The City Council of the City of Charlotte, North Carolina convened for their Annual Strategy Meeting on Monday, January 28, 2019 at 8:01 a.m. at the Renaissance Raleigh North Hills, Raleigh, North Carolina with Mayor Vi Lyles presiding. Councilmembers present were Tariq Bokhari, Ed Driggs, Larken Egleston, Julie Eiselt, Justin Harlow, LaWana Mayfield, James Mitchell, Matt Newton, Greg Phipps and Braxton Winston II.

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

**WELCOMING AND OPENING THOUGHTS**

*Mayor Lyles* called the meeting to order at 8:01 a.m. and welcomed Patrick Baker, Facilitator, to the meeting. The first thing that I wanted to say is that this a time for us to have a discussion and I am not worried about that at all because I just had one at table two and we are going to have a time to engage with each other so that we can decide what [inaudible] forward. The theme of this meeting is From Vision to Action. Last year we spent a lot of time talking about what we wanted to and we have been really successful in doing those things but now what are we going to do to actually implement those things of accountability and trust from the community and those criteria are really important to us. Again, a reminder that we will have a facilitated Retreat so I will not be conducting any yays, nays, and who is going to talk next. That will happen with someone else today and I hope it will be informal in a way that we are doing it in a way that we respect, fully disagree and seek the understanding of why and then look to see what we can accomplish together and where we find common ground that moves us all forward.

*Councilmember Ajmera arrived at 8:03 a.m.*

The other thing that I wanted to say is that we are not going to take any formal votes; anything that comes out of this Retreat we will look for an informal vote; that will be an indication and then those things will come back to us on a formal agenda for adoption in Charlotte in the Chamber so we will have the opportunity to talk with each other. There will be lots of opportunity to have the public input on any task that we decide on today, because it will not be accomplished without a vote by the Council in the Chamber. I’m sorry, there is one exception to this. It is our Legislative Agenda, thank you Dana for getting that to us, and we are being prepared to adopt that, but it is because we’ve added on, but we’ve had it presented several times.

I do want to say that last week when I was in Washington I had the opportunity to visit with Senator Tillis and with Senator Burr’s staff and also the intergovernmental folks in the White House and all of them were very complimentary of the work that we are doing here, and I think that we will get great support out of both our Delegation as well. I did meet with Alma Adams early in the morning, and it was really early and that is why I forgot about it. Congresswoman Alma Adams and we talked about the role that David Price would pay in helping us in the House. I think we are in a good position for our Legislative Agenda at the Federal level. Councilmembers Bokhari and Egleston have done a lot of work at the State level and we will continue to support those efforts as well. We will take that one vote.

*Councilmember Phipps* said did I understand you to say that the Legislative staff in Washington already have a preview of what our Legislative Agenda is?

Mayor Lyles said yes, they have had a preview of the agenda that we had adopted and then I think the two items that were added, but we specifically talked about the Airport and we will talk about that tomorrow.

Thanks for everyone who shared their thoughts and ideas last night. Most of them were lucid; there were others that weren’t so we appreciate everybody. Let’s have a great Retreat.
David Phillips, Facilitator said the Mayor mentioned this Facilitator person, well that person gets to be me again this year, and I’m honored to be with you. For those of you who don’t know me my name is David Phillips. My day job is I run an Innovation Consulting firm in Charlotte called Faster Glass.

What we primarily do is help organizations and the leaders of organizations use the tools of human center design to solve big problems and how we have conversations and how we think thought things and how we make informed decisions about big challenges, and boy, does that suit you guys to a T.

Going back to this term Facilitator; my job is really to make these conversations easier, let the conversations flow. My understanding is the biggest thing you guys want to accomplish is these two and a-half days together is to have time to really talk through some things and chew through some things and kind of figure out where we are, where we stand and where we are headed on some of these big topics that you have to wrestle with. Because I obviously cannot comment or weigh in on any of the specifics of content as to how well that conversation is going, I’m also going to be looking to you for I need you to help me help you. We have a full agenda. I’ve often heard this referred to as we are trying to put ten pounds of stuff in an eight-pound sock. So, what that means is that anytime we start to go over we’re going to have to decide is this conversation worth continuing and if so at the expense of something else. So, we are constantly going to be weighing that throughout our time together. Does that work for you? I’ll look to you and we will figure this out as we go.

The other thing to know before I turn it over to Brent and then John is everybody should have at your seat a post-it pad and a sharpie and this is key in terms of how we will operate these two and a-half days. It here is something you want captured, you capture it and especially in the form of a question such as the specific language I heard last night, how might we accomplish this? Is Council willing to; are we willing to; is there a policy on- do we need more research on-? But those are the sorts of questions we can take action on going forward.

The other form of that, call it parking lot comment is you recommended actions, I think we should and those sorts of things, but if we have that captured you guys are capturing it versus having some scribe because anytime you have a scribe that scribe serves as a filter and we don’t need to do that. It slows us down, and they are going to be interpreting what you are saying. If it is important you capture it, your words. Does that work?

First Brent Kelly is going to show us some information and then I’m going to turn it over to John Martin. As any good customer center organization, you want to hear from your customers and in this case your citizens.

RESIDENTIAL FEEDBACK ON PRIORITY AREAS

Brent Kelly, Chief Marketing Officer said I just wanted to give a quick intro to really a set of 2018 accomplishments that you guys all shared with me, and I appreciate you taking the time to do that. As the Mayor mentioned, this is really about taking the vision that you guys had and taking it to action, and I hope what is incapsulated here in the video is something that has all of your thoughts and something that you can use beyond this meeting today.

A video was shown.

John Martin, Southeastern Institute of Research said I’m going to share with you some of the highlights from a recent resident survey. When I take you through four topics, the first is just overall ratings and this is important because we are establishing benchmarks so how do citizens rate us overall on some major indices and then number two, what is important to residents? You’ve got to understand what is important to then get to number three, is what areas need more work, how are we performing, then end up with why Charlotte is winning today? I’m going to give you some of the insights that we found from the research that puts a period on that video, what is happening and what you guys have built here which is
remarkable. The survey was really conducted to do a number of things, first and foremost to
really understand ratings, understand how people see us and then specifically how they see
our community overall and how do they see our City services. Then from there to establish
areas to improve with benchmarks so we can come back in two years or three years and
really see how much we’ve moved the needle or not and where we have to double down.
So, performance benchmarks are part of this, and I think that will lead ultimately to
performance dashboard, a public dashboard if you will. The methodology, was a 15-minute
survey online and we did it in two different ways; one as a scientific sample so we randomly
surveyed people from a national panel, people in Charlotte and in Mecklenburg and that was
a total of 1,275 interviews and as soon as we finished that online survey that was perfectly
random so we can really project it to the whole population, we then took the link to the survey,
and we pushed it out on Charlotte’s social media, and I tell you it was amazing to see the
kind of response that we had, 5,896 responses, so you have a ton of people that participated
in this. One of the largest I’ve ever see for a city in pushing out a survey like this for just a
general resident survey. So, this is a rich data set to mind over and over again across of lot
different disciplines as we are putting plans together across departments and across
initiatives. We are going to focus today on the panel survey, which is the scientific one, so
we can have confidence that if we did this 95 times out of 100 the answers would be right
there the same as they are in each wave each time.

I’m going to say something really nerdy as we go through the next 45 minutes to an hour
together as I present slides I’m going to say top two box and that is a research term when
you look at a rating on a one to five basis; what you want to do is you want to get B’s and
A’s you want a top two box score so when you give a score for something like in this place,
I’m going to say 72% top two box score. Nobody is happy with C’s, but
I tell you it is really interesting, look at the threes on all the scores because they are the
people we want to convert to get up to four’s. So, is everybody with me, top two box score.

How residents rate Charlotte overall. Image is an important thing so we ask people what is
Charlotte’s image, and it is mostly very positive. What three words come to mind when you
think about Charlotte? I want you to study this list; you don’t see a lot of negative words,
mostly positive and the larger the word the more often it was mentioned. I want to give you
some context here; we are in the category of helping cities and I want you to look at when
you are comparing Charlotte to other places what three words come to mind? Again, you
see growing but you also see clean and diverse, fun and let’s look at some other cities here.
So, you are in the middle, and this is the exact same question for Minneapolis, Columbus,
Nashville and Fort Worth ,and what is interesting here is that Nashville has spent a great
deal of time trying to carve out that music reputation, and so for citizens that word comes to
mind as a differentiator, what differentiates Nashville compared to any other city?

In Fort Worth, if you’ve spent any time there they kind of live western culture. Everywhere
you look you see cowboy imagery, it is where the west begins it’s kind of their theme line.
So, you start to see this get teased out. One thing that a lot of people say, well we should
be known for our friendliness. Every city people say they are friendly so that is sort of a
generic if you will, but if you look here and compare to Columbus and Minneapolis you start
to see we do have diversity, and that is something that we are really proud of here. You see
a little bit of that in Columbus, not in Minneapolis and then this idea of clean you start to see
that as a differentiator; Minneapolis has it, not as much as Columbus, but this growing idea
and being able to interpret what does that mean I think is an opportunity for us as we move
forward. Interpret it in terms of we are building something special.

Number two, residents give Charlotte high ratings on quality of life and this is a question
we’ve been asking for 20-years. How do you rate the overall quality of life in Charlotte?
Seventy-one percent top two box scores. Throughout this presentation you are going to see
how City only scores versus Mecklenburg non-Charlotte scores compare. So, 71% top two
box score; this is a relatively high rating compared to a lot of places, something that you
should take a lot of pride in.

So, it is going to be hard to keep moving this, so on some of these we want to establish a
goal of saying we want to maintain our high rating, maybe get this to 72 or 75; you are not
going to get this to 90%. Residents give Charlotte high ratings on overall place measurers.
We talk a lot about place making and place marketing and you guys have done an excellent job on place making. We put together an index or score in looking at all elements of place and we got cute with it and said okay, let’s spell place and let’s see if we can come up with a score for play, live, adventure, which is how citizens rate their location as a great place for tourists; it is a fun place to have all kinds of adventures, career and education. For each one of these, it is a very simple question; rate on a one to five how this place is for a region to play, enjoy recreation, past time hobbies for play and you see etc. Very simple question, one to five rating and so here we are in terms of a great place to live, the L in place, and you get a top two box score of 72%, which is great. And here we are with tourism and visitors, not so much; so, we wonder about this because you guys have an awful lot to offer people, but do all your residents know about all those attractions and all of those things to do. So, 62% top two box score and then place to play, 72%. Employment opportunities 60%. This was a surprise as well because you are doing so well in bringing so many more jobs here, but it is a question about resident’s perceptions in terms of how they look at employment opportunities. So, I think this is a score with the right promotion and the right communications that we can drive a lot higher, which is going to help your overall place score. Then educational opportunities, 62% top two box.

Councilmember Egleston said the “not interested part,” what is the end of that sentence? They are not interested in that question? Are those oddly high?

Mr. Martin said we see this typically across both cities when they ask this. We ask it and if they don’t know they don’t want to rate it but then if they are not interested in this at all it doesn’t relate to them we take it out.

Mr. Egleston said 10% of people not interested in employment opportunities seems odd.

Mr. Martin said well, it is like half of the people work in the population 18 plus. All of this comes together, we average it up and we remove the “don’t know, we add up the percentages and then we find this average and we come up with an overall score. So, here are your scores again across this idea of getting a place score and then here is your place. You get a 70% as an overall place score. The lowest city we’ve ever seen is 58%, and we have to put them in the Government’s Witness Protection Program and the highest is actually Minneapolis at 80%, so you shouldn’t feel discouraged about this. There are two areas that you really have a lot going on that we just need to punch up in communications and communicate. The other thing is everybody else is working just as hard as you guys are. So, it is not static; it is actually moving, and so you’ve got to keep working harder and harder and harder just as you guys do.

Number four, most residents plan to remain in Charlotte for the next five-years, and this was a question where we literally asked and said in the next five-years how likely are you to remain here. You get a really good score, seven out of 10 top two box score said I’m going to remain here and that is actually a very high score compared to other cities. We’ve seen it as low as 50%. So, I think this is a reflection of all of those high scores we just went through.

Most residents recommend Charlotte as a place to live for friends and family members. So, this is asked on an 11-point scale, and I’ll tell you why in just a second, but if you just look at the top four, it is almost 70% giving you sort of positive things that I’m recommending this place to friends and family. You have very few that is at the bottom of the scale. We ask it on this 11-point scale, because it is a net promoter score question. Have you guys all heard of the net promoter score? I’m seeing some people shake their heads no. A net promoter score is a new way of measuring customer satisfaction. This gentleman named Fred Reichheld out of Bain and Company, which is Boston Consulting Firm, big international firm that does management consulting, he figured out about 10-years ago or maybe a little bit longer, but he figured out that asking people are you satisfied wasn’t getting to the traction that people have in terms of repeat purchase. You can be satisfied with the car you have, but then you go a different one. So, what he figured out was the right question to ask is are you an apostle? Are you going around and telling people about your kind of car, and so what he figured out was a net promoter score and the way that is calculated is to look at people that give a nine or 10 rating and call them promoters or apostles and then subtract from that
So, when you tally it all up your net promoter score is 13. It is kind of interesting the way it splits between the City and Mecklenburg or non-Charlotte. You’ve got the promoters; anything around 10 to 15 is really kind of a good product net promoter score. A lot of cities aren’t using this right now, but I think it is really instructive to think about yourself as a produce, as a community. Anything above 50 is considered world class, and I want to come back to this in a few minutes when I show you what can happen to your net promotor score if you get more people informed.

Mr. Martin said this net promoter score is taking that 41, which is your nines and tens and subtracting from it the total here, your zeros to six, adding these up. So, that total is 41 minus 28 is 13.

Mr. Egleston said the highest is 100?

Mr. Martin said yes, the highest score you could get as a net promoter is 100. I've never seen anything over 52, and you've got to be really loving it, so you could think about, I mentioned Harley Davidson, because it is a cult. The people that own those things and so they are so satisfied and Apple is another one that has a lot of apostles. So, this is a really interesting score for us over time to track. We really want to see that net promoter score growing, certainly not going the other way, and this morning I'm not going to go deep into the demographics of this study, or looking at one generation over another, but we can do that because of the size of the data base. We can really go and say what is the net promotor score of millennials or new comers or of any one sub-segment.

Now, we have some really good benchmarks, and I hope you weren’t too surprised at your high scores, but you do have high scores, and so as we set measurers for where we want to be in the next couple of years we’ve got to really thoughtful about it and see what scores we think we can improve and which ones we want to maintain. Not of all of them can be improved dramatically, because you are starting off from a pretty good base. What is important to residents and this is a key section because this is going to set up where we need to focus our efforts moving forward. What is important is assessed across two different broad dimensions. The first one is community attributes, and the second one is City services. Community attributes have two pillars, if you will, rational attributes and emotional attributes, because we make decisions with both, and again, think about buying a car. It is not only what is the gas mileage but it is also how does it make me feel when sitting behind the wheel of the car? Then in terms of City services we have about 30 different services that we asked for on ratings in terms of what people felt were important and you start looking at those ratings on the attributes and you start to see some are actually more important than others. So, there is a hierarchy of rational and emotional attributes when it comes to what residents expect from their community. Here is the question; when you think about a place you would really want to live how important are each of the following to you? A place that- and this was a very long list but each one was rotated in order to avoid order bias, so people didn’t get frustrated at the end. You have to take this list and put it underneath this one right here but focus on the top, and you can see in terms of rational attributes, the most important ones, it’s got to be safe and look at the intensity of this; this is a five rating, safe, friendly, access to healthcare, thriving economically, variety of job opportunities etc. and then go sort of to the bottom of the list, has interesting history, not as important as being safe. You don’t have to memorize this, because I’m going to come back and show you this in a few minutes compared to your performance, but I just wanted you to get a sense of what are these top attributes. Because you’ve got to do this, this is soap gets you clean. You’ve got to deliver on these so these are really important and
then there is this hierarchy that sort of goes down when you get down to this active music scene, interesting history, art scene.

Mr. Martin said when you think about the ideal locality how important is it that evoke the following feelings, so this is the emotional side. We just looked at the rational side and again in a few minutes I’m going to show you a chart that compares this to how you are performing so you don’t have to memorize this, but on the emotional side it is things like I feel like it is home where I belong. I feel comfortable in the community. I have a high quality of life. I feel like I live where people appreciate me. I feel proud of where I live; it is fun to live there. These are all emotional things, and so one of the first things to look at is boy. It really is a top tier but not by much. All these things are important and almost equally so but then you put this list underneath this one and you start to go on down here and the last thing is a cool/hip place to live. Now again, we can look at this in terms of ranking on emotional attributes, we can look at this by different subsegments. We can look at this by people that just came here, or by people that have been here a long time or different age groups, etc. as we work with different departments.

Then it comes to services, the second way we try to get to a rating on Charlotte and how it performs in terms of what is important, and this is how important are the following services provided by Charlotte? Here at the top of the list, and this is not meant to be disparaging to any department head that happens to be in this room, every service is important but this is the perception of residents in terms of drinking water at the top of the list, Fire and emergency services, Police services. It just makes senses almost as sort of [inaudible] lows hierarchy; you’ve got to take care of the basics. So, these are the important, and it goes all the way down to here to Neighborhood leadership special events, etc.

Now, something that is very interesting that you guys have that I think few other cities have to deal with is you have divided up your service delivery between Mecklenburg and Charlotte, and so we ask this question to try to see if residents understood who is providing what service. They don’t know; here is how we ask it and we said we are going to let you look at this list and tell us who provides it; Charlotte City Government, Mecklenburg or a combination of the two or some other entity. Here is how it looks and the column to really at is right here; residents said 61% said both provide Police services, etc. We know this is actually not correct. So, the problem is if there is some service you are not getting highly rated on, and they are attaching it to you or they think both do it, are you getting credit for it, and so on. So, this is a really interesting one for us to play with in the future and look at in terms of different groups and where they live and how they are rating and probably an interesting slide to show to our friends in Mecklenburg.

Councilmember Mitchell said my first question is the demographics of those selected. I just want to make sure it is a clear reflection as many of our citizens in Charlotte. You said the number was only 5,897, but with a population of 879,000, that is a small percentage of those who participated and then the demographics. Was that a true reflection of District 1, 2, 3, 4, 5, 6, and 7? Because one slide you didn’t have jobs as being top. We’ve talked to a lot of our citizens and jobs and opportunities are very important, so let’s start with the demographics of those who participated.

Mr. Martin said that is a great question, and I skipped over that at the very beginning. This survey data that we are showing you is from the scientific random sample, and so when you get a random sample you can project that back to the population with a plus or minus a few percentage points. We did the added step of weighting the data, so we looked at it and it matched up pretty well to the demographics of Charlotte, but we went ahead and weighted it to age and race. We took that extra step; in any kind of survey sampling is really a tried and true method. You can predict an election with 200 people if you do the sampling right. The larger the number of people the smaller the margin of error, so when you get to 1,200 people in the data I’m showing you today, the margin of error is around three or four percentage points. So, if we were to do this 95 times out of 100, you would get the same answer plus or minus three points.

Mr. Mitchell said let me do a follow-up kind of theory. So, you had the demographics of millennials, African American, Hispanic, so I guess that will be helpful to some of us. Go
back to a slide, I think it was number two, or how the citizens thought were important, so this was based on what the citizens thinks are important, and this was to me. I’m offended, because I don’t see anything about jobs, and I just don’t think. So, it is one through 35 and jobs are not listed one time?

Mr. Martin said economic development, including creation of jobs, but these numbers aren’t dramatically different, this hierarchy. You sort of have a top tier then a second tier why we put that line there, so it is not that they are not important. It is just that surviving drinking water, fire, police service, health are the top things. They are more important just to make it every day, and that is what we see in national studies and in other surveys. It is kind of a hierarchy if you will.

Mr. Egleston said based on the other slide it also might mean that a lot of people that were asked these questions don’t know that the City does some of these things. They may not even understand how much the City does in economic development to then say it is an important City service.

Mr. Mitchell said title is misleading to me; it doesn’t need to be economic development. It needs to be jobs. Everyone understands that language.

Mr. Martin said the other thing too, if we would sort this by just the people who are working, which is half the adult population, I bet you this would go up a lot higher. So, we are looking at this overall, all adults across Charlotte overall.

Councilmember Driggs said I think an interesting general comment is, this paints a pretty picture. I don’t see how it comports with number 50. So, I’m wondering how our position is number 50 in economic opportunity is reflected here, because that is a big issue for us, and it is kind of odd that most people would assume that some place like Baltimore or Detroit is number 50, and we are and then you look at this, and I think it is precisely because of this that the number 50 came as such a surprise to a lot of us and energized people to act, because there was kind of a lack of awareness that we might be that low on that list. I don’t see it reflected.

Mr. Martin said that is a great question and you are going to see it reflected in the next section, because what this is showing you what is important, and I’m going to get to how you are performing and look at the performance scores compared to what is important and show you gaps. I think the gaps you will see aligned to what you are saying, so a great question and really a good Segway into this. Residents think these services are provided by both City and County, so it is going to be interesting to look at this in future ways we bisect this data but getting to what areas need more work, now you know what is important and again, what is important to just 18 plus. We are not carving this up to day looking at those employed or those that are millennials or whatever, so how Charlotte is performing on the rational and emotional community attributes. This is your performance and remember the performance that the expectation was really high was safety and so look at some of these, and you don’t have to memorize these because I’m going to get quickly to a comparison that shows expectation to actual performance. What is important to performance? But here is this list, and it is almost in these tiered settings as well but immediately you can remember that is it safe. That was like on the top of the list and here it is and we see this for every city. Usually, is it safe is the last one in terms of ratings. Then the emotional aspects and here is how citizens rate those same attributes but from a lens of how are we performing as a community.

So, I want to take you to this analytic that we do by looking at the average performance score and dividing it by the average important score, and that leads to what we call a gap score. Obviously, the greater the gap on something really important you really need to double down on it. You really need to work on it. So, this is how it looks, and this is a lot on one chart but this is the mean rating on importance. Remember, safety was at the top of the list, well it is in terms of the mean rating on a one to five, and this is in descending order of importance. Then here is your average performance score of the mean rating. So, if this is really the most important thing you want to do really well on this, so you are meeting expectation. In this last column shows you the percent attainment that you are delivering against that expectation, and we have set this at 80%. So, you want to have a score of at
least 80% or higher to say you are meeting that expectation, and I say 80% because as humans we expect a lot. It is really hard to over deliver, especially on the most important things. Now, things that aren’t as important like history, okay we are slamming it. We are like over delivering on it, especially because it is CLT 250. So, just keep that in mind. We can set this anywhere you want it; you want it at 70%, you want it at 90%, and it will change this but we traditionally set things at 80% attainment, and if you are not hitting 80% attainment we have highlighted it in yellow. So, by this rule and looking at what is important, how you are performing, immediately you see we’ve got to do a little more work on safety. I want to make one other big point here; this is all perception. Your crime rate is going down but does everybody know that? Does everybody feel safer? So, safety, quality affordable housing, congestion free commute routes and has good public-school system, those are the areas that we would say you need to focus on. This is the first half of the list; remember there was a long list that we tested, and so here it goes down to the same list. It just keeps going down in terms of importance, in terms of your performance and look right here, you are actually over delivering, your performance rating is higher than your importance ratings. So, music scene, you are delivering on that and the same thing offers an attractive art scene and has interesting history. It is interesting for us to look at this by some segments too, what we can do in future meetings.

Councilmember Phipps said going back to the previous slide, how realistic is it to have a congestion free commute route in any major city?

Mr. Martin said it is hard, but some cities can do it a little bit better than others just because of their legacy systems. What I want you to think about is if this is the perception- I personally spend a lot of time in different cities. I don’t think your traffic is as bad as like northern Virginia, but it is the perception, so we want to be able to do a better job communicating what we have and all our solutions and how people get around to try to change that perception as well as work on some real tangible solutions.

Councilmember Eiselt said perception is important, because when we talk about congestion free, whether Charlotte is that bad or not, when you are on a road and there is no other way out it is bad. When you are on a road and you see cities that are putting dedicated bus routes and then a bus goes flying by, because they have a dedicated lane now, that is an option, and I think we should be focusing on that performance average to make people feel like the City has done something to address that.

Mr. Martin said that is exactly right so all of these, especially the ones in yellow, we have to do a better job communicating what we are doing and then literally do a better job on it.

Mr. Driggs said what is the performance average for “is safe?” I don’t understand this methodology.

Mr. Martin said these are mean scores on a one to five, so in terms of people that gave a rating of importance, safety got a 4.6. Mostly got fours and fives.

Mr. Driggs said the 3.4 reflects their reflection of actual safety. Mr. Martin said no, this is the perception of how the City is performing on that safety action, and this rating was 3.4 on a one to five scale.

Mr. Driggs said so, what does that number look like in other cities? It seems to me that among other things we need to put it into context. Everybody is unhappy about safety, right, so we really need to adjust a number like that to put it in the context of other urban areas.

Mr. Martin said great point and I will say that your safety scores when we get back to overall ratings are better than other cities your size. Your safety scores are better than most cities your size, your perception of safety. So, you are exactly right, but crime is going down across the country in a lot of cities, so we just have to double down on communications and informing people, and you are going to see that in a few minutes on how important that is.

Mr. Driggs said there is a difference between needing to communicate better and needing to do better, so whether we take away from this that we are not telling our story about crime
properly or we need to get down on the police department to do a better job is a big distinction.

Mr. Martin said right, and it is a little of both, and so what I would say and Sabrina and Marcus and others as we looked at the early findings here we have 7,000 people weighing in, and so we can drill down each one of these and provide some insights for you on what is driving each one of these for future discussion. But you are exactly right, you’ve got to do both.

Councilmember Mayfield said still on the same topic, when we look at drilling down somewhere in there we have to have the real conversation of intent and impact so if these are the perceptions but we also have some realities. So, we know that we have some clear concerns in community on Latrobe Drive regarding our health clinic. We know that we have some very clear and the impact of law enforcement and how they are interpreting their job. We also know that we have some clear concerns in pockets of community where there is a lot of gun shots and/or negative community behavior, but we also recognize we have this number of law enforcement officers that are having to be responsible for a million plus, so somewhere in there that needs to be broken out and the reason I’m asking for that is what you are saying is perception, but our realities are as Mr. Driggs mentioned 50 out of 50 in upward mobility, but we never talk about the fact that Atlanta was 49. It is objective, but we have some very clear realities in Charlotte. As you go through this and I know you mentioned that we will have more on the end, when we get further in can we spend a little more time talking about it? Because all of this is great with a feel good, but we need to get to the part that addresses the real concerns, because we’ve got a day and a-half to two days to try to get this together. All of this is great, but it will be helpful if we can get to the point where here are the identified concerns, now what are we going to do about it opposed to walking out of here, giving each other a high five like we are doing so great when we are not.

Mr. Martin said okay, got it.

Councilmember Harlow said sometimes you get a survey and the perception of how you respond to a certain question is sometimes in a response to when the survey was being asked. When was the survey taken? Did certain events happen right before or right around it that helps shape this sometimes from a sub-conscious level.

Mr. Martin said this was in the fall, in November. My goal today is to give you sort of a 30,000-foot perspective on the kind of data that we have and then we can drill down on any issue as appropriate and Marcus in sub-committee meetings or wherever. I think just as a 30,000-foot check list, these are areas where you are not matching that expectation and areas where you need to work on perceptions as well as the product itself.

Now, looking at this rational attribute continuing, you see at the very bottom of the list in terms of importance, you are over delivering. Now, let’s look at emotional attributes and this is something that we don’t usually see but you guys are really at this 80% level, 80% attainment, if you look at these scores there are hardly any gaps. You are really delivering. Charlotte is delivering on the emotional needs that residents have in terms of the community. This is huge, and this is actually something that is your secret sauce; this is something that you guys have cultivated in this City in terms of the psyche, in terms of all of these emotional attributes. I just can’t remember seeing a list where you don’t have anything that is under performing and then in fact you’ve got this over performing as a cool/hip place to live. I think this is really good news and something that we’ve got to continue to leverage in the future, and I will talk about that in just a second. Another way of looking at this is a four quadrant Boston Consulting Map that gives you a sense of where you need to focus, and again, this is very much like those gap scores, but you look at this in terms of how important any one attribute is and how you are performing on it.

Obviously, if something is really important you want to be performing well and be in this category and don’t take your eye off it, keep working on these attributes. If something is really important and you are not performing on it as well as you could, this is the growth opportunity where you should put a little more resources, a little more effort to try to push these attributes over to where they are in this reinforced category. If you are working on
something that is not really important and you are performing really well on it, it is already working, you don’t have to waste your energy on this, and also if it not really important and it is down here and you are not performing well on it. Does it really need a hyper attention? It is just sort of value add so this just gets you a prioritization and this is the area that you’ve got to say are we doing everything we can on these attributes. So, if you look at this in terms of the rational attributes here are your best opportunities for growth in terms of driving these, the perception of doing a great job on these and getting satisfaction from citizens and getting it over into this list. This is a long list of things that you are doing well on. Don’t take your eye off of this, but here is the area that you can improve in terms of priorities.

Looking at the emotional we have to force these by just looking at the average to create these indices, and so there are two areas I’m not quite sure what matches my values are if people really got that, but I feel like an engage here is an area that we should be thinking about. How do we get more people to feel like they engage?

How are you performing on City Services, and this is a long list of services; we ask for an expectation and got a ranking and now here is the rating on performance. If you do the same sort of assessment this is the importance average, the mean rating, and then here is performance, so here are the gaps and again, if you set it at 80% you see you are really performing quite well on City services. This list goes on but we don’t really see those gaps and in fact you are over delivering here on special events, festivals and parades. But again, just like the emotional assessment, your City services are doing well, whether you are providing them or Mecklenburg, you are getting high ratings. Again, looking at this opportunity map this is the area when we force things and we look at things that were just above that attainment so 85% and 90% we start to see these are the lowest hanging fruit, the areas that if you worked on these you could push these into that reinforce and have a list that doesn’t have anything on it in terms of opportunity.

How are you performing on delivering value and earning trust? This is an important couple of ratings here and I want you to think about these as benchmarks in terms of where we are going. So, providing overall value for the taxes and fees paid as a good value. You have a top two box score of 41%. The highest we’ve seen this is about 52%, so you can push this. It is easier for people in smaller towns and cities to rate this than it is in larger cities, but you see how it splits out, so we want to see this go up to 45%, maybe 50%. Then this slide shows sort of trust dimensions, and this was asked as one question and rated on a one to five scale all of these different dimensions, so we think that these scores should serve as benchmarks and that we can drive some of these a little bit higher in terms of how people view the City government. You are never going to get that 80% on these because you are the government, but I think you can drive these higher, so this is a good benchmark.

How are you performing on communications with residents? Here only 38% gave you a top two box in terms of the government doing a good job on its communications to residents, so I think this is a score we could see go higher as well. In particular, I want you to look at the number three rating; you have a lot of people here that we want to drive up, and it is really important specifically how people feel informed about the services that you provide. You have a 40% top two box rating, a lot of threes here so how can we get this higher and get a better rating on our communications, having more people informed. Here is the secret, the more people are informed the more they give you higher scores across every single dimension in all the data I’ve just taken you through. So, here is another eye chart, but I want you to look at this; 60% of the residents say I don’t feel like I’m informed. They gave a one to three on a five-point rating of being informed. Then 40% gave a four or five rating on being informed. Well, here is the score for quality of life for those that don’t feel informed, and here is the score for those that do. You have a huge lift living in Charlotte, another huge lift if you can just get more people over to this ranking to get them into the four and five rating category for feeling informed. Let’s go down here to the net promotor score; 11% can go to 49% of those people that feel informed. That is world class; 50% is world class and the value for taxes paid, so across every single one of these rating measurers I don’t think you are going to get all the way to some of these top scores once you start bringing people over, but if you can just get them over to the four rating you are going to see a lift across all these dimensions. So, communications is really, really important.
Mr. Mitchell said being honest 24% not informed; explain that 71% informed, the difference of 47.

Mr. Martin said right, if you can get more people; this is the people that say they are not informed. They give you a 24% rating on being honest. If you can get your residents, those that say I feel informed, I give you a four or five rating. They gave you a 71% rating on being honest. So, communication and it is hard today. I’m not saying you can hit a switch, and it all works but if you double down on communications, if you figure out how to really get to people and make communications everybody’s responsibility you are going to see dramatic lifts in your scores.

So, a recap on where to improve and this is just a quick check. These are the things in terms of rational attributes, focusing here, emotional attributes, City services and then communications. This is an important slide in terms of priorities.

Mr. Driggs said I just want to mention, and I don’t know what the experience of my colleagues is but 90% of the people I talk to are not informed, and it is not for lack of trying on our part. You could put a terrific report right in front of them, and they wouldn’t read it, so I’m wondering how we can get this data when we are dealing with a population, much of which is basically apathetic about government.

Mr. Martin said I wish there was a silver bullet but there is not.

Councilmember Winston said the big problem is that people are not civically educated on how government works, municipal government and state government, and I think there are tools. We have to think of this from a long-term path; you have to find a way that we can get in with the kids and start educating them early. That is why last year during the budget process Mr. Mitchell, and I both tried to get us behind Junior Achievement in their new facility because they have new programs where they are reaching every 10th grader, and we could put a booth in there and as they go through that program we can teach them exactly what breaks of government do what and where. This is not being taught in schools, and so we have to find a way where we can insert ourselves into the process where young people, one so that we create a culture and a whole population over time that is well informed about how the City, County, and State work but also that they can go home and educate their parents, and the community members around them. I will continue to encourage, and this is out of the last Retreat, when we said that we have to create an environment we should be focusing on creating an environment of education from cradle to grave basically. This is exactly what I took out of it, we have to find ways to educate our community of civic engagement.

It is something that I ran into being a first year elected official, you have all of these people when you are running for office who have all this wisdom about how to get elected. They’ve been doing it for 30-years, but when you get into office they have no idea how policy making goes, because they don’t go past election day to get involved with the actual work, so we have to find a way to flip that, and that is on us. I think it starts with the kids again, I know I ended up with a question, but I think the solution is to start with the kids. I think we have a partner in Junior Achievement where we can do that right now. We can touch literally every 10th grader in the City right now.

Mr. Martin said increasing engagement and increasing the feeling of “I feel informed” is the fastest way to drive all your scores.

The last section I just wanted to provide you some insights on why you are winning and you are winning big time compared to other cities. In fact, this why Charlotte question gets to 2,700 jobs announced in December. You all had a killer year, and that video just captured it pretty eloquently so, what is going on? What can we learn from this research on what is happening and there are three reasons that you are doing so well. It has to do with talent, talent, and talent, but all the things that are getting the talent to come here. You’ve heard me talk an awful lot in the past at Retreats about the new economic development model. You build a great place people will come and then companies will come. You guys are the living breathing best example of that almost I think anywhere in the country. You really are attracting people.
Ms. Eiselt said what concerns me, the flipside of that is what we struggle with and when we look at GDP growth in Charlotte it is above the national average and attracting people to come it is above the national average but the people that are we here, are we looking at the wage growth of our people that are here? Because my concern and we see it every day; I saw it personally with someone last week, is that there are all those services to help the people that are here and have minimum wage jobs. They are not growing in their wages, and they can’t keep up with the growth that is being driven by the people that move here. So, are we focusing enough on the talent that is here and their inability to keep up with the economy?

Mr. Martin said that is a great question, and we can look at this data and the flip side of what I’m about to share with you. We can look at other people that have been here a while versus the newcomers and that is something that is worthwhile to do, because this meeting, or at least my part of it, to share with you on this research findings, you can look at national research and see where America’s mindset is. Community by community and there are a lot of people under stress, there is no questions. So, we can use this data to tease out that on our current residents.

This last section I just want to share with you what we are seeing with your new residents and what they are saying in terms of why you are so successful at this moment just in terms of bringing in new people. We are seeing this from what your CEO’s are saying why they selected Charlotte and working with Tracy and taking people on tours, you are hearing all the time this place has a deep bench. It’s got a lot of talent here so I know if I operate my company here it is going to be relatively easy to get the talent I need. There are plenty of people that are MCO’s or financial people in HR etc., so it is not just talent, talent, talent, but it is really the work that you guys have done to build this great place. So, CEO after CEO and all the folks that have made decisions this past year that word talent has come up an awful lot, but that is one of the core things that they are seeing here that Charlotte has to offer.

Mr. Winston said I have a question about that type of statement and maybe Tracy can weigh in. We know that this is great to bring Honeywell’s in, but we know that these organizations don’t stay in one place for a long time. How long, how solid is the base and how do we keep that kind of sentiment in place, and how do we look at that long-term?

Mr. Martin said I think that is really an insightful question. What Honeywell did was it actually broke the model that Fortune 500 Companies aren’t moving their location; it is smaller companies. So, the fact that you got one of these. Wales is rather tremendous and to hear them talk about talent, so that is one thing. The other thing and I would love to take you through this sometime in the future; the whole idea of this population pyramid that I’ve shared with you guys in the past, it was taken from a triangle to a rectangle and I’m looking at my elders. So, in the future and even now compared to 10-years there are fewer young people and younger talent so companies are chasing this and if you look at who is moving to Charlotte as kind of a pipeline indicator your resources of talent is growing. If you look at other places; there are 10 cities now that are literally buying residents. They are saying move here and we will give you $10,000. It is shocking, and I think that is flawed strategy parenthetically, but that is how desperate they are, but what you’ve done is you’ve built a base. You’ve focused on eight of these 10 things, two of them are place marketing, but you really have done an amazing job building this community and so talent wants to be here. Yes, they move for weather, they move for jobs, they move to be with friends and family, but you check all the boxes. You are creating a great place, so let’s just look at these companies like Lending Tree said well, I looked around, but I’m staying here because of what this place offers. If you just look at the newcomers, the people that have been here in the last five years and you mind these 7,000 citizens who have written long answers to open ended questions that we had on the survey, thousands and thousands of responses, and we looked at it and said this is just the tip of the iceberg but what are we learning. Well, we know when people move nationally, when they move to cities there are rational attributes they are looking for, but there are also these emotional attributes. So, what are some of the newcomers who have just moved to Charlotte in the last five-years? What are they saying in terms of rational attributes? I could put hundred quotes up here that all under this category
of Charlotte offers better weather. Well, hello, good take credit for that. Good job. But then you offer opportunities in low cost of living and we heard this over and over again as another sort of rational attribute. Then many things to see and do because you do have this sort of rich texture here; you have a lot and I’m not sure all your residents know everything there is to see and do from the place score but if you look at these quotes, people literally say, a lot to see and do. Then diversity, and you guys see it, and I think appropriately celebrate it in some ways, but we hear that from the newcomers. Then, we get to the emotional attributes and the emotional attributes, remember how you are just killing it. You have no gap scores at an 80% attainment rating, and so looking at this it is probably not to surprising but the people that have just move here in the last five-years said it is friendly and welcoming. These quotes go on, and we could fill the walls of this room with quotes but this is sort of the way they looked. Then, something that we rarely see in other cities, opportunities for everyone to thrive. I want you to read some of these quotes, but this is what residents are saying. Now, we can sort it by different demographics and such, but this is just from 30,000 feet looking at all residents through this survey lens these are some of the things that we heard. Then, Charlotte feels like a big City with a small-town vibe is another thing we heard, which is another emotional attribute that people said. Lastly, and this is interesting, we heard people say Charlotte feels like home. It is hard to appreciate the nuances of this, but I want you to think back to the vision statement that we all worked on in terms of a place that is opening their arms to everybody, diverse community where people work together to help everyone thrive. We are seeing that come out in the research which is a good thing. I want to end with a gentleman that I met last Friday when I was leaving Charlotte. This is my Uber taxi cab driver, and he has an accent, so I asked when I got into this car. I said where are you from? He said well, I’m from North Africa; I grew up in Morocco, then I ended up in Paris for a number of years, then I went to Zurich, Switzerland, met someone that I love and ended up in Charlotte 20-years ago. I said whoa you stayed here for 20-years; you are not that old. He said this place is home, this place when I didn’t speak English brought me in, put their arms around me and this place really matters to me and when I go and visit other people and I leave Charlotte for even a few days I always say I got to get back home. This place is home. So, somehow you guys, and I get back to that chart about the values in terms of the emotional values, Charlotte delivers on that, and that is I think what you guys have created, not only in all the place work but the cultural work. With that I want to share with you something that I hope you will wear on your sleeve and it will remind you that Charlotte is home to so many people.

Mr. Phillips said just as a reminder as we are going through each of these segments, lots of learning, lots of conversation going on these two and a half days; if you are capturing questions or things to be referred to the City Manager or for additional discussion while we are all together let’s get those captured and let’s get those put up on the board. Because the other thing that we will be doing and revisiting as we go along is what are your priorities for 2019? What are those strategic priorities? We’ve had the same five Focus Areas for a number of years; we can continue those but we should not be saying those are default, that those will always be the five Focus Areas going forward. That should be informing the conversation we have throughout the day and we get to that point.

WHAT I WOULD LIKE TO SEE AND COMMITTEE YEAR IN REVIEW

Mayor Lyles said not Committee Chairs, actually each Councilmember, this is a part of what we have had conversations about for the past six months. Often people say when do I get an opportunity to put something that I have been researching, thinking about, am amazed by or whatever, on the agenda for the Council to discuss? Now, we’ve done a lot of things but there hasn’t been an opportunity for that open discussion and I think they fall into a couple of categories. One, now that we’ve got through a year and I think we all understand what we mean by is this a policy or do we need a policy. Does everybody feel much more comfortable in that question about what is a policy? It means the majority of Council has decided that this is a place that we want to be and once we vote for it we begin an implementation towards that.
We also have things that are ideas; often, I get e-mails from Councilmembers saying I saw this program, would you look at this city, so there are things that we need to refer to the staff to do research and provided us information on. Then there are often just things that might be outliers that may be in a parking lot so what we want to spent is at least, and we’ve got more flexibility built into this schedule, but time for every Councilmember to put on the table anything that they want to bring-up.

We will try our best to sort them and put them in some priority for discussion. That will come afterwards, but this is the moment that we have discussed, how do we resolve things. It may be even organizational; it may be even about Council’s organizational methodology. One of the things I always say is what do you like doing and what would you like to change the way we are operating as a Council, as a staff, as a team. What do we need to do so? I’m really going to not say Committee Chairs, because actually this is an individual effort for everyone to have the opportunity to put this out and to respect that everyone is going to do this. We ask that you use those yellow sticky notes so that we can do that well and then we will come back and kind of look at an exercise where we can come in and say, oh, this is what everybody is talking about. Here are the common theme and commonalities among the ideas that we have individually. All ideas will be looked at but what do we spend our time focusing on, we want to do that collective. I’m going to ask Matt Newton to start us off one, because he had a vacation last December, and he took one this year so it only seems fair that someone that actually had two great vacations ought to start the work effort for us.

Councilmember Newton said these are all for discussion, but on that note, I was looking through our agenda, and I didn’t see anything and this is probably going to come up a little bit later on, I didn’t see anything addressing the environment, and I think it is important that we not lose sight of that as a strategic goal, improving the environment for our citizens. To your point a moment ago Madam Mayor, I did take a really wonderful trip this past December, and I’d seen in Milan, Italy a program where they incentivize trees on new particularly high-rise development and that can be residential or commercial. It is really fantastic and leads to increasing the number of trees in their tree canopy and also was fantastic for the air and environment. I wanted to mention a few things here, of course I think everyone knows that I hope we spend time on getting some finality resolution to the overall plan regarding Eastland. My hope is that we can do that soon. I know that Tracy and the good folks in the Economic Development Department along with the development team that we’ve selected have been working very hard to finalize contracts and are looking at the site itself and all of the different projects or studies that need to get done before it comes back to us. I hope that we get that soon so that we can start looking at that and the Economic Development Committee.

Speaking of economic development, I am very, very happy that we’ve made the progress that we’ve made with job creation. I hope that we see some of those jobs created over on the eastside too. That is something that I think we have a lot of need for out in east Charlotte. I would love to see us find a location for The Miracle on The Hudson. I’ve had some discussions with Brent Cagle about that, and I would hate to see us lose the Miracle on The Hudson, because it seems to be something, in my opinion, sets us apart and makes us attractive to people coming in from out of town. It even gives us something to do for those of us who are here. The Fourth of July Parade is a big deal in east Charlotte, so it is my hope that much like last year, that our City and all of my colleagues support the event this year. It will be the fifty-first annual coming up this year, longest contiguous parade in Charlotte history.

As we talk about our comprehensive affordable housing plan moving forward, I really hope that we etch out some space for NOAH. We only have so much money to devote to affordable housing, and I would hate to see us get ahead of ourselves, exhaust our funds before we address the need for preservation and really maximize our ability to get the most bang for our buck. I have brainstorm and ideas of maybe having a separate fund; however, large or small it may be set aside for NOAH. In HAND Committee, Pam Wideman has explained that many of our NOAH projects come in front of us relatively suddenly without much advance notice, and we can’t really predict when we are going to have a development partner for a NOAH project, so having that set aside I think is very important to maximize our opportunities and ability to invest in naturally occurring affordable housing and then one
last thing, also potentially strategize. So, I don’t know if this would fall within the greater scope of our affordable housing comprehensive plan but make sure that we have a plan or a strategy to address communities that are in need such as Lake Arbor who find themselves with apartments that just aren’t habitable, particularly from the standpoint. I think what we’ve seen a lot of is mold, so if we can strategize on ways to address those issues I think that would be fantastic as well.

Oh, and transportation and infrastructure, so, one last thing here I know that John Lewis held a press conference recently and said that we are looking an $8,000,000,000 bill for us to build out our full-fledged transportation plan, including light rail. I know that seems quite insurmountable, particularly in the short-term, but I hope that we can strategize a long-term plan for all of our transportation needs including our Red Line and of course the Silver Line.

Mayor Lyles said can you put those on a post it note and then if you will go up and post them whether it is for Council discussion or if it is more research oriented or if it is a parking lot, but please go ahead and do that. Since we did this trick on the eastside, why don’t we go to the westside.

Councilmember Harlow said I think we’ve had a really great year; we’ve accomplished a lot, it is clear that we have to message that a little better to the community to inform our constituents better on all the things we tackled in the past year from all the bonds to SEAP to Eastland, to the job creation and all those things. For me in the coming year, I would like us to continue the conversation and would really like to get more Councilmember involvement around what we know is already becoming the hotter button issue as the assessments went out, property tax relief, how do we continue to play a role with that, engage the County as well, understanding that is their function, but the City has a function in that to continue having those conversations and discussions and then figure out some certain set policies going forward around tax relief. The City’s role in opportunity zones; we brought it up. We’ve had a robust discussion in Committee meeting on Thursday, but continue to evaluate how that can really be a benefit, particularly for the east and west sides since all the opportunity zones are there and a little bit of the north side of town as well. How we can really play a role in that and not just allow the private sector to just kind of take advantage of it by themselves. I would like to see us get a little bit more specific around being zip code specific, location specific and in our workforce development and training. I think the Project P.E.I.C.E is there like we know we’ve got some kind of next steps, but looking at other industries and whatnot, but as the growth in Charlotte continues to be good on the whole, I would still say we have some pockets of higher unemployment, lower training and underserved communities when it comes to training the workforce. Even though we do have a lot of talent, I think that is not just me being selfish on the west side, but I think if we look at some of those zip codes we can map that out and be a little bit more direct and targeted.

