some thrilling presentations such as calculating a revenue-neutral tax rate, understanding pension systems so I will try to keep that excitement level up; that is why we had it going at 8:00 in the morning here for you.

The purpose of the presentation, historically on our Budget Outlook at the Retreat we talk of course about the general fund outlook, we also talk a lot about the economics behind it. I want to do it a little bit differently this year especially with some of the surveys we’ve had from Councilmembers on trying to understand specific things about the budget. I’m of course going to do everything in the general fund outlook, talk about the capital outlook, but I also want to spend a little bit of time explaining how the budget is structured so you can really understand where your property tax dollars are going.

Here is my only economic slide and we do have a City Economist who will say a lot of the same things that Mr. Vitner was able to say yesterday, but I actually wanted this slide up here for a different reason so I can draw a little bit of a contrast and answer the question that we typically get, why are there any budget concerns when Charlotte is booming so substantially? This is the big reason here; North Carolina is a little bit unique in that the only growth that the City is able to capture are things that are new construction, whether they be improvements to an existing home or whether it be a new condo on a vacant lot or something to that affect. So, the normal value increase of the same house which was previously selling for $100,000 now selling for $165,000 we actually don’t get any benefit from that in our budget. The reason for that is the revenue-neutral tax rate calculation in the State of North Carolina. It is notable that if we did not have that revenue-neutral tax rate, we would have not reset last year from $.48 to $.34 and we would actually have $200 million more in revenue.

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This is a little chart about how the City’s budget is organized. It is simplified; there are some other things out there like internal service funds that aren’t relevant right now, but the big point of that is those first three buckets on the left, the governmental fund, that is what I’m going to spend most of the time talking about. These are where your property tax dollars and your sales tax dollars that we have control over how they are allocated are going. I’ll talk one slide about Enterprises Funds in a second but those are primarily supported by user fees with CATS being a bit of an outlier in that they have their own dedicated sales tax. Then finally, the ones on the right, the special revenue funds, these are restricted so we have a dedicated revenue source such as hotel tax for tourism and that cannot be spent on anything else. It cannot be spent on Police Officers or affordable housing; we have no control over that and that is why they are separate from our governmental funds.

I wanted to have one slide about Enterprise Funds; each of these will come to a Budget Workshop in the next few months and talk about their situation. I did talk with all of their financial people; there is currently no concerns to report on that front. They will talk a little bit about rates and everything at the next Workshop. I did want to note on behalf of our Airport Director that one very good story that is happening with Aviation is the state recently passed legislation to give Airport Improvement Funds to the Airports in North Carolina so, that is $25 million that we wouldn’t have gotten last year that the Charlotte Airport is getting this year that they are able to use for Airport improvement projects.

This is my esteemed graphic artist work here trying to explain the property tax and the sales tax and these are by no means the only revenue that goes into these buckets, but this is probably the most important question you get asked about where our taxes are going. Our property tax; we have $497 million and most of it goes to the general fund. Then we also have at the very bottom a small thing called Pay as You Go Fund, which is kind of a mix between operating and capital that I will explain a little more about. Then our Debt Service Fund so, when we take on all of these capital projects each year this is the area that we use to pay the debt on them. That basically supports our capital program.

**Councilmember Driggs** said are those 2019 numbers?

Mr. Bergman said these are FY20 numbers.

We will start with the General Fund outlook so, I kind of grayed out the rest so you can see it so, $500 of the million comes from your taxes. There are also other things such as Utilities Franchises Tax, there is licenses and fees, for instance, a developer wants to pay a fee which will support the Planning Program, which is run through the General Fund. With the General Fund $727 million; this is Police, Fire, Solid Waste, C-DOT, Planning and you will see a theme here, the General Fund is dominated substantially by public safety. Just Police and Fire alone make up 57% of the General Fund budget.

A lot of information on this slide but it is all good news at this point. We did end preliminary because the audit will be presented to you and the Budget and Effectiveness Committee in the coming week, but it does look like we ended the year with a $1.5 million surplus; that is after our reserve requirements are met. So, what that means is our own internal rule to ensure that we are strong financially, we hold 16% of our General Fund in reserves so when the General Fund grows a little bit we have to take money and put it towards the reserves. The state only actually requires us to do eight percent, so that is really a best financial practice.

Moving on to the mid-year and it is very early; a lot of our revenue sources, mainly sales tax and utility franchise tax, they operate on three months lags from the state so while we have strong numbers so far in each of those, it is simply too early to draw any large conclusions from that. On the expenditure side, we didn’t have a hurricane this year, we seem to be tracking well within budget and it looks like it is all positive news on this front within the year.
Moving on to the FY21 outlook. Phil did this last year when he presented to you, and I wanted to do it the same way; so, our starting point for a budget, the way that we build it internally and check our outlook is to take the approved budget that you currently have and then build in the changes to it to see where you stand. We will take the revenue update and then we will build some of the expenditures on top of it that we have to do and then we will have a preliminary variance and then we will talk about a salary increase which is on top of that variance. On the left there you will be able to follow along and it will update as you go. The initial base revenue forecast calls for $19.7 million; I did want to give you guys a perspective of what we are projecting. When I say we I'm speaking primarily or our Economist, Dr. Tazafore. What we are projecting in FY21, what you will see compared to 2018 and 2019 growth that it is a little bit conservative and the reason for that is as I mentioned, we are so early in the year that we have to plan conservatively in case there is any type of modest slowdown.

Unfortunately, there is one key revenue challenge we will deal with this year that is going to reduce this $19.7 by a couple of million dollars. Last year at the Retreat we talked about how the County changing their property tax and us not changing ours can result in a change in the next year to sales tax. The County controls how sales tax is allocated within the County between the City and the towns. They can either do it based on population or they can do it based on total tax levy. They have historically done total tax levy; that is in their best interest and so what that means is the City doing a revenue-neutral tax rate last year and the County increasing by 1.99 cents results in us taking a bit of an impact to sales tax this year that we have to make up in other ways. That leads to a $2.2 million loss from our growth projection; it also leads to about a $600,000 loss to our debt service fund.

Moving on to some of the technical adjustments, and I won't spend much time on this slide. These are basically some of the check the box things you have to do when you are building the outlook. Your mandatory contractual increases and then the biggest thing is if we have salary increases, new positions, anything that are over six-months, eight months, nine months, we have to annualize the cost the next year. Now that we have to pay for a full 12-months for some of those actions the cost increase is like 4.3. I want to be careful about this, these are physical challenges but in my opinion, they are all positive so, I want to make sure that we understand that these are positive actions, but they do result in additional costs for the General Fund. The big one is Elger's so, historically up until FY20 for three straight years the retirement increase was 0.25% however, the State Board made a decision that they were falling a little bit behind and they increased it to 1.2% so, that is more than quadrupling the increase and it results in $3.8 million that we do have to send to the retirement system. As I note on the slide there, this is about half for law enforcement officers through their system. The second challenge we have is opening a new infill station next year so, this is on Clanton and I-77 in District 3. It is a good story, we paid for a lot of the equipment, we started the staffing in FY-20 and this million dollars essentially is the annualized cost of those employees that we are adding. This is a physical challenge, but it is very positive, and it should help substantially with some of the response times initiatives the Chief is undergoing.

Police separation allowance is something you will consistently see on slides in the State of North Carolina because it is still relatively new so, the costs are building each year. When a Police Officer retires at 50 or 52, wherever they are, the state pays them a supplement until they are 62 years old. I say the state, it is actually the City funding it. The state requires the City to fund it so, it is essentially for police to bridge the gap between retirement and social security. Of course, our police officers certainly deserve this, but it is a physical challenge that we have to build into the budget each year. Finally, with Fire retirement; I've personally been involved in discussions with the Fire Retirement Board, our CFO, Kelly Flannery is also on the Retirement Board for firefighters. There has been discussion over the last couple of years on some changes that that Board may want to ask the state to approve and the idea would be that they shore up some of the small things on their end related to a pension spiking perhaps or the use of an exorbitant amount of overtime and on our end, would be the idea that if we are okay with that we potentially start building our contribution and kind of attack that problem financially. So, they are planning on going to the state I believe next session and it is something that we
do want to be financially ready for although, we are likely not going to be locked into that. That will be a decision.

That leaves us with; and I don’t want to use the word surplus, because there is no salary increase in this yet. We have a $6.2 million variance, and this is intentional in that we do all of our budgeting, work with departments over a multi-year lens and we make sure that we don’t put ourselves into a position where we couldn’t cut out the salary increase and still support ourselves. We make sure that we don’t start upside down with this but, of course, we always want to work towards a new salary increase each budget year which brings us to the budget challenge that we currently have. The new salary increase this year is about $13 million; it is predominantly public safety, about 78% of it so these are our Police Officers, our Firefighters and it is about $3 million higher than it typically would have been the last few years and the reason for that is some of the positive steps we’ve taken with Police and Fire pay over the last couple of years. If you will remember we had a public safety comparison presentation where we talked about trying to get as a first step to the median for comparable cities and so we took a two-year plan with Police; we took a three-year plan with Fire so there are some costs. I do want to point that out just so you understand that we’ve already built some pretty aggressive costs into this to continue working on some of those problems.

Mr. Driggs said does that include a three percent increase?

Mr. Bergman said yes; this is three percent for all general employees and then 1.5% for public safety and then the steps that they will get. One thing I do want to point out about the budget challenge is it is less than one percent of our budget so, compared to some of the ones that I’ve seen from past Retreats, it is something that we feel that we can try to manage. We have some strong ideals internally; I have a very good staff of Analysts who are working on a number of things, but I do want to point out that some of these challenges do get a little bit more difficult in that we’ve spent the last two budget years really aggressively attacking utilization and efficiency within the General Fund budget and so, we’ve reduced $12 million from the General Fund based on those two initiatives and really haven’t impacted service levels. What that has resulted in is our year-end surplus has been getting smaller, which is good, we are not appropriating money that we don’t need, but it also means that there is not a lot of low hanging fruit for the budget. Regardless, that is why we have the 15-people in the Budget Office, we are going to continue to work with departments. I wouldn’t read a whole lot into the box; all that means is the way that we do our outlook, if we wanted to take our services this year and do them again next year we feel that the property tax rate would be able to support that with some minor changes in our end. This does not imply any kind of service level changes.

Before I move on from the General Fund to the Capital Program, I did want to take a couple of slides and talk about one of the key initiatives that has really dominated the General Fund budget over the last couple of years. What you will see on the screen is Police Officers and the concern that we’ve had with staffing. It is kind of a spectrum where things on the left are things we could really help with and it moves over to some of the concerns on the right where the City doesn’t really have a lot of control over. A lot of the big driver is the age of the force as the force grew 25 or 30 years ago it has resulted in a lot of Police Officers that are just starting to retire. The other complicating factor is now that the state has the separation allowance, which I mentioned, there is limited reason for Police Officers to continue past retirement age. Because that separation allowance stops at age 62 no matter what. So, whether you start with a retirement at 51 or 55 the argument is you were costing yourself money if you stay too long.

Councilmember Eiselt said how much do they get in the separation allowance?

Mr. Bergman said it is .085 I believe. It is basically an amount that is bridging the gap between social security and the pension. It is just a calculation; I don't have the multiplier in front of me, but it is a calculation so on a career if somebody has a pension of $50,000 they might expect a $4,200 separation allowance or something to that effect.
Mayor Lyles said I think another question that might be helpful is that when you think about the total compensation; I was told and I don’t know if this is accurate, but it is usually about 90% of what they make and they are 52-years old and then they can go out and have a second career so, you end up really having the ability to have that. It would be good to know but I think with the extra agreement it is about 90% of the current salary for retirement. Would you please check that because sometimes I get eight and nine mixed up and it might be 80% but I think that is what drives it? If you can go out and make that much and a pension and still have a second career you are in a much better position financially for your family.

Mr. Bergman said absolutely, and that is why at least in my opinion it is not any of our doing when our Police Officers retire as soon as they are able. It is simply the financial thing to do for them.

Councilmember Egleston said all of the 59 average for the last three years has been eligible for retirement and the 57 are people who did not reach retirement age, they just left the Department.

Mr. Bergman said correct; there is nobody that was terminated or anything with that 57; there are people that left the Police Department after being fully trained Police Officers of their own accord.

Mr. Egleston said do we know inside of that how many left for a different Police Department or how many got out of the profession?

Mr. Bergman said we have some of that data in 2018; we don’t have that detailed data in 2019. I do have an update that I will show in a couple slides, but it doesn’t get into that granular level quite yet.

Mr. Egleston said one of those is more controllable on our end than the other.

Mr. Bergman said yes, correct. There is a chunk of people that, as Chief Putney will tell you, will typically leave after three years to go to federal employment and that was their goal all along. So, that group of people we are probably never going to be able to hold on to.

Mayor Lyles said I know there was also a spike in the Federal Secret Service area where they were really recruiting actively officers from this department.

Councilmember Mitchell said how many positions are still open with CMPD?

Mr. Bergman said there is 182 open right now. That is a hard number that is open; that does not count some of the temporary employees that are filling some of those roles. Temporarily fully trained Police Officers.

Mr. Driggs said under retirement they continue to get a pension after they are 62, won’t they?

Mr. Bergman said yes.

Mr. Driggs said so what we are talking about is a supplemental pension when you get retirement age until they are 62 but they also have a permanent pension. That is where you get the 90% numbers. The supplement is just something that picks up a difference between that permanent pension and the social security. In other words that pension was [inaudible]

Mayor Lyles said most of us would get social security at a certain age like 65, 70, or whatever it is nowadays; but this allows them that benefit after 30-years and a certain age.

Mr. Bergman said at 62.
Mr. Driggs said so 62 is the earliest age where they will start to see their social security; you can start receiving social security at 62 of a lesser amount and you can choose how much you want to get and when so the earliest eligibility age for social security is when this particular benefit stops. I did have a question about LGRS as well, which by the way is Local Government Retirement System, for anybody that doesn’t know, they have a pretty substantial deficit and they were talking about steps they might have to take to bring themselves up in terms of the local contribution to match their liabilities and their assets. Do we need to look forward to further increases in our contribution?

Mr. Bergman said absolutely, previously it was called the Stabilization Policy where they only wanted to go up like .25% no matter what. They determined actuarially that wasn’t enough, so they took the step last year of overriding that policy and doing 1.2%. They did 1.2% again this year and I would suspect they will do 1.2% again next year. It is still funded in the 90% range, so it is one of the stronger pension systems in the country at the state level. As a financial person, I would certainly support the steps that they are taking.

Marcus Jones, City Manager said as a recovering former budget director I’ve tried to sit on my hands for this one. There is good news; what was occurring during Ryan’s set up we realized this problem a couple years ago and there has been some change in CMPD that starts to address this.

Mr. Bergman said right. I move on to the next slide and these are some of the things that we’ve done over the past two years to try to attract lateral officers better, to try to retain the officers we do have. So, in 2019 we had a 4.5% top pay increase for Police Officers; we had two-step increases to allow people to move up more. In FY20 we are even more aggressive with 6.5% and we reduced the number of steps to get to top pay so it starts to look, at least in my opinion, attractive for a Police Officer to come to Charlotte knowing that they might be able to get in at step six or step seven and you only have to get to step 12 so, five or six years to get up to that top step. I do want to point out that that does assume a four-year degree because that is how our pay plan is structured with a 5% stipend for a two-year degree, a 10% stipend for a four-year. There are more four-year degrees than there is anything else. I also want to point out that this is just Police Officers, this is not Sergeants or Majors or anything like that; there are really the Police Officers and the median pay increase of $65,700 to $71,500 might not sound substantial when you think about it from a one officer perspective, but this is essentially shifting the entire data set that eight or nine percent. So, it is fairly substantial, and it is a big jump over an 18-month period. I wanted to really make the point that we’ve been very aggressive in the General Fund trying to tackle this issue.

I want to come back to that previous slide and provide the update as we have now so, over the last couple of years Chief Putney has really increased the number of lateral hire Police Officers; you can see the substantial increase. Ten officers are a pretty small data set to try to draw any big conclusions from, but it is nice to see that the number of officers who resigned, which peaked in 2018, has at least in 2019 started to go back down. We still have the concern with retirement, we do expect that to continue over the next two years as we kind of looked at when eligibility is going to occur for retirement. But, overall, while I don’t want to say this isn’t a key concern for us, we were able to mitigate anything from losing additional officers from where we were a year ago so, we feel like we’ve taken very aggressive steps, you guys have put a lot of money into it and kind of plugged the gap for us.

Mr. Egleston said do you have or does the Chief have, or could we get something that would show like a three-year or five-year timeline of retirement eligibility within the Department? I heard you say over the next two years we expect to keep the same pace but, I think it might be helpful too to know how we project out over a little bit longer time period with who is eligible, given from what you just said you are almost certain to retire when you become eligible now.
Mr. Bergman said we have that information; I’m sorry, I could have included it as an appendix slide for us, but we do have that information. What it will show is that 2020 seems to be down a little bit, not a whole lot, and then 2021 for whatever reason goes up pretty substantially. That is what I would expect that calendar year 2021 to be a year with a lot of retirements so, we will have to be really active trying to attract lateral officers making sure that we retain people, really the same steps we’ve taken. We can absolutely get you that information.

Before I move on to the debt service fund which supports our Capital Program and talk a little bit about that; I just wanted one slide on the PAY-GO Fund. This is our smallest fund, we’ve had it for many years, and it is kind of a mixture between operating costs and capital costs. You will see here some of the initiatives that we do from this fund. The big reason and the big advantage of this fund compared to the General Fund is take trees for instance. If we put $1 million into a tree program that money is going to stay in that account until it is spent regardless of fiscal years or anything like that, so it is a life to date account. We’ve supported some of these programs through there; it also allows us, like on the building repair side, General Services will prioritize projects each year, they will get money and they could be vastly different projects, but it is really about maintenance, keeping our building in shape and things like that. We also use a substantial chunk of it for technology upgrades, whether it be with information and technology, but also in police.

Moving on to the final bucket; the Debt Service Fund where you see about $120 million of property and sale tax revenue that goes in each year to support debt payments on our capital program.

Ms. Eiselt said could you go back to the comment that you made in the beginning when you said that when the value of some of someone’s home goes up we do not capture that incremental increase.

Mr. Bergman said yeah, we do the revenue-neutral calculation so this past year we captured eight years of value increases which was about 40% but then we reset our tax rate so that 40% doesn’t actually help us.

Ms. Eiselt said just for this year you mean?

Mr. Egleston said it is not an assessed value yet.

Mr. Bergman said right.

Ms. Eiselt said if you keep the millage rate every year then aren’t you going to tax to that value?

Mr. Bergman if you kept the same millage rate it would be considered a tax increase because it would be above the revenue-neutral rate.

Mr. Driggs said on a year to year basis the value rate is kept the same, the tax stays the same. The valuation in the eighth year only changes when you do a revaluation and the way you do that is also set the tax rate, so your total proceeds are the same as if you hadn’t had [inaudible]

Ms. Eiselt said right, it would be what we did this year.

Mayor Lyles said if I add a sunscreen porch or something or add a bathroom, that value then goes up for that revenue for value so, if you do a $15,000 or $20,000 improvement you get the tax back but, as long as we are in four years that tax remains based on the value, the same.

Ms. Eiselt said just for that time period.
Mayor Lyles said for the four-years until you go back through another reval but, whatever you add to, whether it is an improvement on the existing property or build a new house, that is where [inaudible]

Mr. Bergman said in this slide the property growth in 2018 and 2019, that 2.5% and 2.6%, that would entirely be people adding things to their own homes or businesses plus new construction. So, that is what makes up all of that growth, and the reason I think it is important for you guys, just like as a Budget Office and the City Manager, we get asked the question home values are increasing so much where is all of that money going and this is the kind of the answer that we do have a limited growth, it is not the value on a home that doesn’t change that we get to use for our budget purposes.

Mayor Lyles said Ryan; so, when you are looking at that what is the value of the various cranes and commercial construction as a part of the property tax? How does that really impact it because I think there is a relationship different with the commercial usually than houses or residences.

Mr. Bergman said I don’t have this split with me; I can get you that. If there are cranes and they are building something that is really going to be what is going to help drive that 2.6% is all the new construction in some of our key areas.

Mayor Lyles said so new bathrooms and sunrooms don’t get the 2.5% growth.

Mr. Bergman said I’m not sure what the caught up is that the County uses. I know garages they will reassess; I would assume a new room they would, but I don’t think that is our driver though.

Mr. Driggs said has the County committed to a four interval between these iterations?

Mr. Bergman said that is certainly their goal. I talked to the Assessor on Friday; me and Kelly, our CFO had a meeting with him to talk about a number of things. That is still what they are shooting for; that is still their goal but, realistically they can’t commit to it until they actually do it which could be a different Board. But that is their plan.

Mr. Driggs said the problem we had this time was we apportioned the property tax according to the changes in value of the property and there was some pretty wild swings and a lot of people with low income in houses that has been valued at $100,000 they doubled and really got hurt so we need smaller steps.

Mr. Bergman said absolutely. I think as the Assessor Ken Joyner will tell you this past one coming from the depths of the recession through all of these boom years was about as substantial of a revaluation as we will go through.

Moving on to our Debt Service Program which of course is managed more by our CFO and Finance than it is the Budget Office, I speak on her stead, we do two different types of debt typically. The most common one is our bonds; those are what would go before the voters so, what the voters are voting on is that regardless of what happens they are going to pledge property tax value to pay for that debt. That is a little bit different than Certificates of Participation which we commonly refer to as COPS in that these are more similar to a mortgage in that you are pledging an asset for the debt. We would typically use the COPS on things like a police station or a fire station. The bonds on transportation projects, roads, and things like that.

This past year FY19 and FY20 we’ve tried to enhance our Capital Program, working collaboratively with General Services and C-DOT amongst others, we have a capital dashboard out now, we’ve taken a very close look at our project management tracking, we’ve revised a lot of our templates. We did a very detailed closeout process last year; what was happening is there were small chunks of money in a lot of different places that was being held in case something happens with that project. But that is not really the best way to do budgets so last year was substantial in that we re-appropriated a lot of that money to use for current capital needs. The most substantial change that we did in our
Capital Program is the introduction of a planning fund so, this is important in that it allows us to take some of our big projects that we anticipate being on a future bond and know a lot more about them from a cost standpoint before they in front of the bond. So, this is what was missing before; we currently have eight projects into it which some of them hopefully will lead into future bonds and we will have a better understanding of what things will cost.

Mr. Driggs said have we finished the process of kind of cleaning up the Capital Program that resulted in issues like Cross Charlotte Trail or the JCC etc. Are we at a point now where we think we've got a good handle on when we are going to fund and how much it is going to cost?

Mr. Bergman said I don't think I'm the person to answer that definitively. I believe so; General Services did include in your pre-reads a project list of all of the projects and there was not a whole lot of problems there on their end, but we will bring them in at the next Budget Committee and Budget Workshop to talk more specifically about some of those projects. I think, in my opinion, we are certainly a much better spot than we were a year or two ago.

Mayor Lyles said I think in the pre-read data, that list was pretty well designed, and I saw a major difference so kudos to you guys for the process and what you are doing because we actually will know which ones they are specifically, and the scope is not as large as what I think most of us imagined.

Mr. Driggs said good.

Mr. Bergman said related to that I wanted to thank Julia Martin, Assistant to the City Manager who took on that pre-read process and managed it between all departments and I thought did a great job. Let's talk a little bit about where we are in our Capital Plan; we are still in a unique spot in that the big ideas bond occurred a number or years ago and actually goes through this upcoming bond. So, we still have as of right now a $197 million bond that is going to occur in FY21. This amount is planned, not approved, because it is a future year and here it is on the screen, but I will tell you that because this is the last of the big ideas bond every single one of these projects, either is a typical year to year program, like the sidewalk program, of it, is additional money from previous bonds. That doesn’t mean that it solved in cost overages, it means that this was the plan all along to put the money in at this point. So, this is something that also we'll talk to Liz with C-DOT and Phil with General Services and talk about updates on each of these projects as we try to build from here which is the planned in the most recent budget to next year where you would actually physically approve the bond that would go before the voters including any tinkering that you do here.

Councilmember Graham said I have a quick question before you move forward; define tinkering for us.

Mr. Bergman said what I mean by that is General Services may come in, and I won't pick a project, they may say that we have $6 million but we actually wouldn't need $2 million of that until two-years from now based on the project timeline so, you might be able to put that $2 million towards a different project or something along those lines.

The Steady State is managed by our CFO and Finance; this is scheduled to take effect in 2022, so not this upcoming bond but the one after it, but it is really a debt model that is built off of a lot of assumptions and interest rate, property tax growth, sales tax growth, spend rate and things like that. I will tell you that, I've been cleared by our CFO to say this, if we just took through FY19 and updated it the Steady State would go $2 million to $3 million but that doesn’t mean that that is the amount that we would recommend as a Steady State when we approve the budget because just like our General Fund revenue forecast, interest rates, things like that will update, it doesn’t follow neat fiscal years. Our CFO will work with you guys and the Steady State through the Work Shops in the coming months to try to get to a final plan for the following year.
I won’t steal Tai’s thunder on the Comprehensive Plan, I just want to point it out because it does put us in a unique situation from a capital planning standpoint. So, we are beginning to talk about the 2022, 2024 bonds which don’t have anything populated at the moment but at the same time as you will see here the 2040 Plan is scheduled to get adopted in FY21 so, you will see from the time the Plan is adopted there will be two more Council budget votes before we really populate that future capital plan. While we want to ensure that we put capital projects into the planning fund, learn more about them, use C-DOT’s prioritization I do ask you guys to think about how you think we should manage this with a Comprehensive Plan that may really change the goals that you guys have for our Capital Program?

Kind of ending the capital section; capital planning is a lot less linear than the General Fund, so we are really talking about what we are doing with our existing projects and then what we are doing with our future projects. When we talk about project savings we tend to do that in the spring so that we know as much as possible about some of the projects that are closing out so we can try to re-appropriate that savings. Updating project timelines, as I mentioned, General Services will do shortly, but they may also do it again in April at a Workshop. Then updating the affordability model and then how we add projects to the planning fund and how we assess the results of some of the planning fund work already will be kind of the goals on this budget cycle as we try to develop both the tinkering of the FY21 bond but then also you guys start to plan your vision and your goals for the future bonds.

This is what is driving a lot of this; when you guys talk about the capital program after Tracey and Tia present and then later on in the day when you talk about the City’s goals we are going to be listening to try to capture some of the deeper dives that you may want in Budget Workshops where we have 12-hours to populate and there is a lot of typical things that would be in there but there is certainly space if there is other things you guys want to know more about and it would be nice if you guys help drive it a little bit this year so it doesn’t feel like we are deciding what to bring to you. We want to make sure we kind of prepare you guys for the decisions you want to make in the budget.