From a safety standpoint, certainly taking up I think a wholesale approach to look at our noise, picketing and parade ordinances, and that is not just for the medical clinics, I know the conversations around the abortion clinics have come back up and will continue to be a discussion but even the ones we look at other neighborhood centers in and around up town and various parts of South End and even in the University Area, I think it is something as we are tackling that we should not piecemeal it, we should take a wholesale approach to that.

Lastly, the Mayor and I had a conversation but I think we need to really educate the whole community and the Council being understanding of how does our $50 million public dollars and any of the private money that is coming in on top of LISC and how is that being married together. I still think there is a little bit of inconsistency on how we are selling all of that to the community on hey, we’ve got $150 million of money, who has got oversight of what, how was the pipeline of it being spent or being managed and all of that. I think that is certainly going to be an ongoing discussion that we will have to tackle for the year and moving forward. Transit of course building out the 2030 Plan for CATS and then getting into more serious conversation around; we talk a lot about the light rail and stuff, the Streetcar, the Gold Line, and there is a phase three that is part of that, that we dabble dabble around a little bit and then we say how are we going to fund it. We keep saying that question but we are
Councilmember Mayfield said so we are at some point and I think it is tomorrow we are going to talk about human capital. There is a piece in that where we need to have more clarification one, being week before last GARE (Government Alliance on Race and Equity) had their first ever in North Carolina convening, and it was held here in Charlotte. We talked earlier about communication; one, I learned after the fact that all of City Council was not aware that the conference was happening. Ms. Eiselt was there to bring greetings. I stayed for a good part of the training. We did have a lot of staff represented, which was good but we had over 170 from across North Carolina, elected officials as well as leadership that were in attendance. With there being little to no Council representation from Charlotte, that was not a good look for us and that was a missed opportunity. We have to figure out what we consider as human capital and what really are our priorities when we identify language that sounds good but we are not either creating the positions and/or funding those positions? Also looking at the fact that years ago and in that giant book that was created of all these great things the City is doing, we had two positions. One, that was a Community Liaison/Development Officer or Diversity Officer that was created that we have not put energy into filling. Actually, the City of Durham is doing a really good job on how they are reaching out. We also had a CMPD LGBT Community Liaison position that was identified as a need that was never hired or funded. So, if we are talking about being this diverse community then we need to have some real conversations around how we are not only going to identify these positions but also fund these positions and these need to be positions of authority and again, the City of Durham already has some really great models in place, so we do not have to reinvent the wheel. When we think about our housing dollars and my mind there is a pyramid with the City at the top of that pyramid, then our foundational corporate partners and then LISC. There are conversations of that pyramid being switched with LISC being at the top of it. We need to have time to seriously have a conversation of what is the role, not 30 to 45 minutes, a serious conversation around where the City fits in this conversation, especially since we are the ones who are accountable to the residents who went out and voted for the bond package that we asked for.

We are also in the process of looking at how do we update our Boards and Commissions regarding the applications and the requirements. We need to make sure that our applications are accessible to include all residents, but also there is a separate conversation which should not be happening, but it is happening regarding residents who may have a previous criminal history who are also not able to join our Boards and Commissions. They are contributing to the community on multiple levels, but we are creating barriers, so we have to have some real conversation regarding our language and removing the barrier if we really want to be this accessible winning community. There has to be some space and time in here where we just not only stop talking about it, but implement it. The City of Charlotte passed ban the box back in 2013, but the reality is we are still having a challenge with people getting access to jobs within the City of Charlotte.

If you get a response back, even though staff and our City Manager is working on a consolidation here is the reality, we do not want to have the tough conversation around bias and equity and we have a number of departmental staff that are completely comfortable with the good ole boy way of doing government. There are going to have to be some changes. There are going to have to be some staff changes if we want to really address the equity and bias and this isn’t even saying diversity, inclusion or race equity and if we are really going to look at equity and bias there are some changes and some shifts that are going to have to happen in order to ensure that we are adhering to the language that we send out to the community.

Councilmember Egleston said a lot was said earlier and some of it will be repetitive, but I think I agree that one of the pressing issues of the moment that I think we can start leaning on our soon to be City Attorney to look into is the noise ordinance issues. We know all the complications that go along with that and beyond just the one place where a lot of us are talking about right now. The transit plan and within that I think we are right to not try to undertake a billion-dollar tunnel. I think we made the right decisions there, but I do think we need to be aggressive about pursuing the full light rail plan and extending it beyond the
borders of Mecklenburg County. Like Mr. Harlow, my District will benefit from the second and potential third phases of the Streetcar, but I have concerns there simply based on the disruption that Phases one and two have caused, so I think we need to really look at hard at that project because as much as I like the end result getting there has been absurdly painful and along those line right now with the Hawthorne Bridge I think is a prime example; we’ve got to come up with a better way as a City to project timelines for infrastructure projects. I think that is one of the biggest frustrations that my constituents run into; I tell them for six months that Sugar Creek Road is going to reopen December 31, 2018 and on December 28, 2018 I have to tell them it is not going to open until February 28, 2019. That is one specific example, but that happens every month on something and obviously you can’t ever know to the day when something is going to be completed, but we need to start being able to average project times from the past and say how much cushion do we need to build in for those projected timelines to anticipate that there is always going to be something that comes up unexpected. I think as hard as the trust we are trying to build with the community or then one of the things Mr. Mitchell pointed out something about us being honest and whether they feel like government is honest with them. Things like the Cross Charlotte Trail shortfall which honestly is one of the biggest; the feedback I’ve gotten from my constituency is probably one of the biggest disappointment of my constituents of this last year. Things like that and things like timeline on Hawthorne Bridge, which gets miss measured and then have to press pause. Those are the things I think where we erode the trust that we build for all the good stuff that we do and we’ve got to be more mindful of that. Finally, I will say kind of in the same vain with Hawthorne Bridge project, I think demonstrates a need for us, and I know we have to go to the State probably to do this, but to start trying to figure out how do we factor in past performance when we award contracts. I know there is a threshold for somebody who is a qualified bidder or an able bidder and we have to give it to the low bid, but if we have people who time and again under perform, aren’t good neighbors while they are constructing these projects, missing deadlines, miss measuring something as major as the girder going across a highway for a bridge, those things ought to factor into whether or not those people get more contracts whether or not they are the lowest bidder.

At some point your track record tells me if it is at my house I’m not going to continue to hire a person who misses deadlines, goes over budget and leaves a huge mess every day when they are done on the construction site. Honestly, I think that is where a lot of the frustration has come from and where we lose a lot of trust is missed timelines and just the disruption we cause in people’s lives with things that will ultimately benefit them, but in the meantime they are pretty painful.

Councilmember Phipps said I have two issues that I wanted to bring up to the group. The first one is Vision Zero. As you may recall, last year we had the highest pedestrian deaths in the City of Charlotte. I think we ended the year with 28, and we started the year, so far I think we’ve got four pedestrian fatalities each of which has been totally gruesome fatalities of pedestrians being hit and dragged, and it is just terrible. I think what we need to do and I think we are moving in that direct is that we’ve allocated funds to implement our Vision Zero Plan. Has that plan been adopted yet or it is coming up soon to be adopted? We need to dedicate those monies as soon as possible to be able to make things better for pedestrians on our streets, cyclists and such. Simple things, even low hanging fruit; just two weeks ago I was driving down University City at night and I counted at least 15 to 20 streetlights that are just out. Some lights on W. T. Harris Boulevard have been knocked down by accidents, still laying in the median there and some of those are State streets. I don’t know how we can do it, but I’m being told that the City periodically does an audit of streetlight outages, but I would implore our staff to get that done because even as recent as last week I don’t think it has been done, and it is dark. I’m talking about dark around UNC-C Campus, dark around Ikea Boulevard; those are the things I think we could do fairly quickly to improve safety in our communities.

I’m thankful for the work that NC-DOT has done in conjunction with C-DOT. You wouldn’t know it but the most traffic prone, accident prone intersection in the whole City of Charlotte was in Hidden Valley at Reagan Drive and Tom Hunter Road, so we were able to get a three-way stop sign put there and now even the residents have applauded the City that that has definitely made a difference. Vision Zero is something that I think we need to act on
quickly and devote those funds to those high priority intersections to help improve conditions there.

The other thing I wanted to talk to or gravitate to, I know I’ve said it before and all I get is a bunch of chuckles or whatever, but we need a war on litter. Now to the extent that I have not heard other districts complain as much as me about the war on litter leads me to believe that my constituents are correct when they say you wouldn’t see this happening in Ballantyne. The litter in the district, I don’t know what it is, but we are a major transportation hub; we’ve got Highway 49, Highway 29, I-85, a lot of state maintained roads, and I know it is some sensitivity; does the City pick up trash on state maintained roads? Something has got to be done. I know University City Partners are working with UNC-C; they have pooled their resources together to come up with a litter plan in terms of funding, but that is only for a finite area around their little area or spheres of influence. I don’t know what we can do but in my district in particular I’m getting beat up by litter in my district. I can go in my in-box right now and get litter complaints all the time, so I don’t know if we need to have zones across the City because even now I don’t see people complaining about litter in their areas, but I see it in mine. It is all over; we are talking about pride of community and ownership. Now, I know we got high grades on garbage collection, but that is intentional garbage, right. We need something done on all the litter that is on the streets so, I need some help. Help a brother out. This is serious, this is environment, so I want to know what is going to be done. I don’t need another presentation by the staff on all these things we need. I need some action.

Mayor Lyles said I want you to know Gregg; in Mr. Bokhari’s District there is a little up and down that road.

Mr. Phipps said my constituents need to see that, because they always say, if this was SouthPark it wouldn’t be there.

**Councilmember Bokhari** said I have six items on my 2019 list that I would like to work on with everyone. I won’t list them; I will highlight a few.

Mayor Lyles said I think you should list them all; this is our opportunity [inaudible]

Mr. Bokhari said I will list them all very quickly; budget, I just want to, aside from what we normally do, really focus on the re-evaluations and a revenue neutral rate or better, especially given the fact that everyone has just gotten their re-evaluation notices and there has been rumors that our partners the County may be going a different route than normal, so I think a lot of people are scared and whatever we can do to help with that is going to be a big deal.

Number two, capital projects, this one is kind of two-fold, one is continue forward with this new concept we’ve created with C-NIP and the play book and matching private funds, but two this one is real important to me, is in light of some of the things we’ve experienced in 2019 so far is this portfolio performance reporting and establish something that can last for a long time that gives us oversight and visibility into everything from projects like the Cross Charlotte Trail and the Hawthorne Bridge and what is going on but also partnership with partners like the CRVA and others so that we are understanding what is going on. We are not surprised by anything; we learn from our lessons and we are doing more shovel ready projects in smaller bites. I’m not saying no big visions but clearly, we’ve learned that old model with big ideas with hazy forecast is not the right way to get things done.

Number three 5G, we are working a lot behind the scenes to prepare an understanding of where the world is but where Charlotte is, where the private sector is. We’ve had a couple exploratory meetings so I’m hoping to bring at a luncheon learn or something really a complete overview of where we are and where we need to go with 5G, because I think that is probably the most important single thing we can do from an economic development and infrastructure perspective.

Four, I’ve been working with Taiwo and the Manager and others outlining a problem I’ve identified in a rezoning landscape in 2018 which is the community’s platform, where the
community fits in. We know where the petitioner fits in, we know where staff fits in. For communities that really wants to have their voice heard and negotiate things, they really don’t have a great place to document a lot of that stuff for enforceability, so that is number four.

Number five, I hope that like 2018 was known as the year of affordable housing; 2019 will be known as the year of economic development. Everything ranging from going back into our polices like the Business Investment Grants and really updating them for the future for things like Fintech right, things that we know are high growth areas that we are seeing a lot of items coming to fruition but also then focus on the smaller of startups of local Mom and Pop businesses and also focus on entrepreneurship. You will hear more about this concept we’ve been working on for almost a year now with NCLT labs and the things around entrepreneurship, innovation. I view that as almost the inverse of what the Business Investment Grant does. It is on the smaller, more local side where we have these environments where we are able to directly connect startups and innovators and departments and what is happening, directly connect through a lab environment, minority and women owned business for education and outreach and the sustainability there and Smart City technology, really evolving where we go by connecting with our local folks.

There is I think an opportunity not just to do this and connect with some private sector non-profit organizations that are working really hard on this, but also materialize it maybe in a physical site that could also rehab the Brooklyn Buildings which will be very exciting. There is a lot to figure out but I think there is a lot of opportunity with economic development. Number six, Upward Mobility really focusing on if last year was affordable housing, this year becomes economic development. That entirely I think is a message and theme of upward mobility. I think the one thing that we need to see more of, other than economic development in this budget and our focuses this year is workforce development and that is looking at Project P.I.E.C.E. and seeing how it correlates to other things that we are doing in the private sector right now, but really connecting those dots of workforce of the jobs that we are bringing, of the affordable housing the kind of units in our toolbox, that workforce investment area is the glue that binds all of them together.

Councilmember Driggs said first of all Blue Line to Ballantyne, we will get a lot more use out of the Blue Line; it will ease congestion on I-77. The thing right now is if you want to take the Blue Line from my district you have to drive several stops up any time after 8:00 a.m. before you can find a place to park so we need to bring that train down and into Ballantyne, get much better utilization.

Mayor Lyles said Pineville finally signed a resolution to say we are willing to have the rail come to Pineville which did not happen when we built the rail. They actually did not want it, and now they understand the consequences.

Mr. Driggs said I talked to George about that before, and I think Jack has more enlightening in his outlook. Anyway that is number one. We need to keep sight of our storm water backlog issue; we took some action on it but there is still even when you write off the C’s there is still a $400 million plus backlog of service requests. I get a lot of complaints from people that say I’m on a list, but I’m told it is eight to 10-years. There is more work to be done there.

I would like to see, as I have mentioned a couple of times, a policy for deciding who gets to live in the affordable housing that we create and in particular people who are displaced as we saw in our recent rezoning situation. We ought to have some mechanism for helping them out by making them eligible for the affordable housing that we are creating. We need to have a broader policy on business incentive grants; Tracy and I have already talked about this. I was the descending vote on Honeywell, not because I didn’t see an exciting opportunity, but because I saw us just making policy and committing a lot of money on the fly. The way to solve that is to put those policies in place so that the staff has a framework for bringing proposals forward and all we have to do is say yes or no, you are consistent with the adopted policy.
Some of this is more in the area of just getting objective and a little more data driven in some of our processes, so for example P-3 evaluation analytics, whether it is the Gateway Station, whether it is affordable housing partnership, the TOD right now that we are discussing. We look at a lot of these things, and we have no way of evaluating our return on investment or policing whether or not our private sector partners earning an adequate but not an excess return. I would like to have a better model for reference by Council that we can look at. The other thing that affects my district in particular, we don’t have good traffic congestion modeling. So, when we go through our zoning process all the time we hear complaints about traffic. Often my experience is, I say well we looked at it; it is so many trips you know. What is your problem? On Providence Road that is not good enough; there is a whole bunch of stuff taking shape there. It is very foreseeable and the public is on to this and we aren’t. So, what it takes is a more comprehensive modeling process and not one that just looks at the growth rate of the City and applies that growth to the traffic on any given corridor and says that is our forecast. It needs to be kind of more holistic than that.

I guess my last one is long-term capital planning process so, we need to have in place an ongoing rolling model for scheduling the capital projects, look at what our actual projected availability of funds is so that we’ve got a little discipline around our timing and scheduling. It is a priority pace budgeting thing; you will see it in any beginner’s course on municipal finance. People have to do it at home when they look at their mortgage payments and their car payments and I challenge anybody on Council to talk about what they understand to be the list of capital projects and when they understand we intend to take them up. Right now, there are a number of them like the remainder of the Streetcar and the Gateway Station that will call for large amounts of money and we just don’t have any idea when we are going to do it.

Councilmember Ajmera said I have a long list here; a couple of items on environment and what I really liked about the presentation that Mr. Martin gave, it was focused on the quality of life. There are various components that are qualitative that we can’t necessarily measure as our more emotional. So, when you talk about the quality of life some of these environmental components play a very important role in that.

We talk about the SEAP. I know that 2018 was a great year for the Environment Committee and for the Council with passing the resolution followed by a very bold SEAP. I know that now that we have a plan I want to make sure that it does not sit on the shelf, and we really start working on the implementation of that because that is what really matters is the action behind work we just passed. So, the implementation of that would be great and continue to collaborate with Bloomberg. I know that we had won American Cities Climate challenge and there was a very important step for us, because we are getting additional resources that we haven’t had in the past. I want to make sure that we continue to collaborate with Bloomberg as we implement some of this and how can we be more effective in our resources, because no matter how much funding we put to our SEAP it is never going to be enough, but I think collaboration and partnership will be a key, just like affordable housing. So, how do we go out there advocate and partner with other agencies, especially with the County on our SEAP and now that they have an Environment Committee I think it would be important for us to partner with the County in implementing the SEAP and also with state, federal etc. I’m sure some of you have received the e-mail about Duke’s IRP and how several folks that have expressed concerns around their energy mix when it comes to renewables. I know in order for us to meet our goals of 2030 and 2050 Duke is going to play an important role as you all know and that is what we had passed in our SEAP that says that we are going to need a lot of support from Duke, especially with having renewables in their portfolio.

So, currently in the IRP that gets approved by the Utilities Commission shows that they are proposing from six percent, which is current renewable mix to eight percent renewable mix, which is not much for 15-years down the road. We’ve got to look at how do we play an important role in advocacy to ensure that they increase their renewable mix so that we can meet our 2030 and 2050 goals. Continuing to collaborate with stakeholders will be important, and I know that they have public forum coming up where the Utilities Commission will take feedback from, so many of our peer cities as they approve Duke’s IRP around the renewables mix and we ought to look at how do we advocate ensuring that we have continued to have strong relationships with Duke and also ensure that they increase their renewals mix moving forward so that we can meet our goals.
That will all fall under the SEAP advocacy component partnering with the County but also the implementation from our side. Other big important piece that I know often comes up is the trees and that often comes up when we talk about rezoning. I know the current tree ordinance is not something that has been looked at or I would say that it is currently being utilized as often as we would like. There are developers that actually often would pay into the fund so that they can meet their 10% requirement. So, we’ve got to revisit our tree ordinance to ensure that we are really increasing our tree canopy. When Charlotte is being looked at, I don’t know about all of you, but I take great pride that we have even as an urban City we have very rich tree canopy and as we continue to grow we are losing a lot of the tree canopy. We’ve got to figure out a way how do we continue to grow but at the same time preserve our natural resources because that is going to have an impact on our quality of life from storm water, to air to water etc. So, having really revisited the master plan and also revisiting the tree ordinance will be crucial, and I know we have been putting that off, but I really hope that you would all consider strongly that 2019 and make that a priority to revisit our entire master plan for trees including the tree ordinance. That will all fall under the UDO eventually.

A third thing is the Cross Charlotte Trail, and that also falls under the quality of life. When someone is able to walk the trail it give you a feeling that you are getting away from all of that noise, whether you are using it for recreation or whether you are using it as a transportation mode which is safe. We’ve got to look at it from an equitable lens. I know that so far we have looked at it as where the funding is needed and where is the easiest connections currently, whether it is South Charlotte or southern parts that already have some funding but we ought to look at how can we make sure that we provide equitable opportunities for Cross Charlotte Trail including east and west. I know there are several parts in the north that does not have funding but we ought to look at it from equitable lens. One important piece on quality of life is the litter issue, and I agree with Mr. Phipps we get a lot of calls on the litter and a lot of times even our social media accounts even get bombarded with all of this litter issues that come our way. I know there was one recent being District 2; there were several in District 5, and I know this had come up at the budget last year, and I think we have four people on staff that goes across the City and what I was told that any neighborhood would likely see only twice a year a person picking up litter. Maybe we’ve got to revisit that because there are parts of our City that continues to have increasing litter issues whether it is some parts off of Albemarle Road and Central Avenue, some parts off of Beatties Ford Road and some parts in District 4 but clean as you can see from the quality of life is very important for our residents. It is also something that we all take pride in. We’ve got to look at that issue; I don’t know how helpful the programs are. We had talked about Keep Charlotte Beautiful etc. I just really struggle with converting that into really actionable. How much progress has it made, all those programs. I Know we have invested a lot into all of that but I just have not seen much improvement. I don’t know what other cities are doing but this is really an issue that we ought to tackle.

I know that the Environment Committee had taken some important policy steps to address the storm water issue, especially around the $5 million for two years, etc. pilot program, and that is a great step. However, there are still so many folks that send us an e-mail, and all we can say is I’m sorry you are on the waiting list. I just do not know how to address that right now, but how can we be more responsive where there is water flooding in their backyards or in front of the house instead of telling them you’ve got to wait five to seven years? There has got to be something else that we can do. I think the pilot program has been very good so far. I know there was one resident that had actually sent a positive response after it was created and had benefited from that. I know that it had helped us eliminate some of the backlog, because we had like 5,000 people in that backlog. Continuing to figure out how can we do more on that front and just being more responsive rather than five to seven years?

The last two items are related to the budget. I know in past years or since I’ve been on Council since 2017, I have seen tremendous streamlining of our internal processes and how we respond to our constituents. I have seen that we have become more responsive; we take less time in responding to the calls and e-mails that we receive, but how do we continue
to be more effective and streamline internal processes so that we are being more responsive to our residents and being more effective. I think that is a key with less resources.

Also, we ought to look at our debt model, and I know that is something that we have looked at recently in the Budget Committee, and I’m interested in understanding how we are doing in our debt capacity, not for five or ten but more long-term capacity and how we can free up some of the resources from general so we can do more things that we want to do. We have so many priorities; we’ve got to look at housing. We’ve got to look at economic development, quality of life. You’ve got Cross Charlotte Trail. You’ve got safety. I think if we know what our capacity is five, 10 or 15 years down the road it gives us more resources to address our competing priorities at this point. I think it also helps us understand property tax that is going to come up at the budgeting cession, so if we know what our budget debt capacity is and how we can allocate more of that to our debt capacity and into general account I think that would play an important part as we go through the budgeting process.

Councilmember Winston said how do we use inter-committee work to provide both a rapid and prolong response to issues that come up within our community, something that needs a rapid response for instance the Cross Charlotte Trail and one that is prolong, the SEAP? Somewhere in the middle scooters, again inter-committee meaning work going in at the same time on the same subject from different approaches in different committees. In terms of community safety, the community has demanded changes to police policy. We haven’t done any work to address this. I want a framework in community safety to discuss, debrief and question CMPD policy in Committee.

In terms of the environment, I do think we really need to focus on rolling out rapid policy guidance to achieve our goals with the SEAP, things that we can do internally fast right now in terms of buildings, in terms of fleet. We need to be churning stuff out of that committee very, very quickly and constantly. Transportation and Planning, I think we need to figure out a way around the cumbersome effect of government led infrastructure projects. We need to build, not just public/private partnerships, but community/public partnerships on much more micro level to empower groups on the local level for infrastructure improvements. For instance, in communities instead of looking at red light cameras, if communities want to create a round-about at problematic intersection, we should find ways that they could come up with a solution to get that done, so we don’t have to wait on the state or our capital project pipeline which is problematic.

The Cross Charlotte Trail, we need to come up with a plan to complete that trail and approach it from multiple angles. We need to approach that plan from an economic development, environment, transportation and a neighborhood/community development perspective. Workers, we talk about economic mobility, so we need to do more to understand the labor pool and both to be proactive and reactive to their needs. This is economic mobility; perhaps we need to look at Durham’s new workers commission that could be a model for what we do. Intergovernmental, we need work with the CRVA to constantly be hosting elected and appointed leaders from across the state in Charlotte to build better relationships and coalitions, so they can understand how we are co-aligned. We don’t do this and we should, that way we will get more done.

Housing, I think we should create an inclusionary zoning policy for the sale of all City owned land and then after we do that we should create an aggressive policy for the City to acquire more land now and we should look at land banks and land trusts to acquire this. We need to look at our parking and towing ordinance and overhaul them. They are terrible, and we talk about economic mobility and the disenfranchisement of people. This is a big issue that is on the streets that is not on our radar. When somebody goes to a friend’s house and they get their car towed and have to pay $225 to get it out, that is going to put them in a bad situation possibly for the rent, groceries, and this is economic equity thing that we really need to deal with. People renting or purchasing public parking spaces is a problem. In the budget, we need to move to a more line by line approach through the approval process of our budget.

Councilmember Mitchell said a lot of stuff has been said, so I’m going to try to touch on just three new items. One, I think we need to discuss the turnover we are going to have with
CMPD. We have a lot of them up for retirement, and we really need to get ahead of that. Secondly, communication, I think we need to improve our communication especially communicate our success in the community and improve our communication between Mayor and Council. Thirdly, my favorite topic is we need to go ahead and decide what we are going to do with this four-year term discussion, and I hope we will do this before July before it gets silly season so we need to have a discussion on what we are going to do with four-year terms.

Councilmember Eiselt said I won’t repeat what has been said, although I do agree we have to have a decision on this four-year term discussion and then aside from that I want to say I would like to see us focus on finishing the projects that we’ve started in 2019, transforming the projects like the Sixth Street bike lane connector. I understand that has been pushed off to 2020, and I’m not sure why. The Parkwood pedestrian improvements that we approved a couple years ago. I don’t know why we are putting these off, but we need more focus on getting these things done.

We need more clarity, and this has been said, but I feel strongly that we need more clarity and analysis on how we estimate big capital projects or initiatives and that includes Vision Zero. We need to be consistent and definitive in our language for our noise ordinance and use or parade protest permits, so I hope that when it comes before us to approve that we will have some very definitive language in that. We need more focus on helping our youth, our underserved youth to give them opportunities and that gets back to the whole wage growth or lack of wage growth for certain segments. We really have to make sure that our young people are being brought along with the successes in the City. The last one is that we need focus, and we’ve begun to do that through the Family Peace Center. We need to work more in coordination with the County and the DA’s Office to better assimilate people that are coming out of incarceration. I really liked Ms. Mayfield’s suggestion that when we look at our Boards and Commission and open that up to people that aren’t registered to vote. We also open it up to people who have come out of incarceration, because that is the way to assimilate them back into our community and give them a sense that they have ownership in our community as well.

Mayor Lyles said one of the things that I think we’ve got to do in our economic development is the State Law governs our bonding and insurance requirements that decreases minority participation, I think we need to start talking about a legislative strategy that allows for more people to move out of sub-contracting, which is our focus into contracting. I would like to have us look at the state laws that govern us on bonding and insurance requirements that create barriers from people becoming prime and we have sub-contracting focus locally. I think we ought to remove the barriers to create more prime contractors and taking small businesses in.

The next one is that I believe that we have to have a discussion and a policy statement around balancing those people that are participating in the economy here, the whole thing that Mr. Martin was talking about, but also those that have not participated in the economy, and I think we have to look at our wages and how we do wages and what can we do around that, even if it is just encouraging incenting and all of that in all of our economic development. I also think that we need to create pathways for minority businesses that have out, which are not formula based which is the disparity study.

We can’t forget that we’ve got some major things on our list, and I’m just to read them off. We have the MBA coming up, we’ve got our football strategy. We’ve got an RNC; we’ve got Gateway and the Streetcar. These are things that we need measurement about, and I think this final thing is that all of our policy statements by process should include the data, by which we made the decision, the matrix for accountability and the fiscal impact that we have and that is not just on housing but all the way to our hospitality industry. I think our policy statements have gotten very general and broad and therefore aren’t comprehensive, and we can’t respond to people when they come in and say why do you do something or why don’t you do something because we haven’t gotten that clarity for ourselves.

Mr. Phillips said folks I’m looking at a clock that says 10:14 a.m., so give yourselves a hand for what you just did. Mayor, I’m going to suggest that we take that 15-minute break; you
and I chat really quickly about how best to make use of this, either from the break or throughout the rest of the day.

Mayor Lyles said what we’ve talked about on this one is everybody getting it out. We are going to take some time to sort but we have two hours this afternoon, but first and foremost I want to say thanks to the people that have come to hear us talk about the affordable housing. I’m sure it is going to be a very vigorous debate and dialogue so I’m looking forward to that so take your break and gear up for it. The other thing that I believe that is really important is that we have two hours this afternoon, and the staff is going to spend some time sorting and collapsing these points so that we have kind of a sense of where there are six, seven, or eight in agreement as a priority that you’ve mentioned. Just so we can have some understanding of the data that we’ve put here and then I think before we start the hour with Bob, he is going to have to figure out we begin to utilize that data for a good discussion this afternoon.

The meeting was recessed at 10:15 a.m. and reconvened at 10:35 a.m.

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AFFORDABLE HOUSING UPDATE

Mr. Phillips said we’ve got a couple speakers for you on this topic and then a quick break for lunch and we will have a working lunch to really get into the meat of this as Council. We have Brian Collier, Michael Marsicano from the Foundation of the Carolinas. My understanding is that Brian is going to do an opening song and dance number, first time to be previewed I think, but maybe not. They will be followed by Maurice Jones from LISC.

Michael Marsicano, **Foundation of the Carolinas** said we are pleased to be with you here in Raleigh at your Retreat; thank you for the invitation, and we are very privileged to be in partnership with the City of Council on two housing initiatives. Your City Manager, Marcus Jones asked us to give you an update on both of them. We will lean a little bit more time on the investment fund, but we will start with the Away Home Endowment and Brian is going to begin with that and then we will move into my presentation on the Investment Fund.

**Brian Collier, Foundation for the Carolinas** said it is an honor to be here; first we want to start with a little bit of an update on the Way Home Endowment. One of the things I want to remind everyone is that we are looking at a broad range of interventions into the affordable housing space and homelessness. The first thing that I thought it might be helpful to talk about is one of the things we’ve been hearing out in the community in a variety of meetings is that when we talk about the fund or some things there is this perception that we are ignoring certain people in the community, that we’ve picked sort what I would say sort of winners or losers in the community. That is not the truth at all. If you look out into private philanthropy, we have a number of strategies that are designed to hit this issue from all different types of angles, from homelessness all the way to home ownership, so when I hear people say well what about this under 30% or what about homelessness they are considered within a range of strategies the Foundations are looking. Today, we are going to talk about two strategies in particular, the subsidy program and the equity fund.

Almost every private foundation and corporate foundation out there includes housing and homeless in their strategies, including human services, housing in particular. You look at some Foundations like [inaudible] it is almost all critical needs so again what I’m just trying to re-emphasize for everyone is although we tend to talk about things in chunks a lot is going on along the full range of services, and every one of them are vital. From Away Home which has its own particular way that it is serving all the way to the equity funding and into home ownership. Today’s focus is on the rental subsidy program and then on the gap fund that we have out in the community.

First of all, as a reminder, this is a $20 million minimum endowment; hopefully over time as the endowment grows hopefully if markets will help us. These are our partners and you have been an amazing partner; $10 million which as of last year you have completely paid that off, so for us that is an amazing feat that you have paid $10 million off in the last six years.
That is now permanently in a fund for use in the community and then we have $10 million from the private sector. As you can see, all of these partners, most of these are at $300 to a couple million dollars apiece. One in particular I want to note and I will note it again later, Mecklenburg County has also been a terrific partner in this and has brought a good deal of social workers to the table at no cost to the fund which is a terrific service. I also want to note that over in the right hand where you can see the anonymous gifts; we have two anonymous families that have given a million dollars apiece to the fund and have asked for no attribution, and in most cases you wouldn’t even know them, so what I like to tell everyone is that although this fund has $20 million in it, especially from the private sector. It didn’t really take other resources because these were two families that we didn’t even know about before they voluntarily approached us and gave us the million dollars, and what we are not even counting is almost a million dollars that was given through the faith community along the way that didn’t go into the endowment but was used as annual spendable.

Again, here is a reminder of how it works. It is rental subsidies combined with the hope of getting scattered site leases across Mecklenburg County combined with supportive services that are provided primarily by the organizations we partner with in Mecklenburg County and then we also have a targeted group that we are looking to hopefully avoid evictions completely for those families through Crisis Assistance, and again, this is aimed at 50% and below AMI. In many cases, these are actually families who are at 30% and below so again, a targeted strategy at the lowest income bracket.

This is how we measure success, at the end of every 24-months and then period that we measure after that, is that family in stable housing, stable income, no new evictions and we have contact with them in the last six-months? If we don’t, they are not considered to be a success, and I will show you how we’ve broken that out. So, we are very clear about how we are measuring this. So far in the pilot phase, some of this you’ve seen. Our last families just started last summer but we have housed 114 families, primarily through Salvation Army, Charlotte Family Housing and a Pilot Project we did at Renaissance West with Nurse Family Partnership; 248 families have avoided eviction over this time that would invest in a crisis. Our cost average family is staying in the program for 17 months, we are providing a subsidy of $535 per family per month at the average cost of $9,300, so, about $10,000 in subsidies. I will show you we have to add in just a little bit of extra money but $9,300 is what it is costing the fund per family. So far, we are about to get our new metrics in the beginning of this year; 77% who have gone through the program have been successful, so if you think about how we are measuring success, stable housing, stable income, no eviction contact: 77 have gone through successfully. Now, we are seeing Charlotte Family Housing doing better than Salvation Army in terms of outcome, so we are meeting with them on a monthly basis to see how we can help stabilize that. No contact 11% so not a success, unstable housing 10%, not a success and then evicted two percent, not a success, so we are trying to also work with those families. One thing I would note is because of Mecklenburg County providing us a social worker we are estimating that is a cost of about $5,000, so in general it is costing us about $14,000 per family versus what it costs to house in shelters and things like that of probably $30,000 per resident, and you are not getting upward mobility.

One of the things we are being very intentional about is where are these people being placed and how much choice do they have in where they want to go. I would say we are not happy with where we are right now, but we are working on landlord outreach to figure out how we can get other districts represented and more choice. Again, if those people are choosing those blue and red dots voluntarily, that is where they want to go; that is fine. That is exactly what we want, but if we are not having access to areas where people do want to move then we need to figure out ways to take advantage of some initiatives that we have around landlord recruitment. Right now, we’ve just been in the pilot phases; what is happening is people are making pledge payments, you made your payment last year, so, so far we have spent just under $1.5 million over the last several years, 82% of that money has gone to Salvation Army and Charlotte Family Housing, 12% to Crisis Assistance, again for eviction protection and then six percent to the Renaissance West Project that we did with Nurse Family Partnership. I would say we learned some really valuable lessons in that and probably will not repeat.
The other thing I would just emphasize is one where we can be incredibly flexible; we can do whatever we want in terms of how needs emerge in the community, what research is telling us, we can do a great deal with this fund. We’ve learned the partnership with Renaissance West didn’t work out the way we wanted it to so we are going to back up and explore new ways to use that money. It wasn’t a complete failure; it was just what we are realizing that Nurse Family Partnership wasn’t as committed to some of the residents as we needed them to be, so we needed to back up and figure out how to help those women who are by definition with children in a very early pregnancy so we just need to work on that.

What we are looking at is by 2021 the fund will be fully funded in terms we will have all of the money in from the pledge payments; your payments have been in. The goal is that we will have a million dollars a year to spend and if you are ever curious about how we calculate an endowment we basically look at the last three years and average out and that tells you what you have to spend for the following year. That is why this fund will hopefully go in perpetuity but will have about a million dollars a year and with that million we can help about 100 families every year with supportive services, strong contact and evaluation and that rental subsidy and hopefully again, having disbursed housing across the community. With this year we will be adding 49 new families. One of the things we have discovered is that there is as you can imagine there is a big backlog at Salvation Army so how can we learn through this process to get more families quickly out of the shelter and into Charlotte Family Housing which is where we are seeing a lot of our successes. One of the other things we have learned is that because people come into the program at various times so, if a family started in our program in October or December of January and remember they have two years then our program ends; what happens when a family has a child in a school and the subsidy runs out in October or January? Many of these families might be faced with the only alternative of moving and taking their child out of the school so, what we’ve done this year we’ve instituted a new policy that even if you are at your two years, we will continue with the program until the end of the school year and then hopefully work out some solutions because one of the things we are really battling is the transit nature of people in and out of schools and how much damage that does in the learning process but also building social capital and networks and relationships. That was one quick learning that we made this year.

Luckily, I am very thankful that Sabrina will be joining us this year as well as Anthony Troutman from the County and then the other thing that we are really battling as you can imagine is what are the other system issues that we are facing? Mental health, transportation these things that are system but they do dramatically impact the success of the individuals. We look at why someone isn’t successful in this program; it is what you could predict; criminal justice background, lack of transportation, mental health issues, workforce development issues, things like that. Then one of the things we are looking at is how can we greatly expand this geographic diversity through landlord outreach, and I know we are going to talk about this at lunch, but the thing that we are really excited about is our new partnership with Professor Chetty and Opportunity Insights and how we can use the information they are generating to be much more targeted on neighborhoods that offer the best opportunities for the individuals and families we are working with. With that on behalf of the Away Home Board, I want to thank you and open it up for questions.

Councilmember Winston said provide subsidy through end of school year, I think that is an important thing. When you think of homes and stability and keeping people in place. Is there any room to bring CMS and/or the County into this for people that we can’t keep the idea of maybe keeping them in those schools through busing and some type of idea around that? We’ve dealt with busing in the past, so maybe they have some expertise keeping people in schools regardless of where their physical home is.

Mr. Collier said this is a big, big issue for us, so we are exploring; there are certain regulations that we can look to that would require the schools to bus them to certain schools. That is one of the things that we are looking at is how do we solve this problem, because the worst thing you can do is have a family start to get some stability the child starts to see a little bit of progress and then all of a sudden you yank them from the school where they felt their best network. The goal is for them to be able to stay there.
Mr. Winston said yeah, absolutely the goal is but understanding that this is a problem that not everybody can deal with. Is CMS and the County involved in that part of the question and if not, how do we bring them into dealing with that issue in general?

Mr. Collier said the County is at the table; CMS is not, but I will explore this issue with them. One of the other things that we learned along the way is some of our families were put into a unit; for instance, we’ve had families who have one child and they have been put into an apartment with three bedrooms where the rent they can’t sustain that, so one of the things we are trying to figure out is how do we get them into the appropriate housing as well so that we maximize so think about out subsidy was actually higher for that family for really not a good reason it was just expeditious for the organization to do that so one of the things we are exploring is how do we ensure that the organization is much more accountable to us as well.

Councilmember Driggs said how do we compare the productivity of this investment, say from the City’s standpoint, with our affordable housing initiatives generally? With $10 million we could expect to create roughly 250 to 300 deed restricted units over a long period of time; this is a 17-month sort of crisis relief program, but from the costs you indicate there it is relatively expensive. So, how much of that costs is actually directly related to housing, and is there a way that we could combine our affordable housing initiatives in such a way as to kind of create more leverage for this program?

Mr. Collier said about two-thirds of the costs or care is literally the [inaudible] company providing $550 per month per family, so about two-thirds of the cost is that. The biggest issue that we are facing is lack of units available on a timely manner, so I think one of the things we are exploring with LISC and with the equity fund and with the Housing Trust Fund is, is there a way to actually in some cases even commit some of our subsidies to new development so that we would have guaranteed access to some of these units, or are there innovative ways that we can look at combining the programs together to maximize the impact?

Mr. Marsicano said I also want to point out another part of this; what got us excited about this was if you look at spending $20 million on affordable housing, 20-years from now you have to either rehab or build again or whatever, meanwhile the $20 million endowment is now $60 million, because we are investing this for growth. So, ultimately you are going too far outstrip the number of people than the original $20 million, plus you’ve got to put another $20 million investment potentially in whatever is next. So, it is not looking at it just in the moment it is also looking at it as a new model for the long-term.

Councilmember Eiselt said I would like to know the cost of administering this program, if we could get that information and secondly. I would like to know; you say the families are in here for two-years but we know that a lot of these families are sort of white knuckling it during that two-years and when they are out if they hit that benefits cliff. So, my question is, is there an analysis being done to help these families look at their budget for the next five or ten-years knowing that they are at a wage that is not going to grow very much. We certainly have that data to say if you are in an office administrative job, we know more or less what your wage growth is going to be, and we know what your apartment rental rates are going to be. Are we setting them up for success for the long-term or just for the two-years?

Mr. Collier said on the administrative fee I can get you those exact numbers because we are actually doing it for really no administrative fee. The only cost is we have a contracted program person so you are probably one percent maybe for administrative because we are basically taking money in, evaluating and then distributing the grant. Then we have a Technical Committee that is meeting with these organizations on a constant basis. I would say far more than any other grant program probably in the community we are meeting with these organizations on a regular basis to help with process improvement, effectiveness and efficiency, because we are trying to measure on a two-year basis and then hopefully asking and getting contacts every six-months we are incentivized to ensure that these families are as successful as possible when they exit the program. So, it is six months we want to know where they are; at one year we want to know; 18 months, so we are trying to find all the ways that we can to make sure they are getting the resources they need while they are in
the program. This is actually a new theme for some of the organizations because they are not used to being held quite as accountable as we are holding them in this program, so I think we are all learning along the way.

Mr. Marsicano said and with 77% being stabilized after the two-year period, at least in the pilot phase; that is not bad. We have to stay in touch with them and see what happens after six months or a year as Brian is describing, but the support of wrap around services theoretically are doing some of the work that you are talking about.

Councilmember Egleston said the six-month contact after they graduate from the program, is that in perpetuity in theory?

Mr. Collier said I would say we are definitely following them for two-years. I don’t know if we will keep following them after and by the way no contact, sometimes we can’t get them so one thing that we are looking for is how can we incentivize them to return the call, gift cards and things like that, but the reality is that even though there is no contact it doesn’t necessarily mean it is a failure. It could be just someone like I’m putting that in my past; I don’t want to deal with that anymore, but we are trying to figure out ways, but the idea is that we would follow them at least for the next 24-months after they leave the program, but since we have individualized information, we could theoretically call them much longer.

Mr. Egleston said if it is not too much more of a burden over time it would give you a lot better data. You touched on it a little bit as it relates to how we could possibly start looking at opportunities in new unit construction, but can you talk a little bit more about how you are finding or soliciting the units that you are using in this program?

Mr. Collier said we have been primarily relying upon assistance through Salvation Army, Charlotte Family Housing, Housing CLT and things like that to identify housing. I think we have probably adopted that in terms of effectiveness, and now we are looking at new ways to go out and do landlord research and by the way, we’ve created through some other funding that we’ve provided landlord backstop or red breaks and things like that but think what we are trying to figure out is how do we keep incentivizing landlords to utilize this program, because I actually think it is a stable source of income for a landlord our folks are tracked and supportive services they know we are there, there is a rental break fund that we can access from time to time so in my mind this should be an outstanding opportunity for landlords, it is just that we haven’t done a great job of communicating that today.

Mr. Egleston said have we appropriately engaged the trade groups?

Mr. Collier said many of them know, again I think this is a muscle we have to build in the community, not just for this program, just for the day to day work that Salvation Army and Family Housing and others are doing, we need to build that muscle.

Councilmember Harlow said you alluded to it and then kind of skipped it when you talked about Renaissance West and some of the challenges and things you’ve learned that you wouldn’t repeat; could you speak a little more specifically about what those were?

Mr. Collier said as you can imagine working a program like this I keep trying to tell everyone and you know this, when you are working any kind of program where you are dealing with human beings there is always that complexity of the issue that they bring to the table and how you are trying to help them. So, sometimes it is client based issues that we have and the lack of job skills, mental health issues, and sometime the organization themselves have other issues so one things that we learned without naming an organization is that we had staff turnover, and we asked them why do you have this staff turnover? They said because we are losing people to go to work for another place. We said why are you losing them. Well, because they are getting $2,000 more to go to work. We are like $2,000 you are losing someone over? Tell you what, take a portion of the fund that we are giving you, pay the people the $2,000 and retain them, because having a consistent Program Officer is an important. If you find someone good hang onto them. Don’t just rigidly stick to a pay structure so there are things like that. With Renaissance West, one of the things we ran into, I mentioned it earlier, is some cases because of unit availability. They were putting
some folks into units that were probably a little more than what they could afford, so we are now working with them to figure out how we can help those and not have to say Theon and Mack and other are being tremendously helpful in helping us identify solutions to these individualized problems that come up. With Nurse Family Partnership I think we kind of got caught in a transition for them in terms of how they were managing and so again we lost the kind of direct contact that we were hoping to get that we had supplement and again Renaissance West really stepped up and really helped us with that one. I think what we are learning is just the complexity of maneuvering the client and then certainly the non-profit sector.

Councilmember Ajmera said thank you Michael and Brian for your leadership on this and helping us really tackle this affordable housing. I know you had mentioned about the 77% rate, so is that the rate where people are moving out of the subsidy to market rent?

Mr. Collier said that is a person who has gone through our program, exited and at least six months afterwards that we have been able to have contact with them and measure on those four; now remember the pool is relatively unlimited because we are just now starting to get the first group exiting the program, but those are individuals who have completed our program, have left, and we are following up with them. I don’t know what those stats will hold in the future in terms of that, because it is relatively small number that we are looking at, but that is how we are measuring it; are they six-months or more out of the program and have they met our four criteria.

Ms. Ajmera said what I’m interested in are we seeing folks that are coming back?

Mr. Collier said that is a great question; no and we really don’t have it up here, but if they come back into another program then they would not be a success for our program. If they went back to Salvation Army or back to Charlotte Family Housing, they would no longer; now they might have been in the 77% and two-years from now something had happened that changed their life situation.

Ms. Ajmera said what I’m trying to get to is that is 24-months the right timeframe? If you are seeing 77% that is a pretty good number. It is a small [inaudible] and the program you don’t have a lot of history to go off of. Where do we say is 12-months enough or 24 or 36, I guess only data can tell us that, so that is what I was wondering if we were seeing any repeats.

Mr. Collier said the great thing about the program is that we can flex according to the information that we are receiving so I think there are definitely going to be some families who we believe need a little extra time over 24-months in order to be successful. It may be the case I told you earlier where the child is still in school or it may be if we could just invest in them like three more months they are going to get the job they’ve been looking for and things like that and there are some families who only needed six to 12 months of support and are going to exit a little bit early. We are not kicking people out of the program at any specific time, so even if they are at 24-months we might transition them to a new program if it is just not working for our program, but if there is someone who needs extra time we are not in the position to kick them out. In fact, we have gone I think bent over backwards to ensure that the families who need the support from this program and are likely to succeed with this kind of support they get the help that they need.

Ms. Ajmera said so the subsidy doesn’t automatically end you just transition to different program.

Mr. Collier said these are all policies that we created and we can amend them as needed.

Ms. Ajmera said the other question I have is what are the challenges that you are seeing Brian, in terms of finding a unit? I know that often comes up where I remember I had met a family; it wasn’t necessarily this program but they had a Section 8 voucher, very difficult trying to get a unit that would accept that. Part of the participants that aren’t in this program, are they able to find a unit easily, and what are some of the improvements we can do to shorten that timeframe in securing a unit?
Mr. Collier said I think one of the conversations we plan to have over lunch is this idea that the opportunity like the [inaudible] work is already kind of lifted some places where we might not even have to go into the most sensitive areas but try to remember that even if they chose some of the higher rent areas in the community our subsidy would have to be larger which means that the number of people that we would serve would probably be a little bit lower, but that is always a tradeoff or at least in this program the subsidy would have to be higher. 

I think one of the things that we are battling and landlords and developers have become much better in the last couple of years especially is just a stigma that is attached to some of the subsidy and voucher programs in terms of are they going to break the rent? Just things that we are having to battle and in many cases once we have the chance to talk to the landlord we are winning over some converts and many of them are fantastic partners of ours. I would say the other thing though on the organizations themselves sometimes the easy thing is to go where you know the community. You know the land; the hard thing is to go out and make new friends to go fill the support for your organization, and I would say a lot of work has to be done on both sides. We need landlords to come to the table; we need organizations to go out and explain their mission and the program, the services and what the opportunities are. It is very much no one is completely at fault and no one is completely doing the right thing either. I think we need to evolve.