Mayor Lyles said would it be something that the Council would want to do today; just to put all of your ideas up so the Budget Committee can at least have a global look at what Council is thinking about. I think that would be good use of our time today if people are prepared to think about it and I think most are based on the goals that we set yesterday. We ought to have some things that we would be ready to say I’d like to see a program, I would like to see this increase. It would be great to hear some decreases or some transfers from, but I think that might be a good use of time today if people are prepared to put ideas that the Committee could take on and try to prioritize later.

Mr. Bergman said certainly, thank you.

Mayor Lyles said if we could insert that into the agenda.

Mr. Bergman said I will end on this before summary slide. This is the budget calendar; you guys likely already have this, so we are building towards a City Manager’s recommended budget on May 4th and then hopefully a budget adoption by June 8th. Finally, just the takeaways for the budget; fortunately, we do not have any significant concerns for FY19 or FY20 to report. We are fortunate in that our FY21 challenge is still reasonable and it is less than one percent of the total budget and we feel like we can try to attack it from a number of angles. Then also, the Capital Investment Plan, talking about we still have that one more bond cycle and then we need to shift to our future planning while still incorporating the Comprehensive Plan.

Mr. Driggs said you haven’t talked much about CRVA at all when in fact there is a lot going on there. We will need to see for CRVA a kind of analysis like the one you presented for the General Fund in terms of what their debt capacity is and what kind of projects they have in the pipeline. We’ve had a number of situations where stuff comes to us and we’ve had to make decisions about it without any context. I hope we will get further into that.

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Mr. Jones said that will be a part of the discussion tomorrow.

Councilmember Ajmera arrived at 8:58 p.m.

David Phillips, Facilitator said before we move on I’ve got a quick story for you; some of you know I grew up in Louisiana, Northwest Louisiana, Shreveport which also means I’m quite happy with how that game ended even though it ended incredibly late. Anyway, I want to tell you a quick story about a company that had its origins in Northeast Louisiana, the Mississippi Delta region because it is actually relevant to everything you are talking about today. So, the company started in the mid-1920’s experiencing growth, relocated to Atlanta 1941. Continued to experience growth; 1950 they are thinking seriously about relocating to Birmingham because Birmingham was actually a better geographic center for their operations, for where their stuff happened. At the time 1950, Birmingham and Atlanta are about the same size, about 300,000 people each. Atlanta is not Atlanta as we know today; Atlanta and Birmingham were very similar. This company reaches out the civic and business leaders in Birmingham and they are not greeted with overwhelming yes, come here; in fact, one of the things that Birmingham did was they imposed a tax that in some ways was a disincentive to this particular company. The folks in Atlanta, again civil leaders, the Mayor, business leaders decided, you know what, we see potential impact of this company staying here so Mayor Hartsfield, I think you know where this story is going, so Delta, we want you to stay so, 1950 to 1980 to 2000 to 2020 Atlanta with all the positives and negatives that come with growth and Birmingham took completely different tracks. Were they solely because of that one decision, I doubt it? Was that an incredibly impactful decision and set of decisions, absolutely. So, decisions that were made in 1950 by the powers that be, elected leaders, business leaders, community leaders still reverberates today. So, 70-years later; 70-years from now is what 2090? Some of the decision you will be making in this room and throughout this year and the next two years, I don’t know what impact they are going to have. But these are really, really big deals. So, with that, I turn it over to Taiwo and Tracy to talk about some of the big deals we’ve got going on.

Creating Great Places

Tracy Dodson, Assistant City Manager and Economic Development Director said no pressure at all! You all have heard me talk for the past 18-months now this new ED strategy, you’ve seen a lot of it from the business recruitment standpoint, how now we are in the forefront of jobs and I think where we are and what this is largely about is it is time for the next evolution and it is time to think about how we make our investments and how that is feeding into the great places we are building but investing in growing jobs and a quality of life for our residents. We want to try to expand our thinking a little bit this morning and look at this in a different approach to our economic development strategies.

Today’s toolbox hasn’t been bad. It has led to some great successes, but we might argue that some of those maybe have been incremental and not as significant in the areas where we really want to see change. So, we want to try to think about how do we better align some of our toolbox, maybe expand our toolbox to really get to that growth and that equity that we’ve been really talking about for a long time. So, Business Matching Grant for example, corridor redevelopment, we had a lot of conversation about that yesterday. We’ve got some tools, do we need more tools, do we need to be more strategic with our tools and then how do those tools really fit in with the planning efforts that Taiwo and his team are doing? Is all of this layering in to really take our City where we want to go and where we are envisioning it to go?

Taiwo Jaiyeoba, Assistant City Manager and Planning Director said just like Tracy mentioned, I think the tools that we have in our toolbox today has actually resulted in some good things. As you will see here over the last 20-years we have generated a lot of jobs, but you notice a few things about this particular map here. One is that most of the jobs that have occurred in the last 20-years have pretty much been uptown, South End but the second thing you will notice is that something that Deb Ryan said yesterday every
thriveit city needs a strong center and that is very evident here in this map that we do have a very strong concentration of jobs in our center city. But also, things you will notice is that once you go past uptown and South End everything bunches together whether they be from the west side to the east side but then quickly what you will see is that the east side has a positive growth of jobs and that is over the last 20-years.

When we were working on our Comprehensive Plan we put together some data that really would engage the community in discussion around the board games. We found out that center city has about 260,000 jobs which is good followed by south which has about 168,000 jobs. The west side has about 120,000 jobs or more while the north has about 106,000 jobs. The east side has 59,000 jobs and that is evident here. Now, again, like I said I think the tools that we talked about have really led us to this unsuccessfully because really not every city can boost of this in terms of job distribution. If you map certain cities that we compete with right now what you are likely going to see is concentration of jobs in the [inaudible] center and one of that geography, not multiple geography. Again, going back to Deb said yesterday we are a multi-centric City because we’ve got things happening in other parts of our City outside of Center City.

Ms. Dodson said I think two things to hit on really quickly with this and just to reiterate some of what Taiwo said and David when he opened up is that job growth in South End for example, the hottest market that we have in Charlotte right now, but that is 20-years in the making. You go back to earlier in my career we were talking about a transit line so, you’ve got to think that these things do take time, but the other thing to what you said Taiwo, is we’ve had positive job growth everywhere in our City. How do we keep that going? You might want to see it more in some places than others, but we are pretty fortunate to have that positive job growth and we need to keep some of that momentum going.

What we want to pivot on a little bit is a new proactive approach where we are really combining economic development strategies and planning principles. We are talking about understanding these commercial and high employment areas; they are all unique. I would say when we are recruiting businesses to Charlotte or we’re working with businesses to expand every company is different and how they look at their decisions is different. Look, we’re all different. It is the same thing with these commercial areas and then what is unique and viable about each one of these areas and how do we want to consider layering in our vision, your priorities, how we do consider that existing and future market and then really what are we going to analyze and implement in each area? I do think our strategies for these areas are all different.

Mr. Jaiyeoba said sometimes it is the analysis is where we get stuck. I think we often get criticized for analysis, paralysis and here it is very important. For example, you all remember part of our Transit Oriented Development Ordinance we had to do a physical impact analysis of that, and we are carrying the same thing forward into our Comprehensive Plan but not only that, we are also doing some market realities. There are certain things that we want to see happen, but we also want to make sure that we marry them with what is realistic in terms of market. There is always a way to get a balance between the two and Planning gets criticized often with that, we plan a whole lot but without implementing so that is why we have the line on implement there. Because ED is really about outcome and we are often about process but how do we make sure that we built that outcome into the process so that eventually when the projects are delivered they are delivered and that has been factored into the process early on.

Ms. Dodson said I think there is another layer between the analyzing and implement and it is really deeper understanding and strategy. We’ve had some conversations about land banking and things like that and it is real important that we don’t want to land bank something and then the City own the problem. What we want is really a strong strategy and the strategy has got to go beyond we are going to buy a piece of property and put out an RFP. It is really how are we driving that change and getting further than maybe what a vision plan might do into those real implementation strategies. What we have come to is really a three-fold strategy, the goal being achieving equity in our planning in our investments across the entire City. All three aspects of this are important and the first
piece is the new approach creating equitable market opportunities and this is really thinking about our corridors and our different areas of our City where we want to drive change. We talk about Beatties Ford Road, we've talked about West Boulevard, we've talked about the east side. Eastland alone is not going to change the east side. We can’t stop at that; we’ve got to continue these strategies moving forward. We have made a lot of investments in Beatties Ford Road; we’ve been having this conversation for a little while, Angela and I; we’ve made investments in sidewalks, we’ve made investments in between the curb but we are still not seeing the change. We are not seeing the change of where we want to go and so how are we going to develop a strategy for Beatties Ford Road to get us where the vision that the City is?

The second piece is preserving today’s strong employment areas. We can leverage private investment, we can preserve what is strong, keep them successful. We don’t want to run into situations where we lose sight of some of our healthy employment areas and then we are in a position where we are trying to play catch-up. So, it is about helping and maintain as well as helping them evolve and change as our world of employment changes and our world of how we live and how we live within our City.

Mr. Jaiyeoba said the last one, of course, we kind of talk more about that, but I want to focus first of all on the first one which is the new approach to create. I call them corridors of opportunities if we would. We can identify all of this, but Tracy hit on a really good point there that one project like Eastland is not enough. There has also got to be what we call corridors or opportunities that can connect our original destination and places along. I go back again to what Deb said yesterday, and that is about people who live in our communities often need experience and we are going to hear a lot more about that this afternoon I think on transit and connectiveness. But, it is very important as we look at this corridors of opportunities, we go back two slides or so where we say [inaudible] we do some analysis including some market realities and then make sure that implementation pieces folded into the process prior to delivery. One thing you will notice about these five or six corridors is that they are also in the area we call the Crescent, which is really the challenge we have as a City and it is not for lack of investment in those areas, it is just what are the things that we’ve done that have really not been yielding fruit, that we need to take a different approach to start doing that. I think we were at a meeting and someone said South End, it is a miracle and I think maybe you said it is not a miracle, it took a long time to happen. We don’t have the luxury of 20-years to wait, we really believe we can begin to tweak certain things today to change some of the stores around this area quickly. So, early this morning one of our staff said we want to a design sprint on West Sugar Creek Road and I said okay. So, what exactly does that mean? We’ve been hearing some of the issues that you all have been discussing and we want to start taking a good look at that and I think that is great, but let’s kind of caucus around that because I’m sure that Tracy’s concern or Angela’s or Victoria’s or even the Manager and the Mayor, what everyone has in mind is very important and I know every time I hear Councilmember Johnson, if you want to test pilot anything just bring it to Hidden Valley or West Sugar Creek Road. Every corridor has its own challenges. There are no two corridors that are the same and I want to make sure that we approach that.

Ms. Dodson said that is true and I think that is the theme of this that no two are the same. It doesn’t get us to where we want to go I think to necessarily just have a toolbox that we’ve had; the toolbox again, has been good. The Façade Matching Grant is a good thing and I don’t want to say that it is not, but is it really getting us the change, the larger corridor change where we want to go with these? We really have to have individual strategies for each one of these corridors about how and where we want to invest.

Councilmember Mitchell said I agree with your individual strategy so, let’s take the first one and I think we should parallel Beatties Ford Road, Rozzelles Ferry Road as well. We have a transportation initiative about to take place; we’re going to change that corridor so how do look at what we were able to accomplish on South End and start planning for that same type of development. I think the quicker we can do that the better off we are going to be because once that train is implemented, that street car, the prices in that whole area are really going to change. I just think we need to have a timeline on the Beatties Road Road/Rozzelles Ferry Road area because the streetcar is going to take place next
summer. So, there needs to be some timeline and some action around that if we are going to be successful.

Ms. Dodson said that is exactly why they are unique. That is something that is coming to that corridor that is going to change that strategy that is different than West Boulevard and it slightly different than Freedom Drive and Wilkinson Boulevard and so that is exactly why we have to have these individual strategies around this.

Mr. Jaiyeoba said you also have to think about it as well that the type of development that is streetcar will be different from the type of development that is light rail will attract and I think John will speak better to that, which is why we keep saying no two corridors are the same but we do understand that because I think somewhere on the line the question is how do we achieve growth and revitalization without displacement or gentrification. Which is why again saying that we make sure that the outcome that Tracy is going for, we fold that into the process that we are working on in Planning so that she and her team can deliver the type of project that – I don’t necessarily think you can avoid gentrification completely but, there could be growth without displacement. I think that is the key issue that small businesses and residents are not necessarily being displaced while they continue to have access to opportunities and amenities.

Ms. Dodson said I want to bring this back again about how this is all layered together because we are on the forefront of small business initiatives as well as on the forefront of the jobs. So, now we can kind of understand, we can be strategic about where and what kind of job growth we are trying to guide into each individual corridor. That is another important component of it.

Councilmember Watlington said I just want to hear you talk about little bit about workforce development as it relates to this because I think that is the difference and that is the key to this displacement piece that the people that are in the corridors are able to grow with the investment. So, how are you all thinking about whether it is Project Piece or whether it is through partner organizations, have we started to think about how do we prepare the people in the corridor to be able to be a part of the growth?

Ms. Dodson said absolutely. One, and I think you may have heard me say it yesterday, one of the things that we have to do is really understand all of the resources that are out there and better communicate that and tying it together. Where are the gaps, what are the gaps? But, one of the things again, because we are in the forefront of this job recruitment and job growth, we work with companies all the time in establishing how are they hiring locally, how are we growing those jobs and growing the talent pipeline and also tracking for them a talent pipeline. Using a big example, but Lowe’s; we did that, and we spent half the day and we brought in 13 different groups from CP to Road to Hire, all different groups from around our community to say this is how your pipeline is going to track out. Last year when we announced Project Chime, we brought them and we were very strategic on where we did job fairs, how we did job fairs, and set up that relationship that as people either grow through that organization or come out of that organization they have the next level job opportunity. So, we now have gotten very strategic about workforce and talent development initiative and conversations layers in with all of our companies.

Councilmember Graham said in 1990, for example, there was no such thing as Ballantyne and today we have a totally new edge city that we are getting ready to reinvent yet again. Those intersections have been looking the same way in our community for well over 25 to 30-years. We’ve put curb, sidewalks, gutter, all the basic infrastructure needs in place to encourage development and growth and yet over the last 20 to 30-years there have been little or no development and growth. What are we going to do different other than subject the neighborhood leaders and the business leaders to more planning charrettes and studies and I am sure there is a room in City Hall where good plans go to die? So, help me understand how do we; and I respect the planning process, I get it, I understand it, I know it is a necessity, I know we’ve got to do the charts and I get it, but help me explain to Ms. Johnson who has been waiting for change in her community for 40-years.
Mayor Lyles said I think this is a real good discussion and maybe some of us in here [inaudible] in every one of our major successful developments that we consider the Ballantyne, the SouthPark, the process has been one developer goes out and accumulates all of this property and they create a vision for a large amounts of space that we help zone, we help plan, we have all these rules around how you can develop it, but in this environment, we talk about tackling these very tough issues when land is at a premium and we don’t have a single owner. McCrory Heights has 200 houses and they don’t have an ownership agreement on the development and making sure their neighborhood stays intact, even though they all individually want that. I struggle with this because I’m trying to figure out what is the role of the City and the ability to affect change when there are property owners that are looking at Ca Ching, Ca Ching, Ca Ching but the residents don’t have necessarily that same ability to effect change by either large plans intact or the ability to say we can get this land and make it happen as a neighborhood development. I don’t see that pathway and I’m worried about the same thing happening because we don’t control the land and we haven’t ever controlled the land on these corridors. It has either been public property or individual owners that went out there with their $75,000 and bought a house or had a business that they’ve leased the space from an owner. We were talking about Victoria’s corner, Remount Road and West Boulevard, one side has been taken over by the Federal Assets Forfeiture Place and now it is rented to who knows what, but Mr. Jim’s Pizza has been a property owner and a business owner on that corner for 35-years; second generation minority-owned business. What is that corner going to be when the BP Station is leasing from somebody God knows where? How do we actually manage? I’m just really worried about the difference between I own the property and I can sit on it and we have lots of ownership that want to do right for the neighborhood and how does the City stay and grow in that? Councilmember Eiselt said when you look at great revitalizations in Baltimore and Detroit; those were billionaires that came in and sunk a lot of money into, the case of Detroit and part of Baltimore, those areas had been vacant, so it was a lot different to be able to come in and sink billions of dollars into one parcel or adjoining parcels of land and that is kind of what happened with Ballantyne. I don’t know, but I think that ties into what you are saying but there is a huge difference. Councilmember Johnson said are there opportunities for the City to identify development zones, like identify these four or five areas and then the City starts to drive development instead of reacting or following the developers, such as opportunity zones or developing infrastructure and then being very intentional about the safety and development of these areas. Low-income neighborhood grants for the current home owners or incentives for employers so the City is in front of the development and very intentional and driving it. Are there opportunities for those areas? That would also affect these hot spots for the safety, it is all combined, the poverty and the crime so, if we as a City could be intentional about these areas and the corridors and driving it. Is that something that we could all work together? Ms. Dodson said I think that is exactly what we are trying to say is that we want to be intentional, it is not a one size fits all. We do in some cases have landowners that have come to us; we’ve got one landowner that my team is working with on Beatties Ford Road right now that wants to come in and do the right thing. So, what are the tools that we have to work with and to incent them to do the right thing, so it is not the situation where we need to go buy the land to control it, but we are going to form that partnership with the right property owners. How do you build on those to create a nucleus that then creates the change that you are going to? Mr. Graham said but why shouldn’t we in some cases buy the land and control it? Ms. Dodson said I’m not say you shouldn’t; I’m just saying you go into these situations with buying the land with eyes wide open. We have sat on Eastland for a very long time. Mayor Lyles said why wouldn’t we help a neighborhood? You drive over behind Booker Avenue now, $400,000 and $500,000 houses now where there were $35,000 houses.
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Why wouldn’t we organize a neighborhood that we’ve identified because they don’t necessarily have the skills? That is why I like the Westside Land Trust; they are going in there and they are talking about this, but land is value for ever and if we lose that in this next round on these properties and these sites, I don’t know that there is any come back. I want to know how do we organize best practices, business practices, maybe with foundations of companies like a Faison or why not have the Faison Foundation do this instead of the Faison, let’s make more shopping centers start to do it.

Ms. Dodson said that is the kind of strategy I think we are trying to talk about, and we want to get to. I’m just hedging against the land banking because it is easy to say oh, let’s go buy land and then we don’t have the real strategy. I think if we are thoughtful about it and we pull in the right partners and again, that is why it is not a one size fits all too. But that we are very strategic from the identification all the way through the implementation.

Mr. Jaiyeoba said again, I think the Mayor brought up a good point and that is the Community Land Trust. For the most part, it is a community initiative and effort in partnership with public agencies and I think the west side has done that successfully. But there are certain factors that also have to be in place in order for that to happen and to be done well. So, for all of those corridors, I will say that we can invest in certain things like Mr. Graham said, sidewalks, and maybe gap funding for housing but now it is time to begin to build on some of those things. A lot of them are often tied to individual ownership of land which we really cannot do much about. So, it is really striking that balance between land assemblage that we can take control of and then sit on it for a while and be hopeful. You all know my concern about using the word “hope” because it is not a strategy. Tracy has used that work a couple of times and that is intentional; if we are going to assemble a piece of property then we have to be intentional about what is next so that we can plan for it and then it doesn’t have to sit for 10-years.

Mr. Graham said Eastland is a little different versus going to LaSalle Street or Wilkinson Boulevard and buying a corner lot for development. They are really not the same thing in scale and I clearly get it “hope” is not a strategy, you are absolutely right, but complacency isn’t one either. I’m not picking on you Tai or Tracy, I’m just driving home the point that we simply cannot have any more studies, charrettes, or strategy sessions where we are waiting another 20-years for a change. I’m going to push you guys and the Manager, that is where the ball stops with him, to come back and tell this Council how we can do things differently to achieve different results in these corridors, so I won’t be 80-years old and still trying to find a sit-down restaurant on Beatties Ford Road or Wilkinson Boulevard or West Boulevard.

**Marcus Jones, City Manager** said I think this will be helpful; we set this up by design today to begin with the money and the resources and then what we believe is the most complicated issue we are going to have to address and so we intentionally put Tai and Tracey up there because there are two different views of this, and we are trying to assemble that. What I will say is that we do have this great point in time and Ryan talked about it earlier: in the 2020 bond there may be some projects that are not quite ready to go, and we can push those to the 2022 bond. It doesn’t mean we are not going to do then, but we don’t want money to be approved and we run out of that seven-year clock. That creates capacity this November and some of these areas are C-NIPS where we have put altogether $150,000; that includes Southside C-NIP over the course of those four bond cycles and then those are in the pre-reads, all of those things in the toolbox that may or may not work and those things that haven’t given us the results, let’s just stop doing them. Okay. We want to hear from you today however brutal it is because we don’t want to go away into a room, come back with something and you say, we didn’t get Council’s feedback. Bring it on, we need this. Fair enough?

**Councilmember Newton** said I think it is important in this conversation that we not lose sight of our housing framework and its emphasis on housing preservation, particularly affordable housing preservation and NOAH. I just wanted to say that upfront. I really appreciate us placing the equity lens on our economic development within the City. Having said that, it is really obvious for me and I can’t overlook the fact that on the east side we have a tremendous lack of jobs, falling significantly behind literally everywhere
else so I appreciate our hard work on Eastland. I appreciate it and I know it was mentioned that Eastland is not going to get us there and so I’m very much in favor of the idea of us looking at potential land banks. We have lots of empty properties on the corridor, just across from the Eastland site, we’ve got leveled pieces of land and I’m assuming at this point in time it is probably a little bit more affordable than it will be five to 10-years down the road. Maybe that is something we could look at but, I wanted to tough on our Business Investment Grants because this past year we had reviewed our grant and our grant system in process, and we had reduced our emphasis on location within those grants. What I mean by that is where we are targeting or the areas that we target for business growth with those grants. I just wanted to get Tai and Tracy’s opinion on how that might impact the equity lens that we are using here in trying to assist areas of need, catch up, create more local jobs in those areas and how do we encourage growth outside of the Business Investment Grants and also how do we get there in east Charlotte. I’m looking at the map here and we’ve targeted one specific area but given the need what more can we do beyond just say Central Avenue, Albemarle Road and the Eastland site?

Ms. Dodson said I will address the big first, really quick and we wanted to take the locational piece out of it because it was so kind of like black and white. If you go here you get this, if you go here you get this. The location discussion is very much a piece of it, but I think we analyze companies on a lot of different ways when we are looking at them and it is not just where they are going to go. What are they bringing, are they a targeted industry, what is the community impact it is going to bring? The location is important to it but it was more of a layer and so we were trying to get away from it just being about location. I will tell you that now one of the great things about the City being in the driver’s seat when it comes to expanding and recruiting businesses where is we look at so many different ways to work with them. We have companies that we made major announcements with that did not get incentive and a large part of that conversation was where is the best place in the City for them to go and how do we help them get there? We talked about the Facade Grant, the security grants, or things like that in different corridors. Because we are now are on the forefront of knowing what is going on in Planning, knowing what your priorities are, and seeing where the job growth is we are trying to bring all these together to guide them to get to that full vision that we want to get to. The location piece is important; I have a company right now that we are working with that specifically came and said we want to be on the east side. They are having trouble finding the land, so we are now actually trying to help them find those different opportunities and so, the more that we interact with the businesses of all different sizes, it is not just the big companies and things like that. The more that we are having the opportunity to interact with them the more that we can guide them into the corridors, we can guide them into the different areas of [inaudible] to a City that makes sense.

Councilmember Driggs said I think as you pursue this you should consider; we had one investment program that was very successful, the Blue Line and you look at what happened all along the Blue Line, the investment that took place but the question that it suggest is how do we achieve the quality that we want and not gentrify and not put those place out; retail and restaurants tend to locate where the money is and so I think we need to look very hard at exactly what outcome it is we are hoping for because if you can’t separate the propensity of retailers and businesses to locate where people have incomes then you are not going to solve this. As soon as you improve a neighborhood it is going to become unaffordable to people with low income because the neighborhood improvement doesn’t create the income, it just means that people with incomes fill in and the people who lived there before are driven out. You can go all the way back to Brooklyn Village which was a travesty in its day but that was intended to be an urban renewal program. We thought we were kind of cleaning up the slums back then and so I think one of the reasons we are experiencing this futility in all these studies is because nobody has really solved that. It might be good to focus on exactly what it looks like when we achieve what we want in these neighborhoods.

Ms. Watlington said to that end I’m very interested in doing this on the West Boulevard Corridors as soon as we can simply because we’ve already been doing a lot of the playbook work and start to get to that implementation point and getting very specific about what it is we want to see. There is energy there, the neighbors are clear about what the
market can hold, thanks to the market studies that were able to be executed and now we are at a place where it is time to go. Folks are brought in, people understand the challenges but also the opportunities with making major investment and to Ed’s point, how do we start to where we prepare the people that are there to be able to be a part of the growth. So, if you are looking for a place, I would love to go there. I think we are in a position to start and get some [inaudible] quickly.

Mr. Jaiyeoba said sometimes our regulations are the ones that stifle creativity and [inaudible] for us to admit that. But that is again, the reason we are going through out Unified Development Ordinance process. Sometimes it is at the state level and we really have no local control over those, but we definitely are pushing the boundaries of what is possible in certain places and there are certain things right now as part of our Unified Development Ordinance we’ve created a list of what we call special studies which is really projects that come on that our current regulations do not allow for. How can we make sure that as we walk through the ordinance we fix those things? We call them special studies and eventually when you the draft of that Unified Development Ordinance I think Tracy will be very happy because again, it will streamline the process to be able to deliver certain kind of economic development. Sometimes we just don’t understand what the rezoning process is; they go buy a piece of property only to realize that can’t do what they really envisioned to do there and so, it is really part education but also part of what we have to make sure that we continue to work in as part of our regulations. It doesn’t happen overnight, but we are definitely working on that as well.

Ms. Dodson said one thing I want to add to that, I think it is helpful, we’ve got a lot of areas where we can do a lot of work. To Mr. Graham’s point, we want to move so how do we prioritize this list. I think West Boulevard having the playbook already in place. I think the other thing is I have to compliment Council and economic development tools allowing us to do some pilots and not spend a bunch of time trying to work new policy, but really kind of thinking, let us experiment a little with some different tools that can work in different places. We’ve got another one with the Opportunity Hiring Grant; what the sole intent of that is to get local hires in businesses in the places that we want them. You guys have been good to let us get a little bit creative too and kind of move some ideas forward and test.

Councilmember Winston said we’ve identified these areas as has been said, have been looked at for years. As we continue to grow and as more people continue to come in and people just move around period, where do you think the next dot is going to be placed on this map that we have to think about that we are not thinking about right now?

Mr. Jaiyeoba said the top three cities where people come from to move to Charlotte are New York, Atlanta and Columbia, South Carolina. New York and Atlanta have transit that people rely on so as people come they are likely to go to corridors where there is already some bus services for them for the most part or light rail. I truly believe that every single one of these corridors is within a half mile radius of a light rail or even a quarter mile of a bus service. Most likely there will be people who continue to move here, not only because those amenities are available but also because they are affordable to [inaudible] If we are going to look at any corridor at all I think they will be more like Steele Creek but there are more like open fields where people can still build and develop much more than infill.

Ms. Dodson said like the River District and you look at the area on the west side where we haven’t seen as much growth and there is still the opportunity I think as the next place that we are not talking about on here. We have it highlighted in the next slide but it just one where there are open opportunities.

Ms. Newton said I want to build upon Ed’s comment a moment ago and say that we do have the tools at our disposal to meet our goals here and we just need to shift the direction in which we operate so that we are making sure that growth occurs in a smart way and what I mean by that is looking at things. I was mentioning earlier, looking at things like housing preservation and ensure that we are not increasing population density in areas that already have an existing need for other types of amenities like economic development, allowing those areas to catch-up. We can do that by implementing our
framework to ensure that we aren’t displacing people at the same time. I just wanted to say those tools do exists, it is just a matter of rethinking the way in which we operate.

Mr. Graham said when we wrap this up I want to make sure that we get some action steps that we just don’t leave this conversation. James and I and others have kind of got some thoughts in terms that we wanted them to see as result of the conversation. One, if we can identify a foundation and business partners who will work into the equity development policy in those corridors specifically; two, if we can choose the Beatties Ford Road Corridor as a priority because of the investment we are already making there with the streetcar and then lastly can we define a model for a neighborhood small business engagement to test on the priority of the corridors. I’ll share that so we can put it on the board; I just don’t want to leave this conversation with just having a conversation, so there are some action steps. And there may be some others Mr. Manager that we want to add to it, but if we can kind of focus on those I think that will be a good step forward.

David Phillips, Facilitator said Malcolm; what I would ask is those specific things you just read off, please ensure those are individual post-its so we know where they are, and we’ve got them captured. If they are just in your individual notes then we may not get them.

Mr. Graham said I got you; we will put it on a post-it.

Mr. Phillips said we will put another board up specifically capturing this. There is also the parking lot over here.

Mr. Graham said we don’t want a parking lot, we want to put that on the board.

Mayor Lyles said while we may be choosing a corridor, we don’t stop working on all of them. Some of this is going to be sequential and if we choose some development partners they may way that this is the corridor that is best. We may push something, but we ought to go where there is an opportunity for change and the best results. We may think that we know but I really want us to look at the Detroit model which is a foundation model and where developers have create great foundations because they’ve done so well for the last several decades. Then I think there are some business folks that don’t see it as just how do I make a lot of money and move on. Those two criteria may help us define how we best utilize a model so, I endorse Malcolm’s next steps.

Ms. Johnson said I see on the economic page that many of these areas are identified in the Opportunity Zone can you give us a little information about Opportunity Zone and implementing it in these areas?

Mr. Dodson said Opportunity Zones; and I think the Mayor said it yesterday, with the federal regulations and where we are it is a very fluid subject. We have talked about it extensively with Council and in Committee over the past year. We have an outside group that we’ve been working with of what I consider kind of ozie experts within different perspectives so, developers, legal, accounting, some neighborhood associations so we just kind bring the different perspective and understandings of Opportunity Zones together to come forward with recommendations. We have launched a website to help put the opportunities out there, we also have talked about working with developers on specific things when they are doing the types of development we really want to see in our community like things like expedited permitting and things like that in some of those programs. That is where we are right now, but it is still an evolving conversation because the initiative is somewhat fluid with the feds and regulations.

Councilmember Ajmera said you had mentioned when you are reaching out to companies for locating in some of these areas, you had mentioned ability of land is an issue. Is it the office space that they are looking for or is it just vacant land?

Ms. Dodson said in this particular case and the one I mentioned on the east side, it was land itself, it wasn’t office space, it was land itself in terms of what they were looking for.
Ms. Ajmera said I remember having a conversation back in 2017 with some folks who were a part of this whole business recruitment effort and the topic that had often come up was around availability of the office space when you are trying to recruit jobs and opportunities in some parts of our City. I know other cities have looked at creating and developing office space so that the companies can located in some of these neighborhoods. Is that something we have explored in the past?

Ms. Dodson said we have not explored it. My team has not explored purchasing office space, having office space for specific opportunities necessarily. It is kind of the same conversation as land banking and I think if you are going to go down that we need to be very specific about where it is and what it is and things like that.

Ms. Ajmera said it is in that theme when it comes to land banking if you are not able to find a master developer who is going to develop this office space we have to take a step further. If we are going to develop office space would we be able to bring opportunities and jobs and that is something I think we’ve got to look at. I know other cities have done that where they have been able to successfully bring jobs and opportunity by being that master developer and have revitalized neighborhoods in areas where there was no private sector interest. I think that is something we’ve got to explore and help revitalize some of these areas. The second question, I know you had mentioned about façade and security grants; are those tools that we are currently offering to small businesses? Are they sufficient, are they enough, what are their feedback because when I talk to folks their feedback has been different; that is not enough especially those that are along this corridor that are struggling to survive? Have we done some sort of survey from the small businesses that shows this is what we need and here are the tools that you are offering that we can expand on?

Ms. Dodson said I think the point is, saying the façade grant and the security grant, those aren’t bad things, they have been successful for some businesses but perhaps we need to consider other tools because those couple of tools along aren’t everything that we need.

We are going to go to the next slide; this is the second piece of the larger strategy which was preserving successful employment centers, and this is where we are watching the market, or the market is guiding us if you will and these are areas that are strong but they are not necessarily without issue and when the market is talking to us I think we need to be in a position where we can respond and react. But, we also need to think about preserving these areas and allowing them to evolve. The University, I will tell you our team worked with about 8,000 job announcements last year. Right now, today, in chasing 7,000 jobs in the University area and all of those jobs are on the left side of I-85 and the light rail is on the east side of I-85. So, the light rail is there, they want to be connected to the light rail and when we talk to these companies, congestion and connectivity is an issue up there, so it is great that we have the light rail, but we’ve got to continue to think about how to better connect employment and transit up there more specifically. There are 70,000 jobs in the University area right now so I’m talking about a 10% increase that is looking at us in 2020, the actual jobs with the announcements to the jobs. So, it is significant, and it is something that I don’t have right now any tools to respond to that. The uptown, we have significant projects uptown that may or may not have CIP request associated with them. We have 7th and North Tryon, we have the Transportation Center which we don’t anticipate, but we don’t know yet. Gateway Station, again we’ve tried to be clear about our tools but there could be CIP requests associated with that but all of that again, is growing what we have in a strong employment area. Then you have Ballantyne; you all have the rezoning in front of you; that is a strong employment area today. They want to evolve because suburban office is not connected overlooking a golf course is not necessarily what people want today. It is what they wanted 20-years ago, and Northwood recognizes that, so they are trying to evolve into a more of a mixed-use place that continues a strong employment. That comes with a CIP request associated with it to build out more roads and better connectivity which is one of the struggles of the area of congestion. Again, I point all of these out to simply make the point that a lot of these are successful areas; how do we leverage private investment to keep them successful?
Mayor Lyles said that is one of my points about working with developers. Northwood/Reagan local understands what is going on and if you look at their ownership model how could we duplicate that kind of ownership model for development on our corridors? That is one of those things that is a real live example of how to get things done.

Mr. Winston said you mentioned up in University how those jobs are on the west side of I-85 and disconnected from the light rail investment that we’ve made but isn’t this a perfect laboratory up there to do some of the things we’ve been talking about. You have Harris Boulevard which is not a Providence Road so there is a lot more room to do things like bus rapid transit, create a transit hub that brings people from the light rail station to those office parks to some type of public/private park? You have a strong residential up there so why wouldn’t we just do that?

Ms. Dodson said that is exactly what we are trying to do; we are trying to look at what are the infrastructure investments that need to occur, how do we best leverage that with the multiple companies that are looking at job growth there? We have a planned bridge over I-85 that connects behind University Place into the Research Park for example. That is another model; what is the timing of that in relation to when do the jobs arrive? We even talked about to John about can we run a pilot of autonomous vehicles, a people mover.

Mr. Winston said how do we go from that here today to making that happen?

Mr. Jaiyeoba said it goes back to the old plan thing. We’ve got a plan, but this is really about mobility plan. I think Silicon Valley is a classic example, so you have VTA or whatever they call it in San Jose that provides light rail, but it doesn’t get necessarily to Facebook or Google, but they do have shuttle service that do connect with the closest transit centers and each one of them also have what is talked transportation demand management tool where they have their own shuttles that actually bring their employees to the station. Those are the type of things that we cannot leave way in the back that we are going to be talking about in terms of mobility plan that can be implemented and deployed in this type of environment.

Mr. Winston said I would like to see us do that.

Ms. Dodson said let me add onto that a little bit because we had a meeting last week where we talked about a different approach rather than a rezoning here or a traffic analysis here on one site, to step back and look at the University area and say what are the most needed improvements from an infrastructure standpoint and kind of the order. Then how do we use all the company expansions to leverage that? Where do we want to make our own investments and then where can we try some innovative things and what are the partnership with some of the companies to try to some innovative things. So, it was a multilayer approach from the actual roads, then the transit connection piece of it and then potentially pilot or innovative ideas.

Mr. Jaiyeoba said I know David is nudging us to move on so this is the second to the last slide and this is the third piece, so we talked about new approach, just creating new markets, preserving existing success stories that we have right now, and the third piece is this. So, you will notice here that we are making a shift from place making to community making. I’ve said it before, shift happens but this is a good shift in terms of a place does not necessarily make a community, but a community can be a place. The old idea is that we’ve been talking about place making and a place could a bus stop, it could be a transit stop, it could a plaza like a government porch, but what is a community? A community has to be a string of places and so the old idea is as we create all of these different places, as we make all these places in the City we are actually creating or making a community. So, how can we leverage the investments that we have right now in different places that can really revitalize communities. I always say that the places that we make or the communities that we make are like little engines that swing huge dust. They really almost like thinking small in that you talked about making the United Indian Association that had the graphic at a bus stop on West Boulevard. Imagine a series of bus stops that have beautiful huts along them that created a sense of community without resulting in
displacement or gentrification. So, how do we leverage the presence of transit, how do we preserve affordable housing, how do we make sure that some of the sidewalks that we have today or even an improvement in stormwater drainage? It’s may should very, very unsexy, but the fact that it does create a sense of community. In a lot of these places, whether they be the new market areas or what we call corridor opportunities, or they be the Ballantyne there are always aspect and places in those areas where we can really leverage and they don’t take a whole lot of investments to make happen, but the dividends out of them are huge.

Ms. Dodson said we pressed Taiwo really hard last week when we were talking about placing and placing and placing, and I kind of came back and it seemed so soft, but it is not. When you explained it, it was really community making and the first two buckets of what we talked about were all about employment, jobs, and those are good, and we absolutely need those and there is where a lot of our vision and planning fall short; it doesn’t get to the job piece. So, we’ve got to bring the job piece into that, but without these other things and layering that in you are not creating the community that you want even if you do add the jobs.

Mr. Jaiyeoba said we talk again about creating communities that makes people hard to be able to live within 10 minutes of 15 minutes of where they work without having to go across town.

Ms. Dodson said the last slide; so, what we wanted to do with this is layer in where we started, see where the job growth is, see the areas that we are focusing and then the areas that we are trying to preserve too. You followed the steps with our new role in job creation is so important into moving this forward and then also adapting to market changes and market reality. No two corridors, no two employment centers are the same and then encouraging public/private partnerships. It is a great example of what the Mayor hit on and then using the comprehensive plan and thank God for the future along with the market reality.

Mr. Jaiyeoba said sometime within the next few weeks we are going to share with you our preferred growth scenario. When I came to you several weeks ago I said we are looking at the models of Austin, Portland and I believe Arlington, Virginia in terms of models of growth. The growth that we are expecting will be along corridors around activity centers or in neighborhoods. With what we’ve had from about 5,000 people in the community we continue to see a hybrid of two. People and vision that the growth will be along existing corridors and future corridors but also around activity centers. So, when you see that preferred growth scenario you will see that kind of mirrors that so, how do we make sure that these places are ready for the next step in terms of 7,000 jobs, that is a lot of jobs in one place and then they will need to work and live in different places, how do we make sure that we leverage transit, if it is a mile away or two miles away how do we make sure that we bring it closer to people? You are going to see that when we bring the preferred growth scenario to you in a few weeks part of that also is really to support what Tracy and her team are doing in attracting businesses and jobs in our community.

The meeting was recessed at 10:02 a.m. and reconvened at 10:28 a.m.

Mr. Phillips said we are going to deviate once more from our planned agenda to ensure that we are making your time together as valuable as possible so that your outputs are most usable for staff to then do stuff that they then can put back in front of you that you can make informed decisions on. What we are going to be discussing, as Ryan mentioned earlier, that our revised approach for the next hour is you have three Budget Workshops coming up and what we want to do right now is back into those three groups you were in yesterday, plus augmented with other staff that the Mayor is working on now. We want you to discuss and be prepared to share responses to three questions. They are, what should you be discussing in the Budget Workshops based on the priorities from your discussions yesterday? What should be the topics of discussion in those three Workshops is number one. Number two, is what are the desired outcomes from your perspective from those Budget Workshops discussions; what do you want to talk about, what are the desired outcomes, and then three, what additional information would be
valuable for you to have prior to those Budget Workshop discussions? You will be talking based on the groups you were in at the end of the day yesterday. We are going to give you about 30-minutes to chat.

Mayor Lyles said the Great Neighborhoods Group would be Malcolm, Braxton, Larkin, and Reneee; Workforce and Small Businesses would be Tariq, Smuggie, and Ed and Transportation and Planning, Combining Safe and Great Communities would be Julie, Matt, and Victoria. What is important to be on the Council Budget Workshop Agenda and then after each group reports which topics they think ought to be on the Workshop Agenda for 30 minutes and then we go 30-minutes and see where the consensus of the entire Council is, so you get to weigh in on all. So, if you are to achieve these big goal statements what needs to be discussed in the budget for the next year and if you have time separate operating from capital.

The Council went into group work at 10:32 a.m. and reconvened at 11:16 a.m.

Mr. Phillips said that actually brings us to an end of the time we allocated for this discussion so, lunch is available, and we will start our panel discussion at 11:30 a.m.

The Council broke for lunch at 11:18 a.m. and reconvened at 11:44 a.m.

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**Building Great Communities through Mobility**

David Phillips, Facilitator said Building Great Communities through Mobility; we are going to discuss the relationship between Transit, Transportation and Economic Development. As you have questions please make sure that you capture them, but we can take questions as we are going. Again, let’s have a discussion within the timeframe we have.

We have Scott Smith, CEO of Valley Metro, responsible for the operation, design and construction of an expanding regional transit network in Metro Phoenix, Arizona. The Valley Metro System is a partnership of 17 municipalities in Maricopa County offering bus, light rail, paratransit and van pool services to more than 71 million riders annually. He was recently named the American Public Transportation Association Board as a Transit at-large Director. Smith’s leadership is a continuation of his public service as a former Mayor of Mesa and President of the US Conference of Mayors, the only Arizona Mayor to have served in this position. As Mayor he strategically guided the 38th largest city in the US to economic rebound between 2008 and 2014. He also has a wealth of experience in the private sector as a Certified Public Accountant, not choosing the gig with Arthur Anderson in Houston may have been an interesting thing. Let me back up, Mayor, CPA, Lawyer, CEO of a regional home building and development company. In my work we call that range in terms of range of diverse experiences in forms of doing all sorts of things. There is another way to look at this; in 2015 Smith served as the resident fellow to the Institute of Politics at Harvard University Kennedy School of Government. Welcome my good friend Scott Smith.

Now I can introduce my good friend Dr. Beverly Scott. Bev is both CEO of Beverly Scott Associates and a Senior Partner with Parker Infrastructure Partners. That is an infrastructure provider of essential infrastructure that focuses on opportunities to develop projects that create value for both the public and private sectors and improves economic social impact and environmental outcomes for all people in communities. Bev has served as the CEO, General Manager in nine different transit agencies, been CEO of four, including our friends down in Atlanta, Mia. Bev is also currently serving on the National Infrastructure Advisory Counsel, she was appointed by President Obama and continues to serve and is the past President of the American Public Transportation Association.

Last, but not least my very good friend Clyde Higgs. Mr. Higgs became the President and CEO of ABI, Atlanta BeltLine, Inc. February 2019 after serving for more than three years as the Chief Operating Officers, in addition to overseeing the company Clyde tries to
expand their strong working relationship with private and public partners across the region, state and nation. Prior to ABI he served as Executive Vice President of Operations Development for the North Carolina Research Campus, our friends to our current west, normally our north in Kannapolis. That is a multifaceted initiative, a real estate developer Katherine Cook using science and technology as the platform to redevelop and reinvigorate Kannapolis, North Carolina, a former textile town.

We have three planned questions and then we will see where our conversation takes us. Scott; I’m going to start with you, and it is real important that you get this right. What is the biggest lesson learned from other cities as it relates to managing growth? Lessons both bright spots, things that have worked well and things that haven’t worked well that maybe we shouldn’t try to learn those same lessons.

Scott Smith, CEO of Valley Metro said thank you for this opportunity and this invite to be here. I have always admired Charlotte, first of all to be able to crown in your logo to me is just really cool. Not many people can pull that off. Secondly, I got to know more about Charlotte; I served as Mayor during the last part of Mayor McCrory and during Anthony Foxx’s tenure; I got to know both of those gentlemen quite well and heard the Charlotte Story, ad nauseum and of course all your successes. Being from Arizona, we know what growth is. Mesa is actually bigger than Atlanta, bigger than St. Louis, Minneapolis. We actually have over 500,000 people in what is called the Boomerang. Now, to put that in perspective when I was Mayor, and I have been out now five-years, we only had 460,000 people. When I went to high school and graduated 40 plus years ago we had 70,000 people. We know what growth is and I know that what we found out is that planning for growth done poorly is a generational black mark on your community and sometimes digs you a hole that you can never get out of. Growth planned in the sweet spot is an asset and opportunity that will give for generations and generations.

The one thing I found out is to plan growth is easy to talk about and very hard to do and the reason for that is that people live in a 2-D world and yet planning for growth is really a 3-D exercise in many ways. I was a home builder in one of those many careers that I couldn’t keep a job and for 12-years owned a home building company. I learned something very interesting; I loved building model homes and furnishing model homes. If you’ve gone to a new home subdivision, you walk into this model home and you say oh my gosh, I could like here. I could never afford this furniture, but I would love to live here. I one time asked why do you have to have a model home and there was an interesting study that was done, and it actually found that almost 85% of people when they walk into a room without furniture are incapable of visioning what that room looks like furnished, 85%. They see an empty room and that is why the homebuilders put so much focus on furnishing a model home because people see what is in front of them. So, if you are a city and a region imagine that 80% plus of your people when you talk about planning for growth and for the future they literally have a very difficult time envisioning what that is. That is what you do as a City Council; you both manage the present, what I call the snapshot, the 2-D world, but you also set the stage for the next generation. I had a little saying on my wall that said, “the true measure of success is to plant trees under whose shade you will never sit”. That is the vision part, vision is also the most over used, under explained word there is. So, what we learned in growing very fast in a City like Mesa and Arizona as a whole is that when we got ahead of things and invested where the investment didn’t seem to be prudent for the time that was the sweet spot. When we built the roadway where we envisioned things happening things started to happen. When we were playing catch-up, which you invariably have to do in a fast-growing place, that is when we struggled, that is when we made mistakes. If we didn’t have a view for the next generation we didn’t do right by the current generation either and we certainly didn’t do right for the future generation. So, those are the lessons we’ve learned over the last 40-years that what you do when planning for growth and planning for the future.

Clyde Higgs, CEO, Atlanta Beltline, Inc. said I may share a couple of things; in full transparency yes, Mesa is larger than the City of Atlanta, but when we talk about the Atlanta Metro we are talking about 6.5 million people and if you believe some of the research that is being done about Atlanta right now, in the next 20-years the growth trajectory looks like we are essentially going to add the entire Metropolitan Charlotte area...
to Atlanta. Not Charlotteans but literally 2.5 million people coming into the City of Atlanta in the next 20-years. Think about that for a minute. That is heavy, but one of the things that I appreciate about the Atlanta area is just embracing density and to be quite frank, not everyone is comfortable with that discussion, but that is one of the things that is really embraced within the City of Atlanta, and that was really the promise of the Atlanta Beltline project in the first place, is really to have a whole life cycle where people literally live, where you don't have to get in a vehicle to get to a grocery store, to get to a job, to get to a medical office. It is interesting to see what is happening in Atlanta right now from a growth perspective and those that are familiar with the city you know that the traditional business district spine of Atlanta runs north to south from Buckhead to midtown to downtown but literally what we are starting to see within the city is this bowing out of the traditional business district within the City of Atlanta outside of that traditional spine. So, literally and I know that you all came maybe a year and-a-half or two-years ago for this visit to Atlanta and you may remember Pont City Market. We have companies like Tweetter, Mail Chimp, Chick-fil-A, Google, all starting to populate along the Atlanta Beltline District and again, this is not mid-town, this is not Buckhead, this is not downtown, this is literally off of a pedestrian trail because of workforce. So, literally the companies are following where the workers want to be. This is huge and to just give you kind of an indicator again, Buckhead has been traditionally the high rent district for the City of Atlanta. I’m sure we’ve all been to Buckhead before, but it has been eclipse by the Eastside Trail of the Atlanta Beltline. They are getting rents about $55 per foot off of the Beltline, not in a new building but an adaptive reuse facility literally right off of the Trail because that is where their workforce wants to be. Again, just embracing density, making sure that literally people can have jobs where they live, again where they don’t have to necessarily get in a vehicle.

Mr. Phillips said did I reach correctly that the Beltline initiative began in 2005?

Mr. Higgs said it officially started in 2006; that is when the organization was formalized but it was actually the brain child of a graduate student at Georgia Tech named Ryan Grivale. Ryan and his thesis took place in 1999 but had really fearless leadership that actually backed that and get it formalized and again it officially took off in 2006. We’ve built roughly 10-miles of the Beltline, so you’ve got to think about this is going to be ultimately a 22-mile loop within the City of Atlanta. So, we are thinking about center City Charlotte to the north of us Atando maybe to the east that would be Charlotte Country Club, to the south Fairview Road and I guess to the west would be Wilkinson Boulevard. This is huge so, we are planning to invest over $4.5 billion into this initiative and the Trail piece is just component. There is also a significant transit initiative connected to that as well.

Dr. Beverly Scott, CEO of Beverly Scott & Association said I’m just a bit of an a-men choir but I’m going to tell you because I agree with everything that has been said, I think the most critical thing in there is it sounds like that soft stuff, but you can’t spend enough time getting the vision and the values and outcomes that you are really talking about right. That vision stuff and where I’ve seen it be most successful, and I’m talking about deep stuff, so the Comprehensive 2040, and I mean make it come to life because literally what you’ve got to do is wind up having a community that when you start talking about managing growth you can’t manage something that people have no particular vision or investment in. So, it is not just a matter of doing another update of a plan, and I’m not suggesting that is what you are doing, but so often times we have the 2040 that becomes the 2050 then it is the 2060 and then the whatever. But because what will get you there, and this is all generational stuff, multi-generational, what will get you there is really having a community that is bought into where are we going, what does it look like, what are the values that wind up anchoring it and quite candidly, the infrastructure is the body of it, but it isn’t the it. The it or the outcomes that people will, in fact, wind up realizing as a function of the growth and the investment. So, what does that do that look like and feel like in terms of jobs creation, public health, economic inclusion, environmental benefits, what does that look like, what does it feel like, how do we count it, how do we track it? I would submit to you that the vision piece, my own personal example, and I’ve lived so many of them and I didn’t start it out. When I walked into Sacramento Region, nine-county region, they were in the midst of their blueprint process, no different than Utah with the [inaudible] vision...
Utah. They were in the midst of that, that is when I literally walked into an auditorium where there 2,000 people from every single walk of that nine-county region if you will, who were for the first time talking about what and who did they want to look like and be 20-years or 30-years from now. We must have gone to meetings, I can’t begin to tell you how many meetings we went to in communities because it was about people planning with people, not for them. That required a tremendous amount of capacity building; don’t disrespect learned experience of folks that live in this stuff, but that required an awful lot of investment on the part, and the reason I say it like this to the yours, to make sure that wound up taking place. So, once that framework was there quite candidly, they bought into, they started seeing because people went places to look and see what did densification and smart growth look like because it didn’t have to look like LA. The thing that scared everybody was that we don’t want to be LA and we don’t want to be the Bay Area, but they didn’t really have the real sense to themselves of how they could bring those examples to scale for Sacramento. They needed to see it in a different context that was more their context so that it didn’t have to all just look like New York or whatever.

Anyway, I would suggest to you that making that really come to life; the other thing that only you can do is institutionalization of the policies and the processes and the statutes and stuff that have to in fact under pen what you are doing. This stuff does not happen, trickle down, it does not happen only as a function of free market; I was privileged to do some work for the [inaudible] Foundation, taking a look at the 40-years of smart growth and their portfolios and what has happened across the county; people meant well or not, for the most part they meant well, but to simply say that we are going to do these things, transit oriented development, and all that kind of stuff like that and it is all just going to happen and all God’s children are going to walk together does not happen without intentionality. That intentionality has to be backed up by institutionalization that is statutes, that is statutes best, but if you can’t get statute, that is ordinance, that is policy, that is procedure, that is practice, that is metric and that is capacity building continuously an engagement on the part of community. I will say this and then I will shut up; put your elephants on the table in the room. Critical frank conversation, you cannot live in the past, but if you do not put it on the table from the beginning with authenticity in terms of this is where we screwed up, these are the broken promises, this is how stuff has been separated, this is what we did not do and we’ve learned together, you will never get there because all of that stuff, particularly when the inequities across the world but in here are as severe as they are will always keep you in this upstairs/downstairs conversation. So, put the elephants out on the table and say look, we are all prepared because we really want this to be a Charlotte for all communities, for all people and when you do that always think of your most vulnerable. If it works for the most vulnerable, whatever you do then I can tell you, it almost doesn’t take mysticism to get there; it will work for those at the top of the hill as it works for those who are the most vulnerable in your community.