Councilmember Bokhari said I have spoken vocally about how much I love this program over the last year getting to know it, and I think the main reason for that it is something that is different from what we see, it is tied to the people rather than the property. I think when you look at the measure of the property and what we normally do with units of affordable housing, and this is about upward mobility percentages, 77%. The question that I’ve asked before, and I will ask it one more time is how scalable is this; what would you ask for and what would be the risk and impediments to putting that hard number of people that were helped in this first pilot run, 10X, 20X what do you need, because this is a fraction? This is almost a third of the price of four percent deals, and it directly impacts upward mobility, which is the ultimate goal of affordable housing and the units. So, what does that look like and what does scalability look like?

Mr. Collier said the reason why I think this works really well with the other initiative the community is doing is one of the biggest impediments that we face is lack of available units. Our folks are competing with every other person who is looking for an apartment out there and so if we had more, specifically if we had dedicated units that we knew that there was a unit available in certain developments, the big thing that we keep running into is lack of available units for the families.

The other things are and I heard many of the Councilmembers talking about this earlier, the other issue that we are facing is a lot of the folks we are working with are having a hard time finding jobs and having the skill required to be able to exit the program successfully with the wage that sustains a rent in the community without a subsidy. So, that job training piece is huge. I think the real issues we are going to run into with scalability, I think the money is there. I think the organizational infrastructure is roughly there; it is where are we going to place them and how are we going to build the skills for someone for two-years where they are ready to exist the program, especially as we go deeper into the lower AMI bracket where there is obviously a history of educational issues and criminal justice issues and other things we’ve got to wrestle with. I would never propose this program as the single shot solution to what we have going on in the community.

Mr. Marsicano said if the full program when the money is fully there continues to hold up at this 77% level then we will come back to talk to you about money.

Mr. Collier said the one thing that I didn’t really mention that I think is beautiful about this program is, all of the major funders and the City and the County all have representation on a Board where we literally talk out these issues. and we bring in the providers, the Salvation Army and Renaissance. They come in; they talk to us. They drop the guard about what they might tell some other people in fund raising mode because we are trying to tell them what is going on here, how can we [inaudible] this area, how can we blow through this hurdle? What are you missing? I think that is the beauty of the program that I really appreciate, because
we are going to have stumbles along the way but if we can work together and talk it out in a real candied way I think it is a model for other programs.

Councilmember Mayfield said thank you for the presentation, you hit on it a little bit in some of your last statements, one of my three questions and that is basically becoming sustainable where you no longer need a subsidy. So, with the conversations that you are having in the group, have we identified those starting rent amounts? So, what is the actual rental cost needed to eliminate the subsidy, because the biggest challenge is or the biggest opportunity that we have right now is when we are looking at new development or rehab, if we know that what you can afford is this dollar, but what is being charged is this, so we are putting a subsidy from $150 to $500 in; what is that number here that we are seeing and hearing?

Mr. Collier said I can get you that number; I would imagine it is roughly about $800 per months or so.

Ms. Mayfield said no sir.

Mr. Collier said it will be about $350; we are providing a subsidy.

Ms. Mayfield said right, what I’m saying is not that $800; the reality is that $350, $370 amount, so that would be the amount that we need to talk about because for disclosure I have a challenge with the Foundation when subsidies are created and why subsidies were created and the fact that if you can afford under $400 but what we are creating is starting at $600 to $800, that is automatically a subsidy opposed to us looking at projects that come before Council that have rents at the starting rate where a piece of the subsidy is not even needed since what you just shared with us is that two-thirds of the cost is rental subsidy. So, we’ve got to have some real conversation about what is that number when we are working with our development partners so that will be helpful.

Mr. Collier said I will say that the families that are selected they are selected by the non-profit organization, family housing and Salvation Army. They are selected on the basis that they believe that the families that they are proposing to us can be moved into sustainable housing within 24-months. We are not selecting the families; the organizations are identifying families that they believe can fit this model, but you are right, when that 24-months is up theoretically that is a big hurdle for a family to get to.

Ms. Mayfield said so again, I would like to throw out for us to rethink our conversations mainly your conversations in this space to identify what is that starting amount, and we will have the opportunity for even greater success. Also, in this slide going back we noted some of the challenges and some of the challenges being past evictions. Has anyone tracked or has there been conversations of tracking past evictions of those who have ever received subsidies?

Mr. Collier said you mean the families who have gone through this program? So, in our group so far, the pilot group two percent have been evicted while they were in the program.

Ms. Mayfield said the question I’m asking is a little different; there is another segment that is out there, and it can be a conversation that you all are having and there are those who are not selected for the program because of past eviction, have those individuals received subsidy or subsidy assistance at some point because that is another tracking mechanism to try to identify, not just those who came through the program and who weren’t able to be successful, and it ties back directly to the first request that I put out there of what is that real amount that they can afford versus how much subsidy they are going to need and all the wrap around services?

Mr. Collier said I don’t know the answer to that; I will work on that, but one of the other things I will point out is although we focus on the subsidy piece there is a targeted prevention program that we do through Crisis where we are trying to help families before they get into eviction and the other thing I would say is we have had some situations where the family was in danger of being evicted during the program and the landlords that we’ve worked with, especially Renaissance West, have been very good about how can we help this family, perhaps even move to another place or another situation that avoids eviction on their record
and how do we work with the specifically and we have one in particular where they moved in with another family member, avoided an eviction and really helped their status going forward. The last thing you want is an eviction on your record. The hardest thing to get off and in fact in many cases it can’t be removed from your record.

Ms. Mayfield said this question is directly related to how we share information. A number of years ago, I think it was about four or five, Charlotte Housing Authority applied for and received a federal grant for one of their projects that basically locked in the rate of the residents, so that was not only their rental rate, the rate that they were paying for their electricity and other bills while they received additional education assistance so that five-years gave them a chance and not only helped do credit repair but also build up a savings and other things. Has anyone in your group had any conversation regarding that particular project, the success of the project and/or discussions around how we can scale that model for local consumption?

Mr. Collier said honestly no, we have not had a conversation with them about, that but I see Mr. Meacham back there, and I will be happy to have that conversation.

Ms. Mayfield said that is a model that is showing strong success because again, as we have these conversations about subsidies, and I know some of my colleagues like yeah more subsidies, there is a longer conversation that we need to have and if we are going to have the opportunity when we are investing dollars for a new project and a NOAH project we have the opportunity to be realistic about what is that real starting rent where it is no more than say $50 to $100 more than what you can afford versus $300 to $700 more than you can afford and then hoping that you are going toward the end of this 24-months identify the additional funding through upward mobility to offset that.

Mr. Collier said I could not agree with you more and since all of these things need to work together I will talk to [inaudible] about that.

Councilmember Phipps said you mentioned that one of the pressing problems was having enough units, so I’m trying to figure out with this program has there been much outreach to residents who live in the hotels?

Mr. Collier said we work primarily through the Charlotte Family Housing, Salvation Army and Crisis; my guess is that they had some outreach to those communities, but I don’t have the answer to that today.

Mayor Lyles said this fund came to us with a group that came out of Charlotte Family Housing, the merger of three organizations into one, and they came in and said this is the way that we can do it. I think it was not planned in a way that started this way, but it has come a long, long way and with the ability for people to actually commit those monies to the endowment. We have something that is really working that in the past Charlotte Family Housing, and I can’t remember the other two that merged into that.

Mr. Collier said Emergency Housing and Family Promise.

Mayor Lyles said we took three groups and put them into one and that is how we are able to follow that so thanks for all of the work on that.

Mr. Collier said as far as we know this is one of the more unique models in the country in terms of the program but we don’t really know of a public private partnership quite like this one, so thank you again for your contribution.

Mayor Lyles said I have said that the value of the conversation is more important than time right now so we are going to continue in this way.

Mr. Marsicano said so, to our second partnership with the City, but as a preamble to it I don’t know a lot about affordable housing so Brian has become somewhat of an expert and there are a lot of folks in the back of the room that are. What I am really good at and know well is fundraising, so I just want to set that table. Let’s first talk about what the three-way
partnership is. It is your bold and courageous move from $15 million on the bonds to $50 million. I want to congratulate you for that courage; 68% of the voters voted for it, and that is very important. That was a recommendation of the Leading Opportunity Task Force Report; it said up to $50 million and you went all the way to the $50 million.

The second recommendation in that report right under it was the creation of a private sector fund; it did not actually have a number next to it, but as you have probably heard or read the Mayor said if the Council is going to put $50 million then the private sector is going to put $50 million so that was my charge. Along the way all of us together have brought LiSC to the table who has committed an additional $25 million in neighborhood investments, some of which is affordable housing. We hope as much of that can be as possible. So, there is $125 million that is coming to the tables in a three-way partnership for affordable communities. Now since I am not an expert on affordable housing and many of you are not, and I’m raising money for it I needed a model to be able to explain to the private sector in a simple way how this sort of works. This is just one way of looking at it. If you look at an affordable housing project at $33 million and assume that land costs are going up and loan rates are rising, both of those are true, then the gap that is needed to make the formula work is increasing so, if you get an $18 million loan and in this case it is at 4.5 percent and you get tax credits at nine to make the $33 million work and to have a range of 30% and below to 120% you have a gap and what we are all working on with that $125 million is filling that gap. My donors can understand that, whether it is the perfect explanation I don’t know, but my donors can understand that.

Now, if we use the two funds together and timing may not make that possible, you could put $3 million of that in, and we could put the balance there; if not, we may have some that are separately done. We don’t know how it is all going to work yet, and perhaps Maurice from LiSC can talk a little bit more about how they might work together. Remember, we are raising the fund. We are not actually deploying it; LiSC will be deploying it. This was a huge win; having never raised money for this type of project before I tried to figure out how we could maximize participation and when we were able to tell the private sector you can come up with different lanes of support, in other words you are not locked into just philanthropy, the floodgates to an extent have begun to open. The idea that some folks will give philanthropic grants. Some will donate land; some will put money into equity for low return or minimal loss we hope. Some will put into debt with a guaranteed low return. Reduced lending rates, I’m going to talk about that in a minute, I didn’t see that coming and yet it has and what you need to know is that in a case of Bank of America they have never done it before like they are doing it. Charlotte is the first attempt. Reduce developer profits, I don’t know how much this is realistic. Most people who are doing affordable housing are not getting rich on it, so I put it up there because Mr. McColl keeps pushing it, but I have no idea if it really is possible. The point is that everybody is trying to help out in one way or another and then other housing investments that have come to the table that we didn’t expect like mortgage down payment assistance from Wells Fargo in addition to them helping support the fund. So, these are the different lanes. So, where are we today? We have the Foundation putting $5 million in the $50 million private sector fund; we have Wells Fargo putting $5 million in but then on top of that giving loans at $15,000 per family to purchase a home as part of the mortgage, and if they stay in it five-years it is a grant. So, that is getting single family low income folks into permanent housing. If you are a teacher, policeman, or fireman they give you $17,500. That is the additional money from the fund, then you have Crescent coming forward with the River District with $2.5 million in land donations and then just recently, some of you were there for the morning announcement, Ally, Bank of America and Barings have put together $10 million in the low debt return debt lane of the $50 million, $1 million in grant funding, $50 million in additional low interest rate loans. I’ll talk about that again, and then another $7.25 million in land donations.

So, people are using the lanes. What does this mean? In the original $50 million goal with the original lanes we set up we have $6 million in philanthropic grants, $2.5 million in low return equity lane, $12.5 million in low return debt lane, so we are at $21 million toward the $50 million. What was unexpected was the beginning level of land donations, all of this helps that gap even though it may not be directly in the $50 million of $9.75 million in land, this $50 million in reduced lending rate and then $17.5 million in other housing investments like the Wells Fargo Program. This is the equivalent to $40 million in grants. This $50 million
reduced lending by taking the loan down you are reducing the gap funding, so that $50 million is actually the equivalent of $15 million in philanthropic grants. I could say that I met my commitment to the Mayor; we are at $95 million, but my goal is to try to hit the $50 million in these lanes, and we will see. We are working on it. The good news is there are only six entities on that table, and I haven’t even begun to hear from the private Foundations and Maurice, and I are working together to get the contract the philanthropic foundations want to see since they have never done this before in this way. What does the contract look like? His legal folks are working on that and they promised to get it to me by the end of March. So, it will be a little bit more delay before the philanthropic foundations come in and meanwhile I’m going on to meet with Duke Energy and other corporations, etc.

Let’s remind you that both funds have committed to 20% in the 30% and below range. I hate to say this, but a lot of wealthy individuals who are going to be part of this don’t really understand that someone in 0-30% is a teacher aide, and when you make it come to life for them to understand it and make it look like people, you begin to get the outpouring of empathy and support for making all this happen. I know you’ve had a lot of discussion on the 30%, and I just thought I should weigh in. Every piece of study that we have done on leading and opportunity for the two-years that we studied before that report said, if you concentrate you do not get upward mobility. If you mixed income, and ideally mix neighborhoods too, you increase upward mobility. So, to build a whole unit of just one low level of income is not the way to get people on the path. I just wanted to make sure that you understood our thinking on that.

So, if you take all of this fund together the experts tell me that it will ultimately leverage $400 million, be 20 projects, we’ll get 2,000 units in the range we’ve discussed with an average investment. Now, there are other things to think about, and here is where I get out of my expertise. You are putting $50 million in. Why are you taking fees on these projects? Get rid of the fees, help the gap go down. You are putting $50 million in and you are getting a little fee on the side. You could do something there. Streamline permitting; Charleston City I understand, Katie went down to look at Charleston, if you are doing affordable housing project you by pass Go. There are other things we need to consider that help make this happen better and quicker. Then there are also to these scorecard and matric factors of location policy and transportation and should we make sure that where it is placed has a daycare center close by, and you don’t let it be in a place that there isn’t a daycare. What are all of these other things we need to be considering and that is where I am really out of my space, but to some extent Chetty is going to talk a little bit about this this afternoon.

So, what is next? LISC folks, Maurice can correct me on any of this when he comes up here, because he is an expert, would open its office the first quarter. They have announced a Director Yea, we will assist with the ED onboarding, the creation of the local advisory board and credit committees. The corporate community has really gotten into this, and they want to help with the credit committee work and finalize the fund’s corporate structure. January to March we would complete the prioritization matrix; hopefully by June I will have hit the $50 million in the way we originally designed it. I still think there will be more in that other lane of land donations and things that I can’t predict what will come our way and then spring/summer 2019 begin project evaluation and approval.

If you have questions for me on the fund raising, I will answer them; if you have questions on how all of this is going to work Maurice is coming next.

Ms. Mayfield said I’m trying to understand with the announcement of Wells Fargo, how is that different from our down payment assistance program? We created a partnership back in 2013 or 2014 sometime with Wells Fargo as well as some other partners regarding our down payment assistance program and through Housing and Neighborhood Development and Housing and Neighborhood Services that has already been in the community. I’m trying to figure out in today’s conversation, how is this any different than what was already done or are they saying this is additional monies for the down payment assistance?

Mr. Marsicano said I will have my colleague correct me if I’m wrong, but I don’t know that they continued that program.
Pam Wideman, Housing and Neighborhood Services Director said Ms. Mayfield, what I think you are referring to is the old neighborhood LIFT Program that ended, so this is renewing that program so it is added to our House Charlotte Program.

Ms. Mayfield said so, it is basically a renew.

Mr. Marsicano said weren’t there years in between that it didn’t happen?

Ms. Wideman said there were some years in between, probably four or five that it didn’t happen, so this is bringing that program back on line.

Ms. Mayfield said again, I want us to be very clear in our language with what we are moving towards and how we are identifying opportunities and again, we have been promoting our down payment assistance program and up to the $17,000 plus that Council approve as a collector and making sure that when we are looking at these numbers we are having accurate numbers. You have in the last slide for next steps spring/summer 2019 begin project evaluation approval. Who is leading that?

Mr. Marsicano said I know there is going to be a lot of conversation about this today, but the $50 million that we are raising. We do not know how to do this. You do not want me doing this. LISC, with these volunteer committees are going to be making the decisions of the deployment of that money.

Ms. Mayfield said of the $50 million that you all –

Mr. Marsicano said that is correct.

Ms. Mayfield said I just wanted clarification on that, thank you.

Mr. Marsicano said now how they deal with your fund and how the two funds relate there is a lot of work that has got to be thought through and talked about. I would remind you that unlike your fund where you passed the bond issue and you have the immediate $50 million, we will maximize this which by the way increases the potential of the 30%, the more you can get in philanthropic grants the more you can do on the 30% in terms of the way the numbers work. Maurice made that clear at breakfast the other morning. To maximize that number, I may give donors three to five-years to pay it off so I’d rather have $5 million from a foundation over five-years than $1 million in one year. So, that will mean that we will not be able to deploy the $50 million as quickly as you will deploy it unless Maurice has a way of how to do that that I don’t know.

Mr. Driggs said I think it is very important in this that we have clearly stated targets going forward so the public knows what to expect and we manage expectations. One thing I’m curious about is if you have $40 million in grant equivalent plus the $21 million, $61 million plus our $50 million is $111 million and you are creating 2,000 units that sounds like a much higher average cost per unit than we use in our normal calculations.

Mr. Marsicano said I don’t know how all of this changes equation, because if I had $50 million, and you’ve got $50 million, and this is this we should be able to have more units, but, this is so new, and I am so out of my league on how many units we can buy. I think that now has got to be brought into the equation in a different way than we through.

Mr. Driggs said so, that number is not included in the 2,000 units?

Mr. Collier said this may be projects that are related to the [inaudible] basically what the bank is saying is that we are making $50 million worth of low interest loans available to developers doing affordable housing. That is why we have accountants but theoretically we should get [inaudible].

Mr. Marsicano said I think it is their intent for us to be aligned, in other words if they don’t just go off with their $50 million and not be aligned with the other two funds.
Mr. Driggs said I’m just very focused on the 2,000; we have attrition through gentrification, and the important metric is what is our net progress on these units because the shortfall is a net shortfall, right. So, if we are looking at $20,000 we have to take a firm number for the creation of units and then we have to adjust for the loss of units and measure how much headway we are actually making. I think clarity about what we can expect from this funding in more detail might be useful.

Mayor Lyles said I agree with Mr. Driggs on this, but we are going to lose the units no matter what we do, so I think that ought to be a consideration in our metric. Whatever the metric is and I’ve had a lot of conversations with many people about what that should be. Is it leveraging or is the actual units; what do we have to do? I don’t know that we’ve landed on that. So, it would be important for us to decide what that is and be able to communicate with everyone. I wonder if it would be helpful to have LISC come in and do the final step on this and then talk about what that matric might be if it is one way or if it is another way or whatever. Would that work?

Mr. Driggs said it does; we need to clarify where NOAH’s fit in here, because that is our anti-gentrification tool.

Mayor Lyles said it is, absolutely.

Mr. Marsicano said these are questions you do not want me to answer.

Mayor Lyles said let’s get LISC up here and then we come back and everybody will be available, and we can combine, sort, decide.

Maurice Jones, Local Initiatives Support Corporation (LISC) said I’ve got a team of folks here. I want to start with that if you will, we are trying to put an A Team here in Charlotte, and that is the idea. We are excited about being here working with you and excited about opening an office and actually want to start by, you probably know Ralphine Caldwell, but I want to ask Ralphine to stand. She is the LISC Director for the Charlotte Office. Ralphine has been with the Charlotte Mecklenburg Partnership for 14 or 15 years, so we are excited to have her.

In addition to Ralphine, I have with me Denise Scott who is actually going to do the bulk of this presentation we have and Denise has been with LISC for – she started when she was 12, but she is 20 plus year is all I’m going to say, and she is the real expect around here. Celia Smoot, I think is also with us and has been with HUD who is our housing expert. We’ve got a team with them, but I wanted to highlight these folks. The first point I wanted to make is at the end of the day this work is about working in collaboration as a team and what we are going to do here is to make sure we build an A Team to do the work with you.

The second thing I wanted to comment on is we want to spend the bulk of today actually listening and getting your feedback and your advice. This is a partnership, and we have not answered all of the questions, because at this point we are not supposed to, we need to do it with you, and that is why we are here today. I did want to highlight a couple of things for you, and I will come back to that. You’ve seen this, Michael has been hustling and we’ve for $21 million raised; you’ve seen this chart already. What I wanted to highlight was we are bringing LISC $25 million also to the table, and the $25 million that we want to bring in addition here is to do those things that we know you need to do to build opportunity neighborhoods, and housing alone won’t do that. So, what we want to do is to make sure that we couple the housing investments with investments in getting people prepared for work, so workforce development that is holistic, and we can talk more about what that looks like. We do this around the country right now; we also want to make investments in making sure that the neighborhoods have healthy places for children to recreate, high quality fields for recreation, high quality facilities whether they be theatres or childcare or daycare centers, and we also want to make sure we are investing in the capacity of your neighborhood based organizations to deliver good products and services.

Lastly, we are the largest syndicator of both the low-income housing tax credit and the new markets tax credit, and we want to make sure that we bring those to the table as well. What
we want to do is to wrap around the housing work the other areas that you need to be good at to truly build neighborhoods of opportunity, communities of opportunity. You need housing, no question about it, and we are going to hustle on the housing, but we also want to leverage it with the additional investments. That is the essence of our commitment to bring an additional $25 million to the table, it will be grants. It will be loans. It will be tax credits, so we want to bring the full tool set that we have to bring to the table.

Ms. Mayfield said Maurice, since you are starting off there and that really isn’t in the PowerPoint that we have, what is the conversation that you all are having with the County? Because a number of what you said really falls under Mecklenburg County services, and the conversations that we’ve been having so far specifically with the conversation with Housing and Neighborhood Development has been around land opportunity and development opportunity. A number of what you said regarding parks and the community space and any potential dollars that may be utilized for that I want to make sure that I have an accurate understanding, because I am under the impression that this relationship with LISC is with the City of Charlotte, but what you are talking about is Mecklenburg County responsibilities. It will be helpful to hear from you how you see that partnership going forward and what additional conversation regarding potential additional dollars may be coming from that partner.

Mayor Lyles said I have met with the County Commission Chair and Vice-Chair, and they have said that they would like to be in this area, but they also know that we are doing a lot of work around it and what they said is that if we can have after the City kind of figures out what the needs are they have an addition to like what they were doing with Charlotte Family Housing and social workers, what else can they do? They are open to that discussion and that was just the beginning with the Chair and the Vice Chair. I think we will continue to have meetings as this moves along, but right now I don’t think we have any commitment of actual except the idea that they want to participate, and I think that was included in their Retreat.

Ms. Mayfield said that helps but the question for Maurice since what Maurice just opened up with was setting the foundation of this conversation in your presentation is the fact that out of LISC $25 million, there is basically community development. It will be helpful to understand what that means to you if you have not had an opportunity to have a committed conversation with the County.

Mr. Jones said the items that I mentioned don’t require any County investment whatsoever. So, the work that I’m talking about now, our financial opportunity centers, the work that we do around building high quality fields in localities, the work that we do to finance small businesses don’t require any public dollars whatsoever. I’m telling you what we are going to do. It is gravy if we then in addition to that have a public partner that is working with us on that stuff, but I’m telling you the commitment that we are making with our dollars, and I will give you an example.

Ms. Mayfield said before you give me an example, what I want us to consider is if what you are telling us when we are looking at trying to address the needs of a growing community that what LISC is bringing is $25 million, but if there is this idea of funding to go towards a park, a ball space, different things like that that are directly outside of the housing component and/or what we are looking at as far as neighborhood development, then that is not $25 million. It will be helpful, of which hopefully as we go through this presentation, because when I flipped through it last night I didn’t see it, but since it was prefaced with we are bringing $25 million, but here is some ideas on how we are going to spend it, I think it will be helpful for us so when we are talking to the community we are able to really say, actually it is $22.5 million, because this dollar amount is going to help with these community development pieces. It is actually $18 million, because this amount is going to help with community development because the community as a whole the only thing we understand as individual residents that is not in this space is that there is a housing crisis. If you are talking about anything outside of housing, even though we in this room may understand the importance of neighborhood development, if we are going to the community it will be very helpful to clarify community development and what that looks like under our umbrella of neighborhood development versus dollars that you are going to give an example.
Mr. Jones said I’m going to give her one example and then I’m going to move on. We have a partnership with the National Football League; that partnership has us building high quality recreation fields in poor communities. One of our partners is your local football franchise. We will be partnering with the NFL to put high quality fields in poor communities, and it won’t just be in Charlotte, but what I’m suggesting is that that is going to be part of the $25 million that we are bringing to the table. We spend money on it, the NFL spends money on it. That is one thing. A second example and then I’ll move on, we have a small business lending company that lends to businesses all over the country that are creating quality jobs in low to moderate income areas. I want to make sure that we are here in Charlotte making financings with that entity as well. That will be an entity that will hopefully help to provide access to capital to your small businesses that are hiring the folks in the communities that we are helping to prepare for. Those are two examples that will be part of that $25 million.

Mr. Driggs said I agree that housing is just part of a larger problem that we are trying to address. The issue comes in when we are talking about housing, and this $25 million number comes up we start blurring lines. I think agree that clarity when we are talking about housing and when we are talking about economic opportunity, of which housing is a piece, but my specific question was, is the $25 million in the form of grants; are there any loans in there?

Mr. Jones said it will be grants, loans, and tax credits as well.

Mr. Driggs said since you don’t have rental income from the way you have described the use of the money as a source of repayment for the loans, how do loans get repaid? Who is the obligor?

Mr. Jones said I will give you just the example I just used, if we make a loan to a small business, that small business pays us back from revenue. If we make a loan to a small business for that small business to occupy real estate, which is often what we do then that small business pays us back from the revenues that it generates with the loan that we gave to help it expand. It also often allows us to use that real estate as collateral for the loan.

Mr. Driggs said right, but that would be a commercial transaction, and we are looking at the things that the government and the private sector are doing in order to help the market economy move in a direction that we want, but those loans are effectively commercial transactions aren’t they or are on preferred terms and that is what makes them part of our [inaudible]?

Mr. Jones said often they will be to entities that can’t get the capital through traditional banking. Thank you for asking that.

Mr. Collier said not a question but a comment just to maintain time. We want to let you get through your discussion and then we will have more discussion after lunch when we will have time for that.

Mr. Jones said I wanted to highlight three things, and I think this is going to come up in Denise’s piece of it. What we are also trying to do is to build several committees that will help keep us accountable. The first is every local LISC Office has a Local Advisory Committee and that Local Advisory Committee is usually about 15 people, and it helps the local office to develop a strategic direction that is responsive to the community. We usually look for people on that committee that has housing expertise, that has these other expertise that you see and we meet monthly. This is the guiding body that helps the local office that Ralphine is going to be directing stay on track.

In addition to that, we are also establishing what we call a Grassroots Community Committee. This is the body that will ensure that we are also reaching out to the communities at large that we are serving and staying accountable there, getting feedback, making sure we understand what it is that residents and other stakeholders want from the local LISC office that you are going to have here. Lastly, the fund itself, the housing fund will also have an advisory body that is composed of investors, the City and LISC as the fund manager and
the idea here is to ensure that everything that we actually fund via the housing fund actually is aligned with the mission that we agreed to.

Mr. Winston said I have a question about these committees and the timeline. How will these committees affect the current Housing Trust Fund decisions that we have to make? From everything that I’ve heard, the timelines don’t really mesh to the decisions that we are going to have to make this spring and summer with these Housing Trust Fund dollars, and this is basically a big component of these decisions making so how are we going to do this?

Mr. Jones said the committees won’t adversely impact that, but we are going to go over that, because you are right; we’ve got to make sure we’ve got the timelines lined up, and you will see. I’ve got a process up here to try to walk you through that so give me one second on that. Those are basically three of the infrastructure groups that we are going to set up to make sure we stay on track and stay in partnership with you and others in the community. I’m going to get Denise to dive deeper into the funds and this timeline is definitely one we need to –

Mayor Lyles said after lunch and then we will have all of the people that are participation in this effort around housing come back to the front of the room to address Council’s questions.

Ms. Mayfield said Mayor are you suggesting that opposed to us continuing this current conversation through lunch that we jump to another conversation to come back to this conversation later?

Mayor Lyles said no, what I’m saying is eat lunch and then come back to this and then continue.

Ms. Mayfield said so, we are not doing a working lunch and rather than continue we are going to break for lunch?

Mayor Lyles said I would like for this to be a working lunch if that is possible with the hotel to get lunch and then come back to the table and we can continue.

The meeting was recessed at 11:57 a.m. and reconvened at 12:15 p.m.

Denise Scott, LISC said I’m just going to jump into answering the Councilmember’s questions, but before I do that this is a reminder of what we are trying to accomplish today, so you’ve heard some of the desired outcomes. You’ve heard about the fund update and where we are Maurice talked to you a bit about the committees, so what I’m going to focus on is the fund structure, fund process and later afterwards when we come back later this afternoon after the midday other session we will get into a discussion about prototypes. Where we want to get to before this is all over is the sense of the strategy in terms of how we engage with all of you. I want to talk about the timeline for funding and how it aligns with all the other funding deadlines that are upon us and then just a clearer understanding of the fund and LISC and how it all works together.

There was an earlier slide where you saw a conversation around leverage and talking about how we started with the City Council’s $50 million in Housing Trust Fund, how that has now grown to a commitment to raise $50 million from the private sector of which $21 million is already committed and then another $77 million is committed in a different lane but will work together with us. This is an illustration of what this could all mean at the deal level. The other night when I was with you at the Council meeting you talked about two deals that were funded out of Housing Trust Fund dollars that amounted to $9.7 million for approximately 276 units. When the fund comes into fruition and the other lanes of money also are applied, those same two deals might cost the City around $5 million, which then leaves money for more deals to happen. The difference here is the leverage dollars are making it possible for the Housing Trust Fund dollars to go substantially further, and I think that is a key point to remember as we think about some of the many things that are going to have to happen differently. We want to get to a place where the process for approving Housing Trust Fund dollars and for aligning the Housing Trust Fund dollars with the other money is expedited for a number of reasons, and I will say one reason is that especially for the NOAH’s, I heard
one of the Councilmembers ask about NOAH’s. If we are in the market and you could ask any of your developers back there, attempting to purchase a NOAH time is not on our side. So, we will have to very quickly make money available to the developer to make the purchase and to move that project accordingly. We want to get more into the weeds on why an expediated process is necessary, but what this is beginning to illustrate is how much further a Housing Trust Fund dollar goes in conjunction with the partnership, with the private sector and with LISC.

Ms. Mayfield said before we leave that it would be helpful to understand a little bit better breakdown of how do we go from output of 276 units to whatever that new imaginary number is. It would be helpful to understand exactly what are you all thinking with this.

Ms. Scott said not so imaginary, there will be $50 million committed to match the Housing Trust Fund dollars and in addition, can we go back to the slide with the $77 million, that is what makes the difference. The fact that that last column of $50 million would be standing by itself without the rest of this, and if you only had $50 million and you start to put it into deals that is only source of money that you have to put into a deal. You end up as was the case in the other two deals that were funded where it was solely funded by Housing Trust Fund dollars. Now, when you can add money from these other lanes to that same deal, it reduces the amount of Housing Trust Fund dollars that you have to put in any one deal. If we broke that down, I think one of the deals was roughly about $5.1 million of Housing Trust Fund money, you could do that same deal with around $3 million of Housing Trust Fund. That difference is a savings that gives you more Housing Trust Fund dollars to fund other deals.

Mr. Egleston said I think the confusing part about this slide that it is implying that for $5 million we can get 552 units which would be a four times multiplier on our RLI. That is not what you are saying; you are saying we could get the 276 for half the price.

Ms. Scott said for half the price, so I just showed the multiplier. Okay, we can make a better slide, but the point is what we are showing is that you can multiply, so that for every one Housing Trust Fund dollar combined with the private sector dollars that is in the fund along with land donations, along with all those sources when they combine now the City’s Housing Trust Fund dollar goes substantially further.

Councilmember Mitchell said is this a new model for LISC because I thought you all specialized in nine percent, so you are doing four percent deals now?

Ms. Scott said we do all types of housing, nine percent, four percent. We do non-tax credit deals, single family, multifamily, the whole all of it.

Councilmember Harlow said I understand that the details of every deal is different and so how this reduces our Trust Fund is variable essentially. The overarching concept is we have more Housing Trust Fund dollars to spend on future projects. Not to get to down into the project level deals because I know everyone is trying to figure all of that out, and I’m hoping before we leave here this week there is more clarity in it and I know we have a process map to get to, but what is the expectation of these private partners who are doing these lower rate loans and how does that actually match? You say you are going to reduce the construction loan for half of a percent, what does that speculatively relate to, how does that reduce our gap?

Ms. Scott said the private sector low interest money?

Mr. Harlow said so, Bank of America is low and out of that $50 million that they announced two weeks ago for low interest rates for the developers in the reduced lending rate and in Mr. Marsicano’s presentation he used an example of four and a-half percent. It can be any percent, but if you reduce it by half of a percent what does that save us?

Ms. Scott said right now the debt in the market here is probably around four and a-half to five percent, so if that debt is reduced to one percent that is a substantial savings to the deal. When Mr. Marsicano talked about the $40 million that it equaled $40 million in grants,
effectively that lower interest rate is actually producing dollars that can act as grant dollars because it is making the deal cheaper to do.

Mr. Harlow said I understand that all of these things are making the deal cheaper for us, but what we are trying to get I think is a little more specifics in the sense at some point if you reduce it enough you don’t need us as the gap funder possibly depending on the structure of the deal.

Celia Smoot, LISC said there are two things that the low capital helps you do. One is that it allows you- it is like a see-saw, if I can lower my interest rate it will allow the project to support more debt to the gap tree. That is one. The second thing that also happens in which we talked a lot to the folks at Bank of America and trying to structure how all of this stuff will work together, the second thing that we are looking at is out ability to infuse this lower cost capital as a way to allow us to increase the amount of 30% AMI units that we can spread across the portfolio. There are two benefits, one lowering the cost increases the ability to borrow more to lower the gap and the second thing is the ability to spread out more 303% AMI units across the portfolio.

Mr. Harlow said that still doesn’t answer the question. What are the terms in the structure of the low interest debt? If we’ve asked the private sector to be creative and create these things they are committing to that but –

Ms. Smoot said you want an amortization and a term and an interest rate. Is that what you are saying?

Mr. Harlow said essentially that is going to help us determine does this make sense for us when we come to our committee to decide if we are going to fund this through Housing Trust Fund dollars.

Ms. Smoot said when we initially structured this we realized that one of the things in this market that wasn’t highly being utilized or leveraged as much as it could be which is the lower costs lower term longer term amortization agency debt that is available in the market place. So, that is the first thing we looked at, then as we start thinking about ways we can lever into additional lost cost debt, is there a way that can match those much more preferred terms of agency debt product you need: a Freddie, a Fannie, FHA and how could we marry that to the program that Bank of America and Barings are providing. We are looking similar things, looking at longer term, longer amortization structures with lower interest rates. Fifteen to 18-year terms, 30-year amortization [inaudible]

Mr. Harlow said yes, I understand, thank you for that so you are stretching out the term. I get that. We are to a level, and again, I know it is all new but there has to be a point on our end, the public’s dollars that we approve and would any of these future deals it is going to shrink what everyone is asking from us but at some point, it either says well, you don’t need the public’s dollars.

Ms. Smoot said you are always going to need the public’s dollars. Think about it like this, $9.7 million got you funded two years and if we can figure out a way to do a better structuring, kind of create a better financial layer to each project we can lower exactly what that gap is. Maybe the gap on one deal is $5.2 million; maybe we can lower the total gap down to $3 million. Then if we lower the gap down to $3 million there is a sense that there is $1.5 million that can be provided for and provided by the City through its subsidy dollars and then a $1.5 million can be provided by the actual fund. The difference being is how both of those dollars are treated within the capital stack. Your $1.5 million is not treated the same as the other type of debt that is associated with the fund because of a much very different repayment requirement on the back end. Does that help?

Mr. Harlow said it does and eventually, and we don’t have to do it now; it doesn’t look like we have it in the deck. We’ve got to see some examples of these deals or that capital stack in structure.

Ms. Smoot said that is completely doable. When we come back and have that conversation that is completely doable and easy for us to do.
Mr. Driggs said Mr. Harlow, I just wanted to point out these funding sources are tools okay, and what we are doing in fact is expanding the frontier of solutions that are possible taking into account the number of units, the affordable, the location, all of the goals that we have. This is not just a numbers exercise so some of these tools will be more suitable in certain applications than in others and I welcome the notion that we have just more options available to us because of them. The question I have is do you think it will be common for one transaction to include City money and other private money, or do you think typically there will be some transactions that lend themselves to City funding and other transactions that lend themselves to the private sources?

Ms. Scott said we are expecting to see a combination of what you just described. Many deals for reasons that Celia just mentioned in order to get at the 30% AMI many deals are going to assume the combination but there are some other deals that may make more sense to be funded out of one pot or another. Remember there is now three buckets, and so even though the third bucket is not directly connected to the fund, it is available to be used at lower debt. It is possible that you will see a variety of transactions that have funding sources that are different.

Mr. Newton said building upon Mr. Driggs’ question and understanding that we have already committed $9 million plus of our $50 million Trust Fund that we just received. I’m assuming this isn’t always going to be a match; there are circumstances where the private equity or any philanthropic investments far exceed our investment from the City and potentially vice versa.

Ms. Scott said that is correct.

Mr. Bokhari said I think one of the things that has been challenging for us over the last several months is, at least in some conversations when we are asking for more specific examples or plans in some form or fashion I’ve been told well, that is where LISC comes in or the private sector through LISC. I guess at the end of the day the more I understand LISC’s model, which you guys do a lot of different things, you are clearly the tail and the City with the taxpayer funded money is the dog so at what point in time do we see this sheet then pared with here is all the tools in our toolbox, here is how you can use them and then a plan is created, and who is going to create that plan that ultimately shows the hazy other slide of what those new number of units are? I think that is what everyone is waiting for, and I think some people are waiting on you guys to come up and tell us the plan and I’m not sure that is your role.

Ms. Scott said there are two points to take into consideration; one is that there is a LISC Office opening in town that is a LISC Office and we do what Maurice described, that menu of things that relate to community development, economic mobility and that sort of thing. That is part of what is going to happen; what is happening here which is somewhat different that it happens in some of our other markets. Simultaneously, there is a major housing fund that is also being developed that we are the fund managers for, and so we will be developing with you a plan for that process of how the combination of dollars work between Housing Trust Fund, the philanthropic investments and the private sector.

Mr. Bokhari said when can we expect that?

Ms. Scott said let me go through some of what has already been prepared and I think it is in your package as well.

Mayor Lyles said I think one of the questions is if we don’t get the concept out as they go forward then there is no reason for a plan. So, if there is not agreement or if there is agreement on the framework then we can have that deeper plan, but I think what the question really is and the conversation and dialogue around this is there is a possibility of doing the leveraging and combining or there is a possibility of saying Trust Fund here LISC goes over here, and it can be completely separate. Before there is a plan, there has to be some consensus among the Council’s direction. I think that is what we are trying to get to today and tomorrow. The Council by being engaged in this would help develop the plan,
that would be a whole portion of it. It would be collaboration between the fund, the private sector and the City and LISC would manage it, but if we choose we look at this, and we say nay, let’s just do it the way we’ve done it then we have a plan that is in place and we are done. I think we need a sense of what is going to be the direction to even start talking about that level. Denise; if you do examples I think that would be great but I think the overall thing are we going to collaborate with the private sector money or do we continue to do what we’ve always done.

Ms. Mayfield said Mayor; there is another conversation that is in there because that is two pieces; there is a middle, and I think you all are really hearing from us what you are hearing is our ask for clarification in that middle meaning City of Charlotte then Corporate Foundation LISC. Corporate Foundation LISC are working together because all of the pre-work before it even comes to the Council for a request, that is a separate conversation. I think there is a challenge, because I’m hearing as if the conversation has been had or a commitment has been made that LISC is at the top of this pyramid and then Foundation Corporate and the City. That is not the understanding that I have; that is not the understanding that many in the community have. Again, I’m not going to speak for my colleagues. It is the City of Charlotte, so if we are talking about the City of Charlotte’s $50 million, what we know that is already out there, if we were to move forward with the proposals that we know about, that we have not discussed, but if we were to move forward with those that is around $51 million. Okay, separate conversation, we now have partners that have come to the table, LISC says they are bringing $25 million, but in actuality that $25 million, the way their model is, is allocated for multiple opportunities for neighborhood development, so it is not $25 million added to the $20 million from corporate, because that $70 million, $50 million of that has a designated piece. So, I think what I’m trying to hear is a clarification of who is the trigger for the conversation, because currently if there is a proposal that proposal comes through Housing and Neighborhood Development Services. Our Executive Director, as well as her team, goes through and helps to identify funding, nine percent, four percent or whatever that is before it comes to the City for our gap funding. If what we are saying is there is a possibility of that gap funding being reduced from $5 million to say a million and a-half from the City because of our partner. We need clarification on what that trigger; are we saying that LISC is our trigger to decide as this process goes through as far as the developer or does it continue the current process where it starts with the City and then the City contacts our partners and say here is the proposal that came before us, this is the total of it, you all figure out your piece and then what comes back, what actually makes it way to the Housing and Neighborhood Development Committee is that final ask for gap funding. That is where I think there is clarity that is needed and not the idea we are just going to do it the same way we’ve always done it or we are going to do this new way. There is a middle in there.

Ms. Scott said let me say three things in response to your question, number one the $25 million, think of it as Raphine walking-around money. She’s got a program to run in this City. She is going to have to fund workforce development; she is going to have to do capacity building with the non-profits. She is going to have to fund maybe public safety programs; she will partner with many of the partners here in town, but that is the LISC Comprehensive Community Development Economic Mobility agenda. It includes housing, that is the way it looks. Here, in addition to your next point there is a partnership between the City and LISC and the private sector to raise private sector resources to support the City’s agenda. This process that I’m about to describe will maybe answer some of the points that you have about where the process starts. So, a developer could enter this process, let’s call it intake; they could start with the City as they normally do in Pam’s shop and have a conversation. That conversation, this whole first phase that we call origination of investments, this is the process by which we are trying to marry the private sector dollars with the City’s Housing Trust Fund dollars. We are trying to figure out a seamless way, because for the developer you don’t want them to have to go through multiple doors and layers, because we are going to end up at that point where I mentioned before where we missed out on the purchase of a NOAH for example, because we have too many layers going on. Part of what this whole conversation is about is, how do we get to a place where we create a seamless process? It is going to take us sometime to work through all of it; that part we understand, but what we have envisioned so far is that at the origination phase, when the deal comes in the door there is a seamlessness in terms of how the process works and the conversations between LISC.
and Pam and her shop so that we are from the very beginning talking together. What LISC is bringing to that conversation is a commitment that we already have from the private sector that we represent for them how their money will be deployed in support of the City’s money. There is not another process for that to happen. They have delegated that responsibility to us as the fund managers. That is what the private sector has done. There is still a lot of paperwork to make that clear, but that is what the conversation is. When the deal comes in at the underwriting stage, just the initial stage this is a joint effort that is going on between City staff and LISC staff to reach a point where we have both underwritten to the terms of all of the proposed uses of funds that we have and made sure that we have taken into consideration all of the things that the City would be concerned about, location and designation of funds, all of your framework criteria that you have established. That is what we would be relying on City staff to make sure that that is confirmed before we get to this stage where we say okay, this deal makes sense; it will need dollars from one or two or three of these various buckets and then we create that investment memorandum that then moves on to the Investment Advisory Committee. This first process here, this is where the kind of rubber hits the road; this is where the City staff working in conjunction with us during this phase of it we have to turn to the City Council and say here is a package that we have jointly worked with City staff, and we would like your consideration for funding. We are asking you for that up front, because by the time we get out of this phase we should be just moving forward. Sometimes when you get down the road and you are trying to fund there is all the layers of closing and anything can happen in terms of changing the terms of the deal. If the deal somehow changes after you have said yes, go fund it then we have to come back. That is our obligation to come back and say we through we were going to fund the deal that met all 10 of your criteria, but we are realizing that something has changed and now we are only going to meet eight of your criteria. Something that becomes non-conform then we should come back for a discussion about that, so we want to bake in the conversation with the City staff that starts day one and your input and your review and approval that also starts in this early phase.

If you notice and you are looking across the timeline we have a 30-day, 15-day, five and this is a relatively truncated process, expedited process might be a better term and the purpose for it is so that we can, which is what the private sector would like to see, is their money put to use as quickly as possible to solve the problems that we are trying to solve to build more affordable housing. We are especially concerned, as I know you are, about our ability to purchase the existing housing stock, the NOAH’s, and that is where we are mostly concerned about timeline. If the process is too protracted; if it takes us months and months to make a decision about funding and the likelihood is we will probably need Housing Trust Fund dollars for those deals, that is likely to be deals that we won’t be able to do. So, part of what we are talking about is this is a framework, this is an outline of what a process will look like after we get input from you then we will make adjustments in this process, and you will see it mapped out more clearly. You do have a process map in front of you which is beginning to try to fill in some of the details but some of it is going to rely on the conversation that comes out of this discussion today. I hope I have at least begun to answer your question.

Ms. Mayfield said thank you; you have. As we move through this process I am trying to make sure we have as much clarity as possible because when we say the initial intake, the developer brings the fund to fund manager. There is still some gray area for me as to the fact that we are talking about two separate funds. So, fund manager for your LISC and corporate, fund manager for City or fund manager, so there needs to be clarification. Also, next to the last bullet under origination of investments up to 30-days; for me, I’m interpreting includes confirmation of conformity meaning you’ve met our criteria, not meaning here because we are trying to expedite we are saying because it met conformity this is a given because it can come to Committee and Committee can have questions and challenges, especially when we have conversation around NOAH, because we have not had clarification as a Committee nor as a full Council of NOAH. We know that we have a number, and we talk about Lake Arbor a lot; Lake Arbor is not the most egregious multi-family unit that is out there. We have a number of people in our immigrant and refugee community who are not complaining that are in conditions that are not quality living standards. We ought to have a very clear conversation around our expectation of making a major financial investment that enriches slum lords when we are also having conversations around legislative authority
through our Committee and working with our partners in the General Assembly to be able to address some of this through legal matters.

Ms. Scott said that bullet right there, nothing happens below that bullet until that final point, HTF commitment. So, if you don’t give us the commitment the clock stops. The Fund Manager’s role is only activated by the fact that you have made a commitment so you could be in Committee, you could go through that process that you have to go through internally to decide whether this makes sense to you. As Fund Managers, we are not preparing a recommendation to move forward for funding that does not have the commitment of the City and City Council.

Ms. Mayfield said somewhere in there it would just be helpful to have additional information for that clarification so that our staff knows that at that point is where we come in to have a conversation before it moves forward, not after all bullets have been checked off and then here is a presentation, and if we have questions or challenges then we are told you are now holding up the process and we can’t move quick enough if you don’t make a decision.

Ms. Scott said I think what I should have done here is put City/City Council as the reference to that bullet, because that is where your input begins. We will distinguish City Council from City staff.