Mr. Higgs said Dr. Scott said that in an amazing way and I don’t think we are telling you anything that you don’t already know but doubling down, tripling down on those community conversations and again, that is how the Beltline was born in the first place. It really was a community-driven initiative that ultimately got into the hands of leadership and it became an initial project, but really, it was the community thing, this is something that we wanted to do versus it coming from another organization or another group. I cannot tell you enough, and again, I know you this already, but it is good to hear other people say it; double, triple down on the community engagement piece. We go to the community on average four times a month just to have conversations and I would say those four times a month, three times those conversations are hard, they are difficult conversations, but you need to hear that and then my experience, the community really appreciates having some of those honest, frank discussions and let’s be clear, the Beltline has been a wild success in many ways but if we are talking about the other side of that on the gentrification side you got to be able to address it. You’ve got to be able to have those conversations with community and let’s be frank, not all great ideas are born within our four walls. There are some great ideas, community solutions outside of our four walls. Be prepared to have some of those conversations and receive some of those solutions, but those community conversations have been a Godsend for the Beltline in my experience.
Mr. Phillips said just hearing that I’m stuck by something, so the [inaudible] of human center design, one of the key principles is design with, not for. Where possible, design with people, not for people. Something I read recently, and I forget the project, but it was about how do you get people to see things differently so then they are engaged and they are brought in versus being imposed upon and the line was this; this isn’t rocket science, it is harder than that, it is social science and it takes that, you’ve got to go and you’ve got to go and then you’ve got to go some more.

Mr. Smith said the reason it is hard is that at certain time you are dealing with reality and there are certain realities as it relates to managing growth and to including the community; the first thing is the vision is scary because it is about change and it is about change that in many of our communities has not served them well in the past. On the other hand, we throw out words like gentrification that scare people even more. Let me tell you one of the realities; we are going through this right now in the Phoenix area as we expand our light rail. It is a huge issue, but I asked a basic question, isn’t the idea of making public investment in transportation to lift the community, to make it better tomorrow than it is today? In many ways that is gentrification so sometimes we say gentrification bad, leaving the things they were, well nobody wants to leave the things they were that are good, that is why we are making the investment. So, we have to have the conversation on how do we elevate the community and not push people out? How do we balance that? All too often you don’t have that conversation because, especially in today’s tweeter and social, the way we are divided tend to put labels on certain things and gentrification is one of those. Believe me, I have sat in many meetings where you throw that word out and people go to their corners and unfortunately, it is not straight forward, it is very nuisance. I can tell you in my City in Mesa when we extended the light rail through as a City Council we dealt with that and so since you are looking at how do you put these things into ordinance, how do you take a vision and put it into ordinance, that is really hard to set the stage for the future. What we did was we didn’t want to force people; the other thing is the market is what brings change. All too often, especially in today’s environment, we want to say the market is bad. The success of the Beltline is a combination of a vision and the market coming in. You don’t get good change unless you have investment and so what we decided to do was we wanted to tackle this, and we recognized that investment doesn’t happen unless people can get a return. People will not put money where they cannot get a return. So, we took the approach of rather than dictating what people did, we took a very much an incentive-based approach. We got rid of Euclidian zoning, colors on a map and I hated that when I was a home builder. On this block, you may do this and you may not do that well, look in Charlotte and I bet if I went into the older sections of Charlotte and went back and saw what different neighborhoods and buildings had been done since they were built 50-years, 100-years or 200-years ago, it probably has changed multiple times but if you put limits on what that can do, what you do is you limit the ability to improve. So, what we did is we went to more of a formed based zoning, and that form-based was based on what vision we wanted to accomplish. We recognized things would change and we wanted to give developers flexibility while meeting our objectives, our vision. Our objective was that we wanted to maintain an affordable housing stock so we made it very appealing for investors to come in and build affordable housing understanding that they would sort of prime the pump for market-rate housing which then builds a community. A community is not healthy if it is either all rich or all poor; a community is healthy when it is blended, when you have a mixture, when you have everybody living in place where they can walk to that job. You can’t get grocery stores if everyone in the neighborhood is poor. On the other hand, it is counterproductive if everyone is rich. So, you as a Council I think have to make the basic decisions and when you have a zoning case or you have a decision that Beverly put on the table; how does this fit in with our vision and our objective, not what color is the page. That is hard to do sometimes on a City Council because you are very transactional oriented. Most of your City Council agendas, are they vision related or are they just taking care of business? They are taking care of business, it really takes effort to get out of the transactional mode and also you have the stuff that pops us; you have the police incident that all of a sudden distracts you from everything. You have the natural disaster which distracts you from everything and then you have groups on both sides that want to distract you because they want you to listen to their needs, which are all important, but you’ve got to be the ones that stand above that and say okay, we are going to plan for the next generation and get

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out of the transactional mode and get into the vision mode. Hence, that is how you create a beltline.

Just a little bit of success; we started with a 20-mile light rail line 11-years ago in Phoenix. It went from the edge of Mesa through Tempe into Phoenix and through downtown. When I was Mayor we extended it through our downtown into Mesa and now we have 28-miles, we’ve added eight miles in 11-years. I read where on the CATS Line, I think it is the Blue Line, about $3 billion, this isn’t competition, but we hit $12 billion in actual real estate investment along our line. That is because that line went through areas that had seen better days. Investment in transportation infrastructure is like a magnet, whether it is the Beltline, whether it is a light rail line or whatever, it is a magnet and that is what we found out. It doesn’t matter what kind of transportation; build a freeway, you build a new bridge, you expand the light rail or public transportation, it is a magnet, don’t be afraid of the magnet. That is one of the elements; you do it so you will get that investment. Understand before where you want it to happen.

I’ll tell you one quick story and then I’ll go on; on our latest light-rail extension through South Phoenix which is a majority-minority district, historically has been underserved, we did the light rail planning before we had the community discussions that Beverly asked for, then a disaster. There was a variety of event as to what happened. When we did the first part we had the community discussions, what kind of community do you want; oh, by the way, we are going to put a light rail line through that, here is how it fits those goals. We reversed that; this was before I got involved in Metro and it has been a disaster. You cannot plan the details of building light rail and have a discussion on the impacts of gentrification at the same time. So, if you are going to grow, make sure you have those community discussions before you talk about specifics of infrastructure. That is one of the things we learned about growth.

Mr. Phillips said I want to throw out a slight different or maybe significantly different question. So, what I heard investing in infrastructure, the return on investment, otherwise you don’t get investment. Investing in stuff you get returns, you have positive impact. We talked ever so briefly about when you invest in people. If stuff has got to get built somebody has got to do that building. How might we do that and where have you seen that work?

Dr. Scott said what I spend most of my time doing, I started a non-profit; it’s been on my soul for 10-years, a non-profit introducing you to American Infrastructure Plus. I was in Boston Public Schools before I flew in here and it is all about that next generation of young people and it is not just transport. The opportunity to last almost 10-years, sit with peers from the power sector, the water sector, the transport sector, the energy sector, telecommunications, all of them, every single one; one of the top five things at the top of their list is where is workforce coming from and as much as I absolutely want everybody to get every college degree plus two and three times, but the majority of work in the infrastructure sectors, and this is documentable, they are not making it up; they do not require a college degree in the first instance. I’m talking track, signal, rail car maintenance, elevators, escalators construction, they do all come out of a STEM Foundation. I’m sitting here thinking what can you say in Charlotte; you guys have got such an opportunity to be such a leader, it is not just at the Doctorates and all of that but literally middle wage, highly technical positions that people across the country don’t know where that group is coming from. The biggest equalizer is economics and so we’re talking about good jobs and business opportunities. Most of these areas suffer from poor image and the fact that young people really don’t know very much about them at all. So, we do all kinds of stuff; you can’t just be an [inaudible] program and sitting in a classroom. You go out and you do community assessments to bring your learning experience, but here is the thing, I tell them all the time; I say let me tell you something I fell into transportation 40-years ago. I was minding my business teaching Government at Tennessee State University and went to Houston, Texas and a former Professor put a note on the top of a paper and said thought you might be interested, and it was a Houston Carnegie Urban Fellows Program in 1976 and that is where it started. They asked me what City Department did I want to work in and I said I didn’t want to be in a relations area, so I wanted to be in either sanitation or transportation and I started out with the City of
Houston’s Office of Public Transportation before there was ever a Houston Metro. Forty-years later I have been at Senior Executive levels in nine and run four. In our meetings we ask the General Managers, will you please stand up, all of you who knew when you were coming up that what you wanted to be was a CEO over a Transit Agency. The first time we did it there were 250 people in the room and six of them stood up. Now, we might get 30 today but I tell young people, I say let me tell you this, I say I’m the biggest Charlottean in the word. I say I love all the big hundreds of thousands of things that move but what I have been blessed and privileged to do and be is in the business of community building for 40 plus years. That is what these careers give you the ability to do and that is a totally different view. Who do you think makes those decisions about where the curb cuts go, where the lights go and the tree cover and the canopies and the clean water; who do you think makes those decisions? It is people who are in these careers. So, building that pipeline, getting them out there, getting them engaged in their community, and in understanding civic participation. I said if equity sustainability, resilience, civic participation, and all of that are important, where do young people learn that stuff now? A lot of places don’t even require them to take civics, so you have to bring that kind of experience into the classroom. I can wax on about this forever but that is my passion.

Mr. Smith said if you are wondering how you can do that there is a lot talk about workforce development and it is probably one of the great disconnects in our country. Even at the depth of the recession when there was 14% unemployment we had over three million skilled machinist jobs go unfilled. The problem is we talk a lot; government and education have had a hard time matching that and so in Valley Metro we’ve tried to figure out how can we make this real. First of all, we quit trying to create jobs for people and said we are not here to create jobs, we are here to create careers. It is a very different approach; careers, not jobs. The second thing is that we got away from the DBE approach. DBE approach is a check list approach that helps people to fill out paper work and doesn’t really accomplish long-term anything.

Mr. Phillips said what is DBE?

Mr. Smith said Disadvantaged Business Enterprise. I have offended a lot of people when I say that but to me it is the lowest common denominator, doesn’t achieve the kind of goal that Beverly got; not that it is not important; to me that is the starting place, not the end. That is the starting line. The next thing we did is we had power, we couldn’t dictate to our contractors what they did but we could certainly encourage them. So, what we did as part of our RFP process is made a healthy career workforce development program a part of the selection process so, now as we bid this light rail line through this area, majority-minority, we’ve implemented the type of STEM programs. Our engineering firms went out into the junior highs and established engineers in the future where engineers of color went out and talked to people of color who had never seen a professional that looked like them. Amazing how successful that has been. Hopefully, getting them in junior high so that they can then go on and pursue the STEM in high school and get interested. We had them do projects, we had them walk the projects with hard hats on to show them here is the curb cut, here is this, those kind of things. Are they going to change 10,000 people, not right now, but it will change 100 people, now you’ve created 100 who otherwise may not have thought about engineering or high-level construction as their career, now they are focused on it and before you know it they have kids, they have families and now you’ve created generations? It has been extremely successful; now we didn’t do that through dictate or mandate, we did that through very gentle persuasion and remembering and I had an honest discussion, this was our elephant, I said DBE is not going to hack it here. That is a starting, we’re going to go beyond that, we are going to create careers and people signed on and all of a sudden we had a connection between industry, government, and education that has been wonderful to watch. That is the kind of thing you can do as a city government. All too often we want to mandate, we want to go back to the checklist, that is the easy, that is the government way of doing things. That may make you feel good, that is sugar that does not provide you with the nourishment that you need in a community that will give you a normal high. Say hey, we met all of our DBE requirements; that is why I don’t like it because it gives you a false sense of success and it doesn’t really change your community.
Dr. Scott said before you asked me the workforce question which you got me off the point I was going to make is that, and I’ve found this in communities, most people are good people and so coalitions and partnerships and once again your leadership role bringing business to the table because you will never do it by yourself. The bigger that tent is, the non-profit community, bringing the businesses to the table, the investments to the table. Say alright now, let's talk about it, and let's really look at what is being a socially responsible investor really look and feel like? So, that everything is not just transactional, what can we do and let me tell you when business people understand what your values are and expectations, and I’m just preaching to the choir, the less you have to be compliance, check list, kick you in the butt oriented, because they just know, well, they are very serious about this and we want to do business in their community and this is the expectation level of what you need to do when you come to do business with us, we don’t have to be sitting up here hitting you, now if we have to hit you that is a different thing, but most are not like that.

Mr. Phillips said I want to come to Clyde to hear more because it is really a two-part question; this workforce development piece but also this; I'm assuming you guys don't own everything that you are doing.

Mr. Higgs said we don’t but let me say one thing because this is on my heart as well. We touched a little bit on the gentrification piece and one of the things that we did in Atlanta was to do kind of a community survey to really understand what the community thinks, and did they want the Beltline, did they want infrastructure, do that want investment and to your point, the community is not saying that they do not want investment at all. We have to have that nuisance conversation; what they are really saying is yes, bring in that investment, bring in a grocery store, bring in a coffee shop, whatever it may be, but we what is those protections in place to make sure that we can remain if we choose, and to also take advantage of that investment when it comes into community. It is interesting being in this position, I can smell a mile away when a reporter starts asking questions about what we are doing in Atlanta. Like, oh, the Beltline has been an amazing success and then they will clear their throat, but ah; I smell it a mile away and to me, it is a lazy question to ask about gentrification. That is lazy because the community wants investment, they want the investment, but what they are really saying and again, it is hard to get this in a news title, what they really are saying is that we want it but figure out ways for us to take advantage of that investment when it comes into our community. I just wanted to say that because that is a nuisance piece.

Mr. Smith said one way you can do that by going to the form-based code, what we did is the first five dense housing projects along our light rail in Mesa were all affordable housing. As I drive down the street I dare you to tell me which are the affordable and which are the market rate. We raised our standard and we didn’t let people – affordable has always mean “crap”. No! we said you are going to build to the same quality, and you cannot tell what type, what level, what social economic lives is that apartment because the market rate looks just like the affordable because they are built to a certain quality and you’ve got to be firm on that. That is how you share in that.

Mr. Higgs said absolutely and that is a policy piece; you can put that into place where it has to look the same. That is something from your perspective, you can demand that.

Mr. Smith said you go to the inside of the apartments and obviously the things that dress up the floorboard, maybe you don’t have granite countertops, but from the outside, that unit is looked and the community develops together and people feel like – so now you literally have high-end level next to affordable housing and people love it because you have a real community with a lot of diversity and a lot of good, but they are all proud of it too.

Mr. Higgs said I’m glad we are touching on this subject; you can tell we are a little bit passionate about this. We are all trying to grab mics here, but you can only affordable house your way out of some of these challenges to a certain extent. You have to think, and again, as we talk about the Beltline we talk about it as a full solution. It is about transit, it is about jobs, it is about housing, but you can’t isolate those items if you really want to
be effective and so one of the things that we have been very intentional about for the Beltline, we are tracking at least 48,000 jobs and when we finish our project that is the matric, 48,000 construction jobs along the Beltline corridor. That is something that community can hold us accountable for and then an additional 30,000 permanent jobs along the Beltline as well. I will tell you we have been wildly successful in recruiting a lot of innovation type companies to Atlanta, NCR, you name it, just look up the headlines out there, we've been very successful in doing that. But, you have to be very intentional about what you are going to do for a community because who are those jobs really for? So, there is an area along the Beltline where we are curating a development specifically for that community that exists there today. These will be jobs that pay a livable wage, $45,000, $50,000 a year that don't require a PhD or a master's degree to qualify, it requires some specialized training from the community college and in North Carolina, you are blessed with 58 community colleges here in the state. Again, when we start having these conversations with community, and I love Amazon, I love the high-tech company, insert it, but if we were to put that type of company in that community then who are those jobs really for at the end of the day? It is not for the existing community so I'm doubling back down to some of these community conversations and asking them what they want in those neighborhoods is absolutely important.

Mr. Phillips said a different question, and I'm going to go in reverse; Clyde I'm going to start with you and then Bev and then Scott. Can you talk a little bit about the collaboration effort needed because again, I'm just assuming that everything that is involved with the Beltline, there is not a lot of it, and you guys just own and can believe this is our we are going to do it?

Mr. Higgs said absolutely so, my organization is relatively small, we are talking about 60 people that actually run the Beltline project. So, with an organization that small you can imagine we have to have partnerships there. We really at the end of the day are a partnership management organization and so we're the quarterback but we truly partner with other entities out there to deliver this project and specifically on the private side. We have amazing relationships with the developer community and so, you may have read maybe two and a half-years ago the City of Atlanta passed inclusionary zoning ordinance where developers are mandated to actually build a certain percentage of affordable housing along the Beltline corridor. In order to make that happen that is absolutely a partnership amongst the private organizations and the public and not for profit entities to make that happen. We can add value from a Beltline perspective if a developer is going vertical, we can have some connectivity to that development to add value in exchange for bringing those affordable units to community. So, at the end of the day we are the quarterback, but it really does take these partnerships to make it happen.

Mr. Phillips said Bev: what have you seen where the municipality can influence, where do they lead and where do they influence?

Dr. Scott said I said the part about the leading is really and ultimately understanding that there is always another level but everything that you can do to institutionalize is just absolutely critical. I tell people all the time, not trying to be funny, but that a statute and policy trump practice and personality. How many times have we had really great people that have been in place and everything was just wonderful and then five-years later they weren't there anymore, and it is like you are almost starting from zero again? It is just like if it is important it needs to be codified and so institutionalization and institutionalization. My life was one where most of the time, talk about coordination, most of the time it was a regional transit authority and in very few instances did the regional transit authority really have any of the land use authority. So, when you started talking about things like transit-oriented development and all of that were all part of the plans, you over here as a transit agency, you didn't have the ability to do that so, your whole life was working with municipalities, working with cities, working counties because all of that land use which was really foundational to what you really wanted to accomplish was really the purview of the municipality. Then you just take it on you, cannot, this hope in terms of coalitions and partnerships and really you, as the elected leadership and the appointed officials, are the ones that have the bully pulpit and you have the convening power. You have the ability to bring those different parties to the table and really have them understand that this is...
not just the flavor of the month, but that it is really something that is very fundamental. You have that ability which candidly nobody else really does. You can get philanthropy, business community, all of the other governmental levels and stuff, you have an ability to do that, but it is very difficult for anyone else to do.

Mr. Phillips said Scott; you have seen this from multiple perspectives, home building, Mayor and now transit.

Mr. Smith said I’ve seen it from all sides and there are a few things I’ve learned. Number one, neither side will accomplish the goals that you need to accomplish on their own. I’m a big believer in the marketplace, the marketplace is what brings the investment. The marketplace is what is out there, they know what is going on. Developers are experts in what they do and when I was Mayor I hated it when my city tried to tell developers how to do their business. You fail, because as good as you are and close your ears City staff, you don’t know what business is like. On the other hand, I’ve been a developer; if you leave it up to the marketplace the marketplace will [inaudible] things down to the lowest common denominator into “bull crap”. They will never meet your vision. That is just reality. They will do what the need to do to make money then they’re gone, and you never see them again. How do you meet in the middle? This is where I think you come in with your vision; this is where you come in with your standards. I think the City is best when they offer incentives to meet high standards. When they truly incentivize that, when they are adamant on what their floor is and say no, you will not build that here because that is junk. Mesa politically is well, a study from MIT in UCLA showed us the most conservative big city in America. Yeah, the most red city you can get and so we had [inaudible] Libertarian building standards and we built a lot of crap. You go just down the street and you have cities like Scottsdale who has very high standards and you see over the years how that has served one or the other. So, I would have a commercial developer come in and say here is my design for the shopping center I want to build, and it was junk. And I said, wait a second, does a head of lettuce cost more in Scottsdale than it does here because I think you charged about the same things. What we did is we said no, we would go pick and the developer would say this is in Scottsdale or it is in another nice place, you are going to build that same quality here. We set a floor as to what we would accept. Just say I don’t care what you build, it is just going to be this quality. The other thing, and we will let you decide how to do that, but here is our vision for what we want our community to be. It was a balance, we set the vision, we codified it in design standards in other things and then we incentivized people to go beyond the minimum. All too often in government we set minimums which actually sets you up for average. If you want to change the world, don’t be average. Like we said don’t provide someone a job, get them a career. Getting them a job is it, but it is very easy to do when you are in government. So, that is what I would say. In order to do that you’ve got a partner; you’ve got to be clear in your vision and that will attract good developers. There are good developers out there like I’m sure you’ve gotten in the Beltline but understand that and they realize that actually in the long-term building to those higher standards make them more money, make them more successful and that is what you’ve got to do.

Mr. Phillips said something you just said reminded me of something I think Deb Ryan said yesterday and I forget the exact context, but I think she said tyranny of the normal and what I’m hearing is tyranny of the minimum.

Mr. Smith said well if normal becomes the minimum and the greatest sin I think that a City Council and City leaders can do is to accept average. Because there is one thing you can do, and this is where we get out of the transactional mode. You job if nothing else is to show your citizens what you can be, what this Queen City can be. When I was Mayor my saying was building a better Mesa. I gave 500 speeches on building a better Mesa and the reason I liked it was because first of all I was a builder. Secondly, what I did, it didn’t define what great or bad was or wherever you are, we are going to be better tomorrow. That means that if you are in the middle of a slum, okay, tomorrow we are not going to be a slum. If you are in the middle of a million-dollar home neighborhood, okay, we are still
going to be better. It never accepts average when normal of the status quo as being our final destination. To me, that is the greatest thing you can do as a Council, as City leaders, is to constantly be harping that. Then when developers come in and this is why it was so powerful for me, a developer would come in and say well, I want to build this, and I’d say I’m sorry it doesn’t meet my standards. What are your standards? Building a better Mesa. This is the same ugly stuff that you built last time, we’re not going to accept that anymore. We’re going to elevate.

Mr. Higgs said putting that into practice at least for the Beltline we actually have an overlay area and we work closely with our Planning Department and so from a standards perspective you have to come with it. You cannot build crap and I will tell you on the other side of that the Beltline is probably guilty of being accused of building Cadillacs. We build beautiful things, but our message is that we are building something for generations, not something that is going to get us through the next 10 or 20-years. We build monuments to the future and that is what we require our development community to do along with us.

Dr. Scott said that inspirational, motivational that all gets into that vision and that values piece that you are creative and when I look at the way that your demographics and who is coming, you are really for this future piece is that this is a creative class that is coming into this. You want to be extraordinary and people really beyond the money, it's the numbers have to work but I really want to be some place where it is exciting, where it is invigorating.

Mr. Higgs said build cool stuff. Think about it, for something as crazy as the Beltline and let me be a little hokey for a minute, it is a glorified sidewalk just like they said in the New York Times, but that glorified sidewalk, we literally had over two million people on that small stretch because it has that cool quality factor to it. That is what companies are following, that is why we got Mailchimp and athenahealth and all these organizations that want to be there because that is where the people want to be.

Mr. Smith said I'm going to give a shot here because I have never been to the Beltline. I have driven through, but I had no idea what it was. Mostly he has talked about it; I have not heard him say that we have this lineal feet of this kind of requirement. He has talked about a vision and I hope that all of you in your head have gotten in your own vision of what the Beltline is, and it probably is pretty cool. It is cool because of the way he has talked about it. That is how you need to talk to your community because that is what elevates them and then you come in and backfill with the standards and the rules that make that happen. That is hard because everyone of you has a developer who will sit in your office and tell you that if the City makes me do this I will not invest. It is a big game of chicken. Two things, number one good developers will adapt, and they will invest. The second thing is sometimes you just got to be patient, you’ve got to say no and understand that development tomorrow doesn’t have to happen. Now, that is hard for politicians. When I was Mayor there was nothing I liked more than a ribbon-cutting, right Mayor? Ribbon cuttings are fine, right Councilmembers, photo opts are really cool. When you get a new development, you get a photo opt and I have to admit that is a great ego thing. It was hard sometimes to say no, knowing that you may have just left that piece of ground or that old building vacant for another two to five years and you might not be around for the ribbon-cutting, but it is the best thing you could do for the community because you didn’t take average. You demanded high, now that has to be value-driven. Everyone has to be clear, once again going back to Clyde as to what they expect in the Beltline. Before I ever show up if I’m a developer I don’t even bother showing up because I know what the Beltline requires. He didn’t have to tell me one single rule, he just told me what their vision was, what they wanted, and I got it. You can do that as a City Councilmember, as city government and that is going to be different depending on what part of the City you are in and what project you are in. The specifics will be different, the vision will be exactly the same; building a better Charlotte. That applies in your most challenged neighborhood and in your highest rent neighborhood. It applies the same.

Mr. Phillips said are there questions about any of the programs they have described or initiatives they have described or some of the work they have done?
Councilmember Bokhari said this question is for Clyde; there is a lot of growth down there right? Are you surprised at all that all these people are choosing to move to Atlanta when they have Charlotte as an option?

Mr. Higgs said as a person that lived in Charlotte and moved to Atlanta recently, there is room for all of the above but, of course, we do have the world’s busiest airport and that is a big attraction and people will oftentimes complain about Atlanta and the traffic but yet companies still keep moving there because of our people, of our cool factor and to Scott’s point, I don’t talk about the Beltline as an infrastructure redevelopment project that you will see on our website; I talk about it as cool.

Mr. Bokhari said in all seriousness though and we’ve talked about this; we talk about Charlotte and the power of our region and the surrounding counties and things. There is an untapped resource and opportunity between Charlotte and Atlanta, especially innovation and technology fintech that we own, not just the southeast globally and unfortunately every couple years we come together as leaders and we say, man, that is huge, and we don’t move on it.

Mr. Higgs said I see a joint conference at some point to talk about that because we are leading on different sides of spectrum within fintech.

Mr. Smith said can I ask you a loaded question as an outsider, a westerner? When I look at Atlanta I look at a world city. Phoenix is not a world city, it is a great city, but it is not Atlanta. I look at Phoenix and Charlotte as being very similar. How do you view Charlotte; you mention that to Atlanta; do you view Charlotte in the same realm as you do Atlanta?

Mr. Bokhari said no, we have the little brother syndrome or sister syndrome or whatever down here, but I think at least when we pitch it on the global stage to tech and high growth companies, they either don’t know either of us and you have to describe it as somewhere in between New York and Miami or they will know Atlanta and don’t know Charlotte and I just think that is like we describe our City as we are pre-IPO; we are about to pop and everyone is going to know about us in the next decade as a global powerhouse. Atlanta is post-IPO.

Mr. Smith said I hope you feel yourself as being- because to me and I’m just an outsider but North Carolina has great bones. I mean your financial sector, the University System in North Carolina; maybe you don’t have this gigantic research but for Heaven’s sake you are a stone’s throw away from some of the greatest institutions in the world. You have an Airport, you may not be fourth but has a heck of a lot more international connections than Phoenix does. You have great bones, and we have the same thing, we live in the huge shadow of LA and nobody wants to be LA, but on the other hand, as screwed up as California is, gosh darn it, they do more things by accident than we accomplish in a day so let’s learn from that.

Mr. Bokhari said I like flying a little under the radar. We are able to do some stuff that others can’t.

Mr. Driggs said I just wanted to say I think we benchmark ourselves many ways for better or worse than Atlanta. We see things that we don’t want to emulate, and I think other things that we aspire to. My question though is, you mentioned the fact that Atlanta is actually a city of 500,000 people and yet you serve a huge region, you serve the transportation so what kind of intergovernmental institutions do you have in order to provide transit and how is the funding done? Do you tax the entire service region or does the city end up paying for transit?