Mr. Harlow said I appreciate the process map; the is the first time we’ve seen anything like this for the past year, since we met Maurice last year. This is good that we’ve gotten to this point. This is more for us Council and Mayor and Manager; I have concerns that we are in Phase One of this. If the goal of the housing opportunity investment fund, or whatever we are calling it this day, is supposed to help shrink our gap but we are the first one in, we don’t know how much our gap could have been reduced.

Ms. Scott said we did share with you how much we think it could have been reduced. The deals that you funded, because the fund is not ready yet you had to fund those deals because they have tax credit reservations, so we are talking as we go forward.

Mr. Harlow said the concern is still there even moving forward. How do we know from the Housing Committee and then eventually future Council decision how much of that deal we really needed to be in if we are supposed to be the final gap funder, because all the other private stuff is supposed to help reduce our gap when we have to make the commitment at the very beginning?

Ms. Smoot said one of the things that has to happen is that [inaudible] memorandum is prepared, which would basically be a package of documents that will take you through that level of detail in the projects that you were discussing earlier. Still you will be able to see not only in the narrative form but you will be able to see in dollars and cents in the actual side by side analysis exactly what the financial stack of the project is, how the different levels of funding that will be supporting your project and exactly where the HTF money is in that process.

Mr. Harlow said and we will get that before we move from Phase One to Phase Two?

Ms. Smoot said yes.

Mr. Harlow said well, explain to me why on this map it says the Charlotte Housing Opportunity Investment Fund investment commitment made in the big red is not until Phase Three.

Ms. Smoot said Investment Funding, so all of the commitments that will be made in terms of when someone gets; there is something called LOI or some other document that is evidencing the commitment of financing of funding to a project. It is in that phase where the developer gets all of this and what Denise was trying to say earlier; we couldn’t get past that phase in order to get the developer his letter and saying you got the commitment of funding from the choice until we know that the City and this process is also is aligned to that decision.
Mr. Harlow said so, it is a head nod, it is not a dollar amount. It is just a yeah, we are in, but we don’t know how much we are in for yet.

Ms. Scott said [inaudible] to the developer; we could pull it back to make it clearer.

Mr. Bokhari said what is the additional value [inaudible] to LISC being the primary power process owner of all of this up front and the City kind of being tag along versus the City who brings the most money to the table in hard dollars doing that and LISC jumping up and saying I can make this deal better in these ways? Maybe there is a good answer to that; I’m failing to grasp why this process that puts you guys completely in control of the beginning in which it is a black box to us until certain steps, what the value is there.

Ms. Scott said it actually is quite the reverse; clearly, the City took the lead in the issuance of the bond and the approval of the bond. It is what precipitated; it was the catalyst for the private sector mobilizing to raise money. The private sector’s money is being organized over here and the private sector typically doesn’t enter into this in this type of structure, they tend not to want to be at the deal level, so that is why they hire us to aggregate all of the retail activities so that they are not in the individual day to day work of this. What we are trying to do now through this process and conversation with you; we’ve had some conversations with the City staff, is trying to find a way of marrying the responsibility that we have to bring the private sector money into the process that you need in order to be stewards of the public money. It is not intended to be LISC in charge of everything; it is intended to be LISC has the responsibility to make sure that we are applying and allocating, deploying private sector dollars in alignment with the City’s dollars. This is the process that we are trying to work out now. I think part of the question is, what do you need in order to feel comfortable that your interest in terms of public steward is being met?

Mr. Bokhari said I understand that completely, and I know that has to be your stewardship of those dollars. This model, and I might be wrong and you may explain this to me later on, feels like you are in complete steward control of everything at our expense of the stewardship; we have to have the City dollars. I have no idea if five deals get presented to you in the first three process steps that you don’t like for some reason, that may have been good deals, but we have no oversight over that.

Ms. Scott said well you do because your staff; deals are coming in through your staff, so we are because we are also trying to move quickly we are simultaneously looking at deals, but we are not operating in silos. There should not be any deal that comes forward where we are advancing a LISC agenda; we should be advancing the City’s agenda and applying public resources to that agenda. If the wording is not bringing that across that is the intent.

Mr. Winston said I’ve been trying to do a lot of listening for right now, and I think we need a bit of a course correction. This conversation around affordable housing really comes out of September 2016, with the Council’s Community Letter. We set out a number that seemed pretty arbitrary to the community of units of housing. We all went through a campaign where we all talked about and we all got elected or many of us around this conversation about affordable housing, and the conversation was not just about putting up units but creating communities, because in terms of dealing with affordable housing it is more than units. It is upward economic mobility; it is jobs. It is services, it is facilities around where people live; it is transportation. It is a reimagination of the way we develop our City.

So, we all get elected and we get to this Retreat last January. How do we do that as a City, how do we do this as a government? We are not equipped to do those things, to think in that type of fashion so we said we want to approach this at this Retreat. So, we have a bunch of options presented to us; one of these options was LISC. LISC is an organization that specializes in leveraging public to private dollars or private to public with a whole boutique assortment of tools to create new neighborhoods. The investment in fields and structures and that is all including investment in housing. So, we decided as we were going forward to create this new kind of framework that we look at the way we redevelop our City to bring them in as a partner to think of all those other things so we can continue to do the things that we do know how to do but need to improve on. For instance, also making better decisions with our Housing Trust Fund dollars, and we want to do that by creating
committees from the community and the private sector that help advise us on ways to do that. So, we have a choice here, and we’ve already made part of the choice which we can always get out of. Do we want to take; there is going to be some risk and chance of trying to do something new or just doing the same thing over and over again.

Now, I do agree there needs to be metrics; I don’t think the metric is simply looking at units. That is not what we are dealing with when we are building new neighborhoods and building a new City and dealing with economic mobility. I do think we don’t have the metric there, and we need to figure this out, but again not just, I think we need to look at this on all development deals to score these things, and this is something I said in regards to the way we were looking at our locational policy. How is a project going to improve the way our City is developed? How is this going to increase upward economic mobility on the flip side or increase the way people are able to not just be mobile to create a home and stay there as long as they want? On the flip side, it should also tell us I think how big of an effect will this investment have to gentrifying neighborhoods Because that is the other fear that you have. That yes, LISC partners with the NFL to put football fields in and that is good for LISC; you can see on the surface that could be good for communities, but that is also a sign of gentrification to so many people because those types of investments are only signs that communities are changing, and in one way we do want communities to change, but it is a very difficult balance to create mixed income facilities versus gentrification and displacement. I think we do need different types of metrics; it is not in units, and I don’t know if that exists, but we need to figure that out, but again not just. On any deal if we are doing that right now in this discussion. I’m not convinced; we keep getting stuck, and I think we need to back-up a little and reassess where it is we actually want to go.

Mr. Driggs said I would like to say generally I hope that we can proceed along this path; I want to point out the people, the private funders delegated to LISC underwriting authority. We are not. So, I disagree with the characterization of this thing. We are tapping into their expertise and their ability to arrange all of these possible solutions in order to leverage our investment. I will tell you also, we are not in completely uncharted waters here. Cap structures in the private sector are a normal thing: bank loans, bonds, subordinated debt, we used to do it all the time, and there might have been an arranger or an advisor, but you don’t have a deal unless all the parties to the deal are on board. If LISC kept coming back with stuff that we didn’t like, they would go out of business, so what happens in practice is everybody is talking to everybody else. You are iterating and you are looking to see whether you can make the pieces fit and make it work. So again, in a private sector context you would reach a point where you say okay we don’t have a deal, because the sub-debt isn’t prepared to do this. The banks aren’t prepared to do that, so it doesn’t get baked in one place and then rolled out. It is a process through which you try to establish whether or not the makings of the deal are there or what kind of a deal it can be. The last point I want to make is the one I made earlier and is I think in line with what you were saying. We do need better analytics; we need a better basis as a Council to look at 50 units for 20-years at 30% AMI versus this many units, so that we have some basis for an ROI calculation or a prioritization. Right now, these things come to us and they are so diverse that it is apples and oranges, and I don’t know how as we go along the road with LISC I don’t know how we would give priority to one project over another based on the way we do it today.

Mr. Newton said I would agree with that; I just had a basic question on the process that we’ve been presented here. It sounds like we have an awful lot of moving parts, variables; we talk about the different funds in the buckets and how they can all be applied. What I’m hearing is that by the time it gets to us for City review we are going to know those variables; we are going to know how much from each particular bucket is going to be applied, so we have all the facts laid out in front of us the entirety of the deal, correct. So, my question is when I’m looking at Phase One investment process map here it is showing us coinciding so City review and approval from the Housing Trust Fund coinciding with the Fund Manager reviewing other committed financing sources, is that going to a continual process of looking at other options that could then reduce our amount?

Ms. Scott said that is the private sector dollars that we are now the stewards of so, it is our job to see as we are looking at Housing Trust Funds potential we are looking at ways to use

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the private sector dollars. That whole budgeting deal is happening simultaneously to a question that was asked earlier we will be at that stage attempting to weigh the merits of more of this versus more of that kind of analysis.

Mr. Newton said so, if we are getting all of the figures, the numbers, the full-fledged deal in front of us at that phase for our approval, can you say with certainty that all those numbers are going to be committed? We should know what is in the different funds, what will stick, and so for us and our commitment if there is an additional financing or additional funds coming in it is only going to theoretically sweeten the deal for us. Is that the way it would work?

Mr. Jones said our hope is to have the committed dollars in the different buckets, whereas that is not to say, and this is the point that was made earlier, that this will evolve, that we won’t have to come back to you because something in the deal changed, but at that point we want to have for you the capital stack with your part and everybody else’s part.

Mr. Newton said changes, you come back and ask us for more is that what you are saying?

Mr. Jones said it depends on what the change is. These deals are not static; these deals evolve, the developer finds that they can get other financing at a different term which will impact our term. These things are always organic, and so when we come to you we will say this is the best we’ve got at this moment, and we are going to give you everything we’ve got, but we will never say to you that it won’t move, because history has shown us that it will.

Ms. Scott said just one point and one of your developers here can attest to it especially with the NOAH’s; when we open the door, which is not going to happen at this stage yet, we could open the door of a rehab site and discover that the projected rehab is substantially more than what we had anticipated, because the standard that we are going to be evolving to is a much higher standard of rehab, and therefore, we have to come back and say hey what we thought was $2 million is now $3 million. That type of thing could happen and has happened.

Mr. Jones said I just wanted to highlight and this is actually a good point; we are here because we know to do this it has be a partnership, right. This is not a matter of LISC being in the lead or not, this is a matter of how we work to leverage these pots of money that you all have to do some pretty substantial work and by the way, we see this, we are in every state in the union. This opportunity that you have now is really unique for the size of this market. What we want to do is to find a process of collaboration that accords with your values with the information that you need; you tell us what more we need to put into an investment memorandum at whatever time. That is what we really want to know. This is not okay here is the prescription; here is a proposition, a framework that we want to put in front of you for discussion today; let’s refine it together. That is the spirit that we embark upon this. We are really excited about this opportunity to work with you all and we think you have a unique opportunity and our hats are off to you for this, because this is obviously a sign of where the City is now, but this is not about whether we want to lead something or not, this is about us wanting to roll up our sleeves with you, work hand in hand and maximize your opportunity that you have.

Councilmember Phipps said as a former bank regulator with the Office of Comptroller Currency, we use to do examinations of the community reinvestment act all across the country, especially with our largest banks, and we use to look and evaluate these partnerships that LISC have all over the country dealing with different cities and banks and things. These things have been looked at; their partnerships have been looked at ad infinitum by bank regulators of high expertise, and each instance I think we have seen success of LISC all across the country in terms of partnerships and how they help communities with their housing programs and needs and partnerships. Although I can appreciate the granularity that we are going through in terms of how this deal is going to be structured and who is going to be looking at whatever, but on balance I think that this is a unique partnership. I’ve worked and did my [inaudible] and enrichment, even working with the LISC and looking at from all over and I think we have to do this, and I think this is the opportunity to seize this moment right now and go forth and do what we have to do.
Mayor Lyles said this is what I would like to suggest, how long will you guys be here?

Mr. Jones said we are going to be here; I think I’m buying an apartment right now.

Mayor Lyles said what I want to say is that tomorrow we have three hours to talk about priorities and moving forward. Bob O’Neil is going to help us frame those discussions. What I appreciate about today is that everybody has had a chance to ask a question no matter how broad or granular it was or is. My real concern is, and Braxton said this very well, we are charged by the community; 68% of the people in this community gave us the right and ability to look at $50 million to maximize any impact that we have. The private sector has said we believe enough in maximizing and building community that we are going to support this, so I think this reminds me of a little bit like a prenup. We are not asking you to sign this deal, we are asking for you to give enough direction to the Manager whether or not to continue the dialogue that begins to put this together that would eventually come back for a final vote by the Council. I just remind us that that vote would require that we still have the support from the people that actually added to the fund, so it is like that prenup, we have to have the same vision and mission for this relationship and we have to have the same ideals behind it. That has to be flushed out in a way is more written than a power point so today was just to give us an idea of what our choices are. We can be where we are, we can go as far as we want to go. Councilmembers; I encourage us to turn to the LISC staff, to our own staff and our Manager, but tomorrow digest the information with enough sense of whether or not you say I want to go forward and this is where I am. If it is a majority of the Council we do that, and if not, I think we need to know this kind of thing up front, because we have been working with the private sector so closely. There are asks our there from philanthropist in our community that would really bolster building community, helping us define how we want to make sure that we deal with economic opportunity, and this can come together or we can do it in a way that we are responsible for each on our own and then at some point come together and see how our results are. There is a range but think about that and be prepared to actually say where you are, and if you are willing to have the Manager continue this discussion around a framework you can where you agree and where you have some concerns, or you are hesitant. I think that is all important to the process, because everybody is looking for the right thing to happen, and the right thing to happen is to support our community, move an economic opportunity with this $50 million as well as anything else that we can do in building community. I want to say thank you for staying, get an apartment in the back of the room, start writing our concerns and issues and what we agree upon and we will talk about this again tomorrow.

Mr. Mitchell said Mayor, just for clarification, we will talk about this again tomorrow, because I did have an idea that I wanted to float out but I was going to wait until LISC got through with their presentation.

Mayor Lyles said I think you can talk about it among your colleagues tonight in formerly but the time that we will be having the discussion on outlook and establishing our priorities 2:15 to 5:15 tomorrow afternoon.

David Williams, Opportunity Insights said I serve as the Policy Director at Opportunity Insights; we are a research and policy lab based at Harvard University. We work very closely with Dr. [inaudible] on his research and our main mission is to figure out how to turn the research that he and his colleagues have been doing for the past decade into tangible partnerships and policies on the ground, so we drive opportunity and economic mobility across the country. Before serving Opportunity Insights, I was in Detroit, but I am always happy to be in cities that are having conversations like you that is funny; these conversations are very remnant of what has been happening in the City of Detroit for the past couple years. There is a lot of synergy there and maybe you can be a great active partnership with Charlotte and Detroit just thinking about some of the similar strategies and how is the best way to move the team forward. Again, it is very exciting to be here in the midst of these conversations and figure out we can be most supportive of the work that is already happening.
One point to talk about what animates our research is thinking about economic opportunities in very precise way, trying to really use data and science to help move those conversations forward. This chart shows that in the 1940’s, there was a virtual guarantee that children would do better than their parents and in adulthood they would make more money than their parents. We see that trend has changed significantly so by the time children were being born in the mid 1980’s is basically a coincidence. It is a 50/50 chance whether or not you will do better than your parents, and I think the idea that if we work hard, we invest in our children the fact that they will do better than us has been part of the central rebuild of this country for a very long time. The fact that this is changing and that this concept with the American Dream has been diminishing to a certain extent in the past several decades. I think part of what we see in the anxiety in our social system today. So, our mission is to figure out how do we reverse trends like this through policies that we’ve implemented at the community level hence the scale nationally.

In our most recent research, not just looking at [inaudible] opportunity but actually looking at it across the country so seeing that it is not just a downward trend since the 1940’s but mobility is very different across the country. A part of the research that came up a few years ago showing that Charlotte had some of the lowest mobility in the country are in some ways shown on this graphic where you see in the southeast for low income kids their outcomes are much lower than similar placed [inaudible] in children in other parts of the country, but when you actually zoom into Charlotte, you see that those same disparity across the entire country exists within this community just like it does in communities across the country. So, really thinking about what lessons can we learn within our own community to help push prosperity forward?

Part of what we do is about partnership. Data and analysis helps ask questions; it doesn’t just provide readymade solutions. What we do is work with communities who are thinking about these issues on the ground and help bring our resources there to support those conversations. We’ve been excited to be here for the past several months working with the Foundation for the Carolinas and working very closely to build on the work of Leading on Opportunity Taskforce and support Opportunity Council moving forward. Similarly, the Gambrell Foundation and our data partner UNC-Charlotte so we are here to support those conversations and think about how can we have a more nuance conversation of opportunity, so all these policy conversations were happening, I think to the point made earlier, really help drive economic mobility in the most broad impactful way possible.

We do our assessment analysis we use our big data and really think about how do we work with local stakeholders to be a support system and a resource. Support made possible by keeping analysis we’ve been doing for Charlotte. It is still very early, I’m not from Charlotte but part of this is again helping ask and raise additional questions but then in partnership figure out how might this perform policy solutions moving forward. This chart here all these dots are census tracks for neighborhoods in Charlotte. On the [inaudible] we are looking at income of these neighborhoods going from lower income neighborhoods to higher-income neighborhoods. The [inaudible] is looking at opportunity, so what are the outcomes for the low-income kids who are growing up in these different neighborhoods? Part of this is about changing the narrative. I think there is often times an assumption that wealthier neighborhoods are always better and low-income neighborhoods are always worse or better, and we do see that there is a correlation between higher income neighborhoods and the outcome of lower income kids who grow up there but it is not one for one. Often times, you see places that are relatively low income have higher poverty rates but actually still have unexpectedly good outcomes from low income kids, and similarly you have areas that are essentially richer and wealthier, but the low-income kids and similarly you have areas that are essentially richer and wealthier, but the low-income kids who actually grow up there don’t necessarily do better, and so this chart starts to show some of that nuisance. It also gives us some starting points to think about policy as well.

So, if you look in the upper righthand corner again these are places that traditionally look wealthy but if you are driving by probably a bigger house but again are thought of as wealthier, higher income places and also have better outcomes. This is pretty intuitive, so these might be places that you want to increase access to. We can’t see it on this chart but of these places there aren’t that many low-income kids growing up there, but those kids who
do grow up there they often times are doing better and making income in adulthood. So, thinking about things like zoning, I would not be shocked if a lot of these neighborhoods where you can’t build their [inaudible], so we can talk about zoning, we can talk about mobility programs with the Housing Authority. How do you create more access to these neighborhoods?

You look at the opposite end of the spectrum, again where it is pretty intuitive, lower income places that have worse outcome. You might want to think about how do we really target resources in a specific efficient way to truly create the support for these communities who need it. In the upper left, these are areas that are relatively lower income but actually have better than average outcome with lower income kids who grow up there. Often times in many cities, you see more dots in this area as you see more places in this area here, but Charlotte, given the history of segregation, you are not seeing as many outliers, as you might in bigger cities with little more diversity, but still you do see some better outcomes here. What can you actually learn from these neighborhoods, because it is not just about richer or better, poor or worse but what is going on here? Is it a strong network of churches, strong non-profits, what are the factors here that might explain why we are getting better outcomes in these places? What lessons can we learn and also some of these places when we are talking about neighborhood change, these might be places where we want to preserve affordability to make sure that if there is gentrification, if there are rent pressures that we can preserve that access because these places have had better outcomes with lower-income kids growing up there.

Mr. Winston said these specific dots relate to zip codes.

Mr. Winston said these are census tracks.

Mr. Williams said these are census tracks and you can tell us where these are.

Mayor Lyles said assume the clustering means that they are clustered geographically like if I see three or five of them clustered they are in the same geographic area?

Mr. Williams said these clusters aren’t about geography; these clusters basically show based on the median household income of neighborhoods what are the outcomes for the low-income kids. Those are map [inaudible] what this looks like in natural cities. Last but not least, some of these higher income places, places when you are driving around again seeing bigger houses, more resources but you are not seeing better outcomes for the low-income kids who grow up there. Again, another area of study to see what are the obstacles in this community that the low-income kids are actually facing and why aren’t they able to tap into what we assume will be better outcomes in those neighborhoods?

Since I am looking at these actual neighborhoods on a map in Charlotte and Mecklenburg and so first we [inaudible] and cut this in a various number of ways but a simple way is just looking at these tracks that have the below median incomes today so these tracks are relatively less wealthy in the community and then let’s look at among those places where are those places that do have above average mobility rates. So, where are the places at? When low-income kids grow up there they end up making more money in adulthood. Third, we can look at what are the places changing the most? One matric is where have we seen the highest increase average income in these neighborhoods? So, starting to get at a real broad sense where neighborhood change is happening.

One example we have the East Forest neighborhood and could be a place where if we do see this change happening you have relatively good outcomes here and maybe want to really preserve access to those low-income families who are living there. Again, this is one example of one neighborhood. It starts to get at how can we be very precise about housing policy and broader policy as well.

One things I’m very excited about and unfortunately, because government reopened so we have a team that [inaudible] in the sense of department who has access to IRS tax records census data to help with math opportunity more broadly across the country and in cities like Charlotte. We can start to think very precisely about neighborhood change and issues like
gentrification, so not just on the surface levels that incomes are going up but starting to think about where are people actually being displaced. This map here starts to get at that issue and this could be looked at between; I think we did it for 2000 through 2018 but for 2000 to 2010, where we are actually seeing below income resident of color, where are we seeing that population [inaudible]. So, not just more other people are moving in but where are we actually seeing potential displacement of those local residents live in these neighborhoods? And again, now the government is back open our team on the inside of that census can start looking at literally where are people at a census track level moving and to what neighborhoods. So, again very precise about where we are seeing displacement and being possibly able to even predict moving forward where these communities facing the most pressure. So, you are talking about housing dollars and really trying to pinpoint where change is happening potentially being able to add this to the tool set to say hey we want to spend $X million this quarter [inaudible] units this year how do you make sure that it is going on in the most [inaudible].

Ms. Eiselt said can you go back to the slide that showed the red sections of the top 25%? It is interesting to align it with those areas where those opportunities are for affordable housing or whatever, but do we know why? That is kind of random, those red districts are sort of random in the crescent. Do we know why; have you looked at why they have seen a 25% increase in average income?

Mr. Williams said that is why we are here. We don’t know the answer to that question so we want to work in partnership to figure out what are the mechanisms that might be causing this and then how might that impact policy. So, I think that is the exact question that we [inaudible]. With that analysis starting to think at a very preliminary level about how we can be helpful in terms of some of these policy conversations. Some of the areas that we are aware of that are built on the taskforce looked at and what the City has been looking at moving forward are housing, social capital and higher education. We can start talking about housing problems, for one thinking about how current housing policy interfaces with these measures of opportunity. Just one real quick map showing where most voucher holders are currently located within the City. It is probably not surprising that they are largely in more considered lower opportunity places; places where lower-income kids grow up there they make less money in adulthood. I would assume not shocking to most people here. You’ve been having conversation with the Housing Authority here about their pilot program and maybe learning some lessons from what we’ve been doing in other places. We’ve been actively working in the [inaudible] Authority, and it is not just thinking about moving people but really thinking how do we break down barriers to access in neighborhoods where people might want to have more opportunity so working on two sides, working with tenants providing them the key in capital support to inform those choices and also working with landlords. Again, I think some very complementary to the work already happening here. We have a pilot project in Seattle where given the support services actually having RTT, so you have one control group who is receiving the supportive services, one control group who has opportunity but don’t receive the services, and we are seeing a much larger intake with the residents who received the supportive services to think about those moves to opportunity neighborhoods. So, seeing that it is not just that people don’t want to move but when they actually receive the assistance, receive information and actually receive broker assistance about those choices more folks are making these moves to opportunity.

Again, taking a step back and looking broadly around other housing policies so one we just took maps that we had available, one looking at some of the proposed housing developments before key cities this past year, again, looking at choice voucher holders and looking historically at low income housing tax break development. Again, we are seeing potentially in some ways housing policy reinforcing the same patterns that I think have gotten us to where we are today. In fact, when you have this lens of opportunity it is not that you change everything, but it adds a layer to the conversation.

It is not just about trading units for what do these units do, how are they part of this larger economic mobility agenda? One part of the argument shows too is that it is not just about low-income neighborhoods are bad find anything good it is also not about expensive versus cheap so being able to pull up a little more [inaudible] where are those places that actually are relatively affordable, but again we are still seeing better outcomes and here is a real
quick one we did without basically showing places that have rent below the county median that also have above average mobility rates. This could be a starting point, not saying that we are going to build on housing in most expensive parts of the City but where might be those places where we can actually get the biggest bang for our buck and still be pushing toward in mobility agenda as well. I think these are things we did our first cut using some of our data; I would love to be part of the conversation to see how we can use all of these resources collectively to have a great impact.

Mr. Winston said it is actually not that surprising, because a lot of this is on the east side, and we know that is where a lot of NOAH’s are. So, it is good to see that, but shouldn’t we therefore like the flip side so there is opportunity for everybody there, especially private development. So, it is in these areas where we want to get in there and really secure this housing. Isn’t this where the type of policy that this slide really should guide?

Mayor Lyles said I would agree with that and I think one of the things if we have as is stated developed, and it is an opportunity to look at the locational policy that we’ve adopted and say are we meeting the mark with the data comparison? I think it goes to our data assessment and having more data and strategically aligning that data around economic opportunity?

Mr. Williams said we want to be as helpful as possible in that conversation, and I think that is one of these things where we see the trends from the data. We know what is going on the ground and then how can be most targeted to use the resources we have to preserve affordability in these places that you mentioned? The partnership is actually putting dollars and cents too so seeing that these move the opportunity structure have real impact, so if we see someone is moving from a relatively low-income neighborhood toward [inaudible], they are making $50,000 more on average over their lifetime. If they are moving in one of those places with lower rent for higher opportunity that can be over $130,000 over their lifetime. If we are looking at some of those potentially out of reach but you never know, but higher opportunity places, if a lower-income kid moves from a low opportunity neighborhood to one of these higher opportunity places on average potentially making almost $300,000 more in their lifetime and just being able to kind of put new metrics and other ways of measuring upward opportunity together.

We are already having conversations and seeing this and seeing the opportunity Charlotte has and we see collaborative is exciting for us. We see Charlotte as a model for the rest of the country, being able to convene conversation around opportunities for the past several years and now actually move conversations like housing policy forward with that potential mobility agenda, something that I haven’t seen anywhere else. Again, I think from a selfish perspective we want to be a part of the conversation so that if it is a national model we are a part of it. We are really hoping to ride your coattails but of course provide some really added value to our data and analyzing what is happening.

I will keep this brief, but looking at the social capita front; that is what we’ve been talking about today, but housing isn’t about units. It really is about neighborhood change and development and ultimately how are we impacting kid’s lives. What our research shows that social capital really does have an impact on mobility. I think it is often a very fuzzy concept but we see it in places where there are more connections. Kids, especially low-income kinds do better in adulthood. I think one thing our research shows is that the proximity of a job or the job market doesn’t necessarily translate to the higher opportunity, so places like Charlotte and places like Atlanta, despite the intent for the past 10, 20, 30 years still has mobility rates for low-income kids that are lower than my hometown of Detroit. So, really thinking critically about that issue of economic growth and development and how do you make sure that the accumulative capital component ties to it. Even though we don’t see the presence of a job is necessarily correlated to opportunity; we do see in neighborhoods where there are more employed people, those kids do better. Similarly, we see that it is not just important for you as an individual to have your father present but we actually see that especially for young black boys the presence of fathers in the community has an impact on all of their outcomes, which I think is intuitive but to see that tangible impact on literal earnings in a development because there are more fathers present for me was very powerful. Also, exposure to inventors and innovative entrepreneurs during childhood makes
a difference. Kids who see someone who looks like them, either of the same race or the same gender, working in different fields helps them envision that actually moving to those fields as well, and we have a whole like or researching papers showing this actual correlation.

For one thing it is thinking about as we are building new houses, as we are rebuilding and revitalizing neighborhoods how do we make sure it is not just a surface level change? How do we make sure that those low-income kids and their families are tangibly benefiting from those changes so not just staying in those places, but actually reaping the rewards of this growth that Charlotte has been seeing? I think we are in a position to help push forward as well, so we can’t necessarily bring fathers back into all of the communities but what might proxies be for that. So, thinking about mentorship and other programs both in the community, in the schools and across the City that can kind of help create that neighborhood cohesion that we know actually drives mobility for the kids growing up in these different places. We are already talking with various stakeholders in the community to figure out can we maybe target intervention like mentorship programs and other supportive services along with all the housing developments that we are doing here in the City to again help really create neighborhoods and places that drive mobility, not just youth. We are also very active, and we are having conversations across the country kind of looking at some best practices, lessons that we’ve learned from partnerships with other mentorship programs and seeing what is already happening here, how we can support that and how we can also bring those lessons to the groups who are already in the neighborhood who already know what the needs are.

We are also active in the higher education space. We have a network of 400 colleges and universities where we have two goals. One is increasing access to qualified low-income students and then making sure that those students have higher success rates once they are at these different schools. So, having conversations with Central Piedmont and UNC-C about how we can create a higher mobility eco system in the City. I think there is the housing piece, there is the cohesion capital piece and also thinking about how we drive kids towards schools that help push them further into the middle and higher income ranges as well. Just on the one thing I can touch base on quickly is again, I mentioned some of the similar things in this conversation and the ones we were having in Detroit so part of what we had to do was; over the past 50-years Detroit has lost over half of its population. We were a City of 1.8 million people and now we are about 650,000. Over the past 15-years 150,000 homes were foreclosed on so one in three homes in Detroit was lost in tax foreclosures. The City still to this day owns 100,000 parcels of vacant land. So, our job was thinking about how do you revive the physical infrastructure of a city, and for a very long time, there was no central leadership or direction, so we would get a demolition fund, and we would demolish one building on a block of ten, and there were four more vacant homes. So, the next year three of the houses kept getting worse, two more residents moved out, that one home didn’t do anything, because we weren’t using those resources in a strategic way. In terms of housing developers again had no direction, so they would apply for tax credits, they would do a scattered type development in the middle of a neighborhood that had no short-term future, so they would build 15 new nice houses, move in residents, five years later the rest of the neighborhood was vacant and none of the residents could get insurance on their units. Our thought was how do we strategically invest to rebuild in a sustainable way and we had to make some hard choices. We knew that we didn’t have enough resources to invest across the entire city in a scattered shot way, maybe think about targeting investments that we could build on to create more opportunity and more growth again in a kind of step by step process so actually picking neighborhoods where we would target our housing investments and layering on new streetscape, new mixed-use development, new parks, to again help build on some of the strength we had to then you help move out into the rest of the neighborhoods. I hear a lot of similar refrains here, I think the conversation is different here. It is not about necessarily physically rebuilding but actually building up that neighborhood cohesion, that mobility agenda. I think again, when you have all the people in the same room there is an opportunity to think in a very targeted nuance way and we are excited to be here to support those conversations.

Mr. Driggs said I just wanted to mention, you need to be careful about correlation versus causation, because I would submit that the low-income parents who choose to move to high-
income neighborhoods, and probably pay more rent to do so, are motivated at least in part by aspiration they have for their kids, and that could manifest itself in other ways in terms of better parenting. It doesn’t necessarily follow that if you just build things and you move people from low-income areas to high-income areas into them that you are going to see the numbers that you had there. Properly you would have to do a multifactor analysis and try to isolate other differences between that population and the remainder.

Mr. Williams said in the Seattle pilot we actually had a randomized controlled product, so it is all residents who are in the pipeline for affordable housing or for vouchers and half that group received the information and [inaudible] to make those moves and again those residents are making those moves I think at 50% higher rents or least in that randomized controlled crowd, we are seeing that similarly condition families make different choices and given the information and support they received, but I think you are absolutely correct in terms of these broader questions causation and correlation aren’t the same thing. So, that is why we start to kind of raise the questions but a lot more work on the ground to figure out how this impacts policy direct.

Mr. Winston said you mentioned in the upper righthand quadrant of his graph, higher income the higher opportunity neighborhoods of increasing access to these communities. I would love if you gave us some input in terms of the elimination of single family zoning districts what kind of effect that can have, and I know that was just done in Milwaukee I believe or Minneapolis. I think from what I have read and what I understand it has been a good tool that has been used to increase segregation over generations and in order to combat that moving forward to balance this chart out, which is so unbalanced because of segregation as told us that we should explore doing that in our comprehensive plan. I hope once this TOD ordinance is finished this is something that Planning will take up, because I think it can have serious impact in a shortened amount of time.

Mr. Williams said to that point quickly, I don’t have evidence that less restrictive zoning would create more segregation, but I think in some sense it might be a precursor to certain kinds of [inaudible]. So, I think even just looking at the voucher program, we see that families once they receive more information and that support there is that interest in moving to higher opportunity neighborhoods sometimes. So, I would think similarly on the zoning front, zoning alone wouldn’t do it. I think zoning can create the possibility to create more units in these places but then it would probably take that continued investment and support so families can [inaudible].

Mr. Winston said sure, it alone but what zoning has done is segregated communities so it has made the integration impossible, so in order to circumvent that impossibility we have to make it more possible, and I think that is where the zoning rules can help us.

Ms. Mayfield said what happens when high-opportunity neighborhoods take over lower-opportunity neighborhoods because these numbers are accurate of course but what we are experiencing across the nation and in Charlotte is in less than a year and a-half two years are major social economic shift in communities. So, the impact, as was mentioned, how we look at our locational policy, I love map thank you for that, so we can look at the opportunities especially around NOAH’s with using that map as an overlay, but with a lot of the areas that were considered low-income, low opportunity areas or even one of them according to box that is a low income high opportunity area now having higher incomes moving into the area trying to balance displacement and trying to create sustainability and ageing in place. It would be helpful to have some of your numbers to help us strategize around that model opposed to just looking at the model of what previously was opportunities. Opportunities I think are more abundant for us right now, because of some of the people wanting to move in the inner city, which historically they wanted to live in the suburban areas, so your map and your numbers might be really helpful as we streamline our locational policy.

Mr. Williams said we would love to be part of that conversation, and I think one thing that we do see through the research is when we do see these demographic shifts, and we do see
more wealth coming into the communities we don’t always see the benefits accruing those long-term residents. You have the issues of displacement but even when those families stay there they don’t necessarily do better because of that wealth around them, so I think especially when we are thinking about building new housing, preserving housing in some of these redder area to maybe revitalize those neighborhoods housing along probably won’t do it. So, what might be those supportive services, what might be those wrap around services that can actually help those families tap into the additional wealth and resources in those communities. I think this can help us start targeting that so when we are thinking about we have X amount of dollars to build plus X amount of dollars for services let’s think about how we target them very precisely and I think having that overall agenda of opportunity in mind, I think Charlotte could be a real leader, because part of is we haven’t had the data until very recently to be able to literally pinpoint displacement metrics and also think about them in context of opportunity. I think Charlotte has the opportunity to think collaboratively internally and also use pretty cutting-edge data to help inform those choices.

Mr. Phipps said one of the things that gives me heartburn and pause about our whole approach to affordable housing is that it seems to me that it is making us a City of renters. I see nothing in here that leads to a path of wealth creation through home ownership. That is the only drawback that I have for this whole effort on affordable housing. We just want to get people in units to rent, but a part from that it just seems to be a big disconnect there for me.

Mr. Williams said one thing we would like to do and we are currently doing it with UNC-C is taking local data sets to overlay on this as well as we can dive a little deeper into issues like ownership versus renting and seeing how that impacts opportunity, because the part of it we just show that if you grow up in these places regardless if you are renting or owning we just see the exposure of a neighborhood has an impact. We would be excited to begin to dive into more nuance of this issue to see in areas that have more ownership or renters, how does that pay on those issues as well. We are with you too, and we want to add as much nuance to the conversation as possible. Our national data sets can only say so much, but when you link them with local data in the form with local insight I think you get much more powerful on potential solutions moving forward.

The meeting was recessed at 1:47 p.m. and reconvened at 2:29 p.m.

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TRAITS OF EFFECTIVE COUNCIL

Mr. Phillips said we are going to start the main afternoon segment with Bob O’Neill who I think you know. He is going to lead us through the discussion about the Traits of Effective Councils and Governing Through Priorities.

Bob O’Neill, Davenport & Company said a heavy lunch and then they turn on the heat so this is the challenge of the afternoon. Before I start on the topic at hand for the afternoon, I just wanted to make a couple observations particularly about John and David’s presentation. When I was at ICMA we did meta-analysis of Council Retreat, Council Priorities, what they said they wanted to focus on as a representation of what the priorities were in the community, and so we looked at literally hundreds of surveys and results of retreats like the one you are in today, and I thought it might be just interesting and will give you those just as sort of contrast to the conversation you had in the morning, because it is pretty interesting. There were six in just about every community, whether you were in Maine or Florida or whether you were in North Carolina or California, these six came up in a variety of different ways, they were expressed, but essentially the same six things.

One was jobs and jobs particularly was not only about the number of jobs but about the ability of those jobs to create living wage. So, it was a dimension of the jobs that just the metrics were not just about whether you are just creating an absolute number of jobs, it was the quality of those jobs themselves. The second was safety, and it was both the real measurers or metrics historically that we’ve used about safety but more importantly the perception of safety and there were huge sort of diffusions around what the data would tell
you if you used the Part Seven FBI numbers versus what the perceptions were in the communities themselves. The third piece was education, and it connected very clearly to sort of workforce development but education itself. The others you could probably figure out; healthcare was a huge issue, access to affordable healthcare, housing and interesting then infrastructure and the dimension of infrastructure were fundamentally around in metropolitan areas fundamentally around transportation and in non-metro areas around access and mobility were the two things if you were in a non-metropolitan area. I just think those are interesting given sort of the discussion that you had earlier today and what your historic focus areas.

The second pieced is I just want to create basically an encouragement and an advertisement for John and David’s presentation, and I want to give you just one example of how not only looking at survey data and the data that we can now get sort of the big data that we now have access to but asking probative questions to drill down in that. I worked with a community in the mid-west, and the perception that came was that the downtown was not safe so they saw the survey data. What do you think the immediate reaction was to deal with the issue of lack of safety in the downtown? Hire more police so they did that and they put police all over downtown and the next year the survey came back and what did it show? It was less safe because everybody assumed it was unsafe, because there was a police officer on every corner. When they drilled into the data they found that was driving the perception of safety in the downtown was women working in downtown was driving the number and their reason for doing that was it was dark on the streets and dark in the parking garages. So, they then went to lighting in the parking garage, security in the parking garages and improved lightings from the major employment centers to those parking garages. Guess what happened to the survey data. So, if you just look at this stuff topically often you end up with a conclusion that is not supported by what the data will actually tell you if you drill down into that data to see what is driving those things. Those are just observations based on that, just a commercial for those two presentations.

Despite what the agenda says, what I want to focus on and want you to focus on is, you’ve already talked a lot today about the substance and tomorrow we are going to try to arrive at some priority expressions from you, but what I want to focus just for a little while here is on how you might structure the Council’s work and the work with staff better to improve the likelihood of the outcomes in the areas you are going to derive tomorrow. So, what is it that Council could do in terms of; the only thing that is finite for you is 24-hours. You only have a certain amount of time, so how you use that time is pretty critical. So, the question I would like you to do using the guidance from David in the morning, everybody take out their little pieces of paper, and I want you to answer a couple of questions. How could Council structure yourselves to improve your ability to focus on the outcomes that you want for the priority focus areas that you are going to adopt here hopefully tomorrow or in the future? We will get to the “what” later; this is the “how.” How would you like to improve how you structure yourself and the answer may be I’m perfectly fine with the way we do it now, but is there something you could do differently and the second is, is there anything else or any other approach that the staff could do to support and continue to support you in the focus areas or the priority areas in a better way? Do you need more data? Do you need more staff resources focused on just those particular areas? Then I’m going to ask Marcus those same two questions basically what could the Council do to help the whole institution focus better on the areas that are of importance to you. The first one is how can you structure yourself; what do you need from staff that would be helpful to you to maintain your attention and focus on these priority areas? So, who would like to start?

Mr. Driggs said on your first question, I think the Committee structure we have basically works, it aligns with our focus areas. One thing that has been increasingly apparent is the silos issue, so I think we need to have a better process for say economic development to look at something that is being proposed in housing for economic impact or if we recruit businesses, and we try to attract 20,000 new jobs that are all highly paid to understand what that means in terms of gentrification. My basic bid would be to keep the Committee structure and come up with mechanisms for the committees to work together.

Mr. O’Neill said do you an idea of what those mechanisms might look like?
Mr. Driggs said they might be, for example, interdisciplinary meetings under Committees or staff presentation to the one Committee and to the other bringing along with them some of the feedback they got from the other Committee so that we can kind of pool the different perspectives, and we’ve done that in a couple of instances. I think the silos are the thing that have us working across purposes sometimes.

Mr. O'Neill said how about your second question

Mr. Driggs said I haven't done that yet.

Ms. Mayfield said for question one, answer our questions directly; part two of that presentations based on Council requests, not staff interpretation. For the second one as far as any other approach, staff can use to better assist, better communication of the Committee wins and challenges, not just the fluff.

Ms. Eiselt said I think we need to seriously look at Council’s term. This discussion this morning of housing, can you imagine what is going to happen when there is a whole new Council two years from now if we were to have a new Council and they are going to have to start all over again learning about affordable housing and how we set it up? We look at the Cross Charlotte Trail; it is easy to say well none of us were here because we pretty much weren’t but four-year staggered terms I think would give us more consistency and allow us to keep a depth of knowledge on Council. That or perhaps looking at a full-time assistant per Councilmember, a one on one that doesn’t have to, the structure we have now we have two or three Councilmembers. That is two or three different ways of working that that individual has to deal with. They’ve got a lot on their plate, the load of our e-mails has gone up so much. When each Councilmember is getting over 100 e-mails a day that is just too much, and it short changes I think the Councilmembers, and it is not fair to the assistants, but I feel the Councilmember we could work better and more efficiently if we at least look at our term structures or having more help.

Mr. Winston said I agree with Ms. Eiselt on the four-year staggered terms. I believe that we need to find a structure that allows for us as Councilmembers to be around each other more i.e. be in the building in terms of the way we meet. I think our meeting structures need to be not just every Monday. I think there needs to be ways that we caucus amongst each other, as you say kind of inter-committee, meetings that are scheduled, and we are expected to be there. I don’t know if that equates to full-time or whatever it means, but I think we need to be spending more hours together.

I agree that we need to look at the way staff is supporting us in a different framework. It is good to have schedulers and kind of the 311 type duties that constituent services has been doing, but I think we all need legislative assistance on top of schedulers, people that are skilled in researching and understanding how we work. This is not an uncommon role that happens in governments on every level, including municipal level governments across the country. You can go and look on monster.com or whatever indeed and find a job description for it right you. I don’t know why we don’t have it at this point in time. On top of that, I think staff needs to have a better understanding of the difference with this legislative assistant type role, a better understanding of the difference between political nature of work and helping the Councilmembers be informed of policy issues and directions to go. I’ve experienced way too many times in this past year where simple requests for research on topics that are on the table gets held up by process because of fears of it being political in nature, and it just doesn’t make sense. It slows work down; it limits the ability for us to give clear guidance, because we are uneducated on subjects. It is past time that we outgrew the small mindedness of the way we approach our government.

Mayor Lyles said I have a disagreement with my colleague this time. I think the focus areas have become so operational they’ve lost the connection to our vision. If you ask me what people really care about in this community, I think we have lots of operational measurers in the focus areas. I’m not so sure that the focus areas actually represent the policy needed to carry out our vision. I am very concerned about the idea of whether or not the Committees are working on the right things that are so driven down into operations or moving up to the vision. I think affordable housing has been a great example of how that works, but
sometimes I read some of the projects, and it is the work of the Committees are in projects that have been funded, discussed by Councilmembers as a whole, and they are into like well, and I know that these are all issues but just as a big picture. I don't think that the focus areas serve us as well as connecting to the vision. From the staff, I think that we need fewer statements and more inquiries to the Council about what we ought to be doing. I've really pushed this. I think that every presentation ought to ask the question at the end, is this responsive, as Ms. Mayfield said, and is this a policy area? I think for Council, I would say that we need a mutual agreed upon definition of policy, because I think people play it everyway which for they want to.

Mr. Egleston said mine just piggybacks off something, staff wise. As I said earlier, I know they are working on improving already so credit there, but I think we've got to get to the finish line on more proactive information sharing on projects in each person's District just so that everybody is more up to speed to be able to answer constituent questions, address concerns. A lot of times in the past, I think Councilmembers find out about things when everybody else finds out about them instead of knowing ahead of time and being able to put the word out there. Again, I know that is something the Manager's Office is working on a new process for, eager to get into it.

Mr. Mitchell said the only thing I would add and I think we touched on it earlier; we have to improve our communication internal as well as external. I don't think we communicate well among Council and staff and then externally I think is a bigger problem for us. Secondly, we need to get back; people say they don't read their memo. Some of us read the memos, so either we can stop updating Council on just from a memo perspective, those things that occur so communicate, communicate, communicate.

Mr. Winston said I agree with the Mayor in terms of I don't think our Committee structure is correct; I think the kind of goals need to be less myopic. For instance, Transportation and Planning, I think what we are really looking at there is there is an equity issue when we are looking at decisions around that. I think it should have some kind of broader definition because sometimes that are things that don’t really fit so well, but also the idea, and I mentioned this earlier, that we are dealing especially big issues from multiple angles, like for instance the SEAP definitely lives in the Environment Committee, but there are economic development issues that this brings up and you should be dealing with it there. There are Transportation and Planning issues where we need to go to deal with, so that should all have been kind of dealt with or going through conversations at the same time, not in a linear kind of fashion. These things are intermingled so our work should do that, and I don’t think again this gets back to the idea of structure and being in the place doing this work and having staff members that are tracking this in the legislative process that are particular to the Councilmembers that are having all these different discussions. There is a whole other type of structure that needs to be there to facilitate that.

Mr. Bokhari said I've said this before, and I think it dovetails on what has been said by Mr. Driggs, the Mayor, and some others. Some call the silos, I refer to them as these verticals, and it is just like departments are verticals, and they run the business or fiefdoms of committees and they are focusing on their vertical. I think we've made a bit of progress in the last year, because the Mayor has asked us to get more action oriented. I don't believe that we can solve this within the current cause struct; it almost requires something like doing something drastic like blowing up and getting rid of all Committees and establishing instead of that having those Committees are the toolboxes but we establish working groups that are ad hoc on horizontals.

What Tracy did with Economic Development, for example, she came up with four focus areas that aren’t just economic development when you look at start-up and places and whatever the other one were, there were four things, those cut across housing, transportation, workforce development, everything, so I think the only way to really solve this is to say there is a new five Councilmember Committee that gets established to deal with a topic that we say here are the top six or seven topics, one of them goes after 30% AMI folks, one of them goes after maybe alternate transportation like scooters and cycling and pedestrians. One of them goes after FINTECH, whatever the topic is and then staff, and these departments become one after the other the groups that come up and that way
tactically what you are doing. You are not in this cycle of getting these updates, non-action oriented from staff on one vertical topic; you are there to get to an end state as quickly as possible to get rid of that Committee and move on to another. I think that is the only thing you can do.

Mr. Winston said one push back I would say, because I’ve had this discussion with Marcus. We’ve talked about this. If we blew all the Committees up, I would say the Committee that needs to be doing this is us. We are the Board, the 11 of us, and we have to get more opportunity to get more of these ideas, topics and policies in front of all 11 of us so we can either deal with it then, or we can say as a collective decision, you know what. We need five of us to work on this then we need five of us to work on that and do it at the same time and you have three weeks to come up with something and bring it back to all of us.

Mr. Bokhari said totally agree and said another way the Committees in their current construct have become these mini City Council, mini Mayor forums that is governance, when in reality, it should be small working groups that then bring the governance function back to all of us.

Mr. Winston said we’ve got to find ways attack all 11 of us or 12 of us.

Mr. Driggs said I’m just concerned about how that works in practice. The whole point of Committees in any organization is a division of labor. We could all go to every Committee meeting if we wanted to, and that is essentially the equivalent to what you are talking about. There needs to be a place where a group of people go into greater depth, not requiring all of us to do so, and we have to trust each other a little bit to exclude non-sensical courses of action. So, whether these Committees are right, my concern is I think about the budget, and that is where the rubber meets the road. In the past I asked about for a walk across from the budget to our priority functions to see whether we were actually spending our money in line with the stuff we were talking about. I’m very open to any suggestion in changing these structures, but it has to be operational. It’s got to be something where there is a direct line from the vision to next year’s budget and what are we going to do about that. Otherwise, you are going to have a lot of big picture talking and then we are going to go right back to where we were.

Ms. Eiselt said does the ICMA or the School of Government or any I guess University, has anyone looked at a good analysis of what really works good for a City Council? Honestly, when I looked at just the pay gap and the two-year/four-year terms, we are so outdated to any peer City, and that is just on pay and term but then I was talking to the Mayor Pro Tem of Baltimore the other day, and the way they were organized is completely different, and we just don’t have a good feel for how effective or ineffective we are vis these other cities that are getting things done. I look at cities that again get things implemented and get things in place and sometimes I feel like we are just spinning our wheels a lot from a Committee standpoint.

Mr. O’Neill said let me hold what I know about the answer to that to the end.

Ms. Ajmera said what I really liked last year we implemented this new charge where we have a policy where we have an action item, and I think we did that recently with storm water or the SEAP. The committee is assigned a topic where it has to be a policy based discussion, and here is what we need an action on. If we continue to come up with that; here is the charge. Here is what we need for each Committee; I think that has been working very effective. I know before 2018, we didn’t have that, so that was something new that introduced by the Mayor and the City Manager, where we have a specific outcome that we are looking for where we are not just going around and spinning the wheels on oh, we are just going to have an introduction on this topic but really the Committee has got to focus on something that is going to be tangible where we have an action item coming forward. What I’ve struggled with, I think it works pretty well and as a result I think we have moved forward with a lot of good policy items on many fronts. One thing I think we can improve on is the time. I know that we meet once a month, and sometimes one item, one policy takes two to three meetings before we take any action on that, for an example e-scooters. That took almost a year to take an action on, so how do we as a full Council be more effective in getting an action within two or maybe three meetings? If there is an item that requires us to wait
maybe for a decision from our state or whoever then we've got to move the topic in a parking lot, and let's move on with another one where we can take an action right away, but I think the timing is very crucial, because if you think about it we only have two-years and then we run every other year, so if we are really effective with our timing at the Committee level we can accomplish maybe two or three policy items. We've got to prioritize, and we've got to be effective in terms of the timing at the Committee level so that we are being more responsive to the promises that we have made.

Mr. Harlow said along those same lines I believe in Committee structure as a whole. What does that look like? I think there is some debate around there. I do think along the lines of what Ms. Ajmera was just saying, I mention this a lot Mayor. I like when you say, what is your question? What are you trying to get answered? That tailors in the focus a little bit and I don't know what it was like before last year but this is all I do know, what is your question and we get things to Committee that way.

I do think though in the Committees we have struggled in answering those questions expeditiously. Often, we get in and it is no action taken, no action taken, and we've got PowerPoint, PowerPoint, and I don't know how staff feels about that, but at some point I think we are getting away from what the real question was and then stuff just kind lingers in Committee and then we are just meeting to have lunch with each other basically and then we never deliver on it. I think we need some kind of internal mechanism to say look if something is still sitting at midterm; often we come here the year later and be like okay, let's do this, but mid-year we need to do some form of an assessment that says, this has been here for six-months and no action has been taken on it. Either we didn't ask the right questions from a policy level standpoint, or it clearly is not a priority to be in Committee like we maybe thought it was. On top of that, I do believe and I know we all function in very different ways, how we meet with staff, how we ask questions, and get questions answered. I think from a staff standpoint I know what helps me if I get things 10-hours before the Committee meeting, it is tough for me to ask the questions. We end up using the Committee meeting to ask a lot of questions that could have been answered via e-mail or a phone call. Mr. Manager and Deputy Manager, you all can figure that one out with department Chairs and whatnot, if we can get some of those agendas earlier I think that would help us come into the Committee more prepared.

Mr. Driggs reminded me yesterday, well, we've already actually decided that we are going to do four-year terms. We voted on it.

Mr. Driggs said the Committee has.

Mr. Winston said the Committee has, and it is going to come to Council, but where is the process of determining what that policy is. Why has nobody come up?

Mr. Driggs said there is a Committee recommendation for Council to consider.
Mr. Winston said to work on policy so where we are thinking that we need to get this done as Mr. Mitchell said, you know this has to be on the agenda, but this should be a constant process, so we are refining it right, as we are refining the staggered terms, how this work, how that works, and so it is the end of the budget process, and we have all this stuff that we need to finish, let’s get it in or not get it done and not follow through with what we said in the first place. We need some type of structure to constant update on the decisions that get made by Council. Does that may sense?

Mayor Lyles said it does, and we were trying to make that the first Monday, so I don’t know where a Committee Chair doesn’t have the opportunity to report out on things like this. I’m not arguing whether or not we ought change, because I do agree. As I’ve said, I think that we’ve got too many things and not enough focus on things and that makes you lose those things in the process.

Mr. Winston said I don’t know if what I’m suggesting as a Committee thing is something we have to do. Once we give guidance to staff to do things whether it be through a full Council vote or Committee structure to figure out policy, we’ve given them guidance and direction, how are they going to come back to us, how is the Manager going to come back to his employers and give status updates proactively, so that we don’t have to grab him by the collar and say what the heck is going on here.

Marcus Jones, City Manager said on four-year terms, we do have a process where it goes from Committee to a Strategy Session, and if I do recall it made its way to the Strategy Session but Council punt it.

Mr. Mitchell said can I push back just a little bit? I never knew a recommendation goes to the Strategy Session before it comes to the full Council. I don’t remember voting on that process.

Mr. Jones said the concept is that the full body gets to hear what has happened during the Committee so that you are never at the dais hearing something for the first time.

Mr. Mitchell said but that should not stop you from putting it on the agenda. You can report out, but I think in this particular case a recommendation was made, it has never made the agenda for Council action. I don’t care about reporting out, but I never raised my hand and say that is the process. We have had issues that went to a big black hole and it has increased frustration among Councilmember; when can we take action on things? I think we all need to come to an agreement if it is 30-days or Committee make a recommendation. It comes back to full Council; you report out the first Monday, but that should not stop it getting on the agenda, and I think that is the issue.

Mayor Lyles said I agree with that, because I think that is what happened and one of the things that sometimes people tell stories that have become folklore, and one of the things I have heard is well the Committee has to recommend something. You can come to the Council where the Committee says we took no position, or we couldn’t come to a decision or we don’t recommend it. So, it is not that you have to resolve it, so it is an affirmative; if the Committee is ready, and the report is done no matter whether or not; if it is three votes on something out of Committee, approve, no recommendation or do not recommend. Those are all viable options to come to the agenda.

Mr. Driggs said I wanted to mention that in the Committee conversation we went through several points like whether or not to pursue the four-year terms, whether to do it with or without a referendum, whether to stagger the terms, etc., and there actually separate votes on each one, but one of the things that was apparent was the first official action that Council had to take would be to schedule a public hearing sometime in the spring based on advice from the City Attorney and based on the timeline.

So, I can imagine that the urgency about bringing it to Council was affected by the fact that we couldn’t do anything and what we could have done and might have done is had Council repeat the voting process that occurred in Committee, which would have then said we
commit that we will start in March or April, or whatever the appropriate time is, with a public hearing and then the steps as described to us by the City Attorney.

Mr. Phipps said as memory serves me correctly, I do remember us saying that we would approach this issue after the Retreat.

Mr. Driggs said right, that was actually talked about.

Mr. Newton said I think everyone has pretty much touched on all the things I was thinking about. I think we could do a better job of streamlining our discussions, so I won’t take up too much time, but I would agree with my colleagues I think the work that our staff does is commendable. I don’t see how, we give them so much to do, I don’t see how they accomplish it all, and maybe we need some additional help for them as well. Just some additional staff to help our existing staff.

Mr. Jones said I would say it is three things that I picked up on that I think the Council could help the staff with more. One is just communication; it is kind of interesting, each time a Councilmember says I didn’t get something I get somebody whispering in my ear, well we sent that out four days ago. So, somewhere in here maybe we have to have a different way of showing you the importance or just information in general because it is blowing but it is not getting to the level where everybody is receiving it. Policy and operations, I think that is the biggest things in terms of the entire staff. There are issues that are policy related that is in the purview of the Council, and there are some operational issues that are what you have delegated to me, and so many times those two areas get blurred but that is not just me. I think anybody who sets in my seat goes through this so just having more clarity with that and even on the policy side. You do this to me every year and you screw me; the one-year lens drives us nuts. For staff to try to do things, and we want action, action, action but when we start to think about policy sometimes policies are five-years, 10-years, you know generations, but for us it seems like the clock starts that we have to deliver something within 12-months or 18-months so that becomes a bit, then just structural in general; we heard you loud and clearly earlier last year about this vertical organization, and we’ve talked a lot about stove pipes and stacks and things of that nature, silos. So, even as an organization what we are doing, I would almost say is the exact opposite of what you are asking is what I would like to provide for you. In other words, you are saying something comes through a Committee and that same thing should come through another Committee and that same thing should come through another Committee and whether it is linear or whether it is at the same time so what we have done is we have created teams within the organization. There is a team that is safe, healthy, and inclusive communities but have multiple people on that team directors that are looking at policy issues that are going to different Committees so that we don’t have something like the TOD that comes to a Strategy Session one night and it only has had Taiwo’s view, so those are the types of things we are doing as an organization. Now, our hope is that, which Taiwo says hope is not a strategy, our desire is whatever the priorities of this Council is that comes out of this Retreat we want to be able to align those four teams that we have to be I guess some level of vetting, and vetting may be too strong a word, or this multidiscipline approach before anything ever comes to a Committee in the first place so that we would have at least had John in the room and that is the kind of thing that we are working on as we work on this, but those are three things.

Mayor Lyles said so, what are the four teams?

Mr. Jones said we have a team that is jobs and economic development, so what we have is the Deputy or the ACM (Assistant City Manager) that is in each one of those teams. So, jobs and economic development, let’s say we have Tracy there right, but there are a number of Department Heads that would be working diligently with Tracy as we start to look at all of those different policies or those operational issues that are flowing through the organization. We have an Environmental and Sustainability Team that would work directly with the Environment Committee. The Jobs and Economic Development Team with the Economic Development Committee. We have Planning, Infrastructure, and Design Team, and we’ve talked to you a little bit about that. It was a precursor we called the PIT so once every three weeks we have Danny, Mike Davis and probably more people on the PIT Team than anybody else but it is really, because we are looking at those projects so that we don’t have
another Cross Charlotte Trail, but we are also looking at anything from the JCC (Joint Communication Center) which you will get in February within budget. And then we have Safe, Healthy and Inclusive Committees, and the reason we said Safe, Healthy and Inclusive Communities and that serves both the Housing And Neighborhood Services as well as Community Safety because we believe that there are a lot of issues that come across those two. Again, outside of this Retreat you may do something totally different, and we will try to adjust to that, but we couldn’t wait, because we saw that we were doing double work and we have some big gaps, so we believe this horizontal approach which we really took from the Economic Development Committee and the work that you did with the Economic Development Plan that we believe that we could do that throughout the entire organization so that is our starting point.

Ms. Mayfield said Marcus, can I have some clarifying questions for you. So, the teams are created, how does the teams then work with the Committee and with the Committee Chairs if you are hearing the multiple conversations and streamlining because I can tell you now I’m not going to every Committee meeting. I’ve got the three. So, how does that work for us to know what is going on?

Mr. Jones said again, policy operations so, from an operational level what we’ve found is that we were being inconsistent with our liaisons at the Committee. So, what we are doing now is making sure that we are meeting with all the liaisons from the Committees so that everybody is on the same page, because we did do an analysis, which I guess I can show it tomorrow, of the Committee work over the last year, and there is some good news and some not so good news, how about that, okay, but I believe a part of it is that we have not been consistent with you with our support of the Committees so, for instance if we know that something has been referred to a Committee, like the NOAH policy, it would not be very good Ms. Mayfield; if we just Pam working on that. By having department heads, this is different because we do a lot of collaboration but it is two or three layers down. We don’t do enough collaboration at the highest level, and so it is kind of interesting, I had one Department Head who our lead main was to call me on Saturday and said if you are going to do this, I’m really interested because this is a good thing, so it is just a different mindset.

Ms. Mayfield said to follow-up with that because multiple comments have been made, and I want to make sure that I’m understanding that what is not being proposed is that we no longer have the Committee structure, that we just this everybody hears everything structure versus the Committee structure where in Committee we really have the opportunity to dig in and then recommend a proposal to the full Council.

Mr. Jones said I stayed on the operational level; I didn’t touch what you do as the governing body.

Ms. Mayfield said previously, you’ve only been here two years, if say James had done it many times. I’ve brought a couple through our relationships and our training; we hear of a good community project, so I bring the project to the staff, take it to Assistant City Manager, SeeClickFix is one of them, that one seemed like the easiest, no brainer ever that addresses what we talk about where instead of calling 311 everything you see it right there, trash or whatever it is. Three plus years later still having a conversation on it. Where does that fall into this structure, because it is not rally in Committee. It is an outside conversation that we are having regarding creating opportunities for residents at large. That is just one example, but there has been a couple of them where we’ve been having conversations, but we’ve been having these conversations for more than three-years without any follow-up. So, where does that fall into this?

Mr. Jones said for everybody who doesn’t know what SeeClickFix is, if you see a pothole, you take a picture of it. You can e-mail it in, and it goes directly to the Director, and I’m not 100% sure that we don’t have something similar to that, but let’s act as if we don’t have anything like that. So, what we are trying to do with our support of Council is that every Councilmember has me, and every Councilmember has either the Deputy City Manager and ACM assigned to them and also you have someone from Constituent Services, as well as we are utilizing the folks in Pam’s shop in terms of getting information. So, that should be resolved, and what we need to do is find out what are the issues out there that have not
been resolved and just come back to you, quick, fast and in a hurry and say either we have implemented it on some level, or this is what it takes to implement that. So, what I will do is I will get Sarah Hazel to this week come out and make sure that we are capturing all those things that are out there.

Mr. Mitchell said City Manager and Mayor, I do like the Strategy Session but maybe we ought to use that differently, and so when there is policy, I’m going to use an example, what e-scooter to me should have at the Strategy Session and we would have talked about it touching two Committees, Transportation, and Public Safety, because you remember all our discussion that night it was around Public Safety, and it seemed like we never had any input. So, I think if we can scale back on the Committees. Mayor; you need to give us three minutes to report out, we spent too much time at the Strategy Session going through these long reports. Keep it at a high level, and let’s use the Strategy Session now to talk about the TOD that needs to go through Planning, ED because ED Committee members. We had a good report from Taiwo that he told me there was some minority participation involved and that it why he wanted to get it in front of the ED Committee, but to me we need to use the Strategy Session for those types that cross over different Committees and everyone can schedule them and we are not holding up Taiwo. I think he has got a February 25, 2019 deadline and we were fortunate enough, so let’s revamp the Strategy Session, tell us to talk less and I know you try. You’ve got to have a buzzer in there.

Mayor Lyles I have actually thought about; you can get these little digital clocks at the dais that would click when you start, and if you’ve gotten to five minutes your colleagues can start kind of looking at your funny. You know what I’m saying, but I’ve never known whether or not the Council wanted to do that. Going back to the Strategy Sessions, we started out and it was like we were getting these big thick notebooks and we had long speeches, it has gotten better because the last one we actually had the TOD, the housing presentation, and the Committee reports were shorter, but I will agree with you the idea of the Committee reports wasn’t to report what we could read, but it was to actually inquire of your colleagues. We’ve decided this; do you see that we’ve missed anything? We are working on this; would you add anything and very seldom do we have questions of each other in that session so it is not just deciding we need to have a joint meeting, it was actually to have the discussion that would generate the need for the joint meeting. We aren’t doing that and I don’t know how to make that work.

Mr. Jones said Mr. Mitchell, I agree with you 100% on what you said, so this is what we need help on as staff. The good news is that if you start to look at the last few agendas from the Strategy Sessions they have reports on them, significant reports as opposed to just report outs, because the initial process, remember this was built from scratch last January. So, as Ms. Ajmera said there was policy questions around the Committees and the Committees were supposed to get things out in 90-days, and after the 90-days it would come to the Strategy Session and after the Strategy Session it would go to the dais. What has occurred sometimes is that something will be in Committee for let’s say three or four months and then it gets to the Strategy Session, and there is a report out and then the next week it is at the dais, and sometimes the seven people that weren’t in the Committee will say I have not been around this topic long enough to make a decision so then we kind of freak out as staff because we are saying well, what are we supposed to do. That is kind of the things that we deal with.

Ms. Ajmera said I want to respond to that. What has worked when policy is very significant where it is going to have a long-term impact like 10, 15, or 20-years, something like SEAP or the resolution, because it was a 300-page report. We had to summarize it, and when you provide summary at the Strategy Session; it is just too little of a time for anyone to summarize it. There was a brilliant idea that Kim Eagle had, who is the support person for our Environment Committee. What they had done was they has individually set with each Councilmember and went over the summary report so going from 300-pages to 10-page report. When the policy is very significant, it works really well, because they are able to answer all of your questions individually. I wasn’t at the e-scooter discussion that we had I think two weeks ago but I did see that live and I saw that discussion went on for about two hours or an hour and a-half at the dais, and I know that all the discussion had happened at the Committee level, but I’m not sure if staff person met with individual Councilmembers and
addressed some of the concerns that had come up at the dais, but I think if that is the strategy we have tested, and it has worked really well for the Environment Committee I think that strategy could work for significant policies whether it is e-scooters or transportation plan or TOD, but I think that is something we ought to consider so that we are not having two hours long discussion at the dais on the policy.

Mr. Bokhari said at the end of the day it goes back to what I was saying earlier; are Committees meant to be working sessions where a small group of Council comes together and actually facilitates the acceleration of development of policy or is it mini City Councils that meet, because right now I think the way we are operating is mini City Councils and that explains everything that has been said. It explains well there is a group of people that are in the Strategy Session that worked part of that mini City Council and that debate that went on. Those things that happen in the mini City Council type formats today should be happening in the Strategy Session only. If at the end of day if you say budget is a great example of a horizontal already; it is already horizontal; it is a fixed thing that is there. I think the solution is we have six other ad hoc floating Committees those six stays and the goal is to disband that Committee. There are naturally going to gravitate towards some are going to be more heavy ED, some are going to be more heavy Public Safety, but that won’t be the topic. It will be scooters, and if you look back last year the difference in scooters that this model would have had. We would have sat down, and the easy measure is has anyone ever seen somebody break out a write board in a Committee meeting and actually start write boarding things out? No, it is always a report, a discussion, bring it back.

If we had sat down in Session one and we had said okay we are going to have a special Committee on scooters we would have said we can knock this out in two weeks, let’s meet twice over the next two weeks, give staff feedback, we write board out and we say already I don’t really like that block of no scooters in the middle of uptown, I don’t really like requiring helmets or not, and we write board it out and we have them go away, they come back, and we say that wasn’t quite it, and then they go back and the actual thing goes to the Strategy Session and we all see that level for the first time. When that six Committee drops off and there is five then we say okay, new Committee, 30% AMI folks. You are going to figure out how to go develop a plan there and whatever it is that will drive us to want to. We are essentially trying to finish the work that disbands the Committee. That is itself set-up all kind of efficiency and urgency.

Mr. O’Neill said I can tell you that every Council I have been in has had this conversation. Julie asked me a question about best practice; let me describe what it is very clear four-year terms staggered is the best practice. There is a whole series of analysis around the model charters and all of that; it has been researched for quite some time. Now, does every community have four-years? No, is the answer to that. My favorite one use to be San Antonio where they had two-year terms, four-year lifetime limits and the joke was everybody could be on City Council eventually. So, that is probably the worst-case scenario, but clearly the four-year staggered term is the best practice.

The way Council organizes there is no best practice, it really is about the way you need to work together and in conjunction with the staff. I will say some of the emerging practice, which is not different than what I heard in your conversation, is that there is a difference between the work that you do in these two areas and the work that you do in these two areas, and whether it is a Committee alignment around your priorities areas as they are stated, if the priority areas are around outcomes, which then lend themselves to the multi-discipline area organization of the staff which aligns to that outcome whether those are permanent, my argument is they should be strategic. Sometimes strategic means you can get it done in half an hour and sometimes it is 10-years. Strategic does not have a time dimension to it, so it that alignment that seems to be emerging. I will use the traditional committee structure tends to deal with this oversight thing. How well are we actually doing the work; is the work plan being done are we financially good stewards of the money as it relates to time, money and people? There is no one real answer to that; you need to work that out where it is comfortable for you as a group, but I would say given the level of frustration that was around I think a redefinition of what your structure looks like, whether it conforms to what you are doing now or whether it is a substantial modification. There is enough wasted time among
staff and Council, and time is your precious resource, so the more you can focus to the outcomes you want and align your time around that the better off you are going to be.

What happens, I will tell you, I have done sort of work with Councils and they spend way too much time on this, not that that is unimportant, and almost no time translating their vision into policies which actually moves the community forward. That is your challenge, and how you do that is really something you have to decide as a group, because it is individual to you. I think some of the examples people mentioned are worth of consideration, but I would guarantee you wasting time between these is probably your issue.

Mr. Winston said obviously this is something I’ve been passionate about, brought up first Business Meeting that we have to do something different and something that I've brought up time and time again, and I've been trying to do some work to come up with a solution to be more efficient with our time. One thing I appreciate about all of my colleagues is that I think that why we take so much time is that we want to make intelligent decisions, and we want to make informed choices and we use the time to ask as many questions as we need to so that each individually comfortable with our decisions and explaining that, not just to our constituents, but to ourselves and one another as colleagues.

I reached out to Charlotte Mecklenburg Library, as well as UNC-C, to provide us with some more resources that I think can answer some of those questions, for instance as Ms. Mayfield says, will be the answers to our questions and not necessarily what staff because staff is not necessarily good and skilled about coming up with some research around the way things way things have been done in other places, at least not in an in depth level and there are people, specifically research librarians that this is what they do and look how the Library of Congress, for example, helps to support legislative decisions of Congress regardless of the party, regardless of the partisanship, and they do it in a neutral manner.

Really, any of us can take advantage of this right now, and any citizen really can but the idea is that the Library will provide framework and resources and staff expertise to provide community perspectives to research and reference process specifically as it relates to policy issues that are on, for instance, what I just sent over today was looking at how other municipalities have approached walking trails. How have they looked towards that from an economic development standpoint; how have they looked at approaching that from a transportation standpoint, from an environmental standpoint and from communities, and neighborhood building standpoint around that? They should do some research to find out answers to those questions so that I can be better informed as I give guidance to staff of what I want to do with policy. I think if this works, this can be a powerful tool that can really relieve staff of some of that question/answer time and they can be really focused on writing a policy, and we can be really focused on developing the clear guidance that we need to give. I don’t know if Marcus wants to speak to it all, but I can provide all of you and right now I can provide all kind of sent to each and every one of you, so you can see a little bit more about the details of this arrangement. Like I said, this isn’t something that already exists; this is something any citizen in the country can reach out to the Library right now; the Spangler Carolina Room is heading this, but we are going to really try to foster a relationship of making us better informed policy makers.

Mr. Mitchell said I’m going to use me, because I’m the hyper one, and I send staff e-mails early in the morning and late at night. So, I need to do a better job of not wearing out the staff so to speak, but I do think there is some underlying issues here that we need to get resolved if we are going to perform staff and Council. I to think there is some trust issue among Councilmembers with what staff reports, and I think there is a feeling that staff has given us what they want to give us as opposed to giving us what we really unbiased, just information so we can make a better decision on the policy side. I say that all because we are about to enter crazy season; it is election year, and politics is going to play a big role, and if we don’t come to a consensus our Council and staff is going to work for the next 90-days, it is really going to get crazy in the Government Center.

I think we collectively need to have that discussion, because it is not fair to staff and it won’t be fair to us, but some of us is going to need a report card, because we are starting to campaign. We are going to get very frustrated, and I’m going to pick on my Deputy, if she...
takes 90-days to give a report back, so I would say it might not be fair to her to think she can just take care of James’ one issue in less than 90-days. I think trust and communication is going to be very important, and then Council, we need to be very clear. What are we trying to accomplish between now and December, so we can manage everyone’s expectations?

Mr. Driggs said could I just add to that? I agree with you about that, and there are times when we talk about a subject, time goes by and then we get this document that says yes or no. Who wrote that? I don’t remember participating in the steps that led up to that, so the way it is done in the military and the private sector is you get an issue and there is a decision memo. It states the issue; it discusses etc. It presents some options and then there is a recommendation at the end. There was one instance when we were talking about the TOD, where it said you can either do what you are doing or you can have a flexible structure, and so I thought okay, those are some alternatives, great. Let’s make that choice before we start drafting the language. Certainly, going back a bit now and this is kind of an earlier generation era the progress of the UDO was a kind of cart before the horse situation, and certainly, I kept thinking where is this coming from? I don’t even know what that is and then thankfully our Planning Director said we need a strategy; we need a plan and then we can start putting the language down about what the actual ordinance looks like. I guess my suggestion to staff would be that in line with what my colleague was just saying, you look at the kind of decision making infrastructure that we need and not try to kind of write for us what it is that we want to do.

Mr. Bokhari said I think the other piece I would add on to some of the other comments I made is, and you said this already. We work hard, very, very hard but not necessarily smart and a lot of our time is on oversight when in fact if our policies are correct there are a lot of things that we do today that came exactly to what the conversation we’ve had in the rezoning and planning area, which is we are a transaction or deal making City, not a planning City. I think the same is true here; we are an oversight ad hoc voting organization rather than a policy organization. We complain a lot and rightfully so, that we don’t have enough time in closed session for Business Investment Grants and things like that; that should literally be a policy that once we all agree on it. It should just be a quick glance to say did it fit all the criteria we’ve said, and if we start seeing things come through that isn’t right we should go back and revise the policy, not be at the deal making level.

I think this dovetails exactly into my other idea, which is instead of picking six things of like 30% AMI and the things we want to work on let’s pick six topics first and say everyone has one month or less in low hanging fruit of policies that should tell us the answer rather than us sitting here trying to ad hoc, do the research and say well how do I feel about this one. If we knocked that out we are going to have so much more time to focus on the actual new policies around some of these things that we really want to do.

Ms. Eiselt said like what for example?

Mr. Bokhari said like the Business Investment Grant, like we should absolutely have a black and white view of 90% versus 50% on the geographies, on the industry verticals and all those things where staff knows if it is going to be standard or non-standard. There should be no surprise; do we like this company? It shouldn’t be that; it should be it meets all the criteria or it doesn’t, and I think there are probably a dozen other things that could be good candidates for that exact kind of thing.

Mayor Lyles said we not be able to everything that we’ve talked about here today, but I concur with this idea; we do need the judiciary. We need the oversight, but strategy, and policy is what is going to make a difference for us long run, and fortunately we’ve had really good fiduciary and oversight, which I think is sometimes why we gravitate toward it because we know how to do it really well, and maybe we don’t understand as much how to be strategic and policy. I think that part of that is when Marcus talked about the four teams he was creating, and I think about that I wonder, and I know we are not going to change Committees this year, but thinking about it is what would we like to see in that strategic and policy area and actually start thinking about a new committee structure that we can all bring to the table. I really wonder if it is not focusing on making the staff work and time efficient that measurers with our Committee structure, so if it is jobs and ED we have people that are...
talking about policy and strategic, and it is jobs in a jobs and ED Committee. I just really think that in the choices we have to make we are not looking to grow the staff and have duplication, and at some point, we have to align this so that we work with the way that the organization can effectively serve us in strategic and policy, and right now, I think there is going to be a disconnect. I think that we are probably not going to change it in the next nine months, but I think we ought to be thinking about strategic and policy and let the Manager work around these areas and see if it is working. We will always have the governance and oversight and budget and all of that, but these other areas all of us talk about, great neighborhoods and that safe, healthy and inclusive community, all talk about economic development and workforce, we are going to hear a lot about that tomorrow. Environment and sustainability has a whole lot to do with our enterprise funds of water and stormwater and then cities are infrastructure driven. That is what we are here to provide. The County has a whole commitment to social services, so if we don’t get our financing and our planning and land use- So, I think the Committees are good. I just hope we will take some time and figure out how to align our work for efficient use of the staff time.

Mr. O’Neill said I can just tell you, back to best practices, it is pretty clear whether you are looking at economic development strategies or economic mobility strategies or affordable housing or any of those kinds of things. The better the alignment between the governing body and how you govern and that alignment that translates to how the staff allocates its time and resources, the more likely you are to produce the outcomes you want. When there is a disconnect, there is a waste of time on the policy side and there is a waste of time on the administrative side, so the question is whether it is Driggs’ sort of formula for the way you present decision packages or whether it is a different kind, the more that gets aligned is the way that staff actually produces their work and then executes on that policy, the better off you are going to be.

I wish there was a little bottle or pill you could take; you are going to have to work it out among yourselves as to what is comfortable for you, as 12 people who have to make those kinds of decisions, but there have been some good ideas about how one could structure that. I actually think the clearer you are on the outcome and metrics of what that success looks, the clearer you can be on the way you want to organize your time. What happens is lots of Councils will talk about a general outcome; everyone will nod their head, and they walk away everybody thinking success will look different.

Mr. Jones said Bob, I think what occurred is that maybe too much happened too fast, because what Mr. Driggs asked was exactly how we started last year. We had the book of 97 items where we said give us two weeks; we will come back to you. You bet against us; we did it, but I think it was so overwhelming that people said okay you did it, but I don’t want to read 100 pages of stuff, so we just need to go back to what we started off with, because it was just that; it was what is the policy question. That is the outcome, what is the data, and we always put it in a page and a-half and staff even called you to make sure that we got the right policy question but we just deviated from it, we have to get back to it.

Mr. O’Neill said and the other is, whether it is any organization, tomorrow will be the exercise is you can’t have 97 priorities. You can do 100 things maybe, but you can’t have 97 priorities, so what it is? You can meter the priority, you get it, you get it done, it gets accomplished, maybe it is short-term, maybe it is long-term and you move on to the next set of priorities, but if you’ve got 100 of them, you’ve got none. That is the problem. You are in 50 or 60 different businesses, all have different expectations. It is hard in this environment to come up with those priorities actually are and hopefully tomorrow we will sort of get at least some beginning clarity of what they are.

Mr. Mitchell said Mr. City Manager, may I make one suggestion? Some of us old folks, I’m going to call you out, Greg and I and probably Ed.

Mr. Jones said you meant long serving, right?

Mr. Mitchell said long serving, thank you for helping me out there, and Ms. Mayfield; let’s take your 30-day City Manager Report, you give us and if you can translate that on a pink cardboard, include it in our package, it stands out, because it is pink, then it list all the
committee assignments per our focus groups. I think that communicates to us what is in ED. What is in TAP; what is in Public Safety, but it also stands out, and it doesn’t get caught up with other white pieces of paper that we get in our packages. I do think communicating with us and then giving us a snapshot of what is going to occur the next 90-days helps all of us prepare better, and so when stuff comes in we can say oh, this is a priority, because it is going to be on Public Safety, and you are talking about E-scooters or whatever, just a suggestion.

Mr. Jones said that’s good.

Mr. Driggs said this is my sixth Retreat, and it is worth noting as we discuss these things and look for ways to do it better; we are in a much better place than I remember us being in the past, and I’ve been through a succession of Mayors. It is good to have proper leadership, and I wanted to acknowledge Manager. You and your staff, Sabrina, I’m a numbers guy. I spend a lot of time digging around in there; we are really in a much better place. We’ve got work left to do, but these are smarter questions we are asking today than we used to talk about, and the idea of the vision, we used to be mired in these squabbles and stuff, so I just think in the midst of all of this, there is a lot of room for optimism as well and for us to feel good.

Mr. Bokhari said don’t forget you upgraded your colleagues.

Mr. O’Neill said what we want you to do is use your little stickies, need to go up on the board so everybody’s thoughts were captured. I would like to ask the Mayor and Marcus, I think one thing that might be useful as a take away from this is to think about this, maybe have another conversation, but maybe posit a couple of different models about how the Council could be structured, how you use your time and then how that aligns to the way the staff is going organize themselves. There a couple of different ways of doing that; you ought to just put a couple of those models on the table and then think about a conversation about what those might look like.

Ms. Mayfield said your third PowerPoint tells us what effective Councils do as we are having this conversation. Really, what it seems like the biggest challenge is one that we are going to have to pull the trigger on yea or nay, and that is four-year staggered terms. Mr. Phipps and I are over here, so I’m going to give him his credit with a lot of it is because of our short period of time, because we really have 15-months as a Council to try to get as much done. We also have a system where once we hit a certain time this year it is as if staff can’t help us do the work anymore, because it gives a perceived unfair advantage from those campaigning for the job, so it kind of holds us up from doing the job whereas the reality is we have so many thing, because we have some clear goal, but we just don’t have enough time to address them. When we are ready to pull that trigger, which I have said for many years it is a conversation between political ability and political will, so if we want to be more effective, if we want to do what effective Councils do, which in essence we are doing, it is just we are trying to do it in a much more compressed time period, where if we had a full three years to focus on it, it would not seem so overwhelming to try to get everything done.

Mr. Jones said so what for example, as we are having this clarity, is the assumption that on the February 11, 2019 agenda there would be a vote on four-year terms. So, I need some guidance, because I don’t know what I’m being asked to do.

Ms. Ajmera said I remember at the Committee level, when we had discussed this four-year, that after the Retreat that would be at the dais; however, I’m going to leave it up to the Chair, Mr. Phipps to work out the logistics as to what is the best time for us to also bring it to full dais if there are any additional things that we need to hash out before we bring it back. I just want to make sure Mr. Phipps weighs in on that.

Ms. Eiselt said I think what we did talk about was having a public hearing but I would really rather talk about whether we should be having a public engagement. To have a public hearing and have people tell us why they do or don’t want it without us having the opportunity to talk about we might feel for those of us who support it or don’t support it. I just think we have to have an opportunity to talk with the community and not just have them talk at us.
Mayor Lyles said I think this idea of position versus interest is one you get when people come down for a public hearing, you are going to get their position and who knows what the count would be, but, what we are trying to talk about is the interest in building a City with an organization that can actually run a City of our size and accomplish that.

I don’t remember the City Attorney’s memo, but one of the things that we’ve done we’ve come to whatever position we have without any input from I think people in the community in a way that actually explains what the interest is and asking them what their interest would be. Right now, I kind of remember, and I may not get it exactly right, it was kind of like yes, we should do it this way. We should do it this way. Yes, we should have it, and there was a discussion around the ways and method. If we were able to articulate why and go out and have a plan to do that I think you would get a different set of people coming in to have that conversation with you. I think the Manager is kind of in a position that he needs to know are we putting it on the agenda that is raising our hands for what would be much more clear.

Mr. Winston said I remember this very clearly and what the Attorney put out. If we change the length of our terms there is a very prescribed process, so once we start we are on a timeline. It was the discussion in Committee and around Council that because of the three ways that this could be done by a decision of Council, decision of Council to put it on a referendum, or a citizen’s trigger of a referendum. I think we all decided that it was best to coordinate this with a September or I don’t know, it had to be in the general election, and so this is what we are saying right now is we need to layout that timeline, so the triggers happen. I think what we’ve got right now was that we were told that four-year staggered terms is best practice, and I think that is what the Manager- Because it is job to run an efficient business, that is what he should operate under. If we need to, as elected officials, go out and sell to our constituents, then we need to decide how we are going to go out and sell our best practice to our constituents.

What I think needs to happen, I think we need to put it on the agenda; we should lay out the timeline and trigger it and between definitely ahead of that public comment that is prescribed by general statute that we have to decide the particulars of it. What does the staggered term look like? Is it Districts in one two-year term; is it City wide in the next? Who starts first? These are the things I think we can do; I don’t think we have to decide that here today. I don’t think we have to decide that at our next Business Meeting, but we should trigger this process that we agree and we probably should determine as well, is what of the two options that we have the ability to take hold to. Are we going to do this strictly by Council action, or are we going to proactively put it on a referendum for November? I think those are the options that we have to deal with.

Mayor Lyles said I don’t remember this, so can I just ask the detail or maybe Greg. I think it was the Chair when we put it on the agenda for making that choice, I’m not quite sure what that really means, because there is a recall to one and not to the other. If we vote to put something on the agenda to have the schedule in the fall and then there could be a petition of 5,000 people.

Mr. Driggs said once we have the choice of starting out from outset down a road that includes a referendum or we can try to do it unilaterally ourselves and that is one that then says if 5,000 signatures on a petition require it then you must go to a referendum. In Committee, the conversation was we thought that the public response would be better, and I should note I’m actually opposed to four-year terms, but this is what was discussed, that it would be better to go out from the outset along the referendum path and not look as if we were trying to see if we could get this done without talking to the public.

The other thing we talked about was public engagement so the question is if we put it up for a vote now what exactly is the motion and the motion would be something along the lines of Council has decided to embark on a course towards a four-year term, engage with the public and then the timetable would be our first formal action that we take is to schedule a public hearing. That is actually legally the first step and this is what Braxton was alluding to. In order to hit a November, given the intervals that are required by law as explained to us by the Attorney, in order to hit a November date for the referendum, and concurrent with the
General Election it would cost $500,000 to try to it another time. You end up with a May type of timeframe for the hearing. The idea was that we engage with the public, that we get out market the idea; we do a lot of the things Ms. Eiselt talked about, and if we take an action it would be along the lines of just stating the Council's intension to pursue four-year terms.

Mr. Phipps said the Committee recommended three things when we pushed it out of our Committee. One thing we did we said we wanted a City Council initiated referendum. That was by a four to one vote that we wanted to do that. Then we wanted this to occur in line with potential September election, that was a unanimous vote of the Committee and the third thing was we wanted to transition to a staggered term and that was a unanimous vote. It has been a while since we talked about this, and I think we should go back into another Strategy Session to lay out what we want to do before we put it on an agenda. I think all we did was report out what we did, but I don’t know that we’ve had a real robust discussion on it, and that is what we need to have before we put it on an agenda and initiate the steps. That is what I think.

Mr. Mitchell said how many people were in Committee?

Mr. Winston said you had three members.

Mr. Phipps said the very first meeting where it came up there were only three members; it was two Republicans and one Democrat, but we said this is so important we need the full Committee, so that is why it was subsequent meeting.

Mr. Bokhari said Mr. Chair, to clarify one thing we ordered these votes in a particular way; the first one was how did the Committee feel about doing this or pursuing four-year terms at all of which that vote was three to two. Ed and I were opposed. Then we said okay aside from that since it is going to go it will help everyone else if we say assuming it is going forward what are the votes on the other things, staggered terms, different things like that and referendum? So, we were assuming it was moving forward, so that doesn’t necessarily say that five to zero to were in support of the whole thing; there were different scenarios, so I think that is an important clarification.

Mr. Mitchell said I was only asking for clarification, because Greg said we need more discussion. I guess what I’m asking is you are talking about referring it back to your Committee or are saying –

Mr. Phipps said oh no, it is out of my Committee

Mayor Lyles said just informally the Chair is recommending that we bring forward the Committee's recommendation, and I'm going to suggest with the legal staff documents would be required under each of those for a Strategy Session that would be the first of February, which is not too far away. If we can get the work done between – is it this Monday? Hope, how do you feel about that?

Hope Root, Interim City Attorney said that is no problem at all; we can get that done. Before he left, Bob Hagemann told me that the statute that he had written under the former memo that he wrote has changed, and so there has been some changes in the $500,000 is now off of the table, because that was out of the statute. I can work on an update to that memo, and it won’t take very long for me to get that done.

Mayor Lyles said Patrick, have you done this once before?

Patrick Baker, City Attorney, City of Durham said we’ve done a few things once before; we are actually doing it right now with the Mayor; he has a two-year term and everyone else has a four-year staggered term so the Mayor believes, and I think the majority of Council does as well that he should have a four-year term like the Councilmembers so we are looking at this very issue as well, and I'll certainly communicate with Hope.
Mayor Lyles said if Hope and Patrick can get all of this together informally we add that to the Strategy Session for a discussion and everybody understanding what is required under each of those steps.

Ms. Root said absolutely, that won’t be difficult from my standpoint at all.

Mr. Mitchell said Marcus, are you okay with that for Monday?

Mr. Winston said I have a question from a staff’s point of view; we were just advised by our Consultant that this is the best practice for our form of government. You don’t have to answer this right on the spot, but I would think we would talk about this on Monday.

Mr. Jones said you do this same question to me every year, don’t you?

Mr. Winston said I’m not going to ask you what you would prefer, but I want to know how staff will communicate this to our stakeholders and the partners we are going to need moving forward. As I said, you don’t have to answer this right now, but from what was just expressed this is not a political statement. This is a business statement, this is an organizational standpoint.

Mr. Jones said I don’t disagree; we will get the same data that we get from Bob, and if it displays that this is the best practice that is exactly what we will put out there.

Mayor Lyles said I agree that we can do that, but I know that this is how people elect their representatives so it is a political decision. It can be the best practice for 99% if the public in Charlotte decides it is not for Charlotte, then it is okay. That is who decides the best practice, and I’m not saying it is political, but I think this is going to be approached and every other decision that we’ve made about terms and elections it has always had an element of citizen engagement that was led by the Council or the community, and I think that is the real question how to lead that or determine what it is and who is going to manage that.

Mr. Winston said I understand I was just pointing out that we don’t hire consultants to give political answers to issues, and we have very clear guidance from our hired consultant, and we should express that and not hide behind kind of hands off.

Mr. O’Neill said the only thing I would say is very clear in the practice the more engagement you have around the referenda the more likely it is to pass. Those aren’t mutually exclusive to have a best practice but also an engagement process that builds support in the community to support the change.

The meeting was recessed at 4:06 p.m. and reconvened at 4:30 p.m.

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TEAM BUILDING

The Mayor and Council engaged in a team building exercise.

The meeting was recessed at 6:35 p.m.

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ANNUAL STRATEGY MEETING - TUESDAY, JANUARY 29, 2019

The City Council of the City of Charlotte, North Carolina reconvened for the second day of their Retreat on Tuesday, January 29, 2019 at 8:01 a.m. at the Renaissance Hotel Ballroom in Raleigh, North Carolina with Mayor Vi Lyles presiding. Councilmembers present were Tariq Bokhari, Ed Driggs, Larken Egleston, Julie Eiselt, Justin Harlow, James Mitchell, Matt Newton, Greg Phipps, and Braxton Winston II

Absent Until Notified: Councilmembers Dimple Ajmera and LaWana Mayfield

Mayor Lyles said we have another great, exciting day, informing our priorities. So, I think that the biggest success that I say, for me, yesterday was that we were able to actually work really hard, deep dive, into one of our priorities, and we were able to get to a place that we could see our options for decision making, which will take place this afternoon with Bob O’Neill when we start talking about our priorities. We have some great people coming to talk to us, but today, I want to say thank you to Joe for coming down from Boston. Last night, we had a session, and we had to speak in another language, so we were talking about the park and the car as we were doing this exercise on how to think about ourselves differently in humorous ways, so it was kind of interesting.

Today, we are going to start off- I want you to meet the first, most powerful female Mayor for a large city in North Carolina, Mayor Nancy McFarlane, who is accompanied by our good friend Ruffin Hall, who is the City Manager. So, I want you to know that the first time that I met Nancy formally was on the Metro Mayors, and we were together and deciding what we were going to do and how we were going to take that mantel, and Nancy has done a great job. The Metro Mayors are now operating well within the North Carolina League, and that has been a real positive advance for us. The next time that I met her, we were both trying to figure out how to avoid going to the White House once the President issued us an invitation. We both went; it was fascinating. With that, I would like to ask Mayor McFarlane to come up and talk a little bit about being in Raleigh, being a part of our Metropolitan Mayor’s Association, which I think is made up mostly of women. So, there is a Nancy down I-85 in Greensboro as well, so we have two Nancy’s and mostly women.

Nancy McFarlane, Mayor, City of Raleigh said thank you all for being here; I am very excited that you chose Raleigh. I heard that you chose another little city close by last year that began with D. No, we are very excited that you are here, and very excited that you are like three minutes from my house. That makes it even better for 7:30 in the morning. Yeah, you are right, last year we were down on Jones Street, and we did a television interview. It was Vi and me and Ester, the Mayor of Ashville, and Nancy, the Mayor of Greensboro, and of course they wanted to ask the inevitable question of, how is it being a female Mayor? I said that I just hope when you do this show with four male mayors that you ask them the same question. How is it being a man mayor? Yeah, Metro Mayors has been great. Of course, it is all about forging relationships out of the General Assembly. You have Dana Fenton. It has been great working with Dana. Poor Dana spends probably more time in Raleigh than he does in Charlotte, but I know that you have been up a lot lately.

I did take a look at y’alls agenda, and that is impressive. You all are doing a lot of work while you all are here. We just came back from the Conference of Mayors in Washington D.C. last week, and interestingly enough, all of the conversations around all of the cities that are our size or even smaller but cities that are growing are all really the same things. It is transportation, housing affordability; everybody is starting to feel those same ills as the world urbanizes. So, it was kind of- there were no silver bullets, but it was good to hear bits and pieces of what other cities are doing, what they tried and did not work out so well. Vi did an amazing presentation for the Mayor’s innovation project. It was really well received. I enjoyed being a part of that. Again, I am happy that you are here. One more shout out to Ruffin Hall. Thanks for giving him up. He is the best. I have to stick with him to make sure that you all do not take him back. Spend money while you are here.
Mayor Lyles said she really did say that to the commentator on the show, like I hope you will ask the four men mayors that same question, and everybody was kind of like, yaaaay, yaaay. Nancy said it! What she did not say was that when we were in Washington last week, we saw at least five potential presidential nominees for the Democratic Party. So, you actually did have to go to the workshops to learn to do something in your city and we did, so that was really cool.

Today, we are going to take a real look at the priority that we have expressed for this year, which is workforce, training talent and its impact on economic development. We are going to hear from the Harvard Professor of Management on the future of work, but we are also going to talk about Opportunity Zones. Now, this was a topic at the Mayor’s meeting as well. The same questions that we are having, a number of communities are experiencing. So, as we talk about what we are trying to do and accomplish, just know that as Nancy said, there is no silver bullet, and we are just trying to figure out- I think that this is one of those pieces of legislation that pass with great intent and very little follow up and implementation on how and what it meant when it got on the ground. So, we are going to talk about that.