Mr. Higgs said you need a Ph.D. on that I will tell you, but the short answer is, it requires lots of cooperation because Atlanta sits in two counties. That is the first piece, Fulton and DeKalb and then you have Marietta, and Dr. Scott knows this better than all of us, serves the entire region. It is a regional transportation organization and so trying to get certain sales tax passed that is a herculean event to make that happen. But, I will tell you, we were successful about three-years ago and where a sales tax, half a penny, passed within
the City of Atlanta to expand transit within the City so, that is going to generate about $3.5 billion for the expansion of Marietta.

Dr. Scott said part of Atlanta’s challenge has been, the original vision was that it would wind up being a five-county which would have been Cobb, Gwinnett, Fulton, De Kalb and Clayton. That never happened and that part still has not happened, and I say every place depends on your rhyme, every place has its journey and so, the original signatories to Marietta were De Kalb County and Fulton County and then of course the City of Atlanta resides within. It is enough history but there was a point at which Gwinnett and Clayton actually sat on the Marietta Board with voting positions although those counties had never actually paid the one percent and that goes back to early, early history. Now, let’s fast forward; what has and there was an unsuccessful referendum when I was there in 2012 which was supposed to have been for a 10-county, they did the sloth on magnified across statewide and what they wanted to do was a 10-county, could not get the buy of the 10-county so I could talk about these referendums, I’ve been in so many of them, the ones that have passed and the ones that haven’t. So, where you stand right now, one additional county did come in, Clayton County, and so Clayton County has now joined with De Kalb, Fulton, and the City of Atlanta. Gwinnett just had an unsuccessful when that went to come into Marietta, made the decision not to at this point, but Marietta itself, the spine of Marietta, the system is no question. All the connectivity for this big regional engine that you have does in fact, if you close your eyes and you had no Marietta. I would tell people pictures are a thousand words, this vision and stuff, close your eyes and take away Marietta and take away Hartsville and you are talking about a whole different scenario for these infrastructure investments are absolutely powerful. They still got a lot of work to do but they are working on it.

Mr. Graham said you both have talked a lot about community engagement and community involvement; can you talk specifically about any strategies that you used to get the community involved and how do you prevent community engagement fatigue?

Mr. Smith said that is a multifaceted thing. The first thing you have to do in community engagement is remember that the community can be very different things. Identify who the communities are and what you want to talk about, and they may differ based on where you are going, where the project is, or if you are talking about citywide. Try and identify it. The second thing is then being absolutely adamant in making sure that everyone you have identified is involved in one way or another, is given the change of being involved. The other thing is you have to build partnerships; you cannot do this on your own. So, the business community which can be the Chamber of Commerce or it can be a local major employer, it can be whoever it is, they are always good to go to. In South Phoenix, for example, the church is important so, part of our community is making sure the pastors; we meet with a Council of Pastors, primarily the African American Evangelical, the churches absolutely essential to making sure we can connect because to a lot of the members of that community, that is their gateway. It varies based where you are talking. If you are going through Paradise Valley, you go to the Country Club. It just depends on how you define that community and then make sure you connect with them.

Dr. Scott said one of the things I say to folks is that we have bring the same precision and intentionality to exactly that question that you just raised in terms of what is community engagement. It is not just a series of public meetings and I give all my heart to who I call the professional citizens who are the ones that come out to everything. But many times, what has happened because of the lethargy and all of that that happens in communities, and that is why I go back to civic participation, many people have simply bowed out of it and say I can’t impact it, I’m too busy. One of the things that leadership can do, look at how difficult we make it for people to participate and substantively. I get into things like budgeting and all that is a bigger thing. Five groups in one city will have a meeting all in the same – now here I am, I’m poor, I’m underserved and I’m doing everything I can to hold it together and there are five different meetings taking place. Housing got a meeting over here, transit got a meeting over here, all God’s children got a meeting over here and in order for me to be engaged I would have to be running all over the place. So, I come back again and say this whole thing in civil engagement, it needs to be deep, it needs to be precise, it needs to have real people at the table, understand who is not at the table.
and really, really go to get them at the table and it needs to be continuous. It is not just episodic, or event-driven; we’ve got a 2040 or whatever plan so now we run around and get everybody together. I’m not saying you do but that happens in communities or we’ve got an election, so we’ve got to get everybody together in this event and then you let them go. I look at every engagement, every touch, you are building an army and that is the army that is going to stay with you to go the distance as you are going through all of this. My last footnote for you is, particularly in high growth areas, you are making your case. I tell people with infrastructure, you don’t get rid of me, I’m always going to be asking for some type of investment. It is an investment, not a cost. You’ve got so many new people that keep coming into your area, the ones you sold something on 10-years ago, you’ve got 200,000 new ones who were never involved in that conversation. That is why this whole thing of deep community engagement is so important.

Mr. Higgs said for us, we look at the Beltline just real quick, this multi-billion-dollar initiative and sometimes we fall into the prey of social media and that is how we communicate with our folks so, we have to be very intentional about still being kind of old school, specifically for certain communities. We will still do some door knocking, flyers and be very intentional. Community engagement for us is a very intentionally the largest department within my organization. We have to have these conversations and we don’t get right all the time. There are some hard conversations out there that we look at our community as an advocate and not just like a box we’ve got to check, but really they help us to advance our mission at the end of the day and that is how the Beltline was born.

Mr. Smith said just to get back to what both of them said; don’t use your standard let’s have a meeting, go to the churches, go to the schools, go to the place where people are congregating.

Mr. Phillips said the other thing I heard there was not community, singular, but communities and all the different ones and where people play in different places. In the two minutes or less version, have Scott talk briefly about the recent Phoenix referendum; would you tell us about the recent Phoenix referendum?

Mr. Smith said we had an interesting election; we have a countywide tax, Metro Phoenix weather it is good or bad it is covered by one County, Maricopa County with about five million people in it but several cities inside Maricopa County also enact their own tax. The City of Phoenix, four years ago, enacted their own additional city sales tax to pay for transportation that included light rail. Light rail, as you may have heard is always a hot button. It always sends people to their corners and to fight and there was a group led by a certain City Councilmember that grew out of a failure to have community outreach that didn’t like this light rail route that was going into South Phoenix. They came together, a very conservative group [inaudible] driven and Latino and African American groups that came together in this odd alliance to not only defeat or change this one light rail line, but they did something to undo the election of four years ago and to kill light rail forever and ever in Phoenix. They went out and got signatures and we have the initiative power in Arizona and put it on the ballot in August and it would have literally killed; no more investment in any rail of any kind in Phoenix from now going forward. The campaign was very, very tough but it was really good but in our city, it not only went down, it went down in flames 65-35 which tells you that in many cases your constituents are a long way ahead of you on transportation. Bev just said something, you always have to invest, especially in transportation infrastructure. It is tiresome sometimes to keep going back to the citizens to ask for more of this, but citizens understand the need to continually invest in transportation infrastructure. It is the one things we invest in that has been proven time and time again to have a real economic return, multiple economic return and so that was our election. We saved our rail in Phoenix and it was going to be a Charter Amendment so talk about permanency it would have been embedded in basically the City’s Constitution and it went down in flames so that was good.

Ms. Eiselt said would it have been had it not been a Charter amendment?

Mr. Smith said the Charter amendment stated that the City of Phoenix shall be precluded from ever spending any city funds on rail. That is how they chose to go about it because
they didn’t want the next Council to come in and change the ordinance. They knew the Council, which had a majority, would just override it; that is why they made it Charter amendment and so, the only people who could change it would be another election.

Dr. Scott said I was just going to say when you talk about the transit, transportation stuff, I love rail, however, I will tell you that bus is the Rodney Dangerfield of transit, don’t get no respect, but still carries most of the passenger trips in North America.

Mr. Winston said you all have been speaking a lot about vision and we really haven’t spoken about the future of transportation and moving people around the city. I’d like to hear a little bit about how you are all thinking about the future of transportation and mobility as a service and the reality that the market eventually in short time there is not really going to be these personally owned vehicles, individually car-oriented is not going to be so how are you all preparing for that and what should we be thinking about as we are creating a framework?

Mr. Smith said this is our great challenge, as quickly as I can. This is one of the most disruptive periods in transportation in our history. For decades we have relied on the freeways, cars, buses, trains and now over the last five to 10-years we have Uber, Lift, we have our autonomous vehicles, we have all this technology thrown in this. We’ve got scooters. The question is that I don’t know how things will be 10 to 15-years from now, I just know they will be different from where they are now.

Councilmember Winston said how are you preparing for it?

Mr. Smith said what we are doing at Valley Metro, for example, we joined with WAMO to do a pilot program on autonomous vehicles. Metro Phoenix is sort of ground zero for testing of autonomous vehicles in the country. We’ve joined with WAMO, we have deals with both Uber and Lift to first mile, last mile. We are trained to be part of the change so we can understand how it will impact us. There is no difference that the transit system 10 to 15-years from now will be very different than it is, but it will exist, it will be a necessity. That is important because once again, being in the conservative area a lot of the argument in this Phoenix election was, why should we continue to invest in transportation as we see it as all these things will be different 10-years from now. We won’t have buses, everyone is going to have their individual pod, but I don’t know what it does and that is not going to happen although it will be different.

Dr. Scott said one of the biggest ones for us right now, we are very focused on electrification. I tell people you can talk about all the carbon, no carbon this or whatever if we do not in fact wind up moving, particular the transport sector into electrification all the other stuff you can’t do it, we are the biggest submitter. So, when you look at the workforce and this is documental, when you look at the workforce we don’t have the workforce today and we certainly don’t have the pipeline. So, that has been a very big emphasis, the workforce side as to how to be ready for this new generation.

Mr. Higgs said for Atlanta, you have the Beltline and you have this abandoned railroad corridor so essentially, we have a canvas in Atlanta to experiment, so the Beltline has the opportunity to become something different in 50-years whenever it changes because of this creative canvas, this 22-mile loop within the city that you can do different things on that you might not be able to do in the traditional city proper.

Mr. Smith said one last point to get to that; the Beltline is a blessing, most of us like in Charlotte and Phoenix, we don’t have real estate to continue to add lanes and yet we are all going to have more people, hundreds of thousands if not millions of more people living in more dense areas; we are becoming more dense and we are going to have to transport people on basically the same real estate that we have now. Think of it that way. You are not going to be able to build your way lane wise or real estate wise out of this issue. We’ve got to figure out a way to handle literally hundreds of thousands, and millions of people in the same space more efficiently and more effectively and the only way to do that is to get them into more effective high capacity type transit. That is our biggest challenge going forward.
Dr. Scott said I will tell you also as all of this disruption is taking place and it has already happened, going back again, we do not have, it is a totally different gamebook in terms of regulation and how do you even manage it. Issues of equity and inclusion are ramped in this new world and basically, stuff is happening, it is getting out there and everybody is running behind it. I don’t have all the answers to it but the more smart people who really try to think through what are the new frameworks, institutional framework needs look like so that everybody is playing on a level playing field are critical.

Mayor Lyles said when we started our Retreat we started off with the idea and Bev, I want to say thank you, we were trying to figure out how do we make engagement a part of policymaking, a part of everything that we do and your passion for that obviously, shows. We really appreciate that. Clyde, you can move back whenever you choose to, but we did go to Atlanta, we did get to do the Beltline in some respects, although I can’t remember what crisis of the moment took us away from it so, we really didn’t get to see it so I was wondering if you would invite us back. Finally, we did want to be Phoenix; I remember we tried to hire everybody in Phoenix to work in Charlotte for a long time, but I think it is a little bit different now, I think we are more of a southeastern city with more identity for ourselves. I just wanted to say thank you all for presentations, I want to thank Tai for building a relationship with you, but I want to say to our group here, Tai actually had a Workshop earlier this week, an engagement and it was over 250 people and there were no government people there. I just popped in. In fact, the woman making the presentation said leaders need to get out of the way and I didn’t raise my hand one time. I remembered this, more importantly, there was a group of women from our west side which would be one of the areas where gentrification and they stood up and they said we are not going to let anybody tell us what we are going to do because we are going to do what we are going to do for ourselves. That to me was a signal that we are getting there, that we are actually beginning to create empowerment where they didn’t really need us. What they wanted was a conversation among themselves. I think what you’ve done is actually validated that process, validated for us the direction we are going, and I wanted to say thank you very much, it was a powerful moment for all of us.

The meeting was recessed at 1:09 p.m. and reconvened at 1:50 p.m. * * * * * * *

Building a Livable City

David Phillips, Facilitator said we are going to head back to your agenda as originally scheduled and here is what we are going to do, so working once again the small groups you were in before the panel, but not on those themes, just in those grouping of people. Organize yourselves that way now and then I will give you the rest of the instructions. This conversation is going to be solely about transit and transportation. Now you know who you are working with let’s talk about what we are going to invite you to do. What we are going to invite you to do, particularly as we now have our guest joining us, as well as the senior staff, is what are the transportation and transit goals, we want you to think about those as short-term, medium-term, long-term but no one table has any one of those time horizons. You get to decided what those are, but before we go any further we do need to calibrate on how are we defining short-term, how are we defining medium-term and how are we defining long-term and again this conversation is specifically about transit and transportation. Yesterday, we had initially talked about one way to define those; I’m going to throw this out and you react to it, that short-term is 120 days or less. This scale may not make sense for transit and transportation projects, the medium would be 4-months to 24-months and then long-term is anything two-years or greater. Do those buckets make sense as we are talking about transit and transportation projects?

Councilmember Driggs said I just don’t think we can do much that is meaningful in this area and new in 120 days. We can start talking, we can start working on things but the idea of finishing something as it relates to mobility in 120-days strikes me as being aggressive.
Mr. Phillips said is six-months a better short-term window; is a year a better short-term window for transit and transportation stuff?

**Councilmember Winston** said we have a budget cycle that is coming up where we can make decisions in these next few months that is going to affect transportation, so I don't see why short-term can't be 120-days.

Mr. Phillips said does that work, short-term decision, but long-term planning execution action? So, for a short-term decisions is 120 days or six months reasonable?

Mr. Driggs said that is our budget process, so yeah, we could talk about the short-term is being what we intend to accomplish over the span of our budget process.

Mr. Phillips said so six-months or less. Six months to 24-months is medium-term, beyond two-years is long-term. Alright we have our definitions of these time buckets.

**Mayor Lyles** said the only thing I would say is that we already have some existing policies in place and so what is it about that. If we look at Vision Zero, if that is one of the things we want to do and strengthen, is that short-term, that would be the budget process I'm assuming where it exists, and we just want to amp it up that would be short-term.

Mr. Phillips said that is a great example, and I'm asking a question now of the City Manager and the Mayor, are we asking about goals or are these goals and/or potential actions, which are related but different?

**Marcus Jones, City Manager** said definitely goals.

Mr. Phillips said we are going to do this in two parts; the first part is just thinking about goals related to transit and transportation and you are thinking about them in those three-time horizons. Once we advance it into groups and report out, we will put them up here, short, medium, long then the next part will be within those time horizons, putting them on a grid of impact versus costs. So, we will map each of those goals, so we will basically have the same grid, impact and cost in three places, short-term, medium-term, long-term because what that will then do is help you make informed decisions about priorities. I'm pretty sure without even knowing what you are going to put up here, you are probably not going to be able to do all of them. Much like your conversation earlier around economic development, corridors, or what have you, you have to prioritize unless you won a lottery that I'm not even aware that exist.

Mayor Lyles said are using the costs that are listed on Page one of mobility, accessibility, and connectivity where it shows networks, new street connection, mobility options, supporting economic development? Is that the costing that we are using?

Mr. Phillips said I don’t think we are using this sheet for this exercise, I think that was the thing we didn’t do this morning.

Mayor Lyles said I’m trying to figure out how do I know the cost then.

Mr. Phillips said we are not doing cost yet; all we want to do first is just time horizon. We are going to get there so you can be thinking about it, but we are going to start with what are your goals for transit, transportation short-term, medium-term, long-term and then when we do that first round we will map all of that stuff up so everybody can see what each group came up with and then we will categorize or map those within those time horizons. Mayor, you wanted the vision to be put on the screen for a reason.

Mayor Lyles said when we were having the prior discussion I just don’t know that remind ourselves; Julie brought this up, of what is our own vision and this is what we agreed to have as a vision I believe a year ago and I know that we are not going to have an in-depth discussion around it but I thought it would be good to actually remind ourselves of what we said that we wanted to be by 2040.
The Council went into workgroups at 1:59 p.m. and reconvened at 2:52 p.m.

Mr. Phillips said here is what we need to do and let me get your input about how you want to do it. Ultimately, my understanding of all of this is that City Council, this is your opportunity to weigh in what are the goals so that staff can then take all this information, process it and then come back to you with what if we did this or this or this. Will this get us to where we want to go? Your input is critical which also means your energy and attention to this part of it because this is going to be hard, this is messy that your full attention is going to be critical. So, we are going to do a little bit, we will take a short break, come back and finish and then we’ve got one or two other things to do today.

The meeting was recessed at 2:58 p.m. and reconvened at 3:15 p.m.

**John Lewis, Director of CATS** said we will start with the short-term graph and make sure we have the cost access is the horizontal and the impact is the vertical. Because a lot of these focused on plans the majority of them ended up in the lost costs but high impact quadrant and so we agreed to develop a plan to connect all sidewalk gaps, curbside space infrastructure, dedicated curbside space infrastructure, plan connectivity for job centers, strategic mobility plan, funding by developer, plan for funding model, adopt a policy statement that builds a communitywide transportation system that is reliable, dependable, safe, efficient and this is the framework for the system buildout. Develop a plan to fund a regional transit plan, the CATS Real Time Apt, the Transportation Committee Task Force, develop a regional approach to cross border traffic, and then make bus transit more attractive, take away the stigma. I think all of these we agreed were low cost but high impact to develop those plans.

The only two that we thought were in other quadrants were the high costs, but also a high impact, implementing Envision My Ride. Everyone clear on the Envision My Ride Program, the three-step program, we did structure, we redesigned our bus system in 2018 for the last years we’ve been focusing on frequency. The next phase is reliability and so we are piloting bus-only lanes and we have a plan, why it is in high costs, in order to bring all of our routes into 15-minute headways, that will cost an additional $32 million in operating and $100 million, give or take, depending on the technology we utilize, we will need at least 100 more buses so high cost but also high impact if we did that.

Mr. Winston said these seems like things, if staff agrees, and we’ve put those out there that we can come out of this Retreat and start doing these things.

Mr. Lewis said I think we agree from a staff standpoint.

Mayor Lyles said I think in principle we all agree on these so what I would say is yes, if everyone by head nod or by just waiving your hand if you agree then we should go ahead and get staff to cost them and bring them back as realistic plans.

Mr. Winston said I’m just talking about this activity; the result of this activity should be, like the Mayor said, that if we agree when we get out of here staff should be working this and bringing us something that we can move on in the next six months.

Mr. Phillips said let me offer one caveat to that because what is not represented on here, this just simply says of the sticky notes you put up here, this is how we could categorize them. There is nothing here about these are the things we should do, priorities if you will. Only that if we were to do these we would say this is high cost or low impact or whatever it might be.

Mr. Winston said we just spent an hour talking together to come up with ideas that we think we should be doing and now we are giving guidance to our staff for what we want them to do so they can bring that back and we can set the position of the City with a vote or whatever needs to do to make that happen.

Mayor Lyles said it is not a final approval and if the staff says well, this is just too much to do or it doesn’t fit, that is a require we can easily deal with.
Mr. Driggs said also, there is a lot of overlap in all those stickers up there and some of it is stuff that we are doing already, so we are really just committing to continue to pursue the Mobility Plan, for example, sidewalk improvements, we’ve already got something. So, I think this is an affirmation of some things we are doing and also setting some goals.

Taiwo Jaiyeoba, Assistant City Manager and Planning Director said if I could move on to the medium-term ideas, it is pretty much the same thing, most of this plan related and they are low costs, high impact. For example, to develop a plan for strategic corridors so we’ve talked about identifying five to seven different corridors that we could develop some strategic plans for them as you make rezoning decisions. We talked about transportation demand management strategies again, bear in mind that the medium piece is six-months to 24-months so, whether that be the vanpooling deployment or carpool deployment or larger employers providing shuttle services. Land use plan for kind of a bus rapid transit-oriented development. Those could be achieved, anything on this side are kind of low-cost plan related that could be done within that six to 24-month period. On this side, unlike that side, you don’t have any [inaudible] cost impact but you do have some high cost, low impact, one of them being free public transportation. We know that is a big deal right now because of Council has done, but the cost of that is huge in terms of the transit system or even on the City as well. So, that is something we have to be mindful of. We talked about the autonomous vehicle and we were not really sure exactly what that impact cost is because even if [inaudible] autonomous vehicles you will continue car ridership but if you have autonomous vehicles you are not necessarily moving traffic from your roadway, but what benefits do you get from that? That is something that is still evolving as to whether the impact could be low, but the cost could be high, but again, this is a short-term six-months to 24-months. I could be one that we might have to move to long-term depending on the evolution of that technology in itself, or maybe that is something that [inaudible] could speak to which [inaudible] is doing in Phoenix.

Mr. Winston said I’ve got to disagree with that. That has to be high impact because that is going to change the world. For one thing we are constantly are trying to deal with is fatality and the stats show when you look at those WAMO stats that they are exponentially safer than self-driven vehicles so the impact that autonomous vehicles are going to have is going to be beyond the pale of anything we’ve ever experienced in this generation. We have to look at that and where we are going and not where we’re at right now.

Councilmember Bokhari said the reason the impact must be high, must absolutely be high isn’t that it is going to potentially take a mass number of vehicles off the road, it is that it is going to drive the costs down so much and the cost will ultimately be so low that even in communities like Charlotte where people are not willing to do group ride shares like they are in other communities, at some point you reach a pivot point where you hit a cost where all of a sudden, this is super cheap, super easy and maybe I don’t even need a car. Now, you’ve got one car serving what is equivalent of 10-cars today and if you think about where that is going that begs the question, maybe it doesn’t take off or if it does, do things like light rail and transit like that become purely economic development engines and aren’t anything related to transit and moving people.

Mr. Phillips said just one other thought here in terms of how you are processing this information, some of these may be well suited to have them in multiple places so, perhaps in the medium term the impact is lower and the long-term it is higher.

Mr. Lewis said we were taking it from the perspective of what could we do as staff in six to 24-months. I don’t know that there is anything that we could do that would move this in that timeframe.

Mr. Bokhari said you have to keep pushing on 5G which is in that timeframe and you have to go recruit the companies that want to be doing pilots in the wild where it exists. That is the only two things you can be doing right now.

Mr. Winston said I agree with Mr. Bokhari because just look at Amazon, look at the investments Amazon is making, look how many fulfillment centers that we have around
us and the way deliveries are going to be changing in the next 24-months, the way people get stuff and they are going to be more autonomous, things that we have to prepare for it. A lot of the reason we put the dedicated curbside space to start thinking about that.

Mr. Jaiyeoba said the question though is to deploy this within six to 24-months there are certain infrastructure provisions you’ve got to have on the roadways if I’m understanding this very well. So, it is not that we are discounting the fact that this could have an impact but within the next six to 24-months I don’t see autonomous vehicles matching the type of ridership that a bus or rail vehicle could carry in the next six to 24-months.

Mr. Bokhari said not the impact, but the work in order to key that up for year five from now has to happen right now because once somebody else beats us to it we are no longer competitive. I agree with you; the impact is the long-term thing but you either get on that bus now or you’ve missed it.

Dr. Beverly Scott, CEO of Beverly Scott & Association said this is one of those areas where we don’t even know what we don’t know and so I think in terms of the thinking, I say doing the strategic thinking around it is front end work. Getting all your pieces together so that you are really all on one page of what everybody thinks they know in terms of where you then take that is when you get into your implementation. Honestly, and God knows, I’m in the area where it like just say the words but you’ve got AV, you’ve got AI, you’ve got a whole bunch of disrupters that are out there, and I would just like to make sure you get as complete a thinking around it. So, think, plan, and act.

Councilmember Eiselt said maybe that clarifies what my question is because I saw this as an exercise as to what do we want to do in the short-term, medium-term, and long-term and what does the City Council do about policies to enact that. It is almost like that is a whole separate categorize that could be going on at the same time while we try to modernize our transportation system.

Mr. Winston said we always talk about everything that we do relates to budget so where are we going to put our money? Are we going to put our money into figuring out how to prepare in the next two years for automated deliveries? I think that would be a good thing and as Mr. Bokhari said, we don’t need to wait five-years to start allocating resources to prepare for that, we need to be doing that right now.

Mr. Driggs said I think you made the right distinction in terms of we might have an item over here which was the sort of planning and ground work expecting the impact to happen later, but we have to recognize the installed base of conventional vehicles is enormous and represents a huge investment. So, you have to look more in terms of say compare the transportation network companies like Uber, which operated on top of the existing fleet of vehicles versus hybrids like the Prius which were introduced and have taken quite a long time to reach a point of wide acceptance. So, I think the transformation of our system is going to take a lot of time, but we need to start early in order to get all the benefits from it.

Mayor Lyles said I think that Bev made a great point and all the discussion is the right kind of discussion. I think just putting autonomous vehicles was probably a little bit tough for them to figure out whether or not we were buying them, riding in them or whatever. I think what I’ve been hearing is there needs to be preparation for the future and to continue to stay in touch with what is going on and I’m assuming that is done a lot through your professional association and that the staff would bring to us the time that we would start saying let’s start moving. My suggestion would be that long-range developing a plan for autonomous vehicles and getting some information. It is like electric buses, we all wanted them two years ago, so we didn’t know what they were going to do, how big they were going to be, and now we kind of rekey fineing tuning to what we know and what is available. I would put that over in the planning side of it and say when can staff come back and say we are beginning to get something that jells around what we are doing which would incorporate a lot of the things that you were talking about like 5G. That is a suggestion. I would say it is ongoing in some respects. We just don’t know enough about it and maybe
you have your existing car and you decide, and AI thing and you just plug it in, and it becomes autonomous.

Mr. Bokhari said I think there are a lot of unknowns, but the immediate actions are actually pretty simple. One is right now we have 5G by the RNC in August that is going to be rolled out comprehensively across uptown, probably comprehensively across SouthPark and maybe comprehensively across Ballantyne. So, that is a great start. What we’ve got to do is work with the private sector partners and the carriers and everyone involved to say how do we get the full City rolled out as quickly as possible because it is going to be really hard for us to do step two which is recruit the autonomous vehicle companies to town when there are only stops in our town that they can operate in the wild. That is going to be tough but not impossible because we can go to our bank or insurance companies, our energy companies, everyone who has got needs for 5G, they can help monetize and make the value prompt make sense for the entire City rollout. Then we go over to Crews Autonomous Vehicles, go to everyone who is there, and we say we are going to be the first City in the world that is 100% operational for 5G and you have no choice other than to come here because you can’t test your stuff anywhere but here. It will become the easiest recruitment process ever and then once we get past there we will have some tough decisions, what does out policy look like, but I think the first steps are that simple.

Mayor Lyles said and those first steps are part of a plan. I’m agreeing we need a plan and it is an ongoing plan because none of us have that kind of deeper dive than here is the framework. I say put it in short-term ongoing. Everything isn’t going to fit neatly.

Mr. Jaiyeoba said we also have it long-term section as well. I’m sure we are going to have the same conversation around electric vehicles as well. We put that in high cost, low impact because they really do cost a whole lot, but we do know that the impact on the environment is high, but it is still going to carry the same number of people so to speak. This can actually also be in medium-term, but I think this can definitely continue from six to 24-months and beyond.

Mr. Driggs said by way of clarification, 5G is supper fast internet and it is necessary for the data streams that are needed to operate autonomous vehicles so, that is why we are talking about these in the same breath. If you are out ahead on 5G or capacity to introduce autonomous vehicles is ahead of that of other cities.

Councilmember Ajmera said for electric vehicles I would disagree that that is high cost, low impact for multiple reasons. There are several models out there that I think we have been e-mailed about from many, many residents. There are models out there that shows that even in short-term the cost is less if we were to explore some of this partnerships with private sector or with Duke Energy to actually offset the upfront investment. So, that addresses the high costs issue. In terms of the impact, at this table where I was with Tariq and Ed, we talked about a stigma that is associated with riding the bus. There is a cool factor that is missing and what is that cool factor? Is it the efficiency, it is the frequency, or riding an electric bus that addresses the high impact? It is not just the quality of life in terms of environmental impact, but also the overall high impact in terms of ridership. If you look at other cities that have transitioned to electric vehicles whether it is New York and other cities you have seen where there is that cool component that has been included that has resulted in heavier ridership. We’ve got to look at all those components so, I wouldn’t put low impact for electric buses.

Mr. Lewis said I think the issue for why it was in the high cost and low impact for us is not so much about the cost of fueling a vehicle. When you look at the entire costs, right how the models that are on the street are not ready for high urban utilization because and why some cities are all into that is because you have a vehicle that cost twice as much and can only go half as far. If you have the funding you can just put twice as many vehicles out there and overcome that. At that point, I think based on our ability to fund that is a high cost to get what is the impact when we are talking about the other things that are in this in terms of the conversation that is here about more frequency on our bus when half our routes are 30 minutes or greater in headways. When you compare the two are we going to spend a large portion of our limited resources on a vehicle that continues to
provide sub-level service? I think that was just in regard to the other issues, they are not about the technology in and of itself.

Ms. Eiselt said I guess that gets back to the AV conversation because what impact are we talking about and if the impact is to move people more efficiently to where they want to go then even if the technology were perfect for electric buses it is expensive, but it isn’t changing how many people we are getting to where they need to go more efficiently.

Ms. Ajmera said they are having study after study that shows that when you make an investment into electric vehicles, if you look at not just one year or two-year investment but let’s look at it from five-year perspective. We are making an investment that actually ends up costing you less in the long run and that is why cities are actually investing into electric infrastructure because the ongoing operation fuel costs is minimal. We have to be intentional about are we being cost effective, not just for short-term but also for the long-term. If you look at all of that I think it would be the same costs and we have a lot of studies that shows that electric vehicles are more cost effective than fuel vehicles.

Dr. Scott said because there are a lot of pieces of information, and it is constantly evolving; this is another one where it is a little above plan but where I really think getting people together around the real planning around it, there are a lot of moving pieces here. Quite candidly, most of the research shows that from a life cycle standpoint in terms of O&M and all of that, and depending upon what market you are in is to whether the fuel is cheaper or not, the play is for electric. I will be honest and now having said that because everything is transactional it is double exactly what John is saying. When you go out there it is double and quite candidly, there isn’t enough stuff production-ready for you to be even able. A vehicle is somewhere between 18-months to two years, if you are lucky, in just getting it manufactured. With everybody out there trying to get piggybacks and the don’t even like piggybacks anymore, so bottom line trying to do anything sooner than you can actually have your equipment for it is not going to happen, I will say, it is not going to happen for the most part for 18-months to two-years. Now, the other part of that is not just that, it is the charging and it is absolutely a conversations with some real deal with your utility because the charging all of what happens and how that works itself out is really going to be major and you don’t for the most part, directly control that so I’m only saying a lot of moving pieces here. When you are New York and Chicago, LA and you’ve got thousands and thousands of vehicles and you make a decision to go and do two hundred or three hundred like this, that is one thing but when you go and make those decisions that is a much more, you are talking about reliability and all of that, and that is a much more core part of what you must put out every day. He is sitting in a different place in terms of making the right decision on proven technology than somebody who has got thousands and thousands and if it didn’t work, that was part of my reserve fleet. It is just different so I would go back again to that whole thing, there is not a wrong in what has been said, but there is one of these very thoughtful planning, I personally do believe electrification is the next way. The predominant research shows that on a life cycle basis it is less expensive, there are a lot of moving pieces and there has to be partners at the table, the utilities, and then you’ve got all the battery storage and that also depends on how you do your route structure in terms of how you decide whether you do fast charge, not charge so there is a lot of big pieces there.

Councilmember Egleston said I don’t think anybody, the largest proponent or the largest opponent of the idea I don’t think would deny that it is complicated and there are pros and cons. The idea that you have to get in line and wait two-years I think is all the more reason we need to start looking, we need to start looking at least getting in line because if we are not in line and we make a decision two-years from now it will be four years before we have one. We’re not talking about replacing the whole bus set, but I think more philosophically and not specific to this issue, though very applicable to this issue, I hope that our departments feel empowered. I think, at least from my vantage point, it seems like our departments are coordinating better now than they have in the past. The reason that the buses could be high impact, it might not change the ridership significantly, but it helps us with our SEAP goals significantly. So, where John, and again just using this as one example, but I think it applies across a lot of departments, if he is not feeling empowered or any department is not feeling empowered to make an impact in another
department but is just being judged on their bottom line in their department, this is going
to look bad on his numbers if he makes a big investment here and he is not going to get
the credit for the SEAP goals that we are meeting if we are not looking at it in that way.
Does that make sense? We’ve got to make sure the Department Heads are incentivized
to help other departments hit their goals because all of these things are interlinked and
so if he is just measured on the cost-benefit analysis strictly for the transit purpose of an
electric bus I’m not sure we are capturing the whole vision there. We are responsible for
making all of it work in concert.

Mr. Jones said Mr. Egleston, it is exactly what you said, the Department Heads are
empowered and as a matter of fact, probably 75% of us are pounding on John’s head for
these electric buses, but John is saying also that I have to keep them safe, I have to make
sure they are reliable and right now, and I love what you said earlier, is that if John had
to experiment with a percentage of his fleet he is good with it. But if John had to tomorrow
and that percentage could be very, very small, like a sprinter route from the Airport to the
Transit Center, and everybody is trying to analyze how that can occur even if the City had
to purchase the buses as opposed to going through the MTC. So, it is not that we are not
doing anything, it is we are working the way that you would like us to work.

Ms. Ajmera said I agree, we do need a pilot in order for us to assess how does it work in
our Queen City because so many other cities have done it. I understand the geographic
is different but unless and until we test it here we are not going to be sure whether this
will work for our entire fleet. Testing is important and that is why we need to make that
investment upfront so, I’m all on board with it. But at the same time, while we are testing
let’s test multiple routes so that we know whether this will work east, west, north, south
so that we get a really comprehensive testing result so that we can plan our next steps to
meet our 2030 SEAP goals.

Mr. Winston said we have to get away from this idea of testing to see if we are ready and
we have to make goals to say by this year, a year in the future, this is where it is going to
be, and we can use a test to get there. If we don’t dedicate this, this will be like 10-years
ago in 2010 and betting on buying a whole bunch of Blackberry’s. It was not commonplace
that you had an iPhone let alone an iPad, let alone being able to call an Uber. We can’t
look backward and plan, as is said, those investments will get cheaper because at one
point in time if you didn’t get that iPhone in the first route you had to wait months for those
orders to come in. Going forward we should make a commitment I believe that by a certain
year we should have an electric bus system and you guys have to figure out how to make
that happen. Does it mean putting a test in with a splinter for a year to figure out how to
make that happen, how we get the MOUs with Duke to electrify the City in a proper way.
We have to commit to it because that is what is coming. We should not be investing in
Blackberry’s.

Mr. Jones said I would also like to address that. So, the SEAP was approved
unanimously, we have a goal to electrify our fleet by 2030. We haven’t begun the first
year of putting money into the budget for this. We will have money in the budget for this
we are starting to look at our own fleet as we start to think about code enforcement and
all the other vehicles, their five-year replacement cycle. The Airport is electrifying their
buses, so I don’t want our guest to think that we are doing nothing. As a matter of fact,
we are moving and John, I want to apologize to you, there aren’t 30 people jumping up
and down on his head every day, but we are also using his knowledge and the people
from across the country that are in his space, those subject matter experts, to help us
make good decisions. So, we are not going to wait until 2029 to do the first thing so, I
don’t want people to leave with that impression.

**Scott Smith, CEO, Valley Metro** said this is a really interesting conversation because it
is conversation that I had as an elected and I’ve had now as the CEO of a transit agency.
This transition where it is not an overnight and there is one difference although I like the
analogy. You couldn’t go out in the next year or two-years or even five-years and change
your fleet over for a variety of reasons. Capacity, you also probably have federal monies
involved in your existing system, you can’t just say I’m not going to use this anymore and
not have to cut a check back to the federal government. So, there are a lot of things that
come in. The same thing with our autonomous vehicles. There is a transition and I think that the challenge that we all have in government is how do we maintain or portray a leadership role which is what I believe our constituents are looking for. They are not looking for us to still use the Blackberry’s. I remember, as a matter of fact, it was funny when everyone started going to iPhone, people were laughing at, especially the federal government because they were locked into a long term with Blackberry’s and they became sort of a joke. You in the room has a Blackberry; everyone who works for the federal government. So, you want to be that leader, especially in things such as renewables, but then the reality hits, and I think what we have chosen to do, which is what I’m hearing today, is to take a measured approach. We look for areas where we can show that leadership. We look for areas, so we won’t be surprised. We do participate I think, as the Mayor said, in all of the professional organizations because there is a lot of people who are out there doing a lot of work on this and the one thing that is certain is that the private sector is moving much faster than we will ever be able to, and which we should because there is a lot of people who got stuck with Blackberry’s there were other models out there that were the replacement to the Blackberry because right now it seems like the iPhone is a no brainer, but if you remember the first two or three years it came out nobody in corporate America touched the iPhone. So, there are a lot of other phones and I can’t remember what they were out there, but there are a lot of Motorola Phones sitting out there, Microsoft where people bought huge inventories and yet they became as obsolete faster. I can tell you what we are doing in Phoenix, we are very aggressive, we have the partnership with WAMO, but we recognize that this is going to be something that as we look at and the 5G you have another issue that enables you to do things on infrastructure which other cities are not going to be able to do, which is to create this 5G network because of the Convention. I can tell you that I applaud the cautiously aggressive approach. There is a city in Phoenix that jumped on the hydrogen bus ban-wagon about 10-years ago and they celebrated last year because they finally sold these 20 hydrogen buses that had literally been stuck in a back lot, covered with tarp to avoid the embarrassment and they finally found someone to scrap those after 10-years because hydrogen was the next best thing. It was 10-P, University town, they wanted to be the leaders, they went out and bought it and they found that they were ahead of the game. I would just say be cautiously aggressive, be active with your associations. A lot of work I can tell you is being done both on autonomous vehicles and on buses, electrification and everything and you will be at the forefront. John is at those meetings at APTA and other places where this is talked about ad nauseum.

Dr. Scott said I was just going to laugh because being around 40 some years because I actually inherited the first generation of electric buses that were done in Chattanooga. I had five of them in Rhode Island and we called them “Sparky”, our maintenance folks, because that is what they were doing, and this was in 1996.

Mr. Bokhari said we’ve got a lot of awesome opportunities and things to consider. I think the thing that really jumped out at me is a lot of these are huge initiatives and we can’t choose to be and do everything. We have to make selections and when I look at certain topics you have to decide does it pay, or does it hurt to be the first adopter. 5G and autonomous vehicles, like first adopter, and then if you are not you are last adopter. It pays to be first there because if you are not first you are last, but there are certain things like when the first personal computer came out if you outfitted everyone with that every year over year it got cheaper, it got better and all of those things and while I really like the concept of the electric buses, and I think there may be something there, it kind of concerns me because I don’t view electric buses as something you pilot one or two. I view it as change your model to be electric buses. It takes economy to scale and size to do that and right now, we lock that in because we know it does have measurable benefits, I just question like, well does it hurt us to punt for a year or two and let the technology get better? You can pilot autonomous vehicles or something like, you don’t get the value of things like electric buses unless you overhaul and get the economy to scale of doing it all.

Mr. Jaiyeoba said I think the big-ticket item here really high cost or impact is outside of autonomous vehicles really is about building out and identifying funding sources for automobility structures whether they be Cross Charlotte Trail, more sidewalks, transit and then building out our rail projects, whether they be Gold Line or the Silver Line or the Blue

mpl
Line, obviously, the Blue Line Extension. There is a high cost but that is why they are there because of that. And then, something like forming a Regional Transit Authority and that is not just within Mecklenburg County, but maybe 12 county-region so, that is a huge deal. It may be low costs, but the impact would be very high as well. The ones that we feel really more low costs, low impact, one would be to de-car uptown so that vehicles don’t come uptown. You kind of part in the peripheral areas and find other means of mobility to come in. We break this in two so that is why it is traveling the lane, one is building more park and ride capacity. While that is not very costly, it may be costly to building housing on top of those decks because you’ve got to get air rights and the taller you build the more expensive it is. Building the park and ride capacity itself will be low cost; the impact will be good but the cost of building housing on top of decks overtime will be subject to a lot of negotiation. You’ve got to get the right developer, it has to be the right park and ride lot and that could be very expensive overall. I will say again that we will really focus on the buildout of the rail projects but also in association with sidewalks and trail system like we’ve had this morning.

Mr. Egleston said I want to make sure I heard Taiwo correctly on the park and ride; you are saying separate from the housing discussion around building out our park and ride, if we took like Scaleybark, Woodlawn or whatever other surface lot park and rides we have currently on the first segment of the Blue Line, you are putting that in the low-cost category to say we could transition those two decks?

Mr. Jaiyeoba said to build the park and ride lots themselves is not that expensive.

Mr. Lewis said when I think about park and rides, I took those as new park and rides which are pretty low costs overall but have high impact because you are attracting more riders.

Mr. Egleston said you are reading it the same way we wrote it which is convert surface park and rides to structured park and rides.

Mr. Lewis said okay, and then build housing on top of that.

Mr. Egleston said that was another idea as part of that and you can speak better to how much of our capacity we are using for our park and rides but anecdotally we hear people say they go to one and it is full, and they will try another one.

Mr. Lewis said absolutely, so I think the park and ride for more capacity for our transit riders is relatively a low, even if it is structure parking, low cost, and potentially high impact. What started it was the housing portion of it so if we could separate those two that would probably go in the low cost, high impact, and then the housing is a different conversation.

Mr. Bokhari said I just want to applaud staff and applaud the Manager. Often times when we work together you guys kind of have kid gloves on with us and we say something and you are like yes, that is great. What we just did was take all of our ideas and priorities and you, staff placed them where you thought they were impactful or dumb. I think while we can argue and debate a few of these points, this is a big step in the right direction. For us to have a real conversation of how you feel about the things that come out of our mouths. So, that was dangerous but well done.

**Councilmember Newton** said I want to applaud everyone too, including the Council, but I just want to make one more point. When we talk about the buildout of some our largescale projects let’s not forget to also continue to improve upon them and make additional plans. One of the points up there that I wanted to just kind of emphasize, it was Cross Charlotte II. There is now a lot of talk in the community about a greenway connector from east to west and so maybe someday that could be something that we realize as well.

Mayor Lyles said I think when we look at trails it is kind of considered a Park and Recreation deal, the greenways, the creeks, and all of that. If we are really going to utilize this as a way that connects the ability to walk or bike or whatever you ride on, to go places
for mobility reasons I think we have to think about how we define that as transportation. Right now, we define it as a trail, most of the people in the community think of it as a Park and Rec facility, it is going to go where the water floods, there is no lighting and all of those things. To make that really successful we have to step up our game and I think that is a great value discussion to think about. I don’t know where it fits but if we are serious about a real trail that helps mobility, it is not the same thing that most of the community believes is a trail. I think that we have to change what we are doing. I know Tai is working with the County, doing an assessment on Park and Rec and it doesn’t include urban standards, it doesn’t look at our City as an urban City and I think we are challenged by that. So, if we are going to be doing it, we’ve got to step up.

Mr. Jaiyeoba said I will just quickly add to that; I think it goes back to the conversation we had with Clyde from the Beltline this morning. Again, the Beltline is a 22-mile loop that combines transit, trails and parks. I happen to be the Project Manager on the transit piece of it but as attractive as the transit piece was, it was the trails piece that got funded first. It started with 2.5 miles and now it has built up to 10-miles and the transit piece is still lagging behind because sometimes in some communities it is easier to get federal funding to build trails than to build transit. So, it is a total package and I really believe that trails add value because there are certain places along the Beltline right now that you can’t even afford some of the properties there because even though there is no transit in proximity but the trails, and they don’t look at it as Parks and Rec, it is part of the mobility system and that is the direction we are trying to go in. That has been part of our conversation with the County as well.

Mayor Lyles said I appreciate a part of a conversation always; we have lots of them, but if you really want to get something done you do it yourself.

Mr. Winston said are we going to do this for the housing and the stuff we did earlier?

Mr. Phillips said great question; here is our plan, what we have planned to do, this was as far as we were going to go with this exercise. It was just doing transit and transportation. There are two things left that we still plan to do which is get the report out from the three groups that were working on before lunch about the Budget Workshop stuff, what are the topics and what information you needed? I think we need to do that in order just to make sure we get that information captured because right now it is in various states of your heads or notebooks or what have you. The last thing we had planned to do was to reaffirm the priorities. This is what we walked in with, are these still the priorities based on two-days of conversation? Looking at the clock, I think we have plenty of time to still accomplish both of those things as we wrap up today. With that said here is what I’m going to propose live, a little S&L stuff here, because we know the breakroom closes at 5:00. This time Larken, and you can hold me to this, this is your 10-minute break, come back in and we wrap up those last two things and then we are done for the day.

Mr. Driggs said honestly the reaffirming the priorities sounds kind of like what we’ve got on tomorrow also unless I’m misreading tomorrow’s agenda.

Mr. Phillips said okay, so if we want to do that tomorrow morning, is that what I’m hearing, we can do that tomorrow morning, so we wrap up one thing and if we want to do only the one thing, the group reports about the Budget Workshop, do you want to hammer through this and do it right now without taking a break because we know 10-minutes is 20-minutes.

The last thing because again, think about how your output impacts staff’s ability to process that output. What we are going to ask you to do if you haven’t already done this, based on your conversations earlier about what topics you want to discuss, you think need to be discussed at the Budget Workshop and what information you need, ideally you have that captured on post-it notes so it makes it really easy for the staff to take all that input. We need to rearrange ourselves one more time in those three groups you were in before lunch and then it is going to report out.

Mr. Driggs said Workforce Development, the old ED Committee, first observation about 90% of the operating budget is essentially continuation and therefore not controversial. A
lot of our conversation is going to be about those amounts at the edge. For operating we identified changes in staff requirements, as we saw last year, reapportionment of staff, or increases or decreases in staffing levels, compensation, financial partners, workforce development/PEASE so, near term funding and ongoing funding for those. We also wanted to take a review of what our arts funding is and exactly what we are funding for the arts right now and where we should be on that. We obviously, need the usual review of enterprise funds, that should be pretty brief, we will probably get told what the new water and sewer rates are, what the stormwater rates are, etc. bus fares if those are going to change, should be able to get through that pretty quickly. Then the capital accounts, any adjustments for 2020. We were told there might be some based on the outcomes of some of the old Big Ideas Program. The 2022 and 2024 capital needs start to get an idea of what needs to be in those future bond issuances, corridor investments, ongoing discussion about corridor development including here at the Retreat, what kind of money we can invest in that. Opportunity Zones, and then investments related to the implementation of the 2040 Plan and finally the CRVA. We need to review the CRVA budget, operating and capital and get a better understanding of how much they are spending and what value we are getting for that.

Mr. Phillips said Ed; we need to make sure we get a copy of that or that itself.

Mr. Egleston said I’m going to talk about the Community Safety portion of it, Safe Communities and Malcolm will talk about more of the housing side of it. I think Ed captured a lot of stuff that kind of overarches all of these topics. We went more topic-specific on our list so, for Community Safety we said and this is kind of for housing and for safety, an inventory of current programs or initiatives or tools or whatever you want to call them that the City is using for Community Safety and identifying what is working, what is not, what our ROI is on the things that we are currently doing as well as an inventory of things that might be best practices in other communities or things that staff has identified as ideas that we could consider and what kind of funding they would require and what kind of results we think we would get from them. We kind of bucketed the inventory of approaches into two things, proactive and reactive. Proactive, obviously trying to do things like Violence Interrupter Programs, Wrap Around Services, Youth Sports, lighting, surveillance or whatever it is, things that help prevent the crimes before they happen, help get people off the path that would lead them to crime before they get on it or before they get to the point where they have committed a crime. The reactive is obviously more in the criminal justice system; it is what we are doing once that crime has been committed. Though, the reactive approaches are proactive in trying to make sure that we don’t have people who fall into a cycle of being repeat offenders. They have committed the first crime, we want to get them on a different path before they commit the next one. Evaluation of CMPD salary increases, the impact that has had on our retention. We dived a little bit into that with Ryan this morning but to get a little bit more granular about the reaction of the Police Department and the impact that it has had towards the goals that we had for it. Braxton had a great idea, how do we during the RNC obviously, like 2012 with the DNC, we will have a huge number of officers that will be coming into our community to help, they will be kind of on loan to us that week, how do we potentially attract some of those officers. The fact is everybody is approaching each other’s, public safety employees. Now, no-one is going to send us any officers. Evaluation of CMPD salary increases, the impact that has had on our retention. We dived a little bit into that with Ryan this morning but to get a little bit more granular about the reaction of the Police Department and the impact that it has had towards the goals that we had for it. Braxton had a great idea, how do we during the RNC obviously, like 2012 with the DNC, we will have a huge number of officers that will be coming into our community to help, they will be kind of on loan to us that week, how do we use that as an opportunity to almost have a job fair and say while you are here take a look around and learn about CMPD and how do we potentially attract some of those officers. The fact is everybody is approaching each other’s, public safety employees. Now, no-one is going to send us any officers.

Mr. Bokhari said I think this is one of those things we are supposed to keep quiet until after we do it.

Mr. Egleston said the code name for that program is RNC Police Poaching. I do think we can put our best face forward for those folks and show them how much they would enjoy being a member of the Charlotte Mecklenburg Police Department. Are we funding emergency management adequately, review our plan and ensure that we are property staffed funded, do we have an emergency management Human Resources and financial resources to meet the growing need of our City and all the special events that we host from conventions to sporting events to whatever else? We are hosting more of those large-scale events now than we used to, are we properly prepared to do so. Also receive

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an update on Joint Community Center and other potential facility expenditures that we might have for CMPD, CFD or anything that would fall into our Community Safety initiatives. Again, Ryan showed us a little bit this morning about where we are and in our pre-reads we see some of what we’ve done with Police Stations, Fire Station infill but what other things are coming up, have we completely decided one way or the other on the Communication Center and what other needs do we anticipate having in terms of larger facility expenditures?

**Councilmember Graham** said Part 2 is basically the housing part of what we discussed and as we said earlier, we want to do an inventory of all the existing housing programs, those we can take in consideration, housing rehab as well as House Charlotte Program. Evaluate the use of the current $50 million i.e. the number of units built, what are our current needs, how many affordable housing units have we lost, kind of doing a comprehensive evaluation there. Evaluate the Land Trust and the Land Banking as well as taking a look at removing housing barriers, how might we assist with overcoming eviction as well as more investment in permanent support of housing and transitional housing. That is my broad category that we want to focus on, all existing housing programs through the budget cycle. Also take a hard look at land acquisition fund, both in terms of business and housing. The third would be the façade infrastructure grants, other programs to assist neighborhood business, what is existing and working well plus existing and needs retooling, what are the greater needs and lastly an Intergovernmental Relation aspect of what we are doing as well as what are other organizations doing, Mecklenburg County, CMS, non-profits, faith-based institutions doing around housing, crime and creating great neighborhoods. Those are the things that we want to evaluate through the budget process.

Mr. Driggs said I would like us to take a look at the $50 million bond issuance that we are devoting to housing that traditionally that has gone into the Trust Fund and typically the Trust Fund dollars have been used for the creation of rental properties. I think our conversations lately have made it clear that for example, paths to ownership and other forms of support might be interesting so, the question is can we use those dollars for those programs, could we, for example, augment some of the CDBG Programs with City dollars in order to address needs that aren’t exactly met by the rental properties that we create from the Trust Fund?

Mr. Phillips said Pam; you are capturing that, is that what I’m seeing?

**Pam Wideman, Director of Housing and Neighborhood Services** said yes.

Ms. Eiselt said when you talk about tracking units built and all of that, didn’t we say in our framework that we would provide like a dashboard for the public to be able to see how we are doing [inaudible] our stated goals? Is that something that would be a live template that people could look up and see where we are?

Mr. Graham said yes, that is also something we can examine and make sure that we are doing during the budget process as well.

Ms. Eiselt said with metrics that we committed to.

Mr. Winston said one of the other things about that was kind of a comprehensive approach. When we went into this we knew the shortage, the amount of units that we needed overall. What we would like to know, okay, we building this many units but if we built 2,000 did we lose 3,000? Are we at net 1,000 and I don’t think we have that information as part of where we need to be?

Mayor Lyles said I think that it would be just for all of the groups because we talked about the ideas that we had that we would focus on that were like goals and then I think again, tomorrow when we talk about priorities it might be helpful to think about this in terms of what we can do in this budget cycle versus what is going to be longer term. I think combining this with our discussion will be really helpful because I think it will help us prioritize what needs to go immediately and what we might need a little bit more time to
work on, if that is the sentiment because some of these are givens, but I think some of them will require a little bit more policy work.

Mr. Driggs said our framework called for a certain level of investment in NOAH type housing and I think we’ve fallen short on that just because of lack of opportunities so, the question is what can we do to kind of bring that NOAH investment, the preservation of neighborhoods in line with the goals that we established in the framework? We did also adopt a location policy not long ago and I would be interested to know how that is working or do we have any basis for assessing the success of that program. We got away from the sort of black and white permissible and impermissible and I don’t have a sense of how effective our new location policy has been at directing where the investment is going.