David Phillips, Facilitator said our first speaker, presenter, discussion leader is Matt Martin, from the Federal Reserve Bank of Richmond, who is based in Charlotte, regional executive over North and South Carolina. It is truly going to be an interactive conversation. I think that Matt is going to start off asking you what are the key things that you guys actually want to hear about.

THE ROLE OF HUMAN CAPITAL IN WORKFORCE DEVELOPMENT AND AN OUTLOOK ON OPPORTUNITY ZONES

Matthew Martin, Federal Reserve Bank of Richmond said I appreciate the chance to talk with you this morning, and as you see, I was actually handed two topics, and in the slide deck, the one that you really want to talk about is at the end. So, I think that we will reverse that, and I will probably jump ahead here, but I thought that it would be worth spending a few minutes just explaining my role and what my institution, how we get involved in issues like that. I work for the Federal Reserve Bank of Richmond, which is one of 12 regional Federal Reserve banks. We have a branch office in Charlotte and another one in Baltimore, and the branch in Charlotte does a little bit of everything that a central bank does, and if you are not familiar with that, we have a pretty significant team of bank examiners. I think that we have one former bank examiner on City Council. Is that right? At least some of you are familiar with this role. So, we have a Bank of America team, not to put too fine of a point on it. The OCC regulates the bank. We regulate, over our team organization, called the holding company, but work hand and hand with the OCC. We have a substantial team there and a bunch of people that support them, as well as examiners who take a look at the smaller banks. That is a big chunk of what we do in the Charlotte office. We have a cash operation, which some of you may have seen, and we are otherwise involved in payment systems, which is the second of the three legs of the stool, then the Federal Reserve system is known for monetary policy. What might be less understood is the role that a branch and a regional reserve bank play in that process. My role is substantially in the monetary policy process, and I am responsible for helping our president, who is a member of the Federal Market Committee and was a voting member last year, understand the current state of the regional economy. So, out of Charlotte, that is North Carolina and South Carolina, and that involves a lot of interactions with the business and banking community, and it is in line with our mission. So, we are responsible for low and stable inflation and sustainable full employment, which is essentially an economic growth mandate. We all know that growth does not happen evenly across our community. So, we do spend time understanding particular issues in communities, historically our involvement in community development is rooted in the Community Reinvestment Act.

Initially, we were hoping banks understand how to implement that legislation. That role has expanded. We now talk very frankly about the roll that monetary policy is this big broad tool that has a pretty powerful effect on the economy, but it is not very good at sort of managing the differences across the community. So, we have to find other ways to address that. So,
we do have a community development area that is involved in these issues of trying to understand them. It means that I have the ability to get involved in some community efforts and bring our banks resources to bare. So, I was proud to serve as a member of the Opportunity Task Force. It is hard to believe that it is almost two years since we released our report. It does not feel like it is that long, but it also feels like there is still a lot of work to do. A lot of good stuff is happening already, and I think that you had Michael Marciano, who was with you yesterday, about the housing piece. I have had other community involvements around town, some non-profit boards. I am not currently but have been on the board and chaired Community Link, one of the housing agencies in town, and I am currently on the board of Veteran’s Bridge Home, if you are familiar with that organization. So, that is my way of background in talking with John Martin at the back, he reminded me that we at the Federal Reserve are not very good at marketing and telling people what we do and our story. So, I got that out of the way.

We are going to start with Opportunity Zones, and by way of disclaimer, you have just heard my particular expertise is on economics, I’m a PHD Economist, that is what I know best, but I do work with our community development staff, who are the real experts on Opportunity Zones, and I know this is a particular topic of interests in every community right now. I am curious form Councilmember and staff. This is a little bit by way of level setting, what are the sort of top of mind issues for you? Is there a need for understanding?

Councilmember Winston said [inaudible] and secondly the ability for us as a city to leverage our [inaudible]. We would be the first ones to really [inaudible].

Councilmember Harlow said just trying to figure out, knowing that this is so new and we see a lot of folks in the private side kind of getting involved with this, how can the City have a role? What are municipalities role in this? How can we best leverage other investments, our land, especially in areas that this is supposed to serve and underserve areas? I am just still trying to learn a little bit more about that process and how, from an economic development standpoint, we could benefit from a City standpoint.

Councilmember Driggs said I think that we need to be clear on what the structure is, so what types of unrealized gains qualify for the benefit? Then the process through which the opportunity trust funds are managed, the concern is that this large pool of capital is created for investment in these disadvantage areas, and it goes off in a direction that we do not like, making conditions there socially, as far as we are concerned, worse than they were before. So, that is where the apprehension comes from. I’m of a mind that if they are willing to subsidize that investment, which is basically something that we desire, that we should not sort of stand in opposition to it, but there is anxiety about how it manifests itself, private sector decisions being made when we have social priorities.

Councilmember Mitchell said I think that there are two things for me, one, who do you select to be part of your Opportunity Zone Task Force? What type of expertise do we need? Secondly, at the federal level, what other mandates or whatever the deadlines are there? We heard of one, the December 2019, so how does that impact us on what we are trying to do here? I think that all my colleagues kind of mentioned that we are just trying to leverage. We have Opportunity Zones. We have about 17 of them that has been already defined, and we have about some P3 projects in those Zones, so how do we tie all of those together in making sure that we can develop those areas?

Mr. Martin said I have heard similarly expressed questions and concerns in other communities. I will offer some information that will not answer all of your questions. So, just a disclaimer up front but I am happy to hopefully give you some things to think about, have a discussion about this, I will offer you a couple of resources at the end that I think will be useful as you are thinking about this. One is an opportunity upcoming within a month in Charlotte to learn a little bit more in depth about Opportunity Zones from some experts, but please interject as we go along, because I want to make this as useful as possible for you.

So, to some of the questions, I will just cover the basics here, and I will note that I stole this slide from a company Novagratic, which is a professional Services Consulting company. I think that their home office might be in San Francisco, but they are across the US, CPA and
other forms. We have been working with them as well as the state and others to put on workshops for Opportunity Zones. You can actually find it and I will have this at the end with some resources. We have these presentations linked through our website for some workshops that have already happened and one coming up.

So, the basics are any taxpayer can take capital gains, and it is the gains part, not the principal as I understand it, and put it in a qualified opportunity fund, which as you might imagine there is a lot of definitional work around all of this. That qualified opportunity fund then is required to have pretty much all, not completely. I think the 90% threshold is significant in qualified Opportunity Zoned property. Also, there are opportunities to invest in businesses that derive a certain percentage of their business revenue within that Opportunity Zone. I think that latter piece is a little less well defined, but that is part of it as well. So, there is still some information that needs to come out. There are three main buckets for the tax benefits from this. The first one is just the deferral of any tax on existing capital gain. So, this is you are taking capital gains and rolling them into opportunity fund and avoiding a tax event. This is, to my mind, akin to if you sell the house that you are in and you made some money off that house, but you turn around and buy another house, you are not going to pay any taxes on the net proceeds from the equity that you built up in that house. So, this is a way to do that, and you get this tax deferral that last until the sale or until the end of 2026. Now, if you hold on to the property or the investment for a period of time, you also get a change in basis. I am not a tax guy, but I sort of get this, right? If you hold on to the property for five years, 10% of your capital gains then, you are not going to pay tax on. So, you get this change in basis, and if you want an extra five percent for a total of 15%, you have to hold on to it for seven years. So, this puts some deadlines into play, and I think that is why communities are scrambling. If you want that seven-year benefit before 2026, you do the math; the investment has to be made before this year is out. This is really time bound. Now, you still have a couple more years to get the 10% basis adjustment for the five-year holding period. That puts another deadline at the end of 2021. I think that there is a scramble this year, then maybe you have a little bit of a pause before you hit that next deadline. They are sort of cliffs that are hanging out there. My read on what I know from talking to folks in some other communities is, the term is not a good one, this year the projects that are more likely to go through are the so-called “shovel-ready” projects. So, I think that we probably have some of these around Charlotte as well, things that were in the works, maybe even before Opportunity Zones really hit the radar, and this is just going to provide them an added incentive. They just have to rework the tax set up and do the work around a qualified opportunity fund, then they can push forward on the project.

I do not know what the state of your intel is on what is happening around town, but I have heard of a couple. I imagine that you all are much better informed than I am on what is happening on the ground. So, I think that there is some opportunity there, and I think that you are likely to see newer projects pop up as the funds are put together and as they get more organized about how they are going to deploy those funds. So, you can look and see that in most communities there are local-based funds, and they have various needs involved, including from local government, but there are clearly some larger, more nationally funds that are already being put together. I would think that it would be more high-level individuals who are typically going to put a chunk of money with an investment fund, and this is just another variety that takes advantage of certain taxes.

**Councilmember Phipps** said does the Fed maintain any kind of metrics on investments so far in the individual Opportunity Zones?

Mr. Martin said we do not, so I think that the Treasury will by the time, let’s say that we get to the middle of this year, there is sort of a six-month self-certifying report cycle. So, if you have a qualified opportunity fund, you self-certify, then you have to report to the Treasury what investments you have that are qualified so you could hit that 90% threshold, so the Treasury is going to have some data. I do not, as I sit here, know how that is going to be assessed and to what degree that is publicly available, but I would think there is a pretty strong case that is something that there is a public interest in knowing about.

Mr. Winston said what is the scope of projects that will be, when you say shovel-ready projects. Would residential building of homes be included in this?
Mr. Martin said I think so; this is where my expertise really gets tested, and the Treasury came out with some guidance last October, but they have more that they have yet to put out. One of these is around, as I understand it, around the treatment of leased property. That could be that you own it and you lease it to a business, but it seems to me that there are still some open questions around-

Mr. Martin said I would think that that would be a qualified project.

Mr. Winston said there lies my concern, especially in my last 10% that you mentioned of people who do not have to have a physical presence per say, in an Opportunity Zone but get their revenue from the Opportunity Zone. These are areas where we are dealing with, I will just say it, predatory development where people are getting bought out of their homes and displaced. What you just said in the last five minutes really does give me real pause around these Opportunity Zones.

Mr. Martin said yeah, I think that is legitimate and I think you can probably identify the areas where this is most problematic. So, think of areas that are already gentrifying that maybe they are not actually in the Opportunity Zone, but you can sort of see the path of development, and you know the Opportunity Zone may sort of accelerate that process into that next community and really make that a problem. I think this is something that a lot of communities are struggling with. I did a tour of North Charleston and the Opportunity Zone there, and there are real concerns about this same issue there, and you can see where there is already a lot of developments just on the edges of the Opportunity Zone, but it is going to certainly spill out and do a lot of good but the displacement issue is real.

Mr. Driggs said I am trying to get a feel for how big this is going to be in terms of just the total dollars. Do we have any indication? The intent of itself is basically an interest-free loan on the tax, if you will, for the amount of tax that you would have had to pay on your gain, then the lift presumable in stages. So, how big of a motivator is that, and how much money is expected actually to flow into these funds?

Mr. Martin said I think that it is substantial, so until we have actual cases, it is hard to know, but I saw one example from I think that it was a law firm that had put together a couple of examples, and they could run through their example and over the period of up through the end of 2026, the total tax benefit is over 38%. So, over a six or seven-year period, you can break that down into an average annual return, so even if you make nothing on the project itself, if there is no appreciation in the project itself, that is still a pretty substantial return to think about. So, I think that the incentives are quite large.

Mr. Driggs said is there any indication yet? Are people actually making these investments now, or is it still in development?

Mr. Martin said oh yeah, it is in [inaudible].

Mr. Driggs said do we know how big it is already?

Mr. Martin said again, this is something that will have to see if Treasury allows for any type of public disclosure of funds. The numbers thrown around are pretty substantial. They sound big I should say, as in hundreds of billions of dollars, but when you are talking and thinking of the property side, the value of the stock of property, it is not that big of a number in relation to that, but I think that this is still an unknown. It is going to be substantial. It is the biggest community development finance tool. I think that it is the first really new one that we have seen in a couple of decades, so I think that the effects are pretty substantial. They can be stacked with other ones. I think one opportunity, and I have dabbled in this without community development folks, this requires real expertise. We have it in our community, is understanding, how to piece together these different community development finance tools. Lots of deals are put together using low-income housing tax credits and banks that are getting CRA credit for putting in a piece of that. We have people who are an expert at putting together development deals that involve all of these tools, and it looks like you will be able to stack some of these other tools on, which bring in the requirements of those tools when you put those pieces together, a new market tax credit for example, which actually is very
similar to Opportunity Zones in the sense that it is trying to generate long-term capital investments. I think that a new market tax credit has got a seven-year horizon or something like that. You are looking at something similar, the incentives are similar for an equally long period of time.

Mr. Winston said when we define these Opportunity Zones, we did early last year, do we just give free reign to these funds to come in, or do we have some type of oversite over what happens in these zones going forward?

Mayor Lyles said I do feel like we were given a chance to do this work and identify these zones, and the presentations that we had were that it was the opportunity to get investment in areas that had not seen investment, but I feel like they said this in a way that we would be able to expect it to occur with some controls, with some input by local government, and now my sense of it is that these are big developers/investors coming in and basically looking at Charlotte, perhaps we are fortunate, like Charleston, to be a growing area, that they are saying, oh okay, I am here now, and I am going to get the 38% benefit for being here several years, but that does not necessarily mean that it is developed or that it contributes to our plans and zoning requirements and things like that. I want to add to the question, what are the tools that local governments or cities are using to actually have an impact on this now that we are kind of fed this idea? Now, we need to find out how do we manage it and what controls and tools do we have to address this? We cannot just look at the land and say, oh well, this is it. What tools?

Mr. Martin said that is a fair question; I will give you some of my thoughts that are not definitive on this. I think that if you have some folks at this upcoming workshop, I think that is a good question to ask some of the experts there. So, beyond your normal policy tools of zoning and permitting, a couple of things occur to me. It looks to me like there is a role, and this is not a hard role but a less formal role on the intel gathering side, trying to understand what is happening on the ground so you can, to the extent you can track it yourself. Now, to the extent that there are local funds, I think that is probably easier; the national funds are harder, but I wonder if the national- I am thinking, this is just Matt Martin thinking. When I think about big, say real estate funds, say REIT and how they operate, they will operate on a portfolio basis, right? So, if you have a REIT that is operating nationally, they are going to have a lot of properties in the big cities, and I watched over the course of this last expansion as the economy recovered from the great recession, these bigger funds would first- they are in New York and D.C. and places like that, then when that part sort of gets saturated, they look at what they term, if you will apologize the term, a second-tier city like Charlotte. So, maybe that gives Charlotte a little bit of a window to sort of think about this a little bit more, but I would note and I know that you have Mark Vitner coming, but this is sort of more my core expertise, areas of fast growth and Charlotte certainly ranks among the fastest growing cities in the country, could be high on their radar. So, I think you are right to worry about this.

One other thing that occurs to me and this is again not anything too formal, is that on this information collection side, it is not clear to me that these funds have any clue what other funds are doing, and they are going to bump into each other potentially. So, I think that there is a little bit of a broker’s role maybe to play there as the City and help guide funds as they become involved in the community and say, you know what, this might make a little more sense for both you and us.

Mr. Phipps said I have a question for staff; do we know whether or not the City owns any land in these Opportunity Zones?

**Tracy Dodson, Assistant City Manager** said we have not done a full analysis on the land that we own. It came up last week in Economic Development Committee but, definitely just looking at this, you do own some land inside them.

Mr. Phipps said that would appear me in as much as we own some land that we would have more say then, at least for our parcels of how we could try to help manage it.
Councilmember Harlow said we have started to explore this in our Economic Development Committee and how, especially around out land and the land use particularly in these zones and how that makes a play for us to be a part of this. Is there a requirement for actual real development of the land, or is the requirement for the tax benefit just owning it and holding it?

Mr. Martin said I think that it is just owning it and holding it. So, you are thinking of existing properties.

Mr. Harlow said investment is one thing to say we bought the land, or we already own it, and we are just going to benefit off of the deferral or the capital gains tag; it is another to say that we are going to move some dirt here and create something.

Mr. Martin said yeah, that is a good insight.

Councilmember Bokhari said that is where my knowledge or understanding of this really breaks down, which is if you bucket investors or tax payers or whoever into two buckets, people who both of them want to take advantage of the capital gains like tax benefits, one of them knows what they want to do, and they go in and invest in a business, in a property, they buy land, whatever. The other one does not necessarily have any goal or anything; they just want to take advantage of it like a tax shelter, I do not understand how the second party plays like so a city or somebody has to step up and say, here is some land. Buy it; hold it, but you cannot do anything. What is the benefit of that? We cannot deploy the capital, because ultimately, we have to be the ones to buy it back from them.

Mr. Martin said I do not know the rules exactly. It talks about development and [inaudible], and what it is not clear to me is the extent to which you can buy a property, do something that might be fairly superficial and say I have restored it, right? Then you have sort of met the letter of the law, but you have not. I think that this is the concern that you have.

Councilmember Eiselt said I think that is the concern. It was put together so quickly that it is just a tax play, and when that period runs out, whatever the value of it is can be sold to anybody. They have to do something with the business, but they don’t really care what it is. It is just patient money that is going to sit there for the extent of the tax benefit. We were talking about Baltimore; Baltimore has hired a coordinator who is, as you said, like a broker, a matchmaker who is going out to look for those investors, because they are sort of agnostic about the business itself. It is whatever; they do not really care. It is just taking advantage of that deal. We were talking about stacking the deck yesterday, to the extent that we could do that with our own land with someone who is will to do housing with our housing trust fund or whatever benefits we can layer into it, it is going to be whoever gets there first is what it seems.

Mr. Martin said I think that is interesting; one other thought to keep in mind is we have had a government shutdown for almost a month. We may get there again at the federal level. In some sense, this is a good thing for this program, because some of these rules are still not defined. Treasury folks staff were furloughed during the government shutdown so that the next sort of wave of rules around this program have been put off a little bit. So, it is probably on the investors side to push back against finishing the deals. They cannot really execute on certain types of these deals without those rules in place, a lot of unanswered questions. So, to sort of pushes back the timeline a little bit it might be fortuitous for you all in your thinking.

Mr. Driggs said is the creation and management of these pools a for-profit business? Are there people who specialize just in creating the pool and administering it?

Mr. Martin said yes, so I imagine you can think of a typical investment fund type setup, maybe with someone else who has some expertise on forms of community development finance, if they want to I link it, but I can see the one fund that is going nationally they are calling it the Black Rock of Opportunity Zones. So, the management is kind of that expertise.
Mr. Driggs said could the City then partner with somebody or kind of try to get a head start as it were then maybe using our own resources, direct the already subsidized investment in directions that are interesting to us? You mentioned before that you might have these four percent LIHTC credits, or you might have the new market tax credits. So, we might be able to kind of go up stream a little bit and not just wait to see what money comes to us but go out and then say, look, if you do these things like put grocery stores in food deserts, then we can sweeten the pot a little bit further.

Mr. Martin said yeah and I think that would make a difference.

Mr. Driggs said I think that we just need to be proactive about it.

Mayor Lyles said we have had several law firms going around and doing seminars in Charlotte where they are trying to get, I do not know if they are trying to get work or if they actually have people that have asked them to figure out how to best do this, but I think that we have got to have some intentional tools. I think that the City and all governmental owned land ought to be- this is our opportunity to mask something between all of our governmental land, and I do not know, but I have heard zoning overlay districts being talked about for some of this just like we chose these census tracts, we can choose to do some kind of an overlay district. Also, to your point, to have incentives to say that if you are coming in here, we have the staff to help you and also the list of opportunities that we can work with you to develop, but we have to get a handle on this. I do not even know if it is possible to get a handle on it. I just feel like we were sold something that we took as an opportunity to see development the way it is done traditionally, and now we are faced with something that is much bigger, much less control at the local level. I think that we ought to talk to those law firms that have put together these activities to brief and get people to come in to invest.

Mr. Bokhari said I think that the more I try to understand about this the less I feel like I know, but I think that I still believe that there is opportunity here, especially given the fact that it is all so vague. One, it can still be influenced, but two, if we go in here and not try to figure out at a macro level, here is everything that can happen and we just say let’s figure out one thing and do one thing really well with this, like the Cross Charlotte Train. Let’s say, alright, we know we have a need; what tools are at our disposal? We have the ability to create easements, or I do not know, whatever it is. How can we use the Opportunity Zones to our advantage in solving a huge unfunded gap that we now have on our plate? Maybe, instead of trying to figure out the universe of all of this stuff, we just take one use case and pick it as a group and say that is the one that we are going to go after and see if we can make it work for this.

Mr. Winston said I was wondering, is this our entrance into land banking? Do we find a partner to say that we floated the idea of land trust and land banks and whatever it may be, to look at doing that in these Opportunity Zones?

Mayor Lyles said I think that we ought to put all of those ideas down together and get moving pretty quickly to get some policy decisions around them, not that everybody is going to agree right now, but I think that you are right, let’s just put it all out there and start thinking what do we want and have some review and work with some folks that are pulling these funds together. Maybe we even try to create something that is a seminar for not just the people who are partners and residents that are really having to respond, and will probably have very little control over this. So, we can do this. We should try to go there.

Mr. Martin said I do not have the exact date for this; I was hoping that I would have a draft agenda by today. They are still working on it, but as I understand it, it will be at the end of February at J. C. Smith University. I understand that at least some staff are on our mailing list and either have or should get the invite shortly. If not, you can get in touch with me, and I will make sure that you have it.

Mr. Phillips said Councilmembers, this is another opportunity as you have questions, ideas, your recommended actions, get those captured so we can throw them all up on our Opportunity Zone stuff, so we can capture this as we go.
Mr. Mitchell said one thing, I give staff credit; they came to the Economic Development meeting and stayed at a very high level, but it was in preparation of our Retreat. I think that if you hear the discussion now, the first thing that comes to my mind is maybe this is a great opportunity to bring in additional, local experts, and maybe this is a lunch and learn series for us, because I think that we, as the Mayor said, need to have a little pep in our step if we want to put something in place that not addresses all of the issues but if we could focus on something, I think that it would be helpful and give a lot of confidence out there in the community, because right now, people are saying, what are you all doing to do, the City, about Opportunity Zones. The response, I know Mr. Harlow and I always give back to them, is that we don’t quite know yet, and I would really like for us to start moving forward on having some more discussion.

Mr. Martin said I think that maybe one of those, to the extent that you could identify a local fund that is getting up to bring them in and say, what are the unanswered questions that you are dealing with. Where can we help you figure some things out? I think that on their end, there is an awful lot of unknowns still, so I think that everybody is sort of reiterating to try and figure out what this is going to look like exactly.

Mayor Lyles said I also want to say, you know yesterday Maurice talked about their real estate fund at LISC that is national and big. I think that we ought to be using them one, furthering whatever goals that we have around that portion that they bring expertise on: local businesses; neighborhood businesses that support housing; grocery and coffee shops; things that we should do. So, if we are going in that direction, and we will know this afternoon, we ought to bring them in for the seminar as well, and I think that we do this early with them, because we are the new guys, and they have to make it good. There is nothing like a little bit of you are here what are you going to show us in the next six months, you know?

Mr. Martin said let me skip ahead. Here are the key things. Let me give you a little perspective on our viewpoint around this, and as with all of this, I am speaking for myself and not necessarily my colleagues, although I have borrowed some slides from some of them, so they would probably be already with this.

We talk a lot about workforce development; as an economist, we tend to think of a couple of different sides of this. There is the supplying workers to meet the jobs that are out there. There is the economic development side of recruiting the firms, but then there is the human capital side, where economists think of individuals as little factories, and if you want your factory to be more productive, you have to put some more capital into it, and that is the education and training, and how does that process work? This is a little bit of a summary sheet. When you spend time in the economic literature around human capital development, you quickly get to the question around whether a student should consider college or not. The reason for that, as a couple of the slides will show here in a second, a college premium, the extra earnings that you get on average from a college degree, is as big as it has ever been. So, the labor market outcomes are much better for those who can get there. As I say here, there are qualifiers around this. One is the issue around completion, and this is going back to my work on the Opportunity Task Force and some other work that I have done in the community. One of the tragedies for me is having our students come out of high school, go to college not well enough prepared and dropping out. That is a very bad outcome, and unfortunately it is very common. So, that is important. It is not enough to get someone into the college system. They have to be prepared in a number of ways and show up. The other thing is, college isn’t for everyone. We understand this. You can look at average outcomes overall and understand that that is not necessarily the best option for everyone to particularly come out of college. I am living this now; I have a high-school junior who I do not think will be ready for college when he graduates. I am going to spend a lot of time looking at CPCC and having this kid experiment with what he thinks he is good at and then maybe figure it out from there, so I think that there is some other great options around that. Preparedness is the one that I am going to focus on a lot, because I think that this shows up at a couple of levels, and I think that there is some that we are making really good progress on in our community, and I think that there are others where there is still a big gap that is going to be really hard to bridge, but I want to at least put it on your radar so that you can noodle it down the line. There is some stuff in the slide deck around adult workforce preparedness, Charlotte Works, Goodwill, and other workforce development agencies, all...
do some excellent work here. It is a very tough row to hoe for adults, particularly those who are displaced and have to find a different career.

Mr. Driggs said is there any data that indicates which majors, for example, create the best outcomes or the greatest benefit? A lot of people go to college and they study sociology or something and they find that there is not really much of a way of an employment opportunity.

Mr. Martin said there is. I am going to get to a slide, and if I do not emphasize it on some work that we have done, there is a lot of good information out there around that particular topic. I am going to breeze through this, and you can stop me if need be. I want to get to a key point while we still have time here. This just shows that we are getting more educated. This shows different census, then there is one post intercensal. On educational attainment, the blue line is less than high school, and you can see since 1940 that the number has decreased rapidly.

Councilmember Egleston said is this for the whole country?

Mr. Martin said this is for the whole country. I have a couple of comments on the local workforce. More college, more high-school completers over time, and that is a good thing. The higher your educational attainment, the more insulated you are during economic downturns. The unemployment rate for those with a college degree is far less than those who have not finished high school. So, that is a common thing. Hopefully everybody, that is not unusual. This just shows you median weekly earnings by educational attainment. Look at the gap between the college educated and everyone else. I would particularly note the bottom line is less than high school. It is about $500 a week. The next two up is high school graduate and then that green line is some college, going to college but not graduating, on average, confers very little benefit in the labor market. This is constant, so this is inflation adjusted. It is taking out price differences. You can see that for everyone but the college educated, it is sideways or down in purchasing power terms.

Here is the non-completion issue for college. So, what you see is the six-year completion rate overall on the far left and then by race. So, after six years for the nation as a whole, only 40% have graduated; 60% are not completing college after six years. If you look on the right, it is by type of institution. The completion rate is highest for private, non-profit. Public institutions are a bit lower, then it is these private, for-profits that have been a real issue. I am a veteran, and there has been a real issue with veterans getting out of service, using G.I. Bill money and going to these for-profits and not walking away with a degree. I think that we have made some progress on that. That is a real issue.

Mr. Winston said I am part of that six-year completion rate. What analysis do you have here on debt? You have constant dollars here, but how does that relate to the ability to actually exist within economies that might not be a sufficient amount to live and work?

Mr. Martin said this is adjusted for price changes, but as our President has noted a couple of times, it could be more expensive to be poor, right? So, we think about what food costs are if you live in a food dessert when you throw in maybe transportation cost to get there, healthcare cost. Other things like that can be more expensive. I think that this is a real issue. If I step back and look at where we are in the business cycle right now, it is not as much now as there was a couple of years ago, this fight for 15, this idea of raising the minimum wage. If you look at what is happening, most employers have pulled up the lowest sort of entry level wage that they are paying. That is a sign of the times. They cannot find workers at their lower skill levels, so they are going to higher wage rates to induce them to come in.

Unemployment is in the low threes for the City, for the County, for the MSA. There are just not a lot of additional workers on the sidelines, but there are deficiencies in the human capital process that make it so that we have some adults who are not prepared to take the jobs that are available. I can tell you in my role in collecting economic information across the region, dozens of conversations with employers who say something along the lines of we have now raised our entry hourly rate from $13 to $15, and we use a recruiter. The recruiter had, I am just throwing out some numbers, 200 applications, but by the time we did a drug test and conducted interviews, we only had three candidates, and two of those did not show up on
the first day of work. That is a common story that I hear out there, and there are some hard and soft skill things going on there in the process of human capital development.

Now, we are going to get to a recession someday; I do not know when. It does not look like it is eminent by any means, so we are going to see higher on employment down the road, but I will jump ahead to some of my punchline here. I will quickly hit this. We do have state-level data on non-completion. North Carolina is the green bar in the middle. The US is on the left and a couple other states in our territory. The completion rate at public schools is fairly good, relative to others. It is pretty decent at private/non-profit relative to other states nearby but not quite to the level of the US.

To sort of hit the punch line on preparedness, there are I think key points along the way for human capital development. I note that these are from our own work, I had my executive summary from our Opportunity Task Force that has a number of strategies that align with what is in this slide. Early Childhood is really important. I think that you are going to hear, perhaps from your next speaker, a little bit about the need for the workforce to be flexible, to be good at learning. So, as work changes, as automation comes around, as other things happen, you need a workforce that can adapt to those changes. That starts with early childhood education. Quality early childhood education sets the brain up to learn better, and it is like compounding interest overtime. You hit that early in life and you set the stage for that individual to be able to learn better as they go through, and the benefits compound. The research on this is very clear, and it is something that we have been strong supporters of.

So, there is a lot happening on this front locally, and I think that is all really good efforts to push in the right direction.

The one that I think might be harder to tackle is this second bullet here. Another key point along the way is somewhere around middle school or early high school is getting into the hands of students what their options are after high school is getting into the hands of students what their options are after high school, and that means particular information about these are the jobs available. This is the training required to get those jobs, and here is what it cost to get that training. This is both on the parental and the student front. This was one of my big learnings from the task force work is that we have a lot of high school students who are hitting their senior year, and they have not really thought about what comes next. They might have a family situation where at best the parents are a high school graduate, so they do not have the experiential level to know what should be the next step in human capital development. So, it is hard to have the right information, and the right time is not when they are juniors or seniors. It has to happen earlier than that so they can plan high school course loads and things like that. So, this idea came through in the task force report as a life navigator concept. I do not know what form this takes, some sort of a mentoring, but it is this idea that there is some way, and I do not think that City Council can pass a law that will make this happen, right? We have got to find some way in our community to get these touch points where these students at this particular stage in their life are getting exposure to the right kind of information.

I will tell you one quick story from a taskforce member. One of our task force members was a school social worker, and I forget which school, definitely a disadvantaged school. He had a class of eighth graders that he arranged a meeting of eighth graders at Providence Day. They met in neutral locations and did seven or eight sessions I think. It was like an art thing. It was not school stuff necessarily; it was just a change for kids from two very different backgrounds of communities to get together and meet, sort of like a little experiment almost. What he said afterwards was that after the sessions were over, his eighth graders, first of all the behavioral issues that he had in class died down substantially. Just spending some time with these kids from upper-middle class and above families who have sort of a life narrative, you are going to go to high school, college, and be a professional, it changed the discussion among his students. Even that peer-to-peer impact had a very impact in a short period of time. Those sorts of experiences. Now, of course this gets into the whole housing, where do you put affordable housing? How do we create mixed-income communities? So, this really bleeds over into this other discussion, but I think it is a pretty critical piece of this as you start to think about this.

The last bullet here is really around schools and community colleges, different ways that if a student graduates and they are not quite prepared for college, one to help them have that
proper self-assessment. You do not want students going off to college thinking that they are prepared when they are not and dropping out with debt. The question was about debt. It has been a while since I have seen it, those who drop out of college and have student debt, the last I looked their debt load was on the order of something like $14,000, which is like buying a used car and not having a used car. That is a pretty substantial debt load to take on for getting nothing out of it essentially.

I will promote some of our work. On the top right over here, it was us working with the Federal Reserve Bank of San Francisco and Saint Louis, have a series of three online modules. It is free to use. You just have to go on and create a registration. It is called investing what is next, life after high school. Ideally, you take like an eighth grader, sit them down in front of a computer. They put down this is what I like; this is what I am interested in. They can explore, and it has updated information on salaries, and it is not just the average. It gives you the range for different professions, and if you go in, you can explore what education you need to get that job, what it would cost through different types of institutions to get that qualification to get that job. So, it is just a way for them to understand that, and we have another website, Major Financial Decisions. There are some real big decisions in life that if you get them right, you are probably going to be okay financially. Human capital is a big one. The housing situation, renting versus buying, then planning for retirement. If you mess up one of those, it can stay with you for life.

So, lastly, I will just go through where Charlotte’s labor force is. This is for the City itself and this is from the American Community Surveys five-year averages. For the City of Charlotte, almost 43% in the City of Charlotte have bachelor’s degrees. So, that is far higher than the nation as a whole, but note that just under 89% as of the last report have at least a high school diploma, and that is a little bit lower than the U.S. In Charlotte, we are more bifurcated than the region as a whole.

Mr. Egleston said how does 43% compare to peer cities?

Mr. Martin said for Charlotte as a City, it compares pretty well; that number drops a bit if you go to the metropolitan area as a whole. The core City of Charlotte is higher than the County, which is higher than the metropolitan area.

Mr. Egleston said I was just wondering on how it compared to other-

Mr. Martin said it just depends on who your peers are. If you look at Raleigh, it is not going to compare as favorably, at least not at the metropolitan level, but on others it compares fairly favorably. Charlotte is not top of the class in educational attainment.

Mr. Egleston said but not bottom either.

Mr. Martin said no, it is okay.

Ms. Eiselt said going back to the slide that talks about non-completion of four-year public university, do we ever look at that and say like, Virginia is five points higher, so what is Virginia is doing that we are not doing? Instead of comparing Charlotte to a different city in North Carolina, maybe comparing it to the workforce of a like city in Virginia.

Mr. Martin said we are looking at the school level, right?

Ms. Eiselt said right, seeing what they are doing.

Mr. Martin said different universities do have different practices and different outcomes, so I think that is- I want to say there is definitely some work out there on that, but I am not going to be able to pull it up right away.

Ms. Eiselt said it is interesting how much it flips even from four-year public to four-year private, not North Carolina but the other, West Virginia, Maryland, South Carolina kind of flip.
Mr. Martin said maybe at a more superficial level, when you think of private institutions, they tend to be smaller and a little bit more direct student involvement. You can certainly talk to students and the experience of going to a large state university you can get lost in the crowd. Again, this is coming home for me. I have a son who is on the autism spectrum. Looking at schools that have wrap around programs that, hey, you did not show up to class today, what happened, that sort of thing. So, there are some other interventions, private schools that are able to do that, because they are charging a premium for that stuff.

Ms. Eiselt said true.

Mr. Martin said a couple of other things here just to go through this, in large part because of the higher-education attainment within the City of Charlotte, what economists call attachment to the labor force, the participation rate, meaning you are employed or you are looking for work, among adults 25 and over is 72%. That number is 63% nationally so much higher rates of labor force participation. To those last two bullets, the Charlotte model really is, we are very successful at growth and economic development that brings in a lot of jobs that require a college degree, then we are a nice place to live and work. So, we import those college graduates primarily. That is our business model. I think that it would behoove of us to try to figure out ways to make more progress to supply some of that demand increasingly with the local population, so there is no guarantee over time that you are always going to be willing to move to your city. Right now, we are a hotspot for young, college-aged people. I do not know how long that will last, but we should plan for further outcomes as well.

The meeting was recessed at 9:07 a.m. and was reconvened 9:27 a.m.

Mayor Lyles said Kathrine Black has joined us; Kathrine works with the Charlotte Executive Leadership Council, which is now chaired by Brian Monahan at Bank of America. She has worked really well with LISC and the Foundation on the opportunity fund for housing, and the Charlotte Executive Leadership Council has talked about workforce development, and we have a real strong interest in looking at this. A couple weeks or months ago now I guess, I had the opportunity to hear Joe Fuller talk about the future of work, and he really scared me. I was walking out of the room feeling like another bolder had been placed on top of my shoulders. So, I am now going to share that boulder with each of you and let him scare you into the idea of what is currently going on in workforce development and what his view of the future is going to be and that if we are going to take a real, deep dive into how we do workforce development, it requires us to have a shared context, and I think that the best that I have seen at doing that is Joe Fuller from Harvard University. He is going to tell you, his wife is a Mayor, so we have this under control.

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THE FUTURE OF WORK

Joseph Fuller, Harvard Business School said she is the Mayor of Newton, Massachusetts, which is about 100,000 people. If any of you have ever visited Boston College, I hope that you all bought some stuff. It is because she is a Mayor that I am here today, because when Mayor Lyles asked me, I had this reflex to say yes ma’am when a woman Mayor asks me to do something. So, I also thought it might be a nice break from the winter and would be warm down there, and I can maybe go for a run. Not a chance. In any case, as the Mayor said, I have been studying this topic for a number of years, and I just wanted to share with you a couple of quick things before I get going. One is that about two years in, I figured out that I had unlearned some stuff that I thought I knew. There are a lot of things that people have taken on board as being facts, and these are engaged people who are interested in current events. They will look stuff up on the web; I am not talking about a crowd of people who are just holding on to some myth. These are serious people like yourselves, but somewhere along the lines they have picked up something, and it went from something heard to a fact, and it distorts what they think about when the future work comes up. This has been compounded in recent years by a tremendous amount of spurious research, so you can find all sorts of very dramatic papers written by colleagues of mine at distinguished universities where 52% of jobs are going to be wiped out within 15 years, and the future of work is that computers do everything, and people do something else, and the
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job apocalypse is coming. That is not just borne out by any data. Now, there is some real serious issues that are presenting themselves right now, but there are plenty of opportunities, and if people can get out in front of this in the corporate world in cities, in states, in countries, are going to be creating a nice future for folks, but we do have to be realistic about what is going on.

So, I am going to set some context. Dr. Martin happily stole some of my lines. That is happy, because we can save some time because of that. So, you all know that unemployment is low; it is lower in Carolina than it is in some states, but before we get fixated with that number, let’s just take a quick step back and think about the long-term demographics of the workforce. There are a couple of things here that are going on. On the left-hand side, you have the workforce participation rate in the United States. There are a couple of important trends here. The first is that the workforce participation rate for men has been falling, and we use to be a leader. We are now 18th among our economic competitors called the OECD countries. Today, standing here, there are between seven and eight million prime working age males, that is age 24 to 55 who are not employed, who are not in school and are not in prison. For prime working age males in the United States, the workforce participation rate is the same rate that it was in 1941. That is very much a Caucasian and African American phenomenon. It is not a Hispanic phenomenon. You can see, it is very jurisdictional. It is a much bigger number in West Virginia than it is in Eastern Massachusetts, but it is a pretty high number in western Massachusetts.

The second thing that we have to see is the United States benefited from a huge influx of women into the workforce starting in the 1960’s. We got once again to a leading position now where we have recessed again. So, we are conveniently 18th in the OECD in women’s workforce participation. At the same time that all of this is happening, we have had these dips. We are getting older. So, in 2035, there will be more people who are 65 and older in the United States than people who are 18 or younger for the first time in history. That is going to skew what we call the dependency ratio, which was the ratio of people who are dependent, i.e. retirees, on tax receipts or pension payments, because of economic productivity of people who are still in the workforce. That number has historically been seven, eight. It is going to get under four, under three and a half. That means that people are going to be a whole lot more productive, because it is the equivalent of if you were supporting six or seven people, your kids and a bunch of seniors that you have never met before. You are going to have to be making pretty good money. So, there is an urgent priority, not just in the United States but in all of the maturing countries with challenging demographics, to address that problem. I do not know how many of you have been following things like China 2025. That is a big effort by the Chinese government to upgrade the value out in their industry; that is the problem that they have, because of their not-so-brilliant one child policy, they got a lot of two parents with one kid. Multiply that out by the whole economy. The Chinese benefited from economists who call it workforce mobilization, plus 125 million workers entering the workforce between 1995 and 2005. Guess what happened starting in 2020, the next decade of minus 125 million.

I scared Mayor Lyles talking about the workforce; next time you are scared of China, you should only be much more scared with their not-so-good economic management imploding given the fact that all their state banks are covering up lots of bad loans, but in any case, I do not want to get on that side bar. Let’s take a look at something that Dr. Martin referred to, but I want to put a little sharper point on it. The unemployment for college graduates are low, which is about 1.5 percent; overall unemployment is low. Let’s look at requirements for job creation. So, these are jobs created through the recession. The top line in that, not very attractive green is jobs created for college graduates or above; 80% of all the jobs created in the United States, since 2010, stipulate bachelor’s degree or higher, and even in the worst quarter of the recession, first quarter 2009, there was net positive job growth for college graduates, only by 200,000, not a big number. The next line, I do not know if there are any Tar Heels in the room, but this kind of Carolina blue, in the worst part of the recession we had lost 1.4 million jobs for people who had an associate’s degree. The next line, 1.4 million jobs for people who had a bachelor’s degree. Since the recession bottomed out, we added jobs. We have added 2.8 million jobs, but remember, we lost 1.4 million jobs, so the net is about 1.4 million jobs created. Now, rather and probably in this kind of Harvard crimson color, we have had negative job growth for high school or less
through the recession. Now, you have to pause and say, how could that be, Joe, because we have low unemployment, but people without a high school diploma or people with just a high school diploma are not adding jobs, so who is filling those jobs? Well, there is kind of a gravitational pull down into those service jobs, especially from people in this light blue population. We will talk about that a little bit more. There is some really exciting new research that I have been a part of. I am not the author of it, so I cannot show it to you yet.

Mr. Egleston said some of the jobs that you are talking about, for the creation of jobs for bachelor’s degree graduates, are those counting jobs that have been, as you said, pulled from what maybe would have been an associate degree job?

Mr. Fuller said I will refer you to my long paper called Dismissed by Degrees. We will talk about this a little bit later, but one of the things that is happening and I can explain to you why, is that employers are reclassifying jobs that historically did not require a college degree. I can show you some hard data on that.

Mr. Egleston said those statistics though are those net, new jobs or just jobs that have been reclassified posted from below?

Mr. Fuller said they are new jobs, but they have been reclassified across the categories. We have talked about this a little bit with Dr. Martin, but it had to do with the composition of the labor force, because if jobs are being created for college graduates, what is the match with the supply of people? Here you can see that this looks above Carolina in the yellow. You can see Carolina a little bit behind the nation in terms of graduate or professional degrees, and by the way, just to give you a sense of the jurisdiction that I lived in and what my wife has to deal with, in the city that I live, 43% of the adults have a graduate degree or above. So, we basically have a citizenship that has answers for everything. It doesn’t happen to be what they know about, but since they are really smart people, you know they are the Head of Psychiatry at the Massachusetts General Hospital, they are sure that they know how the schedule for repaving the road should be. I get to talk to these people at home, because they call, and my wife is out or gone like this.

Bachelor’s Degree in Carolina is spot on, and actually ahead in things like associate degrees marginally, and some college, no degree and you can see how the hierarchy works. What is really important here of course is that if 80% of the jobs are being created for about 30% of the population and you have a large, large population of people who are kind of stuck in this nether world of some college, no degree or associates degree. I will speak to a question that was asked earlier also, associates degrees in things that aren’t really tethered to economic independence or viability. If you give me someone’s field of study and the percentage of people who apply to an institution that are admitted to that institution, I can accurately predict whether or not they will earn a college level salary after graduation.

I am going to focus particularly here on the middle skills workforce. Why? Middle skills jobs, which are classified as something that requires something more than a high school diploma but less than a four-year degree, that is the single largest category of jobs, even today in the United States. If we look at the two different polls, the people with college degrees and/or graduate degrees or if we look at people with high school or less than high school, you are talking about fundamentally different problems. Now, some of the solutions for the people caught in this middle, particularly in the some college and no degree category, trickle down and actually have to start in high school, start in elementary school and start in preschool, but where the real action is and the leverage is for both employers and governments is to try to unstick this middle part of the population. Let’s not worry about the folks with PhDs in Chemistry or Biology or Medical Doctor degrees, and let’s just classify people who have never finished high school as a fundamentally different conversation. We are going to focus on people who are on their way into the work force, but something is happening where they do not get into the position to achieve economic independence, and just as importantly do not have the type of skills that employers find appealing, so they import talent or locate somewhere else. This just gives you this by ethnicity and gender. I am not going to dwell on this; Dr. Martin talked about it, and you all can look at it at your leisure, same by age and race.
This is what I wanted to get to. This breaks down the population by educational attainment and the height of the bar where you see 1.7% of advanced degree, that is the unemployment rate last quarter for people with an advance degree, 2.1 percent for a bachelor's degree, 3.2 for some college, and you can see marching across. Those numbers are historically good, and I do not know how many of you took Economics one or 10 or 101 or whatever it was called at school, but you may remember what is called the frictional rate of employment. So, most economists, please remember I say this as not someone trained in economics, economists are great at predicting the path with greater and greater accuracy, but what an economist will say is once you get below four percent, that is basically full employment, because someone is unemployed when they graduate from Duke and get in their car and drive across country to start their job at the Walt Disney Company in Los Angeles, they are unemployed for two months in terms of the statistics, where someone who voluntarily leaves a job because they have a baby they are unemployed. Obviously, they have never had an economist who ever drummed that up, never had a baby, but they are not employed outside the home, then a year from now when the baby is a little better developed, they are going to bring in a housekeeper and have some type of child care and go back in the workforce. So, once you get below four percent, you are talking about very, very tight economics.

What I want you to focus on is the grey line, what people make. So, people with an advance degree, on average, are making the median weekly earnings of $1,500, college, weekly earnings of $1,200. Now, there is a precipitous drop off, as you can see, pretty much a smooth curve down to $853 for some college associates degree, but what I also want you to focus on is how narrow the spread is between some college/no degree and a high school diploma, $853 to $746. It is only $100 a week difference. So, what is happening in the US workforce is, I am not going to use the term in common equality, because that is a very charged term, then you start talking about drivers and where that is coming from and what you would do about it. This is not a conversation about tax policy. This is a conversation about the workforce; what is happening in the workforce is a barbellazation, where lots of those jobs that we think of as the kind of 1970’s good paying union job, the UAW worker; they make money and they have a nice lifestyle; where did those jobs go, and then people who complain about that then go, get in their Toyota and say, where did those jobs go? This middle zone has been getting compressed and we are going to talk a little but about why, but a lot of it does have to do with the inability of our education system and skills development system to keep pace with what is going on in the work place. Think about our education system like a big turning gear in a factor, like the wheel that turns Big Ben in London. It is trying to sync up with a jobs market that is increasingly this rapidly spinning fly wheel, where the requirements for that job change almost annually but certainly every several years. That is one of the big things that is causing this compression, because once I knew how to operate a turn lathe or once I knew how to operate on the assemble line, as a UAW worker in 1970, I kind of got it for the next 20 years. Well, what if that job changed fundamentally every six months or even three years? At the same time, of course we have a few things like globalization and so on, which I am not going to get distracted by.

I wanted to talk about, what are middle field jobs right now today in Carolina. These are jobs that historically have not required a college degree, and you can see they jump all over the place; registered nurse is obviously something that requires something beyond high school, but historically less than college, first line supervisors of retail workers, which means store manager, sales reps. But it is also tractor trailer drivers and computer support specialists. Now, this measures it in terms of the average days job in Carolina is open, if it is posted and also shows how different these days are from the national average. So, lots of red numbers means that it is harder to fill that job right now in Carolina than it is somewhere else. What is a good number, in terms of average duration? What is a balanced number? It is about 32 or 33. So, when you start to see numbers well into the 40’s or in the high 30’s, you have a tight labor market, but one of the things that we have eluded to by Dr. Martin earlier that we do not do a really good job of is making what jobs are out there are what skills and qualifications you need to get them visible to people, like kids, like their parents, like the guidance counselor in every school. Just a quick aside, one of the many hidden problems that have contributed to circumstances that we have today is we have moved counseling in a lot of schools away from engaging the kid in their interest, helping them find their pathway to, you are having a kid, flunking your standardized test, making us look bad, or you are
engaged with the criminal justice system. We have constrained Counseling budgets, and the nature of that job has changed, and those people do the Lord’s work, and we should thank them every day for what they do, but they are not fulfilling the role for what they originally did, which was to help overcome some of these information distortions that we can now see in that 18-year old who hasn’t thought about anything and now is about to graduate in June and has no idea what to do next.

This also begins to look at middle-skills jobs and shows you the current average pay posting in Carolina for one of these jobs, and you can see a lot of these jobs pay pretty well. If you are a Human Resource Specialist, once again this is not a job that requires a college degree, you are making $65,000 right now, or that is the job posting salary, pretty good living. Now, compare that to being a secretary, an administrative assistant. This is not executive secretary. That is a different type of a job, but $35,000 or customer service rep., probably doing mostly out-bound telemarketing at $33,000, so these jobs are all over the map in terms of what they make. Now, this is what I really wanted to get to. For middle-skills, what we have done is looked at all of the job postings of these middle-skills jobs and we looked for the most commonly sighted skills or aptitudes that employers put in their job descriptions and have divided them into two categories. On the left-hand side is what is generally called soft skills; I dislike that term, because most of us hear soft, and we think easy, so these are maybe better thought of as fundamental skills or professional skills, communications, customer service; that really means being able to interact effectively with a stranger and do what amounts to first-level negotiation. Organizational skills, can I figure out how to break this work down and do it efficiently? Scheduling, teamwork and collaboration, problem solving, contrast that with the right-hand side in the yellow, which are what are called the hard skills or the technical skills. Now, Microsoft Excel or being able to do basic budgeting. Now, you will see that there are some like patient care that are fundamental to an industry. Imbedded in this is a tremendous amount of actionable data; let’s start with the fact that the reason someone loses their first job is disproportionately a soft-skills problem, disproportionately. Why would that be? Let’s take a step back. It is pretty easy to figure out if someone can actually build a Microsoft Excel Spreadsheet. You give them a problem, put them in a conference room, ask them to build a spreadsheet, and you come back and you look at it, or you could understand, do I actually have a practical nursing degree? I can call up the community college and say did this person get the degree? Did they pass? It is very, very hard using a resume, again a couple of interviews, to understand, how does someone react when a customer comes up and starts acting in a very aggressive and negative fashion to them? How does someone react when an angry sounding angry looking old white guy like me starts giving them negative feedback about their performance? If you have ever met anyone like me, and I am very loveable actually; I just give a wrong first impression. I make a point to give my students at Harvard a wrong first impression because I want them to understand that I am not fooling, you know. This is going to be hard, and if you do not want hard, go down the street, but it is very, very hard to understand those things from afar, and that is particularly true because in a well-meaning step in the 1970’s the federal government basically outlawed pre-employment evaluations. It is a long story, but essentially, what they did was say that if certain pre-aptitude tests led to statistical outcomes various minority groups than prima facie they were guiding of an EOC violations and so what companies do is say I don’t want to be found in violations, so I am just not going to do pre-employment aptitude tests. I will hire people based on less data and inspire more of them.

Now, why do I say this the crux of the matter? The first thing is that we do not teach soft skills. You can teach them. There are very successful social entrepreneurs like Year Up that I believe is here active in Charlotte and certainly has a good relationship with Bank of America that are very effective at teaching soft skills. Now, they are man-power heavy, high cost per individual, because they are taking a high school graduate, and they are back teaching, okay, how do I get negative feedback? The U.S. Navy said that it starts with a clock. We get a new enlisted person, and the first thing that we tell them is that 5:00 a.m. means 5:00 a.m. It does not mean 5:05 a.m.; it doesn’t mean 5:10 a.m. It does not mean 5:00 a.m. most days, and the Marines say any mother’s child will do. We will turn them into a Marine if you give them to us. One of the things that they do is they create a culture and they drill in the way that they want you to do all this. So, soft skills are the hidden epidemic; soft skills deficits are the hidden epidemic that are denying a lot of kids an opportunity to get into the workforce or to stay in the workforce, and by the way, if you are a 24-year old and...
you have never had a full-time job, you are in a world of hurt, because A, you do not have anything on your resume and B, you haven’t started learning all of this and C, life is starting to happen at an accelerated rate.

The hard skills, very often, what we do not communicate to people is what is actually necessary. So, if you take somebody who has let’s say a certificate in Accounting or Bookkeeping from a community college or an associate’s degree in Accounting and you just make sure that they understand that they have to blow the socks off of an interviewer with their Excel skills, most of which you can get for free at the public library on a computer through Khan Academy. We just tell them that. You hugely advance their likelihood of getting and keeping a job, and then the magic starts happening, because then, even if they may be a little bit shy or their communication skills aren’t that great, they start figuring out they can do it, and then they become an employee. That leads to household formation; that leads to more successful kids, and increasingly, what that will lead to, particularly in big companies, is the big company will start taking over how do I keep this person in the workforce? With those unemployment numbers, it is going to be way better for employers to invest in upskilling the folks that they have than going into the spot market for labor to fight over the few candidates that are now available.

Now, this is the first of several confusing charts, and I am going to ease you into this, because I have a couple later that are absolute doozies. What is really happening in the United States is a shift in the demographics of the workforce, and this explains that grey line in terms of the relative wages, weekly wages with people of different academic attainment. Imagine work along two dimensions. The first is it is manual versus cognitive. That is pretty intuitively clear what that means. The second though is routine versus non-routine. What do I mean by that? A routine job is one in which the very ability of the task is quite limited.

So, let’s go back to the UAW worker. If you worked at the Roush plant, the big Ford plant, Henry Ford’s big first plant. They are still in operation making F-150s and F-250s, and you are on the assembly line, yeah two doors go by; twin cabs go by, 150s go by most of the time, but here is a 450 with someone with either too much money or actually works for a living, and yeah you are putting in parts, right? Maybe slightly different configuration, and yeah it is not like you are a robot, because if you could be a robot, they would have already replaced you with one as they did in the paint shop, but it is not like here goes the Ford F-150, here goes a Hinkley Boat, here goes an Indian Motorcycle, and here comes a mobile home. That would be a high-variability job. So, most of you have high-variability jobs. You are not entirely sure what you are going to have to be doing on Friday, because stuff happens, and you have got to have a range of skills, written skills, analyzing data, doing financial analysis, or whatever it might be. So, you can kind of divide the world into a nice four-box matrix. I used to be in the management consulting business, and there is a union rule in that business that you have to show a four-box matrix in all presentations, so I cannot kind of shake that. What has happened in the United States in the last 30 years is that routine work of all type is disappearing. It is not gone to zero. It has gone to 65% to 44% of the workforce. Why is that? It is routine of both types, routine cognitive jobs and routine manual jobs. Why is that? If it is routine, I can define it. I can write an algorithm that describes it. I can build a mechanical devise that does it. I can write a very accurate contract so it can be done in Brazil, China, India, or Italy. Also, if it pays well enough, the economics are there to make the investment to do it without the person in the loop. So, my dad was the CHRO of General Motors for about 15 years. This was in the 70’s mostly. He is a great guy. I miss him. I am unaware that what I am about to say is some kind of a Freudian outburst, but he employed 100’s and 100’s of people who basically picked up the phone and answered questions about colleagues’ benefits, a classic, routine, job. I work at the second largest employer in Massachusetts, Harvard University. When I have a question about my benefits I get on a system. I call up PeopleSoft. I type something into the key-words list. I get no matches; I type something else into the key-word list in the question query box. I get no matches. I do that three or four more times, then I stop and whatever will happen will happen, because I cannot figure it out apparently. I cannot describe what I am looking for in ways that oracle can understand. So, I just tell my wife I can’t figure it out and what is the worst that could happen, we can have no pension and no healthcare I guess. In any case, those jobs are gone. Just like those jobs in the paint shop at the Roush, that is an actual good job to get done. That is what is called the dirty, dark, dangerous job, dealing with lots of toxic chemicals. That is a great thing that robots paint car bodies now and not people, but you
end up with non-routine cognitive jobs, which most of you have, good for you. I have one, although my kids are a little skeptical about the cognitive part. Non-routine manual jobs, shouldn’t they be getting crushed? No, they are non-routine. It is really hard to describe them in a way that you can displace them.

Now, I mentioned some exciting new research that my friend David Ader at MIT is coming out with, and what it shows is that in the big cities, this is a very pronounced trend. So, what is happening in big cities is routine work is going away, because my dad’s successor’s, successor’s, successors fired all of those folks because it is too expensive to have routine work in big cities, because the cost of housing, the tax burden. People do not remember that in the 1940’s, New York City was a massive manufacturing sector, not anymore. [Inaudible] manufacturers lots of paper, which moves well at incredible speeds and incredible consequence, but I do not think of that as manufacturing.

So, big cities have become non-routine cognitive work meccas, and another big trend, which I am sure you are familiar with is jobs are increasingly getting focused with fewer and fewer metro areas. Just to give you a quick insight into that, in the 1960’s, about 45% of the patents that were written in the United States came from non-major metro areas. Now it is about 20% to 25%. All the intellectual property is created in San Francisco, LA, Boston, New York, Washington, Chicago, Austin, Dallas, Houston. The Research Triangle is nipping at the heels of those cities, and as those cities become more and more unaffordable for companies and employees, it will grow in its ranks. We are hollowing out big stretches of the U.S. in terms of high-value added jobs. An economist would say the high-skilled workers are rent seekers, so they go where there are a lot of positions. It is no mistake that the big centers of academic achievement are the same, because smart people go there. Other smart people are around. They meet and marry other smart people. They like the quality of life around other smart people, and they start smart businesses, which exceed more often than not. That is where the Silicon Valleys and the Med Cluster in the Boston area come from.

Now, what about the future? This is my second more confusing chart, but wait, they get worse. Many of us work for the Bureau of Labor and Statistics on forecasting something, which was what are the number of technologies that people are going to have to master in the future in order to qualify for different types of jobs? How many of those types of jobs are going to get created? So, the colors here have to do with the number of technologies that you are going to have to be able to master, occupying one of these three roles. Light blue is 40+ technologies. Now, some of you are may be worrying about the pain that is growing in your chest. Microsoft Excel would be a technology. Be able to operate an IOS device is a technology, so this is not gene splicing and astrophysics analysis and whatever else but still hard, real things. Being able to know how to do 40 different- Just think about how many computer programs you feel comfortable with right now. Is it 40? How would you feel if you suddenly were told that you have to learn 20 new types of programs in the year to keep your job? That would be pretty daunting. This is a high accomplishment, a highly-educated group.

One of the thousands of new jobs to be created, 5.5 million routine-cognitive jobs, there is nothing extinct, but they are going to be created in the next 10 years or so, and this was done in 2016. On average, those routine jobs are going to require between six to 12 mastery technologies, but in terms of relative growth, easily the fastest growing category is non-routine cognitive jobs, and two thirds of them require 40+ technologies. You need people who can be able to master at least six to 12 but a significant number, 40+. Are we equipping people for that? Nope.

So, let’s look at our ability as a country to create people who can perform at a high level. This is called PIAC data, but this looks at aptitudes of students across countries, and here I just picked I think the most relevant data that they published, which has to do with problem solving in technical environments. Now, this does not mean, once again, that you are splitting the atom, but you are in an environment where there is some science or math involved, you can kind of figure out what is going on. Here is the international average, 283. Here is the United States, just behind Poland and Ireland, dramatically behind Japan and Finland. Who is 60 or older in the room? Okay, congratulations, we are the last cohort of Americans that were number one in problem solving, literacy, and mathematics. So, the rest of you people are making us look bad. So, get with the program people. It is embarrassing
to talk about. I have a good friend who is from Finland, and I am sick of talking to her about this.

Councilmember Phipps said are the other Asian countries in with Japan? Where is China in this?

Mr. Fuller said Korea is up here and is a big mover. The Chinese data, they are not a member of the OECD, so they do not do the data, but their data would be very much like some of the U.S. data, which is super stratified. So, if you start looking at top decile performance, guess where the U.S. shows up, top five, but this is the entire population. So, what you see consistently in the data is frankly the intellectually rich get richer, and it is very interesting hearing that vignette about mixing the two schools, because you are seeing in 12-year old’s all of those advantages that they have, and we cannot criticize them for the fact that they come from households where that type of aspiration is almost passed to them from the nursery forward, but it is true. So, the one thing that you are getting at is one reason we 60-year old’s start feeling too proud, a lot of what is happening is that everyone else just got a whole lot better.

Councilmember Mayfield arrived at 10:16 a.m.

Now, is this really a problem of low achieving K-12 graduates or non-graduates? Nope. Below high school, we are below average; high school we are below average. Associate’s degree, we are below average. College is not worth looking at, because once again, you get the MIT, Caltech effect, where they are off the charts, but you get an unselected private school or state school, and they are well behind and the average clouds the data. I know that the list is long, but one of the things that is incomprehensible about some of the current administration’s posture on things like immigration is that the U.S. has this hyper-competitive post-secondary education system and scaring people away from coming here is not only bad business, it is bad for our global relationships. The government of the Republic of Korea employees more U.S. educated PHD’s than the government of the United States hires U.S. educated PhD’s. You go to a big company in Seoul, everybody has a PHD from Perdue, Michigan, North Carolina. It is bizarre. It is not in Nordic studies or Keltic Studies or something. It is real stuff. I have some Irish blood, no offence.

I want to get to this higher-ed question. I want to start with something. It is a little controversial, but I am going to say two things. Leaders in the United States from all [inaudible] business, politics, media, have been trumpeting a message for 25 years, which is hurting people. That message is that you have to go to college to make it in America. That is simply not right. The second thing that I want- this is the more controversial part. Dr. Martin said it; I bit my tongue, bit my lip, you say well, the data shows that there is a huge spread between what people go to college earn and what people do not go to college earn. That is absolutely right. Why is there that spread? What is the data rooted in; the data is rooted in history, and you have to remember that college matriculation rate only got into the double digits in the late 1960’s. There is much less liquidity in the system and much harder to afford that. My proposition to you is that it is not I have a college degree then miraculously I make $35,000 more a year than someone who does not have one. My proposition to you is the people who got college degrees had the drive and aptitude. Yeah, they developed the soft skills. Yeah, they developed networks. You cannot blame them for that, and therefore they were successes. In fact, what is interesting about that is you look at achievement across college degrees in the 60’s and 70’s and most of the 80’s, is it not actually that correlated to the selectivity of the school you went to. A whole lot of people with really great fortunes have had a big impact on the world that didn’t go to Harvard, didn’t go to Stanford, didn’t go to MIT, didn’t go to Caltech. Those numbers started diverging in the 1990’s and 2000’s where increasingly accomplishment was linked to selectivity, in part because there was a massive expansion of capacity in the post-secondary industry, mostly funded by states. What we did was one of our great national accomplishments for the last 50 years here, is we have removed barriers to matriculation for people, whether it was financial or related to some form of prejudice, but we have not done a very great job of is getting people into the system who are actually going to be able to take advantage of the opportunity. We have made the default assumption for a lot of people, particularly teenagers who say well, I do not know. Maybe I will just go to the community college; maybe I will just go to what amounts to an open-
enrollment state university. I have got a high-school degree. I will get in, then I will start trying to figure out why I am here. That is what explains a lot of this.

Actually, Dr. Martin did have a couple of wrong numbers, but it is not his field, and it is mine. The numbers that I have is worse than the ones that he was citing. So, the three-year graduation rate from two-year institutions, a 50% variance. People graduate from community college within three years is about 30%. The six-year graduation rate for four-year institutions in the United States is 54% and not 60%. We have accredited, four-year institutions in the United States that have 10%, six-year graduation rates. Now, why is all of that? I am not going to give my whole higher ed speech, but we do not pay educators for completion or results; we pay them for enrollment. So, everyone has an incentive to get people in the system. Look, I am an educator, admittedly in a rather rarified place, but they truly believe that they can touch kids, and they do. They take kids that were not going to make it, and they have those great stories about a kid who excelled when given that opportunity. They just do not remember the story about the 19 other kids that fell off the shelf somewhere. One other thing that I did want to say, because it is one of those things that I had to unlearn. The best economic outcomes in graduation rates in the entire system are actually for-profit universities. It is a subset of them. If you look at a Lincoln or the schools that teach like auto-diesel mechanics. So, this for-profit is the worst thing that God create and we should smite them all, that is wrong. They were very abusive schools, and they shameful exploitation of people’s ignorance was beyond despicable, but it is about half. The other half actually is very good, so we have to be really careful about drawing distinctions before we add to this bad, bad, bad, bad, bad, because for example, some of the regulations that the Obama Administration instituted started doing collateral damage to really good performers that did very well by their kids while they were trying to shutdown abusers like ITT Tech. That is why it is a cognitive, non-routine job, right? They have one too. You see these data, which are very, very discouraging.

We have to be really careful about enticing people into a system which is expensive and many of them will not complete, because when you take the wrong field of study, you end up in a non-college shop. About 43% of the people who graduated from college start off underemployed. What do I mean by there is a little bit of a technical hair splitting here? The Bureau of Labor Statistics classifies jobs as to whether they are college jobs or non-college jobs based on the demographics of who occupies them. So, when this says that you are underemployed, you went into a job that traditionally does not require a college degree. By the way, about 20% of college graduates have always ended up in jobs that did not require a college degree. It could be that yeah, they work on the assembly line, but they are a novelist, or they went to college and they are just not motivated to pursue some other type of career, or it could be some other choice. Historically though, once again you have to unlearn this, there is a lot of oh, that is probably people who went to, the University of Michigan has a great theater program, so they went to the Ann Arbor Theatre Program and they are waiting tables in New York, because they are going to make it in Broadway. That is not going to happen, but they will meet somebody and figure out that with a Michigan degree and their aptitudes they can go and become a teacher or advertising executive or I do not know what, and that is a temporary thing. No, it is not. About two thirds of those people are going to five-years later be underemployed, and of those two thirds, about 80% are going to stay there. So, once you get in one of those paths, it is hard to fight your way out of the corner. So, we have two cull-da-sacs here. Started college and did not finish, completed college but either because I studied the wrong thing or did not know what my opportunities were and somehow, I ended up on this unemployment path and it is very hard to fight my way out of that corner.

Now, I promised some complicated ones, and I am amping this up gradually. What is your probability of unemployment versus how many jobs are there in the field? Why am I doing it this way? Because, you can be underemployed because there just are not any jobs; therefore, I trained for something, and there are no positions. I will give you a great example of this, and if any of you have kids majoring in this, I am just the messenger. Marine Biology, if you are not a stellar student at an outstanding Marine Biology program, you need to switch majors. There ain’t no jobs. So, yeah there are people employed at Woodshole, Monterrey teaching Marine Biology to people who are going to be underemployed for the rest of their lives, but there ain’t no jobs in that. Video game programmer, we have about 40,000 kids
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studying it; we create about 2,000 jobs a year. That is a little better, because if you can
program, it is a hop and a skip, not a hop, skip, and a jump into something else, but their
ain’t a lot of jobs in video game programing, and the fact that you are the most respected
video game player in your high school and you put in more hours in your momma’s basement
playing video games than all other kids in your graduating class, that does not qualify you
to be a programmer. What do you see here? Well, if you are taking a program in health-
related fields, there are a lot of jobs, and you have a pretty high probability, but notice, it is
only about 55% of ending up with a college-level job.

Mr. Egleston said is the size of the dot-

Mr. Fuller said number of jobs.

Mr. Egleston said number of jobs and then the access is the availability.

Mr. Fuller said it is the availability, absolute magnitude, probability.

Mr. Winston said I personally do not buy the idea that you pick a wrong major in undergrad.
I mean undergrad teaches you how to write a paper. It does not provide any mastery of a
subject, so when you say health professional if you are a Marine Biologist or theater major
that you are in the wrong major, that is untrue.

Mr. Fuller said what I am saying is that you ought to understand what the math is. The
probability if you major in Marine Biology that you will end up employed in that field of study
is very low.

Mr. Winston said correct but if you major in theater, you can very well become a very good
health professional. You have skills that aid that, because all you have to do is apply it to
the job and go and start the job. Graduate level study is where you really need kind of-

Mr. Fuller said let’s go back now, I am a theater major, and I am applying for a job that is not
related to theater. So, the question is, am I going to get that job?

Mr. Winston said perhaps.

Mr. Fuller said perhaps, yeah. Now, even if I was a theater major but I knew that to jump into
a private sector job, it would be really helpful for me to be a Microsoft Excel wit. I have the
aptitude; if I just knew that, the job is actually getting that job when I need to move beyond
my theater ambitions would go up hugely.

Mr. Winston said isn’t that type of thinking, that type of message part of the reason why you
have this gap of people who inter college that do not finish or graduate, because we are
telling them do not even try to do things-

Mr. Fuller said I am not telling them do not try; I am just saying, understand what the data
says. If you go, let me give you an illustration, to a non-selective school and you major in
general studies, the odds that you will end up underemployed are over 80%. That is all that
I am saying. I am just about that the data. I am not saying there are not 20% that will succeed;
I am just saying that is what the data shows. You have to be mindful of these tradeoffs,
because we do not tell kids anything from which schools actually graduate people who get
jobs in that field of study. We do not tell kids these are the things that you need to do to be
qualified to get a job related to that major. So, the lack of information and transparency in
the system causes lots of people to make choices. Let me give you an illustration. I am going
to my local community college. I am walking around a big auditorium talking to people about
what I would like to study. I am picking these two programs, because they almost always
require the same number of credit hours to get your associate’s degree. One is IT Tech
Enabler, basically a help-desk person. That requires the same number of hours of study as
becoming a Pharmacy Tech. How do I pick? I may pick because I like the person better; I
may pick because they say, I know a friend who is a checkout clerk at Walgreens and that
was a nice place, indoor work, air conditioned, and it is a big outfit. Computers, that is a little
math, and I am a little scared about that. A Pharmacy Tech job has got a national average

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annual income of $27,000. An IT Help Desk average salary is $43,000. Here is the clencher, a Pharmacy Tech is not cited as a preferred, prior-work experience for any other job, literally zero. Front line, user support for computing is sited as a preferred prior experience for multiple other jobs in the IT function. That does not mean that if you become a help-desk person that you are going to become a Network Administrator, but at least the prospect is there, but if you get a Pharmacy Tech degree using your Pell grants or your lending capacity, if you borrow $13,000 to get a $27,000 a year job, which by the way you may not get because there may not be anyone hiring them. By the way, eventually, because the cost of healthcare in the United States, we will remove the craft laws that created about two thirds of the Pharmacy Tech jobs, and machines will pick and pack pills and then what?

I want to be very, very clear. One of the things that is wonderful but also can confuse people about what is going on out there is there are acceptations to every rule. So, you will get people who go to non-selective institutions who major in general studies and they work hard and have good teachers and get on the right path, and through diligence and luck, they can have a fabulous outcome and end up in rooms like this or classrooms like mine. At Harvard Business School we have our first kid this year that graduated from Year Up. So, that story can happen, but I am pretty much from the “In God We Trust, Everyone Else Brings Data” school, and all I am saying to you is when you look at the data, you have to be very, very aware of the consequences, and if you think about the [inaudible] get somebody who is not college ready to enter college and drop out, they end up with $15,000 or $16,000 worth of debt. They are going to make roughly $100 more a week than someone who just has a high school degree who doesn’t have the $15,000 or $16,000 worth of debt, and when they do get into school, if they start studying the wrong thing at the wrong place, because schools are highly different in their placement rates, then they are highly likely, they are running a big risk of ending up underemployed. Now they are making $33,000, but if you graduate from college with debt, the average debt load is $37,000, non-escapable compounding the day that you walk in the door, not once you graduate. Now, if I went and got a degree with a high probability of getting a good paying college job, actually the $37,000 is not that intimidating. Yeah, I am not going to be able to get a new car as my first car; I may not be able to live in an apartment I aspire to, but if I am diligent about paying down that debt and not essentially living pay check to pay check with a $50,000 or $60,000 a year job, that debt is actually manageable.

Mr. Bokhari said I have spent the last year or more really working on this topic to try to figure out how to disrupt workforce training/development, things like that. We have launched a program at Fintech, and we have partnered with Year Up, a national program. We have partnered with Jobs for the Future from an assessment perspective, land the school from a technology deployment virtually, so we have all of the best partners; we have come around the table. The one thing that I have become very much convinced of is that not only is the traditional four-year degree college front I think kind of like a bygone era of where education is going, I almost think that it hurts us, as a country right now, because for all the reasons that you said here, but at the end of the day, why are a lot of these folks not getting hired in after a little bit of college, right? That stat of a little bit of college is almost the same as no college, leads me to believe that no one is being taught the things that are most specific to the jobs that are there, and you need that piece of paper. You need that four-year degree to get in.

What I want your opinion on is, if you take that premise, economist like yourself, cities like ourselves that are putting P.I.E.C.E. programs and things like that together, the fatal flaw that I keep seeing is we see a lot of stats, but it is always that graph that you showed earlier of a four-year degree, two-year degree, high school then we measure percentages of successes there, when in our program, what we are looking is aptitude, soft skills potential, and creativity. That lets us know what the actual gap, what can be done and we pay people to learn.

Mr. Fuller said that is telling brother. Everything that you said is right, 100%. What you are observing is entirely consistent, and it took me eight years to figure out, so I am glad that you are much faster than me on that. So, when you think of all of this, why are 80% of the jobs requiring college degrees? You start peeling the onion. You see this pattern again and again and again. This is for the job construction manager, but this data holds for 15 or 16
jobs. I wrote a very good paper about this called Dismissed by Degrees, which means you are dismissed from Candidacy for jobs, because you do not have a degree. There are about six million jobs right now in the United States that are in the process of converting from not requiring college degrees to requiring one, and this is a continuation of a long trend, and you can see that in the data of construction supervisors; 82% of the job posting for construction supervisors in the United States today require a college degree, but only 33% of people who are actual construction supervisors have one. Seventy-five percent of the jobs descriptions for executive secretary require a college degree, and 19% of executive secretaries have one. What is going on? There are several things that are going on. The first thing is that employers use a college degree as a proxy for soft skills. So, I am reasonably comfortable that someone with a college degree is going to be able to write an email that describes an interaction with a customer that someone else in the organization is going to be able to understand and know what happened or they will be able to describe that orally. I am reasonably comfortable that someone with a college degree has got the ability to go into a group of unfamiliar people and be productive and be comfortable. I am reasonably confident that someone with a college degree can get negative feedback and not fold like a house of cards.

What a lot of companies will tell you but not for attribution is that high-school graduates from 2015 are markedly harder to make employable than high-school graduates from 1985 and 1995. Why is that? We can all speculate, but I have heard that again and again and again. It is always two sentences, much harder, this catchment pool is not what their parents were, and if you quote me on that, I will never talk to you again. So, there is something going on here, and employers are not in the business for remedial education yet, but they are running out of people in the spot market for labor that can deal with these, that can fill the jobs that they are making harder and harder to get. Also, notice by the way, what if I am a mid-career construction manager without a college degree? You know what my resume hits before it gets to the big Ryan Homes personnel department or [inaudible] Construction Company’s HR system? It hits an AI system that filters out all candidates that do not have a college degree. So, I never see that piece of paper. I do want to say the Fullers were Pilgrims and when you went to Pilgrims meetings on Sunday it lasted all day so this is kind of my preaching up here without stopping for hours is kind of genetic. One quick thing about that is what employers actually do find is that often the non-degree worker is equally productive as the degree worker, and by the way, they expect to earn less. They leave less often, and they have a better attitude, but other than that, this college degree thing is a real great deal for the employer. There is some nuance to that, but I am not going to say that with the limited time we have on that.

What we have to start thinking about, the current job market is premised on having fixed, durable skills, and the future one is you are going to have to have a varying set of non-durable skills, like soft skills. The expectations of employers has historically been that someone is going to show up educated in the system and be ready to go to work tomorrow job ready. Really, what we are going to see in the future is they have to be ready to work, but the employer is going to take on much more of a familiarization of what the task is, because the educators cannot keep up. So, employers have to change their expectation, but we have to have someone who can write, can do math, who does have some soft skills, and has some grounding in the topic but then I will teach them how to do the job the way that I need it done, and I will have to have that ongoing capability, because the definition of what that job is going to keep changing, and if I am a smart employer, every time it changes, I am not going to fire who I have and try to hire someone who has today’s skills. That is what everyone else will be doing. We have a domain expertise based education system right now. We are going to need to be more flexible in teaching people how do you adapt and learn fast. I do want to say something here, particularly for adult learners. Most people did not like school and do not want to go back. So, the notion that we are saying to a 45-year-old of just go back to community college and figure out what to do with your three teenagers when you do not have a second car for them and worry about them doing their school work. Oh, and by the way, the course is at four o’clock on Wednesdays and five o’clock on Friday. Okay, fine that fits my schedule. You will be able to get there on time every day, right? What we offer people for midcareer does not work for the vast majority of people who need it. We have to start getting off of this “you have to go to college to make it in America.” There are multiple tracks, and I want to talk about them.
Councilmember Ajmera arrived at 10:43 a.m.

Now, this is the opportunity for apprenticeships in America. The term apprenticeship gets thrown around very loosely in the United States. Let’s just think about it as a work based learning opportunity for a young person, paid, not the organized theft of unpaid internships. So, if there is one thing we absolutely know from the data is there is a tremendous collinearity between getting a teenager into a paid employment setting around the ages of 15 or 16 and success. So, if I could just snap my fingers and do one thing for the City of Charlotte, it would be to scale up structured opportunities working with employers where high school Sophomores and Juniors and Seniors are actively engaged in employment settings as part of their high school diploma completion. If anyone wants to take a trip with me to Denver, I will introduce to you what they are doing there.

Catharine Black, Bank of America said I am actually heading to Denver, Colorado. I have some employers, someone from CMS, someone from the State, to explore just that, which is an apprenticeship model. We do not have nearly the scale or anything like that in Charlotte. We think that is a huge opportunity. So, I am glad that you are saying that is a good one for that.

Mr. Fulton said it is a big opportunity, and get your global HR system to move their prohibition on the company employing teenagers, because it has got them.

What happens is a couple of things. First of all, why do people stop engaging in high school? They do not know why they are there. If I say to that same kid who is not really actively engaged to high school, here are some opportunities you could start looking at, even if they do not take one, they are beginning to get introduced to this idea that there are different jobs out there, and this is what they require, so I better start thinking about that. They take on, and several things start happening. First of all, when you show up as a 15-year old, no one expects you to be competent. In fact, the employers set up a structure to accommodate 15-year old’s. What you will see in Colorado is that these companies, the employees like working with these kids. It is exciting to them; the kids start being taken seriously. They start being around people who have good jobs. There is a company that some of you may be familiar with that has a headquarters in Georgia called Southwire. If you go to Lowes and buy wire to rewire a lamp, you are buying their product. They have a program that involves at-risk kids, where they have a separate facility where those kids work and make product, literally four places like Lowes and Home Depot. Visiting there, which you can see, is what I call the F-150 effect, so someone from a local high school joins this program, they go into the plant and are looking around, and there is the older brother of one of their friends, and this kid never thought the older brother was all that clever, but who knows. He was a senior when I was a freshman. Maybe things worked out for him, then they see the older brother is getting in a new F-150, and they say, I want one of those. How do I get one of those? I show up every day on time. I apply myself. I understand at Southwire if I drop out, I cannot drop out of school and just get a full-time job. I have to complete my diploma, then all of a sudden, Southwire says, hey you have some real aptitude for working with these machines, and you have done some clever things with a machine that was acting up. We would like to dual enroll you in the local community college. They have a course on industrial maintenance. We think that you would be real good at that. Now, it is all coming together, and I am putting some money in my pocket, which might be helping at home or just causing me to have a more pleasant life in being able to focus my activities on getting along. So, I am not going to walk you through the taxonomy, but apprenticeship is very constrained in the United State, and there are a lot of reasons for that, but it is not really apprenticeship purse that I am talking about. It is employee sponsored compensated work-based learning for teenagers. There are examples of graduates. Delaware is a quite good example. Now, Delaware is smaller than Charlotte. You can walk the whole length of Delaware in a couple of three days. They have one community college in Delaware. The Governor there did a terrific job of linking the Wilmington Public School to Delaware Tech with local employers, and there are other examples of these types of work-based learning opportunities. You go to Chattanooga and see what happened when Siemens and VW started working with Governor Haslam and the structure that he set up for regional economic activities. They literally said, you know the German companies are very use to apprenticeship, your kids coming into the high school system are not what we need. We would like to build a technical
high school to train them up. The whole thing happened in less than four years. In Massachusetts, the initial round of hearings would have taken four years. You might get the thing built in 20. So, if you are open for business in this you can align the State and the Municipality with some big employers where the objective is to let’s get this going, and by the way, let’s try it and learn from it, and we will fix it if it doesn’t work perfectly, but we know these things have a positive impact. You can see here the pathways program in Delaware went from 40 kids to almost 9,000 kids in five years. That is a big part of that local population.

One last thing that I want to talk about real quick is retraining. You know, “all jobs are going to be wipes out by computers” not so. It is really jobs in a few areas, like production and office administration that are really vulnerable now. Anyone remember, routine? So, when we look at retraining company, jurisdictions always call into the same tract, which they take the workers that need to be retrained and try to map them into jobs that are hot, that there are a lot of right now. So, you end up with, these are literal examples- We have displaced coal miners; we are going to teach them how to be cyber security people. I am not trying to be condescending about the capability of those folks, but they do not think of themselves as- They do not want to work in a job where they are sitting at a desk all day. Most adults do not want to go back to school; they are intimidated by it. They are taught by a 22 year old about cyber security; there is going to be a huge drop-out rate. Many of you read the book Janesville you will know what I am talking about. What happens is that any job of yesterday has a lot of shared DNA with jobs that still exist in real numbers.

Let’s take that office administrative person, kind of a secretarial person. Yeah, those jobs are going to shrink, but a lot of the core skills there, including the soft skills, really map into what is classified, these are all U.S. government terms so forgive me if they seem a little imprecise, with business and financial operation jobs. So, someone who has been a successful executive secretary or clerk in HR is probably halfway through being a competent member of the bookkeeping staff. They are probably 20 credit hours and four online focus courses away from being highly qualified for that job, and if you are an employer, you are making the judgement as to whether I make that investment based on a personnel file, not an interview. So, if I know that person has been deeply engaged in the company, never misses a day of work, always rolls over the maximum number of personal days, because they don’t do things. They are never sick; they show up for work in a blizzard. They are involved in the United Way campaign; everyone likes them. Their supervisor’s give them high marks. Their supervisors are tearing up about laying them off. Why would you ever let that person go in order to play the spot market for labor? That is nuts, and I wish I could have said that to my dad. In production jobs, yeah maybe production jobs are going away, but you cannot export construction. So, if I have been in a factory, I know a few things, like, big machines are dangerous; like, I do not wear loose clothes around big machines; like, safety goggles and helmets are important; like, the work that I do is dependent on the person next to me and the person downstream from me; like, schedule matters. So, I may not be able to drive a skid steer yet or a backhoe, but I am a lot closer to someone who is a marine biology major being able to do that, and I am not disappointed to be getting that job when I really wanted to go be with Flipper. I just want to come back to where I started.

We have to start off by just setting aside a lot of assumption we have, for example, that folks can jump from one career path to another with alacrity, like always getting a college degree is a good idea; like, what are we supposed to do is to have people come out of the education system who can just do a job tight now. That is not the reality. There are going to be lots of job, good jobs, better jobs, because the bad jobs are getting eliminated. So, if we can get people set up just to be able to master a few more skills, just to know what those skills are, just to link the business community with the education community because I tell you, local governments do a very, very bad job in this area. What are the apprenticeships inside local government? There is a lot of middle-skills work. Start with your DPW department. A lot of middle skills jobs. Are we getting our Charlotte high school kids in work based learning for the City of Charlotte so they can replace our DPW department? I doubt it.

Mayor Lyles said what City programs and policy help us advance this idea of a future of work? What is missing that we are not doing? What do we have, and what are the gaps?
Mr. Mitchell said how are the leading cities of tomorrow addressing this issue? Are they leaving it up to the private sector or are they retooling? Can you share with us?

Mr. Fulton said well, I would not say that anyone has got some three-lap head start in the U.S. at least, and it is really hard to get uniformly applicable programs in the U.S., because everything from demographics of the business population to the young person population to what incumbent work, if you have, or are they being displaced. All those are different. I would say that there are two or three I pointed out that are doing a pretty interesting job. In Houston, I think the Greater Houston Partnership is an exemplary organization. Houston is no bed of roses in terms of some of the problems that they have, but they have really worked hard with the leadership of that business community to do things like job fairs, create work-visit opportunities, work-study opportunities. One thing that I love about Houston is that they are willing to experiment and learn. I know this is hard in the government business, because the government business you try something, and if one thing goes wrong, that is on Live at Five, and everything that goes right everyone forgets about. Being able to condition people, we are going to try this for a couple of years, and if it does not work, we will go try something else but not that we are going to solve the problem.

Mr. Winston said this conversation, to me it harkens back to the conversation that we had at the Retreat last year. What Mark Vitner said is that the most important thing that we can do, any American city can do, is what no one has figured out, is to create an environment of constant learning and not education in terms of a four-year institution but create a culture around learning. We didn’t really do any work around that main takeaway that he wanted us to take away from last year's retreat. This idea that literally just about everything that was presented here was presented to us last year that it is always going to be moving, that people always have to get reeducated and reeducated, and we have to change the paradigm and that we have the opportunity to kind of lead as we look at diversifying from a financial center and look at things like Fintech for instance and other technology. Bringing the Honeywell in right so we get away from having just financial services back bone. The next step is to create and educational culture that supports Honeywell, that type of work that traditionally has not been here. I think we know a lot of what we just heard here over the past couple of hours, but it is going to be up to us to claim that, and we have not done that actually.

Mr. Fulton said if we can create where that learning is not just for kids but for adults and the administration and employers, then you will get something going. I think that what Governor Haslam did in Tennessee, breaking the State into regions, eliminating all barriers to dual enrollment and allowing kids from high school to- Another reason people get board in high school is they are not studying what they are interested in and sometimes the pace of work is slower than they are able to do. Put them into a community college course. They start seeing what it takes to succeed in college. What Governor Reynolds has been trying to do in Iowa, although she got reelected by a thin margin, is start thinking about how you are going to change curriculum so that you are bringing more soft skills into it. I do not think they go as far as they should, which is, just to throw out a quick one, the terminal math class in high school should not be calculus. It should be statistics. I took calculus four times on my own and with my three sons. We got four fives on the AP. None of us have ever used calculus sense. We needed to be teaching communications in short form, not term papers. We need to be teaching oral communication; we need to be teaching group problem solving. All that can be built into your curriculum. You just have to do it. It is really hard, and our teachers are the hardest working people that I know, but we have to acknowledge when we are teaching too much of some stuff and not the other. Another quick example would be in Boston we have something called the private industry council, the Boston PIC. They have been working with the Boston Foundation and the City of Boston forever to set up paid internships for the summer for kids. These are not all Fidelity and Am jam, but a lot of them with the City- With all due respect, the world is not Bank of America. The world is not Honeywell. Large U.S. corporations are net-zero job growers in the United States, net zero. Jobs in a city like Charlotte in that middle skills category are very often small and medium enterprises. So, you have to start thinking about what they need and how to get them involved.

Mayor Lyles said last year, we talked about affordable housing, and we made some concise, definitive goals. I think that is the question that we have before us in this workforce
conversation is that if we are going to say that we are going to do something on this end, bringing in all these great companies, what are we going to do for people that living in our city to be able to participate in the jobs? That is what I think that the small discussions at the table would be able is, is this a priority? If it is a priority, what is out concept or ideas that we think ought to be our mission driven?

The meeting recessed at 11:05 a.m. for table discussions and reconvened at 11:17 a.m.

Mr. Egleston said so, we talked about not everyone listens to God’s command. We started talking about how step one in our view is we need to do an inventory map of what all organizations in Charlotte are training, what ages of people for what types of jobs, and the quantity of folks that they are pushing through their pipe line, so we would know where the gaps are if the opportunities are in technology, in healthcare, whatever they are in, figure out what is being covered by the organizations that already exist and where there are opportunities for us to supplement.

LaWana touched on the fact that we cannot just be focusing on students 16 to 24. We really also have to be focusing on the 24 to 35 that are underemployed and trying to help get them to the appropriate employment levels. Mr. Mitchell talked about working with the companies that we know are coming here when, Amazon is opening a distribution center, partnering with them to find a way to figure out what their needs are workforce wise and maybe let us be the administrators of creating the infrastructure to educate the workforce, maybe put them through six-month boot camps, students out of CMS, young adults living in Charlotte as the expense of that company, but we would be the ones who administer that job readiness maybe in partnership with CP or whoever.

We talked about with the Mayor’s Youth Employment Program and other programs like that for younger adults or high school and college students, do we have a pipeline to get them into other programs like a Charlotte Works or a Project P.I.E.C.E. so that if they do not go from the Mayor’s Youth Employment Program into college, what other pipelines do we have for them to fit into? Even if it isn’t our lane per se, talk to CMS to evaluate how much they are doing to teach the soft skills, because you said that is a gap. So, it is not just a matter of making sure the students have the technical skills but that they are also being trained in leadership and how to shake hands and resumes and how to dress and things like that. Is that something that CMS is doing? If not to a satisfactory level, is that something that we could advocate for more of from an economic development perspective?

Mr. Fuller said and if not there at CMS, where. You talking about this Year-up program and others?

Mayor Lyles said we have a table, and I think that you covered some of the things that we talked about, especially about if companies are coming in, how can we help them with their workforce, and how do we make sure that there is a connection? That was one, thank you guys; you did a great job restating that much better than we did I think.

The other thing is that we talked a lot about the MYEP, and that MYEP is a program where we give kids summer payment and they have training throughout of how to dress and show up and things like that, but looking at the idea of what an apprenticeship program really would be, starting with ninth graders or tenth graders, we talked a lot about where the entrance point is, what if we revamped our MYEP program into a true apprentice program for the jobs that we have, for example: construction inspectors, engineers, aviation has a small one now. Could we spend, not this year because MYEP is out there and ready, but what if we actually changed MYEP into a year-round apprenticeship program to allow people to have jobs and train for our jobs that we have instead of it being a readiness program. The MYEP program is- Justin and I are sitting here, and I can show you Justin is just as qualified, and we have such a limited number, but if we actually started this in a systemic way to say targeted areas, where do we need them and really embrace this program in a way that gave results that when you came out you either knew you wanted to go to college or further your degree or you came out and the City had a job ready for you. It is a smaller subset; it is not worldwide. It is basically less target, something we could work with and manage, so that was the consensus of thinking. There is lots to be said and said about the culture of work. What
are we doing? How do we work with CMS? There are a lot of those things, but convening and learning is great, but where can the action start to put a real impact down?

Mr. Newton said I would hope that we could expand beyond that too at some point in time, where we could create a conversation with the business community. There is no doubt about it, I think that we have to work in relationship with CMS, break down the proverbial silos that we have been talking about for years now, but we certainly have more relationship with the business community than they do. So, I think that we can contribute in that fashion just as much so as they can contribute from the stand point of the students that are from vulnerable and underserved areas and provide those upward mobility opportunities for those folks who need those.

Councilmember Ajmera said we had discussed several things on workforce development, and we also looked at our internal for our city employees into consideration. So, number one, really enabling that career path where we provide opportunities for our own employees to transition from one department to the next, I think that is very important. I think for an example, let’s say if an attorney works in the Aviation Department, if they want to be a City Attorney, we have to create that career path in terms of having that multiple career path that leads to that end goal, whatever that may be, but that can be sort of scaled with other departments internally, whether it is engineering, CMPD, fire, and so on, especially with the skill set that could overlap.

Second, we discussed how providing opportunities where you try something and if it doesn’t work, you fail and you try something else. I know that we had invested half a million dollars last year into innovation hub. I think that is a prime example where we have to invest every year certain amounts of dollars into this innovation where we try different initiatives where we are not saying just because we invested into this we have to give ourselves an opportunity that if this does not work, we will try something else. A lot of private organizations invest in innovation research development, and not every dollar that you are going to invest is going to get you a product, so I think that was a prime example, especially with circular economy, and how do we continue to encourage those kinds of initiatives with public dollars, considering we have limited resources, but I think that we have to allocate some funding towards that.

Third, Tariq had mentioned about how Fintech organization that he runs with several other industry experts, they work with private sector to figure out what are the skills gap, and how can we partner with other organizations and the private sector to come up with the skills that are needed and work with the institutions and colleges within our region to make sure that those skills are being taught in the curriculum. So, Fintech was an example, but that could be scaled at a higher level with manufacturing or whatever it may be.

Fourth component of this was opportunity where we have fresh college graduates, give them an opportunity to start out as an associate then creating this career path. I know we had done that recently. That was the first program that I have seen within our City for our employees where we had started recruiting college graduates, and now they are in their first or second year, but that really helps us recruit some of the best talent right fresh from college and giving them an opportunity that they would not have had otherwise if they didn’t have that public administration background.

Councilmember Eiselt said in hearing everyone’s comments, especially with the MYEP, we have been talking about MYEP as long as I have been on Council that should we make it year-round? Should we include kids who have a GPA under 3.0, because I think that is still the requirement. This is an opportunity I think to do what we have been saying in this retreat that we would like to do is sort of break down some of the vertical silos, not just on Council but in our government. I was over at Philip O’ Berry with a couple of school board members, and they were talking about this amazing vocational program that they have, The Rock, and it is doing great things, but one of their biggest obstacles is transportation. We own transportation; we should be able to address some of their challenges, but we are not in the conversations, so we cannot. I think this is an opportunity to say, let’s create a workgroup of Councilmembers so we just do not say staff, please go figure this out, because we know what that does. It causes a tremendous burden, and no one knows really what the
answers are that are being asked for. I just say this is a great opportunity. It crosses committees. It is public safety. You look at what CMPD is doing for our young people right now. It is public safety, economic development, intergovernmental, so maybe this is an opportunity to do something with this.