Mr. Jones said we are at a point from a staff level that we maybe have to recalculate how we are counting units and measuring success. So, we got back to the framework, it is 41% NOAH, 40% new construction and 19% [inaudible] and if we just focus on what is coming out of the Affordable Housing Trust Fund we are not making the NOAH number, but there are so many other funds that we use that allow people to stay in their homes that could be counted towards the NOAH. We don’t want to be in the position that we give you a report one day and you question how we count it so, we’d like to all be on the same page of how we count as well as the net versus the gross in all of that.

Mayor Lyles said I just wanted to add to what the Manager said; we are going to lose no matter what and I don’t think that we ever had a policy that said we were going to replace the loss of affordable housing. If that is our goal we need to start talking about $500 million in funding instead. I want to be very specific when we are going to the community and saying we’ve lost, it is not that we were trying to replace lost units as a goal in this process. If we want to talk about that then I think we have to have a different policy conversation in the Committee to come to the Council. I think it is important to know what we are losing; I don’t know that we as a local government take responsibility for replacement of what we lose. Just something to think about, what are we trying to do; I don’t think we were trying to do replacement of lost units.

Mr. Driggs said I agree with you Mayor, that it is informational, and it doesn’t require that we exceed the attrition. I just point out, NOAH’s are a double count, right. NOAH’s are a case where you avoided the loss of existing housing and then you can also take credit for the creation, so I think that impacts the net balance of housing in a better way than just construction of new housing and allowing the old stuff to be torn down.

Mr. Phillips said we are doing the output from the kind of [inaudible] you guys had before lunch.

Ms. Eiselt said we have it outlined in the long-term impact but really it is just looking at the whole system.

Ms. Eiselt said oh, sorry, I thought we kind of did this. For the Budget Workshop it is to really look at the funding for a framework that would buildout the system holistically as an ecosystem so, if you took a priority corridor it would be not just getting the bus system down from 90-minutes to 30-minutes on average but what it also costs to make sure that we have sidewalks that are connected, bus stops, everything that is needed so that people will take the bus system, so they can walk, they can bike or whatever it is to make sure and look at those costs altogether.

Mr. Newton said a few of the items we were talking about, Vision Zero making sure that we continue to fund that program and maybe even expand it. I remember us talking about pedestrian connectivity particularly sidewalks and extending our programs for sidewalks and building in the gaps between where our existing bus transportation infrastructure exists. Victoria, if you want to comment on folks coming into the City, particularly the
South Tryon Corridor and some ways that maybe we can fundraise or raise revenues from folks that are using our transportation system.

**Councilmember Watlington** said you hit it, that is it. From a budget standpoint what are our tools, what are our opportunities, how are we leveraging this regional partnership to make sure that the problems we are trying to solve on our end we are also solving with our neighboring states and counties in mind. Julie mentioned earlier about identifying the corridors, really getting clear based on the data in our high congestion areas, where is it that we need to invest, and can we invest coupled with the work that the mobility team is already doing over the next 60 or so days to tell us what the low hanging fruit looks like so that we can get that into the budget for next year. I think those were the main things from a budget standpoint.

Ms. Eiselt said we acknowledged that transportation is not just the buses or not just whatever it is, it is the whole system but to be able to bite that off, staff would look at our strategic corridors and if a strategic corridor is Steele Creek that also involves how do you handle the fact that a lot of these folks come in from South Carolina. Is there an opportunity to monetize that and if there is do we need that on our Legislative Agenda?

Ms. Watlington said thank you for bringing that up and the only other thing we talked about how that impacts zoning and what we are looking at and what we are measuring against from a policy standpoint that really drives to deliver the vision that we said we want when it comes to mobility and are we assessing, not just our zoning petitions, but also having an outlook to the by-right development and how that is impacting development in the corridor.

Mr. Newton said from the standpoint of contributions from our esteemed Mayor from Mesa who joined us at the table, we talked about that bus network or plan really emphasizing how we can improve upon reach of our bus network and its frequency. Also, there was a question post pertaining to our Charlotte Bike Plan, making sure that we continue to fund that and then from the standpoint of some of these major transit projects may be looking at a Master Plan a little bit more immediately, particularly if we are going to start any conversations about buildouts for something additional like Cross Charlotte II.

Mr. Phillips said here is the deal, that is all we are going to do today. Staff and myself, we are going to get together and put out notes together and come back here in the morning and say here is the wrap. Here is what we’ve accomplished and also ask for your input on two pieces of information. What were your big take-aways from our time together and what do you think staff’s take a-ways should be, what do you think they are from this? We will also do reaffirm the priorities in the morning. I do believe we are wrapped for today.

The meeting was recessed at 4:45 p.m.

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**Wednesday, January 15, 2020**

The City Council of the City of Charlotte, North Carolina reconvened for an Annual Strategy Meeting on Wednesday, January 15, 2020 at 8:42 a.m. at the Washington Duke Hotel, Durham, North Carolina with Mayor Lyles presiding. Councilmembers present were Dimple Ajmera, Tariq Bokhari, Ed Driggs, Larken Egleston, Julie Eiselt, Malcolm Graham, Renee Johnson, James Mitchell, Mat Newton and Braxton Winston, II.

**ABSENT UNTIL NOTED:** Councilmember Victoria Watlington.

**Mayor Lyles** said today we are going to do a couple of things that are very important; they are a lot more around our internal work and our efforts that we are trying to accomplish. We are going to go back and revisit what I think are our priorities and I may get out here on the three-meter board at the tip and say I think what we talked about reaffirms what we are committed to which is basically creating a livable city for people where they can work and live and move about for work and family. I think we are close
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there but there are a number of things that we have many people working to accomplish. We are very fortunate that while we have much work to do on citizen engagement, we have a lot of citizens that are engaged. I would hope that we would have the opportunity to talk about some of those and that is why Tracey is keyed up for us to talk about some projects that are going on before we go into closed session around some project issues that meet the closes session requirements as well as a closed session for assessment of the City Manager. At the end of that, we will probably have some statement that we can make if you guys want to just have Jason e-mail it to you on the Manager’s evaluation or if you want to stay for that and have interviews or whatever after.

So, four things to accomplish, Kelly’s hospitality financing model will go first, Tracey is going to go with big projects; I wanted Malcolm to give you some updates on the workaround Brook Hill and a few things like that and then we will go into closed session and call it a day. So, thank you guys for the attention that has been paid to this effort and I think we’ve had two really good days of discussion about big things and now we are going to go kind of into some of the implementation that is going on and the thoughts and plans around implementation for some of those strategies.

Marcus Jones, City Manager said we will have our CFO, Kelly Flannery to give the Council and all who are viewing an update on how we are addressing our hospitality funds. I think it is extremely important that we level set today because there are some projects on the near term and in the long-term and there have been some, I would say, misunderstanding about how the hospitality funds are used and the purpose for the fund so, Kelly will guide us through that discussion. Then we will have Tracey Dodson discuss a number of the projects that are related to hospitality.

Kelly Flannery, Chief Finance Officer said there is some sad news, not so much of an update as a repeat of what I presented to you in November. Please manage your expectations, you are not going to see anything new. I did incorporate some transitional slides, so we are going to over today an overview of what Affordability Analysis are, the Permissible Uses of Tourism Revenues, Sources and Uses, Considerations, Affordability and some key take-aways as Tracey goes into the Specialty Projects.

When we fund capital, we use long-term debt and that is typically in the forms of bonds or Certificates of Participation (COPs)and this is across all funds, all capital. The reason we do that is so that we can spread the cost of the project out across the useful life of the asset. So, when we do that we want to make sure that we can afford it and so for that purpose we do an Affordability Analysis. We don’t fund operations with bonds or COPs, not operations, just long-term capital. Because of our staler ratings we enjoy really low rates of borrowing so, bonds are our friends in this case.

So, what is an Affordability Analysis? It is a plan that projects future revenues and expenses and contemplates the ability to pay. I want to stress ability to pay, not capacity to pay. For me capacity is the “C” word, it is not a word we should use. Capacity is can you pay, affordability is should you pay. We need to start having that conversation, not can we get it, but should we have it. So, why do we do Affordability Analysis? To provide assurance that whatever we are funding we can afford and is cost effective, that we have a balance between the needs of the City and our ability to pay for them and to maintain strong financial management. The City enjoys AAA rating, the Airport is the highest rated of any Airport in the United States. Those ratings are not accidents. It is the work of you guys that have made that happen. While the state mandates an 8% fund balance reserve, we mandate 16%. We have metrics far in excess of what rating agencies requires to maintain our ratings. For that we’ve been rewarded with high ratings. If we start making decisions based on capacity rather than affordability we send a message to the rating agencies that we are not good decision makers and that is a matrix when they are measuring our ratings, so it is very important that we continue to have a conversation around affordability rather than capacity. We do this for every credit for the City; Transit, Airport, Water, Sewer, Tourism, GO, everything and we update it all year long.

So, let’s talk about tourism and like I said you have already seen this before. Tourism revenues, per State Legislation can only be used for these purposes. They can’t be used
to fund public safety, they can’t be used at the Airport, they can’t be used at Water, only for these purposes. Some of them are redundant, tourism sometimes can be used for conventions and vice versa, but this is primarily your Occupancy Tax, which is 8%; there is 3%, 3%, and a 2%, and food and beverage. When you look at the Convention Center, obviously it includes the Convention Center as well as Bank of America Stadium, this would be where Soccer would live as well as amateur sports. Debt service is repayment on bonds that are outstanding. For the Convention Center that we just approved in March and again in October as well as Bank of America Stadium. For tourism we are paying debt service on the Spectrum Center as well as operating costs for Spectrum Center, a small subsidy BB&T and then the Hall of Fame is obviously all NASCAR related.

Councilmember Eiselt said [inaudible]

Ms. Flannery said no, you will see where it says Spectrum Center capital improvements and capital reserve, annual arts and cultural facility maintenance. Those are more the annual operating costs of the facility.

Ms. Eiselt said [inaudible] it says programs, so it could be used for programming?

Ms. Flannery said indeed, yes. There is a portion that goes to CRVA and they use that for Choose Charlotte or whatever the program is; they use that to encourage hospitality and tourism within the City. It is not all facilities, it is programming.

Councilmember Driggs said these are given to us by authority from the state; is there a time limit on the particular authority we have reaching these buckets?

Ms. Flannery said yeah, we will go through them when we get to the on the slide.

This slide is a graphical representation of what is in the 2020 budget; this is what you approved in the budget for each of three funds. The Budget Director spoke about it yesterday, these are special revenue funds, this is not the General Fund. These again, are for purposes of hospitality and tourism. As I mentioned in the Convention Center Fund, it is primarily three percent occupancy tax and food beverage. The food and beverage tax expires July 1, 2034 on this slide, and you will see it again in a couple slides. The uses are really two things, debt service and operations. The Tourism Fund, it is primarily occupancy tax and rental car tax and on NASCAR it is just the two percent occupancy tax that was created specifically for NASCAR. If you want more detail on the purposes it is in more words in the budget, but we can go through any of it now if you would like.

What drives the Tourism Affordability Analysis? Existing costs; we have costs that we know, payments on existing debt, like I said we have Bank of America debt outstanding, Spectrum Center, Convention Center; while we borrowed that at a fixed rate the payments aren’t uniform every year. We didn’t borrow all the debt on the same day, we don’t repay it on the same schedule so, we have to look at what each year’s payment is. Operating and maintaining facilities; we can assume a three percent increase in those costs every year, but we look at it every year to see are there special projects or other facilities that need an amount greater than that. Then revenue trends; in August of 2020 we are going to have probably every hotel room in the County full. That is a one-time anomaly, that is not something that we are going to put into our projections, but it something that is going to change how that budget looks. So, when you approve the 2021 budget you probably are going to see an occupancy tax revenue expectation in excess of what we will see in 2022 but we are cognizant of that as we are updating the model. When we are looking about contemplating new projects again, we look at the revenue trends, but we also have to look at what is going on in the market. So, while we enjoy historically low-interest rates, how long is that going to last for? We heard Vitner say it is going to last a little bit longer than we originally projected, but are we going to have market access? Because we are a AAA it is pretty easy for us to sell that, but also because of the whole global climate interest rates are low everywhere. So, investors are more-risky than they were before. Is it going to be harder to sell it, no but it might cost us a couple basis points, so we have to factor that in our model?
Additionally, and project timing- you will see on the next page on the model how things can move if we delay a project. Fund balances are the most critical matrix; if we delay a project that number just keeps growing. While you might hate a delay, I love a delay because it means more money for us. We have instituted draw programs, I think what we’ve seen historically is sometimes we borrow money and projects get delayed so, what we’ve done now is we pick out short-term borrowing programs to fund the actual construction. Upon completion we then take it out with debt. Because the short-term borrower has a lower interest rate, it has allowed us to delay the fixed rate for a greater period of time and have greater certainty on those costs going forward.

Councilmember Ajmera said how did the resiliency plan affect or drive up the costs or maybe even go down? For example, when you are going through the SEAP process, the strategic plan process, Dr. Carney, who was our consultant mentioned having the resiliency plan and it is so important that not a lot of debt assurance companies are looking at that to see how cities are preparing for natural disasters or having some sort of resiliency plan. From your experience how has that affected in the past and how would that affect moving forward?

Ms. Flannery said I don’t know if you saw probably last month in your packets a circulated report that Moody’s recently did about the 25 largest populated cities and their ability to weather a recession. There were 25 cities and they ranked them overall prepared, moderately prepared or danger zone and there were five that were, bring it on, and we were of them. So, I think we are in a really neat position whatever the calamity is, if it is a recession, if it is a natural disaster or whatever it is we are in really good shape.

Ms. Ajmera said yes from economic climate, but I’m also talking about it from climate in terms of what are we doing to prepare for a natural disaster? What are our efforts in planning the climate change, not just from an economic perspective, but also from the environmental perspective and how that affects our rating?

Ms. Flannery said I think there is opportunity, not specific to tourism I’m assuming your question is. You are talking globally what is the City doing?

Ms. Ajmera said no, not what the City doing, how does that affect, and would it have a financial impact?

Ms. Flannery said there are on specific credits from the water credit and the stormwater credit; there is ability when we issue debt to certify our bonds as green. That is something we can contemplate, the problem with that program it is pretty new, and they haven’t really set up what the long-term guidelines will be. That is one way that we mitigate economically against it. I don’t know that there is anything specific to tourism or to the Airport or to the general City’s economics that mitigates against climate change.

Ms. Ajmera said I’m going back to what Dr. Carney had said, when you are going through resiliency planning from an environmental perspective and how he had focused in his report the financial impact and how that is an important piece when you go out to issue debt. I think we should look at that; I know we are AAA bond rating and we are getting very competitive interest rates on our debt issuance, but I think we should also look at our planning, that we are doing resiliency planning overall as a City and how that is overall preparing us economically, but also environmentally to withstand any national disasters.

Mr. Jones said I will ask David to put that on the board, but in terms of this fund that would not be connected at all. We will make sure we address your question.

Councilmember Driggs said I think it is worth mentioning that the access fund balance that we have can be regarded as kind of a cushion, so we have $100 million-plus in fund balance, but only required to maintain $50 million or so. So, that already represents some capacity to deal with irregularity and the other thing worth noting is we went through the entire recession, this last big one, and the City had to make some operating adjustments and things like that but didn’t miss a debt payment and maintained its rating. So, I think
we are quite resilient. Obviously, there are Armageddon scenarios that it would be extravagant to try to fund for on a fulltime basis. So, I like where we are.

Ms. Flannery said I do too, and I would just add that beyond the $100 million these funds there is balance in every one of our funds for just such an event. But, as it relates to fund balance I do want to just highlight what the purpose of it and what it is, guess we will start there. Fund balance is calculated annually, it is a look at a point in time, so for us our calendar year ends June 30th; on June 30th what do we have left for current year’s liabilities after we’ve paid all of our bills and that is the number that drives every model we do. The fund balance is really your balance in your checking account once you’ve cleared all your bills at the end of every year.

Mr. Driggs said the CRVA debt obligations are general obligations, right? They are not revenue bonds.

Ms. Flannery said the CRVA doesn’t actually have the authority to issue debt, the debt is the debt of the City, but they are Certificates of Participation that are collateralized with property, but at the end of the day if we weren’t able to make those payments the full face and credit of the City would have to cover it.

Mr. Driggs said right, so we are on the hook for those. Do we actually market them as kind of cash flow supported, like do identify to the investors that we have these revenue streams that are associated with those bonds?

Councilmember Watlington arrived at 9:03 a.m.

Ms. Flannery said in our offering statement it says it is the City’s intent to utilize the occupancy tax and we go into the Legislation but in the fine print it is any dollar of the City and that is the same for transit as well. We obviously, earmark that half-cent for sales tax to transit bonds, but the same party.

Mr. Driggs said okay, thank you.

Ms. Flannery said a lot of numbers, but you’ve seen them before. We heard Vitner say Monday that the yield curve or inversion was going to result in a recession in 18-months, but he didn’t see it coming so, in July everyone said it was coming. We are still saying it is coming and if it doesn’t come that is excellent, but you will note in 2020, 2021, and 2022 moderate increases in revenue. Those tiny little increases, we’re assuming no growth in revenue, that is just interest that will be earned on our investments. But, dynamics of this model and every model is dynamic, it is live, it moves every day. In May when the budget is introduced you will likely see a revenue number higher than $62.4 million because we know we are going to get the RNC, we know we are not going to experience negative growth of minimal growth so when that number comes out we will update this model again to reflect the actual and then we model off all the future years.

Another note I want to highlight on the revenue side is there was no magic between the five-year spends, it was just a space issue. In July 1, 2034 you will note between 2034 and 2039 the decline in revenue projections and that reflects your sunset of the food and beverage tax that you were asking about.

Ms. Ajmera said does this account for a mild recession?

Ms. Flannery said yes, 2020, 2021 and 2022 assume no growth because we are assuming a recession. Again, if that doesn’t happen in 2020, as we heard Vitner say it probably won’t, we will move it forward. When we look at expenditures, you kind of look at two buckets, debt service, what is the existing debt we have outstanding and what are the operating expenses? The CRVA receives a portion of the proceeds that is not used for debt service. Right now, it is about 65% debt service, 30% issued to CRVA and whatever is left over after operations goes into fund balance. What you will note that is interesting on the debt service side is between 2023 and 2024 the decline in debt service and that is primarily because when we funded Bank of America Stadium improvements
we scheduled the debt to the tether, so the tether expires in 2023. We didn’t want to be paying debt on something that no longer existed so you will see it rolls off and what that means is a huge increase in available fund balance. This first two sets of boxes is a picture of where we are right now, this includes everything that Council has approved to date and expected debt service. You will see at the end of 2020 we expect a fund balance of $68.8 million in the Convention Center fund. So, what does that mean? We have $68 million in our bank, but we self-restrict, we tell ourselves whatever the next year’s debt service is we are going to make sure we have it in a pot in case calamity unfolds. Even though we are four year a recession we still have to pay debt service so you will note that $27.1 million here is next year’s debt service payment; $27.8 million here is the following year’s debt service payment. We always restrict ourselves so in reality, what we have available for future projects today in the Convention Center Fund is $41.7 million cash. That doesn’t mean we can only fund $41 million in projects, that means that is what is available each year to make a debt service payment.

Mayor Lyles said I like that idea; you take 12-months of payment that you are going to make the next year and you earn it and restrict it the year before.

Ms. Flannery said yeah if you wanted to take the “m” off and pretend this is thousands instead of millions, pretend that your annual salary is $62,000 a year, let’s look at debt service as your class of things that you don’t pay off in a year so that would probably be your mortgage and your car. Those are the things you have monthly payments on, but you are not paying it off in full at the end of every year so, you have $62,000, you have $37,000 in car and mortgage expense, you have $26.9 in cable, phone whatever your monthly costs are. At the end of the day, you were short because only collected $62,000 and you spent $64.6. You decided you didn’t want to cut cable, you liked everything you had because you knew you had a bank account that a whole bunch of money in it and you were okay tipping into that account, so that is what that $2.4 million is. In 2020 we expect to use $2.4 million of our existing $68.8 million of fund balance to make your payments and then the next year you didn’t get a raise, you just made some money off your investments, but you paid a lot off of your mortgage so your mortgage payment you are now down to $27,000. I don’t know what you bought but you had a good year and you went bought more stuff and you spent $29,000 but at the end you still had $6.2 and you put that $6.2, you in the bank. At the end of the day you have $41,000 in a bank account, you have a lovely home, you have a lovely car, but you want a boat. Can you afford a boat? Well, the boat is $100,000 and you only have $41,000 but you can afford the boat because you are not going to pay for it all at one time. So, you have $41,000, you are going to the bank and you say I have $41,000 can I get a loan for a boat. Sure, you have plenty of money to make a monthly payment on a boat. That is what the next example shows, if you have $100 million project, how would change your fund balance? You will note what this model assumes, we talked about short-term interest rates, we will do a two-year draw for the construction of a $100 million project and then in 2023 we would take out that loan with a fixed rate COPS for a period of probably 20 or 30-years. This model assumes short because we are super conservative, so this assumes 20-year debt. We will likely do 30-year, but we are trying to be super conservative and you will see that even after the $100 million because your mortgage payment is being paid off, you are still paying off your car as you go, you are just adding a boat payment. So, you will see your fund balance is actually going to grow over time. You are at $44 million then $57 million so I would say in short, we can afford some stuff in the Convention Center fund.

Mr. Driggs said this is actually still a little difficult to interpret because what we really need to see is when you run this in such a way that you incur debt at a rate such that your fund balance is equal, and you have no available balance each year; that defines affordability.

Ms. Flannery said that defines capacity and that is where I’m challenged. That is where I understand the rating agencies the message that we make decisions based on how much money we have and how can we spend it all?

Mr. Driggs said that is still a relevant boundary and what I’m saying if you are making the distinction between affordability and capacity how do you use this model and what criteria are you using for affordability to tell us this is how much – what this is saying right now.

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for example, if you could spend $20 million a year in cash, going out to 2044 on average, which is not very much, you would be find because you didn’t borrow anything, you could just spend it in cash and you would get the $515 million at the end of 24-years or whatever, but the debt capacity thing means that in the background there is actually another calculation going on which is your ongoing debt balance and your ability to borrow new money, still staying within some sort of a limit. What is your definition of the limit that constitute affordability and what conclusion do you reach as to how much we can actually spend from this fund and still maintain affordability? I can’t see that up there.

Ms. Flannery said I’m comfortable with always spending the available fund balance number because we have restricted fund balance. So, if you are looking for a number I would always say I’m comfortable saying you have $41.2 million in a given year to either pay debt service with, operations or whatever you prefer.

Mr. Driggs said that is what I just said. I said if you run this model in such a way that your available fund balance is zero every year and you meet your restricted fund balance needs, that defines the limit of affordability.

Ms. Flannery said the challenge is, the restricted fund balance is going to change as this Council decides to add on projects so, if you’ve given me some guidance as to what your project priorities are I can then model what that restricted fund balance number moves to, but I need input.

Mr. Driggs said I’m trying to get at it the other way around; It says this models enables you, and maybe we can talk offline, but this model enables you to find a solution such that the available fund balance is zero, it will tell you then how much you can borrow each year and that will tell us how much we can plan to spend each year.

Ms. Flannery said I understand what you are saying but for my concerns with the rating agencies and that being how we are going to explain to them we are making decisions based on how much money we can spend, and from Tracey's perspective, it is difficult for her to negotiate a deal when the other side knows how much we have.

Mr. Driggs said it is difficult for us if we don’t know how much money we have.

Ms. Flannery said I have the number there, you have $41.2 million available in 2020.

Mr. Driggs said but I don’t know what capital projects I can schedule and how much money I can spend and when based on that line. I just can’t tell.

Mayor Lyles said I think this is an important conversation Ed has raised.

Ms. Ajmera said I agree; I do not know how much we can take out debt knowing the fund balance. I agree that we have $41.7 million cash balance at the end of 2020 but what does afford me; how much debt can I issue with that fund balance. If we have that we can make better decisions. That is number one, number two I wanted to go back to 2034 revenue, and you had brought that up so explain to me again why increase from $78.6 million to $94.1 million. I didn’t quite catch that.

Ms. Flannery said that goes from 2029 to 2034 so that is just three percent compounding increase over five-years. The decline from 2034 to 2039 is because the food and beverage legislation sunsets in 2034. So, absent any sort of state legislative action we wouldn’t charge and collect that fee anymore.

Ms. Eiselt said it is great that we’ve doubled what our state requirement is in our reserve and that should give everybody comfort but, there is also sort of a spot out there that cities that do use some of their reserve for productive reasons, say transportation investments, that the rating agencies view that as a good investment and would not [inaudible] if we were to take it below our arbitrary number of 16%. It is not arbitrary because that is our policy, but if the state requirement is eight percent and we way we really want to invest in
transportation in our community, that is going to make us a productive community, but we are going to have to go 14%. What is your opinion on that?

Ms. Flannery said my initial reaction to that and my exposure to rating agencies is they don’t non-recurring revenue so, one-time fixes, things like that are things they are not appreciative of. That is why we set benchmarks for what our reserves are and then we do use money beyond that. Ryan talked about yesterday, the $1.5 million that we had in excess of what our requirements were. We actually are doing that now, but if we started talking about using a portion of that 16%, that is a different conversation. That is a change in policy and that is going to be an explanation to the rating agencies as to why we want to do that. It wouldn’t be something they would want us to do a one-off for.

Ms. Eiselt said to some extent if you are building a transportation infrastructure, some of that is one off until you start building revenue from that service, not that it is going to offset it completely, but I don’t know, I just think it is something that we look forward and we are really talking about making some bold moves in transportation, we’ve got to start talking about how we are going to pay for it and what it is going to cost.

Ms. Flannery said we can take another look at the 16% and see if that is the right matrix, but it shouldn’t be something that we are arbitrarily, we want to fund this project, let’s grab money out of it. It would be a long-term policy change.

Mayor Lyles said Kelly; I want to marry Julie’s comment and Ed’s comment around this and help me understand; when we are looking at the available fund balance, and I think Julie’s applies more to our General Fund, but let’s take this one that is in front of us. We know that we can cover and have our payments for what exists and what I think Ed is saying is it is all well and good to know what our available fund balance is, but that actually gets interpreted into how much are you willing to spend and what do you want to spend. What I think Julie is saying is but how do you apply real change that you want to make to that. For this one, for example, if you are looking at the available fund balance I think the second line would be what are the costs of the projects that are being requested and asked for and how do we assess when those are based on needs for many different reasons, being competitive with other communities our size, whether it is maintenance versus new and all of those kinds of factors and those are the kinds of policies that we have to assess the capital needs. Then you have to say, okay, we’ve identified this is a need so how does that $41.7 million interpret to what that cost is? I think that is a policy that we set and there is a lot to be said about it because in our case on this fund, we are the keepers of hospitality funds through a contract that we have with CRVA to expend them so, they bring to us what is the need and the industry to be competitive to whatever the criteria is, but we own this money so, what are we willing and comfortable to spend long-term. It requires both of us to be at the table; it is marrying available fund balance and knowing what you need from CRVA. I also want to say, and I think this is something we have to be very careful of, CRVA is a Board that we nominate, and they manage and help with a whole staff of people to do that, but this is hospitality funding and the people that made this possible for us to have this money are generally statewide hospitality influence interest groups. They also want to have a hand in what we are saying and what we are doing. So, what are the project policy requirements to be assessed? After we assess them how do we apply that to the funding and maybe it happens sometimes and maybe it doesn’t and then, does that really meet the overall intent for us to govern this money consistently with what we have the authority to do for those interest groups and influences? I think both questions are valid. I think the question we have to ask is underneath the fund balance, what are the projects now and I think that is what Tracey is going to try to get at. Is that right?

Mr. Jones said absolutely, and I would like to add to that; I guess it was in September you were having the discussion about the Convention Center expansion and Kelly came up to the lectern and talked about fund balance. What we are attempting to do today is put out there and who you how this model works. It is everything the Mayor said, and you have to add to it the timing of the project. So, if a project isn’t coming on line until 2026 we are going to put it in 2020 so, it is the beginning of a new way of not only looking at

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our projects, that is what Tracey will do next, but also how do you plug that into the affordability.

Mayor Lyles said I’m going to add one other thing; Kelly, I don’t believe that the rating agency likes the reuse of non-occurring funds but, I also believe that they don’t want you to have money in the bank and roads filled with potholes. That is the question and that is what I think we have to assess, are there things that help us grow this or things that we have to do to maintain our competitiveness? What is our criteria and working with people that actually; I like to think that we are experts in a lot of things, but this hospitality industry requires a level of commitment and expertise across the state. So, I don’t want us to have a Convention Center that nobody wants to book in, and we have money in the bank to repair it but at the same time, I don’t want to have the Convention Center the size that we can’t recruit things that we can’t accommodate because of our hotels. It is writing some of that down as a policy that grows out of this funding scenario here. That is my suggestion is that the real discussion here is what is the budget policy for assessment of needs in each of these three funds?

Mr. Driggs said I just wanted to say for one I’m not criticizing your work; this is more than we’ve had in the past and I appreciate it. My only point is I can feel an opportunity to get answers to questions that we’ve had for a long time and the basis of this if we go a step further. Maybe I will talk to you offline but, in general, I think our responsibility to the taxpayers or even to the hospitality industry is to know when we made decisions about capital investments what the context is for that decision. So, whether we borrow right up to the point where our available fund balance is zero every year and we’ve kind of taken the maximum debt that our model says we can service, I just don’t have context so, I get a proposal for Discovery Place or whatever, we’re going to hear about a couple of them I think and I have no way of knowing how that affects my capacity to deal with other things that I know can happen in the future and obviously looming out there in the distant future is the Stadium, but there are other things too that have come up in conversations about CRVA and on the basis of those numbers as a finance guy I can’t reach any conclusions about what we can do or when we should do what. But I do appreciate the work, I want to be clear about that.

Mayor Lyles said I don’t this is an offline conversation because it takes us as a group to move forward and what I would say is that all of us need to understand it equally level set. I would appreciate the idea that we share this information so that we all start in a place that we can understand what we are trying to accomplish. I would actually say that if we are really going to dive into this, after getting the information study, if the Budget Committee creates a policy of how do we assess these things, that is important for everybody to understand.

Mr. Driggs said my goal is to get this information, make it available to everybody. It is just based on my background my process to getting answers to these questions might not be familiar to everybody. So, if we can do some work and come up with information we can share with Council that in my view better enables us to analyze our capacity I think that would be good for all of us. I would challenge anybody in the room to look at that and say okay, if I need X hundred million dollars for such and such, looks good. I know that we will get an update of this model with that number plugged in if that proposal came before us, but it still wouldn’t help us with the overall kind of context of the things that we might want to do with this fund.

Mayor Lyles said again, I want to let shared information create best-shared decision making so that is what I’m encouraging, is that the Committee have those conversations in a way that we all understand it in an equally set for decision making. I understand the question. I would like to suggest that there be in the Budget Committee a discussion around what is our policy. We have a 16% policy for fund balance, but what is our policy for what limits are we going to set internally, externally and how do we learn to do that within the industry perspective.

Ms. Flannery said this just looks at the Tourism I and II Funds and the same analysis, the same recession assumptions in 2021, 2022; the same example if we had an additional
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project of $100 million this is our fund balance would be impacted. There are no sunsets on this fund to contemplate. It is straight occupancy and rental car.

Ms. Eiselt said I want to say on this bucket in particular, I think we need to look at other purposes for this bucket as well and that is why I asked the question about is it structure versus programming because our Arts and Cultural sector needs to be redefined as to what that is. I think we have a very narrow description that has been a legacy description for years and years when in fact, there is a lot of cultural things that we do fund that we might not be talking about and how do we best use this fund to also look at not just the operating needs of the buildings but of the Arts and Cultural ecosystem as a whole. That comment is really for Council.

Ms. Flannery said some key take-aways again, a reminder that tourism revenues can only be used for tourism, cultural, hospitality related expenses. We have a strong financial position across all funds. Your affordability analysis in scenario planning shows the ability to fund additional significant projects and that we have flexibility and ability. To Mr. Driggs' comment, we are really looking forward to some direction on which projects so that we can incorporate them in the model and have those next conversations.

Councilmember Mitchell said Kelly; one part that you did not show, and I think would be very important to Council; what is the revenue generated from all the tourism events that take place? Everybody knows my pet peeve; we lost the CIAA and so, they showed us 26 different events that makes up about $23 million in generation. I think for a lot of Councilmembers we don’t see the return on our investment that are generated from the tourism events they hold. Is that something you can share with us of is that something we need to make a request from CRVA?

Ms. Flannery said I think that is probably a combination of CRVA as well as our economic development team. I'm just looking at the revenues collected directly from hospitality, from room and board and rental car taxes. Those are the only two revenues that I'm contemplating in the model. But, the economic impact is kind of outside my purview.

Mayor Lyles said I agree with Mr. Mitchell; I think that we do need to have those folks come in and talk about that and I think that we shouldn’t be looking just at economic impact. I can’t remember which one but CIAA and something else, there were like two or three major events, we ought to look at spikes in the reporting. It is going to lag, but we ought to be able to actually correlate events to actual rate receipts and changes. It might be a little bit historical, and it may not be, but it is not the economic impact. I think what Mr. Mitchell is getting at is that we have a week of CIAA and that is the only event that we had, and the state report comes back to us on room taxes, if we see the spike for that week, I think there is some correlation.

Ms. Flannery said I think a lot of that information probably comes from our Hospitality Partners as well. When we receive our receipts from the state it is a monthly number. We could probably interpolate that some portion of it was dedicated to a week’s event, but I think you can get that level of specificity from the hotel operators.

Mr. Mitchell said since I've been on Council we have always earmarked about $16 million to the CRVA from sales, what does that fund come from?

Ms. Flannery said $16 million for what?

Mr. Mitchell said $16 million earmarked for marketing and sales to the CIAA.

Ms. Flannery said if you go back in your budget it is much more specific. If you look in the presentation you will see it on that slide with the three boxes of the budget. You will see in both the tourism and the Convention Center Fund CRVA funds so there is $9 million of CRVA promotion and marketing in the Convention Center; $2.3 million for CRVA business development. All in net we give them about $27 million, we have a loan with them, and they have a loan with us, and it nets out to about $27 million in 2019 directed to CRVA for all things, not just for programming, but for facilities, all of it.

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Mr. Mitchell said so $27 million we give them. Is that policy that we set or who sets that policy?

Ms. Flannery said in the governing documents with CRVA; and each specific project has its own wrinkles to it. So, Spectrum has some requirements as it relates to that facility and maintain that facility and we give all those dollars to CRVA. But with regards to CRVA promotions and operations, there is an agreement that says that every year we will increase that support by a percentage.

Mr. Mitchell said is that a policy discussion among Council?

Mayor Lyles said it is I think a contract discussion. If we didn’t want to have a CRVA we could just approve the contract but, I don’t think that is where we are going. I think this is a discussion about what do you request, having their budget request in terms of some framework for it and I think that again, that is one of those things that we can make a decision on, but it certainly is our contractual arrangement with them.

**Councilmember Winston** said I like where this discussion is going; where Ms. Eiselt and Mr. Mitchell are kind of taking it and I think we should find a way to have a discussion around CRVA. I think there is a bigger picture there; what CRVA really does and what these tourism dollars really do is they go out and really build our brand of Charlotte. Literally when we give them money to do that we are trying to build our brand and I think we, the City Council, need to take more control over controlling what our brand looks like. As Ms. Eiselt was saying, what are we using those tourism dollars for. When you look back that probably corelates to what people see us as a City being. That we want the professional sports teams because we want to be a world class city and aren’t really focusing on pushing the brand of being a culture center with everything that is going on. I think as we think about this if we do decide to think about this I really hope that we can think about it from a place of brand control and seeing us as the stewards of that and not another organization that we just give money to and hope that they align our brands where we want it to be.

**Councilmember Egleston** said that sounds like a great transition into the project discussion.

Mayor Lyles said and a great transition to the complexity of the issue. It is a lot and I think it is an appropriate review. I think we ought to always ask the question what is best, what is going forward so I see that as a discussion. We can put that inside our contractual review and have that discussion. I think the branding discussion is much bigger because it includes a lot of people, so we will have to figure that one out, but I think it is worth it.

Ms. Ajmera said Kelly can you go back to slide #5, Sources and Uses? Transfers under Convention Center Fund for $4.2 million.

Ms. Flannery said that is the portion that the small cities get of the tax, the towns.

Ms. Ajmera said and the same applies to other under Tourism Funds and NASCAR Fund.

Ms. Flannery said the transfer for $4.2 million is the other cities; the other there is a subsidy for Bank of America Stadium for parking. They pay us revenue and it’s kind of nets itself out and then we pay them back; strange agreement. On the tourism side, the other is the Baseball Stadium; there is about $800,000 for parking for the BB&T Stadium. The $4.3 million under NASCAR is the other reserve because there is a sunset on the occupancy tax as it relates too NASCAR and in that agreement, we agreed that we would set aside a reserve so that the operating costs for that system could continue on into perpetuity. That is what that number is.

Ms. Ajmera said I like that we are being conservative in our modeling and forecast; it is always good to be conservative in forecast. My question is just general around CRVA, is the CRVA operating budget 100% funded from one of these sources?
Mr. Flannery said no CRVA receives revenue from the Convention Center it holds as well so it gets revenue from that. I would say it is probably a 50/50 split but they might get more from conventions that that. I don’t have the number off the top of my head.

Ms. Ajmera said from conventions?

Ms. Flannery said from their actual events that they host.

Ms. Ajmera said operating costs like salaries that is all based from their entrepreneurial activities, just Convention Center fees?

Ms. Flannery said I think much like our own budget; all the money lives in a pot together in their enterprise fund.

Ms. Ajmera said I guess the funding they are getting from Convention Center Fund, it is just dictate to only certain activities, maybe marketing ourselves, or is it just general fund for them?

Ms. Flannery said the same rules apply to them as the revenue can only be used as the state legislation dictates. The amount that we give them is based on the agreements for those specific projects so, when we are giving them the dollars we know they are for facility maintenance of the Levine Campus or whatever they are for.

Mr. Jones said as we transition from Kelly to Tracey I think it is important to just put on the table that we have a very good relationship with the CEO of CRVA, Tom Murray, and as we are transitioning through trying to discern what is your desire for projects we need to have that continuous collaboration at our level.

Mayor Lyles said with the overview of the hospitality industry that makes it possible for us to get these things passed in the legislature.

Mr. Mitchell said I just want to make sure that as we leave this there are four or five takeaways from this conversation. Who is documenting to make sure they occur?

Mr. Jones said we have [inaudible] and we will confirm that before you leave.

Mr. Phillips said as you are having these discussions if you have other things that you don’t bring up please make sure and capture so we can get them and make sure staff has them when we leave.

**Significant Projects**

Tracy Dodson, Assistant City Manager and Economic Development said as the Manager said we are going to do kind of a quick hit on some of the projects that are out there that we’ve talked about, that we hear about and things like that, just to kind of refresh everybody rather than what happens a lot of times is one off. He unfortunately took my first slide which is, we are really trying to come about this differently. We are trying to be more transparent with you and approach this as partnerships with the hospitality industry as the Mayor said, the CRVA, you guys, as well as our culture and sports, different entities and then also really to collaborate on this, this is a process and we want to try to be open about the process and bring everybody along, but it is fluid.

So, of the projects I’m going to hit on the projects in the top half of the list but what I really wanted to remind everybody is we’ve recently gone through quite a few other projects, Memorial Stadium, the Link at Ovens, if anybody hasn’t seen it lately, it looks really good, the Convention Center upgrade, the UNC-Charlotte Conference Center as well as Carolina Theatre. But first the Panthers and this picture is not meant to be indicative of their season but did want to remind you all that we have always anticipated a longer-term discussion with the Panthers. We had a 2013 agreement, as Kelly said earlier, that debt expires in 2023 but there were tethers associated with that 2013 agreement, so we
anticipate, and this is before Tepper and before MLS, that come 2027 and 2028 that there is a bigger discussion that is going to take place. Then the MLS component is a new piece to it however, we all remember that there was an effort in 2016 and in December we were awarded the team and the opening for the team is in 2021. I want to take this opportunity to be really clear about our steps and where we are in the process. We have a partnership, we have an alignment of a long-term goal to have the practice facility at Eastland to discuss long and short-term with the stadium, to understand better of what is this district around the stadium, what is going to happen, what is that want to look like. Those are all discussions and there is a lot of different agreement that have to occur before we get to the $110 million. I just want to reiterate to everybody that we are really in the beginning stages. Yes, we have the team, this is a little bit of unusual process but there is a lot still to work through.

As it relates to timing I think that you will see us tackle these things in that order; Eastland first, Stadium short and long-term will work with the district conversations, but Eastland is probably the one in the forefront first.

Mr. Driggs said Tracey; are you saying that we will know the terms of those next steps including Stadium before we go unconditional on $110 million?

Ms. Dodson said that is the goal.

Mayor Lyles said when you say Stadium; what does that mean? Sometimes people are thinking –

Mr. Driggs said you’ve got stadium in long-term up there and that sort of invites a question.

Mayor Lyles said that is what I’m asking, and I think Tracey; when we say long-term and stadium, what does that mean in this perspective?

Ms. Dodson said I think for the purposes of this it is that we have an agreed upon vision of what that is going to mean. For the long-term what is it that we are talking about to keep the Panthers and MLS in Charlotte long-term, beyond 2028, 2030. It is an agreed upon vision; I’m not insinuating that there is an agreed upon deal worked out for that, but that we have an agreed upon visions. If you go back and you look at even what Tepper has talked about in the media, he has talked about a new stadium, he has talked about a dome stadium, we don’t know what that long-term vision is yet and that is what we are trying to get to as a part of this.

Mr. Driggs said I just wanted to say that personally, I regard the $110 million as being a down payment on a big vision that we have for cooperation with David Tepper. So, if it was a question of paying that much just to get a Soccer Team I would regard it as excessive so, I’m very interested to see what the terms are of other transactions that we might enter into to find out exactly what the path is forward for us financially. I assume it doesn’t completely end there; $110 million accomplishes the Soccer part of the transaction and establishes the partnership but if we get into entertainment district or any of the other kind of things that are just generally contemplated and a longer-term relationship with the Panthers that we are going to want to partner on other transactions as well. Now that we are in for $110 million on this first stage, I appreciate that the way this turned out was that we will know more about what other obligations we might have in order to realize the larger vision.

Ms. Dodson said I want to go back to a thing that we’ve said all along that this is one big ball of yarn and we can’t let them get untied and so the timing of MLS came to us faster than I think we anticipated and we had to start to form that partnership but what we all agreed that we couldn’t do is let these pieces unwind. We couldn’t put you guys in a situation where we talk about MLS and make a commitment and then in three-years, we are talking about a different type of commitment. The intent was to keep it all wound together so that it is a bigger partnership that leads to move than just MLS or just the Panthers, that it was really getting to all of the things that Tepper said he wanted to achieve, and we want to.

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Councilmember Graham said I see your next steps so what is the timeline for Eastland? When can Council receive something in front of us?

Ms. Dodson said Eastland, the goal is that the first step is going to be the zoning. I would like to file the zoning in January. It is still the City property; the idea is that the zoning though if you file in January you are looking at an April hearing at best, a May decision at best. In that same timeline bring forward a development agreement that would work with the Panthers that would also work the Master Developer, Crosland. The development agreements are what is going to have all the details in them, not the zoning piece. The zoning piece stays relatively generic, the details are in the development agreement so the goal would be early summer. The zoning decision with the development agreement are coming forward to you.

Ms. Ajmera said the development agreement; would that be just for Eastland or are we also looking at stadium?

Ms. Dodson said yes, I can’t reiterate enough there are multiple agreements.

Ms. Ajmera said so they are all being made?

Ms. Dodson said no, no, no, just Eastland.

Ms. Ajmera said so the Eastland piece is being made? How about the other agreements?

Ms. Dodson said the other agreements, we will still have to work through. We have to look at the existing 2013 agreement, what needs to be amended to that. Are there new agreements that need to be created around MLS? This is the stuff that we are just getting into now but, because of where Eastland is in the process and because there is another part to Eastland and this is just the anchor, we are trying to move that one forward first.

Councilmember Bokhari said I think it bears mentioning, especially given false information that makes its way out there, that while we have an urgency around accomplishing this multi-headed program and partnership there is no dire need for everything to be solved today. There will be parts for each part of this for the community to be engaged, for them to give us feedback for us to make decisions in the light of day and regardless of bad reporting things that have placed that narrative out there, it couldn’t be further from the truth. I think the community needs to understand that.

Mayor Lyles said going back to almost anything we do, it is always better to upfront state what your principles are, and I want to say it on MLS we’ve committed to community engagement in the planning which automatically makes it a lot longer because if we are going to do engagement it is not sending out a postcard and saying do you like MLS. It is like what do you want surrounding, what are our commitments and then the second thing that I think is that the timeline again, if you remember Vitner said in terms of economics for our City that number two was David Tepper. Now he didn’t mean David Tepper with his shirts and teams, he meant David Tepper as the ability to help finance a future like we saw in Pittsburg. I know that he has a lot of Pittsburg people whispering in his ear all the time, but we need Charlotte whispers to keep this thing on track. I just want us to start thinking about that we commit to a citizen engagement process as one of our guiding principles and that we commit that this is a partnership with Tepper Sports and the City of Charlotte around long-term goals for what I call emerging sports industry, not just what we have today with the NFL. Where are we going with E-sports, where are we going with all kinds of opportunities, so those are the two things I think we ought to write down.

Ms. Dodson said Mayor; you couldn’t have said it better. Part of the discussion with him in achieving MLS was that there was the agreed upon and this alignment of vision that is already there is that MLS is bigger than the Stadium and Eastland; this is about the community and it will have a larger community impact. So, this is number one, there is a community benefits agreement that will be a part of this as well. So, it is important that you mentioned that, and it is, I think we are as we look at this, and what we have the
opportunity with having somebody like Tepper in Charlotte, it is an opportunity, and I think we have this ability to really create something and build something great that is community wide.

Amateur Sports; you guys have had multiple conversations over the years about an amateur sports facility. I think Kelly may not have given the exact on this but that the Convention Center Fund was tweaked to include indoor amateur sports at some point along the way, but this has always been an interest and we have looked at it and that it continues to be an interest in Council.

The Convention Center Future Phase; so, this is one that I think has just been continued to stay on the radar for everybody. You have what I call Phase I underway which is the construction inside the Convention Center right now, but what we always want to point out to you is everything up there in red has developed in this cycle. What is in green is a City-owned parcel but trying to keep in the forefront and the mind of Council and others is that the viability of the Convention Center, just keep in mind how do we keep the Convention Center viable, how do we keep it in the forefront so that it is competitive with the rest of the US and other cities, but also reminding you all that there is one parcel that we own in close proximity to the existing Convention Center. So, as we think about expansion or growth or things like parking we just have to keep that in mind because it has been a dramatic change around there in this market cycle.

Mr. Driggs said we bought a quarter of a block from Duke Energy, I think with Convention Center Funds, is that right or is that City?

Ms. Dodson said we haven’t bought that.

Mr. Driggs said we haven’t bought it, we were looking it right? We were talking at one point and they said to us they had an idea for buying that land and leasing it back to Duke Energy.

Mayor Lyles said that was put on the table a couple months ago and right now the Manager has said we will talk about that [inaudible]

Mr. Driggs said so there is nothing there right now.

Mr. Mitchell said let me do a follow-up because we had – oh, okay.

Ms. Dodson said all those projects we just talked about were Convention Center Fund projects, now we are moving into tourism funds and not just wishing between the buckets, just kind of lumping those two together. The Hornets and Spectrum Center 2005 agreement; that is when the Arena opened. They have a non-relocation for 25-years, the lease expires in 2030 so we know again, just like we speak about, we think forward in that there will be some discussions over the next decade about the Hornets. There is also a piece in their agreement for CIP, capital improvements we made in 2015 but as a part of that agreement in 2015 we said no other improvements or capital improvements requests for the Arena to be made until 2021, but it says it also starts negotiating in 2019. We are just starting discussions with the Hornets and with CRVA about what that might look like and that is again, to keep the Arena in a quality standard and an agreement measure them against other specific arenas around the country.

Mr. Graham said can I ask as a part of the negotiations why Item #1 is community usage of the facility and that as a reminder to the Hornets that the facility belongs to the citizens of Charlotte and they manage it for us, but it is our building. I think it needs to be clearly said and understood.

Mr. Jones said as Tracy goes through the last two slides, I do want to make sure that the Mayor and Council understand that all we are attempting to do right now is go over many of the items that have been discussed between today and 2016 in terms of particular projects. We will go into Executive Session to talk about negotiations around those projects which is what we would not do in open session. So, this is just a laundry list of
the things that are out there, but we will have time to talk about negotiations around projects in Executive Session.

Ms. Dodson said I think as we’ve gone through those, to that point is that we’ve gone through these in the past to talk about a list of projects, this is just what is on the horizon and this is what is out there and I’m trying to get some context in these as to why and when. We talk about as Kelly is thinking about when things might come online, they are related to an agreement sometimes or just different things that we know about the projects.

Discovery Place – It is widely known that Discovery Place is looking at their viability; the facility was built in 1981, Imax was added in 1991. They are looking at two different scenarios; one is a full demolition, and another is a complete rehab of the existing facility. So, they are in that process right now, we know it is out there. I think we’ve known that was going on for a long time.

Lastly, is Blumenthal; 2018 marked the 25th anniversary and there has been a desire of Blumenthal to expand the lobby and actually bring the building more to the street and provide them some more event space but as well some conference space. We’ve looked at this as really a public/private project; how much can they raise privately to then what we look at as a public investment. Those are all the projects that I have.

Mr. Graham said Mr. Manager; so, the tennis proposal hypothetically will fall into amateur sports and we don’t have to talk about the specifics, but I just wanted to kind of put it on the record.

Mr. Jones said absolutely.

Ms. Ajmera said this is a good overview of all the tourism projects, but I would like to take step further and look at the returns on investment for each one of those projects and how does it help our local economy, jobs that it generates and what are the community benefits for each one of those projects. I think that is an important part as we are making decisions on any of the tourism projects, we also include that.

Mayor Lyles said I think those are really good points. If you’ve got something that is a must-do to be included in the Budget Committee’s work around looking at hospitality projects please send me a quick text or an e-mail. Again, this is the idea that I think we were talking about the first time, combining financing with –

Ms. Ajmera said with the benefits so that we are looking at comprehensive picture, it is not just that here is the tourism bucket and here we are disbursing all the funds, but really what are the benefits and how we are looking at each project and scrutinizing it to make sure that we are meeting sort of an objective for each one of those projects.

Mayor Lyles said as well as should we be [inaudible] the project. So, that is what we will be doing.

Ms. Ajmera said so it doesn’t look like we are approving every request that comes through.

Mr. Jones said as a little bit of a wrap up that is why we have that before you today. When I first got here in December of 2016 one of the criticisms was that projects would just come out of nowhere and so, we are trying to reestablish what has been in the hopper, do a deeper dive and as the Mayor said, what are the values around these. As Kelly talked about prioritization so I believe we are in a great place to level set this in a way that works for the Council.

Mr. Driggs said the amateur sports has been in the pipeline for years so, what exactly will kind of precipitate action on that or when are we going to schedule it?
Ms. Dodson said amateur sports has gone a little bit differently; we’ve had a lot of different proposals come to us so, we’ve vetted them; what are the sites, what is the viability of financing, and things like that. We haven’t gotten any lately; I think about a year ago I had several on my desks, but they just didn’t quite make sense. When we got to an LOI stage, which is where we are trying to push these to, when we think there are viable options to bring to you, then LOI to then further discuss them. Amateur sports comes in a lot of different shapes and sizes and a lot of different sites have been vetted. It is not like we are pushing one site or one location in a lot of different types of proposals.

Mr. Driggs said it looks like the economics are really good on that, like $650 a day in average revenue and so it seems like a low hanging fruit thing, but it has just been out there for a long time.

Ms. Dodson said it is and I think it is about finding the right mix, the right location, all of those kinds of things.

Ms. Ajmera said I’m not aware of any policy for any tourism projects that come in. How do we evaluate those? I think that is something Council ought to discuss, should we have a policy around tourism funds and what should that policy look like. Should we assess it based on jobs, economic growth, returns on investment, community benefits? I think having some sort of framework would help as we are seeing some of these requests come in that what we ought to look at?

Mayor Lyles said I think we will write that up in a formal charge to the Budget and Effective Government Committee; I think it covers the two things; one what are out budget policies for that as well as what is our policy around tourism. I think that is something that we will send to Committee and we will get that work done and come back to the full Council. I think that is what we are looking for; I’ve noted Budget Committee charge to develop principles around our hospitality projects, prioritization around numbers and what goes through and then looking at our funding principles and financial projections for all of that.

The meeting was recessed at 9:55 a.m. and reconvened at 10:19 a.m.

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Motion was made by Councilmember Egleston, seconded by Councilmember Bokhari, and carried unanimously to go into closed session.

The meeting was recessed at 10:20 a.m. for a closed session at the Washington Duke Inn in Durham, North Carolina. The closed session recessed at 12:03 p.m. to adjourn.

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ADJOURNMENT

The meeting was adjourned at 12:20 p.m.

Stephanie C. Kelly, City Clerk, MMC, NCCMC

Length of Meeting: 15 Hours and 53 Minutes
Minutes Completed: February 10, 2020