Councilmember Mayfield said I want to encourage us to remember what is the role of the City of Charlotte. What is the City of Charlotte’s focus areas. Like, the presentation I came in on the last half on it. I think that it would have been a great presentation for CMS. The City of Charlotte has a small role when it comes to how we interact with our youth. We have greater role, in my opinion, that what we should have, because of years ago when other entities were not able to maintain certain responsibility the City stepped in. I would like for us to rethink who our target is. If we are talking about upward mobility and opportunity, CMS, Project Lift, through the Mayor’s Youth Program, through Wide Achievers, through Generation Nation, there are already a number of groups and organizations that we are already putting funding line items to that focus on youth. Our focus really should be around young adults to adults. Our biggest impact is those who are chronically underemployed and unemployed. We constantly receive calls, because people cannot find jobs, even within the City of Charlotte. That is a six month to a plus year or two-year process, so we are in the process of streamlining that to give access, but we also do need to rethink the idea of a degree has so much more criteria, because we use a computerized algorithm, opposed to having real relationships that go through with these applications. We need to have a conversation as a Council, along with staff, to identify, what is our focus and stop trying to jump in everyone else’s lane. We need to stop getting into CMS lane; we need to stop getting into the County’s lane and we need to identify specifically what is our lane, because we have job fairs. We have a number of these events, but if we are not hitting our targets because we have not created a target, so therefore, we are trying to be in every bodies pot, that is going to continue to cause challenges, because at the end of the day, our funding in large part, comes from property taxes. You have other groups out here focusing on youth, whether it is ninth grade and up. MYEP is doing a great job; the Mayor’s Mentor Alliance is doing a great job. We should be rethinking who gets access to jobs within the 8,000 plus employees that we already have and the fact that we are going to have a mass exodus within the next two years or so of people retiring. We do not have people in the pipe line in multiple departments. We have a number of people who are ready for retirement either this year, 2020, 2021. We need to change our conversations, and our conversation unfortunately seems heavily focused on, we have to get to the youth, but in the meantime, those who are past youth are left out in the cold, and we are trying to figure out another path. We need to have some real conversations about what is the lane of the City of Charlotte that actually falls under our focus areas, and how do we start to step back from all these additional lanes that we have just allowed ourselves to be pulled into.

Councilmember Driggs said I made very similar points at our table, and there are three elected bodies for whom this is a higher priority than it is for us: the General Assembly, the County Commission, and the School Board. Those guys fund the schools; they are heavily engaged in development and things like that, so I think that our role needs to be to take the particular perspective that we have and interact with them perhaps in order to ensure that our insights or the intelligence that we have from employers is properly taken on board, but frankly, I think that a member of any one of those bodies, if they listen to us talking about how we are going to solve these problems would go, wow, that is interested. Even when it comes to employment, if we compromise the general principal that we hire the most qualified person available because we are trying to make room for employees that have these issues, there is a duty that we have to the tax payers to be efficient and to deliver city services, and we at least need to be very transparent about any delusion of our pursuit of excellence in that area on behalf of trying to create opportunities for people. So, I think that there are some suggestions that have been made here that have been useful, but recognizing the size of the problem and the population of the City, they are pretty marginal, and that is probably exactly as it should be.

Mayor Lyles said it is always really good, because the perspectives in this room come from different foundations of thinking, but I think the overall areas that we are learning is that we are talking about the future. We are not talking just about today. A lot of the programs that we have, even today, are not getting to some of this, so I actually have a lot of respect for
these groups that are out there working really hard every day. One of my comments was we do need to work more closely with workforce development; we do need to work more closely with the Charlotte Area Fund. They are getting 10 million a year from the federal government. The City doesn’t get that money. These boards get that money, and I think that we have kind of just let it- It has happened. It is like we do not get it, so we do not look at it, but the impact of where people do not get work or underemployed or unemployed particularly chronic unemployed, it remains to be a problem on our streets. We have got to figure out a way to address that. I think that all the efforts that we have is to actually determine where to focus and what to do.

I was telling this story; I was at East Mecklenburg High and the Assistant Principal was walking out this young man, made him put on his uniform to go put on a fast food restaurant to work that afternoon, because he is contributing to his family’s income. If he drops out, that family will fail, then that is our issue. It is not just the issue of social services. It is like how many times will the police officers be called to that location? Will that kid be picked up on a corner somewhere? We see this all over; I think that we have the opportunity to sit down and debate what to do as long as we are committed to doing something.

Mr. Driggs said let’s hope the County doesn’t start planning roads, because we are not solving the transportation problem.

Mayor Lyles said I do not know if that was just a little remark. I want you to tell me how that is related and why you said it. I understand the dynamics you have there; no, we do not want them to start doing roads, but they are not going to do public safety, and there are things that we have implications for in growing a community or city where people have the opportunity. Perhaps, they have built some roads, we would not be having some of these employment issues that we have right now. I understand your philosophy, which is something generally something that you and I agree on, the smaller, more focus, the better, but we cannot ignore that these things are interconnected, and I want us to be careful about how we use our words with each other. To make a point about another point is great; just let me know that is the point that you are trying to make.

Mr. Newton said last point, to build upon the conversation here. I have always been under the impression since I have been on Council, and I think I campaigned on this probably the majority of us campaigned on the strategic goal that we will not be 50 out of 50 in upward mobility any longer, and we have to take real actually to increase our lot and make sure that everyone in our city has equal opportunity and can be successful in life.

At our table, I do not think that we were advocating to take this on ourselves, right? What we were saying is we could build partnerships where they may exist. We can take opportunities that present themselves to us that maybe are not over burdensome or otherwise prohibitive to assist the folks in the other areas of government. The thing that came to me, and in that regard not sit on our hands, when we can actually act. I love your idea Julie, but what came to me was some of the things that we do quintessentially as a city, yeah that is in our lane, but in a partnership effort, we can provide additional resources to CMS, the County Commissioners so that we are more successful together, particularly in this endeavor knowing that the data shows it, knowing that providing these soft skills through these apprenticeship opportunities for young folks 14 to 16, probably younger, will go an awful long ways to providing that upward mobility that is our overarching strategic goal.

The meeting was recessed for lunch at 11:39 a.m. and reconvened at 11:55 a.m.

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ECONOMIC DEVELOPMENT, THE STATE PERSPECTIVE

Mayor Lyles said I just have to say publicly that I want to thank Tony Copeland, who is our Commerce Secretary, for all of the heavy lifting that he did to make our December job announcements possible. We cannot be in Raleigh every day, every minute, and he is. He really carries for us a message that we can be successful when we are the hub of our region, and what he has done to help us change, and I think will give us some advice on how we should continue to work together today, then some Q & A’s. I really want everyone to
understand the great relationship that we have with the Department is because of his leadership there, so thank you very much.

**Tony Copeland, Commerce Secretary** said sometimes I was telling the Mayor, I am really copying this that someone else said to me, years ago when I was in University in Durham and was working in Washington on the hill and riding back on the train from the [inaudible] Office Building from the Capital, and Hubert Humphrey sat on the train with me. He engaged me and said where are you? I said well, I am at Duke, and I will be going back there in the fall. He said well, you just tell them when you go back to Durham that you spent the summer with 25-square miles surrounded by reality.

You know, sometimes I think that we politicians and bureaucrats here in Raleigh get confused too that we get surrounded by five-square blocks downtown, surrounded by reality, whether it is Mecklenburg County or Camden County or whatever. We need to get out and really be with you.

Let me just give you a short snapshot of my background. I grew up in a little, small county, just south of Norfolk, Virginia, Perquimans County, the Town of Hertford. I had the privilege of Clinton Toms had been the first President of an American tobacco company named by James Duke. He left a scholarship to my church for kids to go to Duke. So, I left there in 1974, never to return to live, so later on I was living in DC and Washington and New York and returned to North Carolina, and believe it or not, I was a prosecutor in my first life but ended up with the divestiture of AT&T. A few of us started a small switchless, resale company. It was about six of us, and we grew it to 1,500 people and about $280 million a year. We sold that in 2003, then Governor Easley brought me into manage a lot of bankruptcies that were happening in North Carolina, the Old Cannon Mills and many of those. You know, we lot more manufacturing jobs in the first three years of this century than any state in the Country. Today, we are at full employment.

Why I go back and talk about where I grew up in Perquimans County is going to relate to you in a minute. I saw when I left there, there was a Chevrolet dealership, Ford dealership, Chrysler dealership, tractor dealerships, all of those things, and they are all gone today. They were not prepared for a disruptive economy. I think by in large, if we look at, especially on the I-85 corridor, particularly Charlotte region and the Triangle-Metropolitan region, for 50 years, we have been preparing for the future. I do not think that I can take credit for bringing these companies to Charlotte. I think that all of you can for having the leadership that could see and create the future, and I am going to stop back just a second. The first thing that a company is going to look for to come anywhere, and you know this, is workforce. Without a trainable workforce, our workforce is available, they are not going anywhere they expect the workforce to fall out of an airplane. The next thing is infrastructure. That is not just highways. That is broadband, and in some regions natural gas. We have some counties that are 40 miles from a natural gas line. Let me just back up a minute. We have 100 counties in North Carolina. Nearly half of them are losing population. If we look at it, about 20 counties have 80% of the population out of 100%. You probably know it, but just to put it in perspective of what we are going. In 1950, North Carolina was the second poorest state in the Country. We were 47 out of 48 states in 1950, then one of the things that spurred- Durham was one of the largest cities in the State at that particular time, but what we saw was visionary leadership. Terry Sandford came; Jim Hunt came. Terry Sandford came and put a community college system in. He was the only southern governor that supported John Kennedy. Just miraculously, in exchange for that, his predecessor Luther Hodges was named U.S. Secretary of Commerce. The EPA became the anchor tenant in the Research Triangle Park. IBM followed right on its heels.

In 1982, the New York Times called North Carolina the “Dixie dynamo.” They said, they have the south, then you have North Carolina. We are still that state in many ways. I think that our reputation has returned. Governor Cooper has charged me with the first thing of working to bring stability back to economic development. Charlotte was in the vortex of some of that. I remember that I was in Charlotte on March 30, 2018. I had just gotten back from Munich, and the Governor told me to turn around and go back, because they were going to repeal HB-2.
So, in the two years since January 12, when I was sworn in, the Department of Commerce has announced 40,000 jobs. May of those have come to Charlotte and the Charlotte region. That is going to be the jumping off point where I want to talk about you and what you have done. I believe Mayor McFarlane, did she speak with you? I think there are many similarities in many ways with Raleigh, outside of being the capital. You are more similar today than you were, because technology today and finance are so interrelated. Fidelity Investments have 4,000 people here now. It pales in comparison to what you have, but there are many similarities. I know that you are going to be meeting with your Legislative delegation. I would be very aware and apparent that there really are two or three North Carolinas. You are on the cutting edge of the wealthy North Carolina, the successful North Carolina, and the one that has prepared and has the workforce. There is another one, like you said, that is losing population. Wake and Mecklenburg County has 30% of the vote. I would urge you to work together in on a unified legislative agenda, because together, you are very, very powerful, divided, I am not sure where that leaves you. I do not think that the things that have been put forward in the past about if we take away from the successful counties, the wealthy counties and give to the not-so-wealthy that it is going to work that way. I think that what we have to do is we have to work for the rural counties to prepare them for the future for a workforce. They may never be Charlotte but to prepare for what the future brings.

One of the things that we are working on really is workforce. The Department of Commerce is really trying to refocus. The word recruitment is not one that I necessarily use. I use the word be prepared. When I say be prepared, be trained and disciplined and have a very trainable workforce and the infrastructure. Many of these counties, as I just mentioned, do not have that. So, one of the experiments that we are working on in some rural counties, we pulled eight community colleges together from eight counties. We are trying to develop 3,000 jobs for this area for the next three years. To talk about the labor shortage in the rural areas, I will talk about that in just one minute. It is not a scientific polling, but we polled rural employers; 75% of those employers that are seeing employees are getting zero applicants, to talk about the labor shortage that we are having. Some of the differences are, unlike your areas, Mecklenburg County in particular is a destination place from all over the world. Everybody knows you. With the type of knowledge base industry that you are seeking, you are known around the world. I have worked with Mecklenburg County since the last 20 years. I think that Mike Almond was the first person that I worked with. I know you well. I think that you are a jewel in the crown of the World. I could continue to talk about but I know you are changing some of your economic development strategies and how you are looking at things. I will say right off the bet, I came in the telecom industry. The public sector stayed 20-years behind where the private sector was. I think the economic development is a very sophisticated business now. It is run by sophisticated people. It is run by consultants by in large. Companies by in large have out sourced it. I think that economic development departments should be heavy on knowing business, knowing what a 10K is and understanding that the bottom line is, companies are locating where you are, because they can execute on their business plan and make money. That is the bottom line. If you provide that, social progress will follow after the economic progress, but companies are locating because you have the infrastructure and the employees that they need to be successful.

Councilmember Mitchell said what is your take on the Charlotte Business Regional Allegiance?

Mr. Copeland said that is a big question. I know that you are changing things and bringing in a new president/CEO or whatever, to run this, so I am not quite exactly familiar with all of your changes. I would just urge you when you are staffing economic development, to have a high trained sophisticated staff in the world of finance, commercial real estate, and the like, because they will let you talk the business, then hold them accountable. If they do not do their job, like me, I am accountable every day; I do not mind that. That would be my advice, but the region as a whole has a lot of synergies. I am not going to talk about South Carolina, but I will say one thing. Companies that come to me and the first thing out of their mouth is that they are going to South Carolina, gives me a lot of indigestion.

Councilmember Driggs said I wonder if you could talk a bit about the State’s economic development effort. As you just noted, we are reorganizing here and basically the CRVA is going to be a regional endeavor, which combines the old regional partnership and our former
Chamber in Charlotte. If I look at deals like Honeywell and our bid for Amazon, a lot of that, at least from my vantage point, was kind of a black box situation. I did not know who the people were, what the entities were, how the JDIG money is allocated, so what resources does the State have and have devoted to this?

Mr. Copeland said there are two or three ways that I can answer this. I would argue that North Carolina has very robust statutory incentives, which allows the Secretary of Commerce, with the blessing of the Governor, to control those. They are by in large digressionary, and we can work with the company in order to give those. Now, as you know, these processes move in a very- they are not public until after it is over, and that is by design, so I am not quite sure what you are asking me. So, I am not quite sure what you are asking me.

Mr. Driggs said do you have a staff for example that are devoted to economic development? How do they go about with opportunities and things like that?

Mr. Copeland said the Department of Commerce was split under the McCrory administration into what we call the economic partnership, which is defined as a public/private partnership, which is about 95% is public money and five percent is raised from the private sector, and they do not answer to me. I have no actual authority over them whatsoever; it is a unique environment. I have a staff, and I would say my staff, the immediate economic development staff, is pretty much geared to how I was defining to you to what I think that economic development is about. It is about how you handle an M&A transaction. It is about the finances; it is about going into a company and dealing with all of the aspect it takes to put together. Like the triangle tire project, I will give that for an example and Toyota, which we did not win, Triangle we did. There were actually months of discussions with rooms full of lawyers and stuff, which is similar to an M&A transaction that would go on in a law firm. It is not like filling out a MasterCard application. People think that they see someone got $30 million or $60 million that it just happened by somebody coming in a meeting with me, and I gave them a birthday cake or you had dinner with them at Sullivan's. No, it is a very complicated, tough negotiation. Triangle Tire is Chinese, so a lot of it was done- I think that I visited six times to Weihai. Most of it was done telephonically and obviously 13 hours reversed. So, it took a long time. It was tough, language barriers. You are dealing with an attorney in China; perhaps in China there is no difference really between personal and real property. That is a significant difference when you are negotiating something here. Every word gets to be something that takes a negotiation and an explanation. I have a team of people; we have an economic modeling team. Every project like Honeywell was modeled as a positive to the gross domestic state product of North Carolina. We do not give incentives that do not pay back to the State. We do model yours too, but the County is more involved with the property tax, is what you get. We are not like Louisiana; Louisiana the State can give away local property taxes.

Councilmember Eiselt said what is the strategy of the State for a direct foreign investment?

Mr. Copeland said we have representatives in many foreign countries, but I would represent to you that what happens is- at least 50% or more of our investment is international investment. I just mentioned to you Triangle Tire, Edgar Wood Products is Austrian, which came to Lexington, which was a huge project. Cascades Paper was Canadian; by the way, Canada is our number one largest trading partner. It is kind of not know, but it is. I told Tracy before we came in here, my strategy is to take everything; I have a lid for every pot, with 100 counties. I can find something for all of it. In my recent career, I brought 18 Israeli companies here. Israel is very robust, especially in agro-bio and the others, but we are constantly going to international countries and making calls on them and the consultant community, whether it is JLL, located right with you, or whatever, we are constantly dealing with them in their Washington offices and London offices. It is more of a direct path through them than it is company to company. I am not sure I answered your question. Duke has a campus in Kushan, which is right outside of Shanghai. I have been very involved with Duke in my 20-year experience with this, and when I go to South Korea I always have dinner with the Duke alumni club, which is basically every major company in Korea. So, there are many different pathways that we take in this.
Councilmember Bokhari said one of the things that you mentioned, broadband infrastructure, one of the things that we are working hard on is 5G. There are some things that we have figured out, and there are some things that we have not. We are trying to work with the private sector, AT&T to allow that dog to wag itself and not the tail, but we are also trying to figure out how could we be a client with the internet of things and smart city technologies. How can be bring a consortium of local clients together that make the critical mass, and how do land-use capabilities and things that we have bring something to the table? The two things that we have not figure out yet are one, how can Raleigh and others help from there, and two, what are ways that we can make this more of a statewide, not just Charlotte, but a rural connection? On those last two, do you have any recommendations or practices that you are seeing?

Mr. Copeland said fair disclosure, I have a telecom company, and we put thousands of miles of fiberoptic up and down the east coast and 48 offices and operation centers in the eastern United States, and I became a lot older fighting the other players in this. I understand what you are talking about with the incumbents and the legislature passing laws that you cannot provide some services as you can as a city. One of the things that I worked on when I was on the board of MCNC, when President Obama was president, was the stimulus money. We put $146 million together, but with the State, MCNC, and Golden Leaf Foundation and ran broadband the long hall, basically all the way from the west to the City of Beaufort in the east, in the areas where the incumbents would not have run those because of profitability.

If we are serious about broadband, it is going to take those types of investments to make a meaningful change from the state level. At the City level, I would urge you to look at putting all those pieces together again. I am not succinctly familiar with the prohibitions that went in place. I remember when Wilson County tried to put their own network in, and they were prevented from doing it. For broadband it is essential, but I think that Charlotte is in good shape. Your rural counties are not. Part of the things that we are seeing in the rural counties, even when we look at wireless broadband and we run it to the homes, the take rate becomes negligible because of the affordability for the people to actually be able to afford to take it. It is a real complicated process. We are working with DOT now and the bonds that went in last year for DOT. We are working with running conduit on highways, and we are working with other things to use broadband along those routes. I did not give you a succinct answer, but there is not one answer to this.

Councilmember Winston said with all due respect Mr. Secretary, I highly disagree with something that you ended with in terms of you bring the economic activity and social stuff will follow. There are people who have been waiting for that for 400 years in this state, and what we are dealing with in our City, while we have great wealth and growth, the biggest issues that we are dealing with is the effects of intentional segregation and that effect on upward economic mobility. Not enough people in our City are able to benefit from the wealth that is being generated. We look at, like you said, the rural that is the case all around the State. You say that unemployment is very low, but not enough people have jobs in Charlotte that allows them to live in Charlotte. This is what we are really trying to tackle as a City, as a community. So, what is the State doing, not just to bring outside investment into the State, to disrupt the legacy of intentional policy that has resulted in this lack of upward economic mobility, and how can you further support us in our efforts to do so in Charlotte?

Mr. Copeland said I want to go back, and I do not mean to marginalize anyone. I want to make that clear. The eight counties and eight community colleges are predominantly, many of the African American regions that we are working with, and we are creating a workforce, and we are creating entry-level jobs for some of those people. We are putting into place like how do you interview for a job? We will buy you a blue blazer to go for the interview. We are going way down with people in helping them, because I think that this governor particularly wants everyone to the opportunity to enjoy a life larger than the one that they were born into. I do think that bringing companies in that will invest and putting that into the economy is a huge priority, but I agree with you. We do not need to leave people behind.

Councilmember Mitchell said should we be prioritizing our pursuits as we relocate companies to Charlotte or is that on your side that you prioritize them on your end?
Mr. Copeland said I think that I need to work with you for what you prioritize; I do not think that I should be telling you what you should take. I would say that we have some of the tools to help you make some of those decisions, and I think that economic modeling is one; if it does not make economic sense for you. We look at the state right now, 54% of our employees are working for companies that employee more than 500 people. That is a fact; I am not trying to convince you. That means that 56% work for companies that have less than 500. So, one of the things that I have to work with and we should work with is when these larger investments come in, how do we help small companies start up to service them? Maybe they do not work directly for them and they are not all car dealerships, but you know there are dry cleaners, food, all these things. I think that sometimes the state and the newspaper, we do not talk about those things enough, what we do.

Mayor Lyles said we had a conversation about Opportunity Zones, and we were all excited about having them. We worked really hard and thank you for the number of Opportunity Zones that you forwarded for approval. Now, we are a little bit worried that we hear it has become more of a tax credit or an ability to save money, and we are not quite sure what is going on. I wondered if you had- What is going on? What are you talking about with Opportunity Zones? What do we need to know to work with you and better for our areas where what we see are perhaps, I want to be positive here, people who want to invest but make a lot of money while doing it, without really thinking about the people that are currently living and working and conducting business in those properties?

Mr. Copeland said at the risk of sounding like a bureaucrat, I am going to say, the Opportunity Zones after working with the locals to select those, I have no control or administrating ability of that what-so-ever. It is all done through the Treasury and at the federal level. They continue to do the same things about changing it and dealing with it and amending some of it. We have not heard that, but it is largely being driven by the financial institutions and their looking for, but I will say it; working with some areas, I have had investors come to me and places that I know, I would point out places that I know, I would point out places that were needed. It works really well along recreational development areas like a lot of rural counties in the east, then in the north, kind of like the EB5. Are you familiar with the EB5 investments? That is more linier how that works. I do not know exactly in Charlotte who was driving that portfolio from the investment community. We should work on that.

Mayor Lyles said it is the uncertainty, and we are hearing that there are rules that are being written or drafted now in treasury, and I do not know that anyone has ever asked you or our City to comment on those rules. I am sure it is published somewhere that there is a 30-day comment period, but we were not tracking that, and now I am a little bit worried about who is tracking it without our interests being represented.

Mr. Copeland said we are trying to follow that, but to be honest with you, we are not involved in that on a day-to-day basis either.

Councilmember Phipps said Mr. Secretary, you mentioned earlier that sometimes it takes months to put these deals together when you come up with an incentive package. By the time that it is downstream to the respective city or county, is there an expectation that we would approve this? I am trying to figure out had there ever been a time when something from the state has come down where the City or the County said no. How would you view something like that if that did occur?

Mr. Copeland said there has never been a time that we work on a project that we are not working simultaneously. That would be a no before we ever got to a conclusion, because we would be involved with, just for instance with Honeywell for example with Tracy and the Mayor and stuff. When it got to a certain point there, we were involved pretty much on a daily basis with dealing with things going forward, but I have never worked one to a point to where it was no after the state negotiated their part. It would not work that way.

Councilmember Mayfield said I’m still a little heartbroken and disappointed when they [inaudible] so I’m just still holding onto that.
Mr. Driggs said I was very pleased to hear you said that you do not think that solving the problem with rural areas in North Carolina involves taking wealth away from the successful and the growth areas, but on the other hand, the General Assembly is pretty deeply divided, and we have seen initiatives or proposals like sales tax redistribution or maybe changing the adjustments of the tiers on JDIG. It is not along party lines. It is more the rural people versus the urban people. Do you expect in this session that we will see any more like that?

Mr. Copeland said I do not expect that issue to go away, just by the nature of it. One of the things that I want to work on is, like I said I am working on some different things for rural areas like developing their workforce, coming in with infrastructure to put gas and broadband in and those things. I will say one thing and I do not think that there is a number one priority, but Medicaid expansion is a Department of Commerce and the Governor’s number one issues. We have forgone $4 billion of investment in North Carolina by not accepting Medicaid expansion. From our numbers, it would be 50,000 jobs added in North Carolina. The recipients that it would probably save the most, it may not be an accurate thing either, but rural hospitals are closing left and right, and Medicaid expansion and arguably corporate health-care cost would go down too, because premiums are subsidizing people going to emergency rooms or not being treated. One of the biggest pushes of the Governor and the Cabinet will be pushing for Medicaid expansion, and we want to bring stability to economic development. I do not want to disrupt the tier system; I do not want to disrupt the robust incentives that we have, but I would be in favor of adding some different things that are unique to rural or underachieving areas.

Councilmember Ajmera said what we struggle with is really bringing opportunities across the City, so we have parts of our City that are thriving that have a lot more opportunities, where there are parts that do not have a lot of jobs, where people have to commute to let’s say Uptown or the south or certain parts to get to work. What is it that the Secretary of your department is doing to ensure that we really provide opportunities across the region in terms of, I will give you an example, for the City of Charlotte bringing opportunities in east and west, really locating companies there?

Mr. Copeland said once again, do you have buildings there, offices available, real estate available, and is it ready? One of the things that companies look at, and I want to end on this and I will go back into the big automobile factory that we were looking at one time, but it is indicative of every company, and I think that we have seen this. Everyone says they have a site; if they have to wait for it to be developed, you are out of the hunt. I was told by one automobile company that for every hour they were late in their production schedule when they looked at a site, it was $86,000. So, you can translate that basically to any company. If you have to build them a building, they do not have time to way usually, unless it is a green field site, and they started off that way with the infrastructure. So, those parts of your City or whatever should be looking at those like what you can do to locate there. The State should be involved with your community college, perhaps the City for helping to train those people for the level of jobs they want and are capable of doing.

I want to go back. I met with the CEO of Daimler. We are the third largest Daimler investment in North America by the way, North Carolina is. Those school buses that drive around have a Mercedes engine in them by the way. He said he wants a trainable employee. A lot of that is having the basic skills to think and let companies reskill them and upskill them. One of the things that we are looking at too is perhaps some companies just need to adjust the wages on their entry level wages, because there are entry-level jobs that are not being filled today with the workforce. I did not really address your question, but it is a holistic approach.

Ms. Ajmera said I guess this is more of something for a city to solve in terms of finding the real estate, encouraging more space that is available in those parts of our City, versus something in terms of the policy. Am I correct there?

Mr. Copeland said I think that it is a wraparound strategy. We should be working with you; your private developers should be working with you, perhaps seek out Opportunity Zones and deal with some of your- all the investment banks and things that you have in Charlotte, there has got to be someone there that is following these Opportunity Zones and doing investments, perhaps they are making them somewhere else.
Ms. Ajmera said that brings to what the Mayor had asked earlier about the Opportunity Zone.

Mr. Copeland said the State needs to work with you on these things and they need to work with the Community Colleges; there is no one size fits all.

Mr. Winston said I was pretty disappointed in the answer to my question to be completely honest, that the state is looking at the way to disrupt the legacies of lack of upward economic mobility and the legacy of bad policy that has led to it. The approach is to buy people blue blazers. That is a serious issue, and if that is supposed to be one of our strongest partners in doing this as we always talk about what is happening in Raleigh, and that is from the Governor’s administration that should be lock-step with what we are doing. That is quite discouraging.

Mr. Driggs said I asked the question about how that process works, because as Council in the Honeywell situation, we got thing presented to us, and we were told yes or no right now. At least to have more insight into who the people are that are acting on our behalf and what ready authority is to say okay that is a deal that I would take back to my Council; is the Mayor, is it the Manager, is it CRVA on some of those deals? I don’t like the feeling that there are all kinds of important conversations involving large amounts of money of which we have no awareness. I understand confidentiality, and we talked about private rooms; I used to stay in those rooms all the time. I worked in banking, I was with Golden Sacs, I know what that is like but the truth is there is a definition that need to know that apparently excludes us and shouldn’t in my mind. The way around that is to have in place kind of prior authorization for certain structures and certain conditions so that there is latitude for the representatives of the City to speak knowing what content that they have that they are able to negotiate with. But, for them to go out into open sea and say that sounds like a good deal to me and to tag along with the state.

The thing about the Honeywell deal was the decision that the state made was very different from the one we made. They committed $33 million on expected income tax receipts that were greatly in excess of that. For us, it involved the forfeiture of all tax revenues that we could expect from Honeywell for 15-years, so you could well imagine that a responsible people regardless of political affiliation etc. would look at that at the state level, even at the county level and at the City level and reach different conclusions about what is in our best interest.

So, the main point I keep trying to make is I would like better visibility on economic development as this goes forward, and I would like to have a context of the establishment in advance in which these conversations take place. Amazon, the same thing, nobody had the slightest idea; we never knew on City Council until the public knew as far as I could tell that the City had actually offered $100 million in incentives to support that transaction. I just feel we have a responsibility to the public to be more involved in a commitment like that.

Mr. Phillips said make sure again, as we are capturing these things, either the comments, the questions and suggestions, if we get those down we will get them captured, and we know we’ve got them.

Mr. Mitchell said I think my colleague was giving his personal viewpoint of it, and I don’t think collectively we felt that way, because I think anytime you have partners there is a trust that must be established, everyone is working with best interest. I had no issue with the Honeywell deal, because I knew our team was going to get the best deal for Charlotte, and so, I don’t need to be as hands on as possible, because I think when it gets to a point that it needs Council’s support it is the best deal for the City of Charlotte and for our citizens. Honeywell and Amazon, I think were great deals. There are things on the state level they have to do to package it right, and I’m very trusting that the state is going to do what they can and then they have an elected body they’ve got to get things through, so it is not as cut and dried. They’ve got to send in the House of Representatives and you’ve got the political body there as well. Ed, I heard you loud and clear but I think if you talk to Council as a whole there is a difference of opinion.
Mr. Driggs said don’t proport to represent Council; I was the only dissenting vote on Honeywell and I accept that but what I’m saying is I don’t even know what individual like [inaudible] is sitting on the other side of the table calling those shots. Who is calling the shots for us?

Mr. Mitchell said I think it is a good team of our City leaders and the Economic Development Director have an input about representing Charlotte and we have to trust the process. Just because we are not in the room that don’t mean it is not a bad deal for us.

Mr. Phipps said the reason I asked the Secretary that question about when they look at these deals and made the decision. I took away from his answer was if they felt that strongly about it that it was good enough for the state that for the downstream cities and counties I don’t know why it wouldn’t be good for us too. It is almost like a formality that we go through these votes, and it is almost like it is a [inaudible].

Mr. Winston said I hear the idea of trust and the process, but minute by minute I’m getting more and more uncomfortable with this ideal of these Opportunity Zones, because nobody knows what is going on. I would like to revisit why it was sold so hard and so fast to us in the first place that this was going to be some bastion of not just investment but the type of development that we need and want in our City and now we are sitting about 11 months I think from when we made this decision that nobody knows what is going on, and it seems like it really could be another rehashing of urban renewal. That is what we are seeing; I see it on everybody’s faces. Everybody is concerned, because nobody knows what is going on, so I think we need to really fast get an understanding of what is going on with them.

Mayor Lyles said I agree and we will. We need to get the information out of DC and the ability to influence any rule making right now; we need to get really quickly like boom, boom, boom. I will tell you why that happened as well; I think most of us know that the Bill came down at a time and we had to react. There were deadlines set by the federal government, perhaps not with as much of the information that we should have had, but we are no different than the hundreds of other cities that are in the same position. When we were at the meeting we heard a lot about this from other communities; it is the same thing. I think Tim Scott had a great idea and then it went kind of the dark hole of federal administration. So, where are we now?

Mr. Phillips this is our Economic Development conversation; when this wraps up we will take a break. We just left off with the conversation about the Opportunity Zones and a response.

Mr. Mitchell said good, is it time to talk about ED? Earlier today we had a lot of conversation a lot of data from Opportunity Zones to the new workforce. City Manager, would just say there is a lot sticky notes up there, and somehow collectively I don’t know when you are going to report that back to us, but I agree with the Mayor that Opportunity Zones seems to be the hot thing we need to get resolved right away to build confidence because developers are looking at us and the quicker we can talk about strategy, and Braxton to your point. So, it is not anti-urban renewal I think the better off we will be as Council. Is there a timeframe that you feel comfortable, or do you think we need to discuss that at the end of the Retreat?

Marcus Jones, City Manager said I would like to bring some additional information to the Strategy Session on Monday as a starting point.

Councilmember Harlow said on that point and again I’ve been sending e-mails out to the Council about Opportunity Zones and more immediately to the ED Committee since we talked about it last week in Committee. Then we get here, and I think we were told all of your questions are going to be answered at the Retreat and a lot of folks well it is not my purview, and I don’t really know. While I’m still am cautiously optimistic in thinking that this could have a benefit to areas on our east and west side where most of these designated zones are. James just made a point and said developers are asking us and the private sector is looking at us. I agree with that a little bit, but I also think they are just barging ahead. They are barding along, and so they know something that we don’t know and for Tracy or for Marcus we’ve got to get and you come from that place and you’ve got those relationships I would employ you to say look, go talk to some of these folks who have the interest or have started and already created some of these opportunity funds. You’ve got two of our big law
firms in town that have done multiple sessions on this stuff so they know something, and they are gearing up for something. I was not able to attend any of those sessions, but it has been out there in the public and I’m glad we are finally trying to play catch-up on it a little bit, but this is going to be understanding that the timeline kind of ends at the end of this year; this is a big thing for this year, and it could be really good for us maybe, or it could be really bad for a future generation after the fact.

Mr. Mitchell said I don’t want to switch gears but I would like to talk about workforce development. The workforce development speaks as well, but I don’t want to switch gears if we are still talking about Opportunity Zones.

Mr. Phipps said Larken and I were at a recent North End Partners meeting where business owners were talking about the Opportunity Zones and how aggressive investors were pursuing the Opportunity Zone in that North Tryon Corridor, and they asked us to look into it, because they were concerned of the potential impact it could have on the community, and we both said that maybe that is something we could talk about at the Retreat. Here we are, but there is not very much information we have. It is out there and investors are aggressively pursuing these things, and it is like we are trying to study it, and they are moving forward.

Mr. Egleston said I think we were hoping to have somebody to go and give a presentation to that group in the next month or two, and I don’t know who that would be.

Mayor Lyles said one of the good things about Charlotte is that we a really have a very strong work ethic, and we believe in moving forward. I want you to know though that every other city that has that same thing, they are struggling with this. If there was more information to give, you would have it, and I think I am better off knowing what I don’t know, knowing that there is an interim period of comment, knowing that we have people in Washington to represent us, knowing that those comments are going to be under the rules. What I hear is the private sector has an opportunity to take a risk way in advance of what governmental rules and regulations are. I think our best play right now is to actually get the information on the rules and be able to comment and have our folks work in Washington, bring in even the state. There are lots of things that we have learned today that we are better and more equipped to talk about, and I think is always tough when you are telling a citizen. They come to us and say what about this, because somebody is knocking on our door, and we all want to go fix it but sometimes we are not in charge and we can’t fix it. The first time I heard about Opportunity Zones was from Senator Tim Scott in South Carolina, and he had a vision that all of us would have said this is great. We need to figure out how to give people the opportunity to do this and that which they haven’t had before. Somewhere along the way that vision has now become a rule making session, which is appropriate, and now we just have to find out what those rules are that have been drafted and the ability to comment on those rules and get back into this, because it is not coming to us naturally.

It is our turn to get to it, and I think we are better off today knowing that. I also want to say that LISC has been doing this as well, and this is where they spend some of their time and effort, and I know they are doing this in cities just like ours, the 15 offices, and the many other cities. We will get our relationships around governmental affairs moving quickly on this. We know what we can do, and we have to move forward, can’t go backwards, but in a month, I expect we will be able to have a presentation. It may be that they have written some rules that we are trying to influence. It may be that we are still doing some research, but they ask and then we tell them where we are, because you don’t have to say it is done.

Mr. Mitchell said just to kind of wrap-up Opportunity Zones; I talked to Clarence Anthony, and we are all going to National Leagues of Cities in March for the Congressional, so all the cities, to your point Mayor, are struggling with this so Clarence said they were trying to have a whole schedule of Opportunity Zones one on one and two on one in March. I encourage us to make sure we can attend the National League of Cities Congressional.

Mayor Lyles said is that a Saturday session University? When you get it let us know.

Mr. Mitchell said we are trying to do it Monday, because it is a long time from Saturday to Wednesday so we are trying to do it on Monday. The other idea I just want us to be very intentional that the December to Remember that we did so well in 2,715 jobs that somehow

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from the discussion we heard today we need to tie it to our workforce development. It is more imperative that we do that, because it one thing to have a big announcement to show up, and we are all smiling but at the end of the day the average citizen in Charlotte say, how does that benefit me? I think that is the part that I want us to focus on.

If Honeywell has 20 jobs, entry level skills, but we need to be very intentional on how many entry level skills are there for our citizens, how many middle skills and high skill level? I think each one of these announcements we need to have that mindset, so clearly so people can say well, I saw the average job is $318,000, and they quickly get turned off, but that is just the average. That don’t mean there is going to be $18,000 jobs available. I think we missed the opportunity to communicate that to our citizens, and so they just see what is the paper, and they say I can’t apply there. You can, so staff you all can help us with that message and I think it will help.

Mayor Lyles said Mr. Mitchell makes a really great point; there are different interests and needs for communicating what is important in our community, and it is hard, work but we all know that we need to step it up, and the opportunity to brag about Honeywell and the Bearings Building was cool, but when we go to Tuesday morning breakfast what do we say, and we just have to make sure that we do. That is an excellent point and we just have to figure it out.

LaWana does a really great job with job fairs in her District. I don’t know it might be a model; she can say we are only going to do them in her District, but maybe this is a model that we ought to start looking at the opportunity to bring this, and I say this is it is every District. I still get a letter from one of Mr. Driggs’ constituents about being laid off and not getting work or the impact of Waverly and the store moved, how do you move? This isn’t a geographic only one part of the City and so maybe the idea of how we do something that is more coordinated around workforce and communication would be helpful. I really do want to see if we can bring in the Workforce Development Board and Charlotte Area Fund and talk to them a little bit more about what they are doing. Kevin Dick is an appointment; there are appointments being made, but I tell you I met with them and I gave it to the ED Committee, the appointments that we make on that Board. Their budget is about $8 million plus. There is a lot to be done with that if we focus and coordinate, so I think it is time now that Kevin is on the Board; he is a Mayoral appointment, but I think he has a three-year term on the Board now as a voting member. We need to integrate that.

Ms. Eiselt said along those line one of the reasons I wanted to get back involved with that is, because I’m really interested to know what we are doing with our Intermodal Facility and where there are opportunities there, especially for workforce development. That kind of pairs with the whole motion of global trading; how are we [inaudible] in global trade? What is the status of our Intermodal Facility; what is the opportunity?
Ms. Ajmera said I wanted to mention expanding our Project P.I.E.C.E Program; I know that we are looking at expanding that, and I have had that conversation with James on this. Recently a group reached out to me that already does the training for bridge building and for vocational training, and I have asked James to reach out to the ED Committee to see if we can extend that and partner with some of the unions and organizations that already have training in place, and they already have the placement and jobs open. So, expanding that program would be important and partnering with other organizations.

Mr. Mitchell said the last thing is the Charlotte Business Regional Alliance; I think we need to continue to decide what role we are going to play and I still think there is a question from a staffing standpoint. How many additional resources do we need to make sure we are not pulling away from our great ED staff?

Mr. Driggs said I was a little surprised at the Secretary was so uninformed about the CRVA, so I think we need to coordinate with the State, right?

Tracy Dodson, Assistant City Manager said I would say that he is; he is just not in a place really to take position on it. He is following it closely, but I think everybody is kind of waiting until the new CEO is in place to then comment on what the real direction is moving forward. They kind of, like we do, have some pillars that they want to focus on but that hasn’t really been shaped out yet, and this new relationship, we are all still working in terms of who is doing what, and again we are expanding to do bigger, more, better, but we are also still trying to figure it out too.

Mr. Driggs said that will be an important topic at some time in the future because of the State’s role and the City’s and the County’s role in a lot of these incentive packages.

Mayor Lyles said in following up to Mr. Driggs’ question, what did I read into him saying well, you know I’ve an ED Council that was created over here, and here we are doing this work over there. I thought that was a comment on perhaps the perspective of the Economic Development Council, is that what it is called EDP and then the Commerce Department, is there alignment even at that level.

Mr. Driggs said right, and therefore generally when you hear that North Carolina and Charlotte have done in the past a poor job figuring out how we all work together towards a better solution would be important, but we do need the new CEO, I get that.

Mr. Harlow said we will probably get more into this during priority conversation but just along the ED lines; we talked a little bit about it last year about trying to revamp our corridor programs and investments in them through the Revitalization Grants and all of that stuff. I still feel like that is something that is underutilized. I know we got, at least on my side of town, with the new Beatties Ford Road/LaSalle or the main stuff. I’m still a little concerned on what is the deliverable on that. We have the partnership, but what is the outcome that we are expecting and then where are we going forward from that? I understand that is a pretty short-term thing, and I imagine we will get into some other stuff in various corridors around North Tryon Street and Statesville Avenue. So, I’m looking for us to start driving into the outcome space, because we announced these partnerships and we say we are doing this, we are teaming up with these folks, and we are paying these people to go do some technical assistance work and then we don’t get anything from it, or we don’t hear about. Something came from it, we just don’t hear about, and we can’t message that back to the constituents later, because they will say well what happened. We went to this big meeting; there was a great announcement about the City partnering and then what. I want to look more into that and also as we think about budget for the year, and we will have those conversations later in the spring, how are we directing and allocating resources to say this is really a priority for us. Where we spend the money is where you prioritize. I’ll put that on the board too.

The meeting was recessed at 1:03 p.m. and reconvened at 1:18 p.m.

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Marcus Jones, City Manager said before Phil takes over to make the presentation related to where we are with the yearend in the General Fund outlook, I would like to first thank Phil and Sabrina and Ryan and all of the Budget Team for what they have put together at this point. You will see in this discussion that Phil has a lot of new people on the team; I will say to you that they have this innate curiosity, which I think is a great part of having any type of analysis. I will start off, and I will steal just a little bit of Phil’s thunder, because I would like to say it, and I would like for him to say it and then I would like for somebody to say it again. So, as the Budget Committee heard last week I believe that we ended FY2018 with a positive variance. In terms of FY19 we are tracking the forecast, and that is maybe a little conservative, but we are tracking the forecast.

In terms of the FY20, the upcoming budget, the process that is in place which is a new process, is putting the Council in the position that is better than we typically are at this point. Typically, at this point there is this gap, so in terms of just continuing the same level of services there isn’t a gap, which is an anomaly, and we took a little step further and talked a little bit about what occur if you did a salary increase and normally we don’t talk about the salary increase this early, because we are dealing with some type of gap. I think what is most important is that Phil has begun this five-year outlook at you start to look at the revenue and expenditures, so we are even starting to talk a little bit about FY21. Today, while we are still in FY19 I think we have a good news story, and I won’t steal your biggest thunder. I will leave that up to you Phil.

Phil Reiger, Director of Strategy and Budget said the Manager stole all my thunder, but I’ve got some great information to share with you, so I’m excited to do that. But, before I do the Manager is correct. I stand on the shoulder of giants, and that is the great work that a hungry staff in the Budget Office does every year to support this, so this will be the first of many conversations about the budget throughout the spring and so let’s get started.

First, I want to give you a sense of what I’m going to talk about today; the Manager talked about the FY18 results, so I will share those with you again, and I’ll give you a sense of what FY19 mid-year projection looks like. That projection is based off of six-months of data; in some cases, less than that on the revenue side, because revenue data comes in at a lag, but we put our best pencils to paper to bring forward our best projection at this time. I’m going to do something a little different today with the FY2020 General Fund outlook; I’m going to try to in a high-level format build the budget for you to sort of walk you through how we think about the budget and then for FY2020 to 2024 Capital Investment Plan. I want to talk to you about some changes that I am making with the help of others and also talk to you a little bit about the 10-year capital needs assessment that I talked to you about in the fall, and I will give you some preliminary highlights regarding that. Then as always, this is a discussion so as questions if you need to.

One of the things that we have begun to do and to focus on is make sure that economic analysis informs the financial projections and so this year staff hosted for the first time an Economic Roundtable with local economist and industry experts and we really discussed the emerging trends in local, state and national economy and how they might impact the budget process. We had experts that spoke on the general economic conditions, so we had Mark Vitner come, and he spoke to us and some others. We also had folks from the Real Estate and Construction Industry come to speak to us about what is going on in Charlotte. As always, we used this bi-prong approach when we think about building budgets we are really examining revenues, making sure that the way we budget puts forth the most cost-effective way of providing services We look for efficiencies, and we look for opportunities to leverage our resources. This year we’ve revamped the process, and I want to make sure that everybody tracks with me. Budget processes are iterative, and they are 12-month processes now. We generally, after you adopt the budget in June, we are already starting to think about the next cycle, and so this is our first opportunity or that first iteration, but as additional data becomes available, whether it is related to revenues or expenditures or priority needs in the community, we put that data back in the box, and we crank it again, and we will do that several times as we move through the budget season.
Specifically, about the changes that my office has made this year, talked a little bit about effusing economic analysis into revenue projections. We’ve enhanced the analysis that we do as a budget staff on base budgets specifically we’ve asked Departments this year to realign their budgets to reflect actual spending. So, we want the budgets to as closely as possible mirror how they spend their money. We’ve done some work around redefining what our technical adjustments and enhancements; what are things that we must do to continue to provide services, and what are things that are really enhancements to services? Finally, we are always looking for and identifying opportunities to be more efficient with the way we use our resources.

So, let's do the numbers. For FY18, we shared this with the Budget Committee earlier in January, this is an audited number with $5.5 million surplus or a $5.5 million positive variance, and by policy these funds are generally deposited into the pay-as-you-go account to be used for future one-time projects, whether they are capital in nature or maybe equipment replacement and things like that. If you look at our mid-year report for FY19, right now we are projecting that we will end the year somewhere in the range of $4 million to $7 million. If you do the math here on the chart, you will come up with $6.7 million, but it is really too early to just nail down a number because on the revenue side for example, sales tax we only have four-months of data on sales tax. Sales tax is our second largest revenue source, and so as that revenue information comes in we will update our forecast.

Here is where it gets fun and let me orient you to the next several slides and how this is going to work and hopefully this is informative for you. I’m going to walk you through a series of steps that we go through to evaluate the budget, and as I do that, you are going to see here budget capacity and in the first you will notice this is going to be revenue, so that is going to tell you how much budget capacity over and above FY19 that we’ve projected and then you are going to see the general expenditures, and you are going to see how the changes or the demands on the budget reduce that capacity. I want to give you a sense of our forecast for revenue. We always do a five-year forecast and we always do sort of a pessimistic, a moderate, and an optimistic forecast, and we generally build off of the moderate forecast, so you can see here that the moderate forecast for FY2020 brings us to a growth of about $18.9 million. You can see the assumptions that we’ve made across the largest revenue sources that led us to $18.9 million.

Another way to look at revenue growth is this pie chart, and you can see how the growth in that revenue breaks down by these revenue sources and then you can see here we have a budget capacity over and above what we budgeted in FY19 of $18.9 million.

Councilmember Mitchell said Phil, can you go back one slide please? Where do you capture all the revenue we get from our permitting fees from all our zoning petitions?

Mr. Reiger said that is a revenue source that falls in the other category, so there are 115 distinct and separate revenue sources in our General Fund budget, and so we generally show you the big one and then there are a lot of them that are condensed together, and so that other category is where those regulatory user fees would fall.

Councilmember Eiselt said maybe James was thinking about when we were talking about affordable house; if we look at eliminating those fees, maybe we need to know what that really represents in our budget.

Mr. Reiger said that is a fair question and we will have to come back and do some analysis on that, but it would have an impact on that growth number that is calculated under other revenue.

Mr. Reiger said my Budget Analyst, the first thing they do is dive into the base budget; they look at the FY19 budget and determine, are there any adjustments that we need to make; are there any, we call them technical adjustments? So, in this case this year right off the bat we were able recognize that there were some things in the budget last year that we put in that were one-time funding. Maybe it was replacement of equipment, but they were things
that we were going to fund for one-time, and so we didn’t need to fund them in 2020. So, off the top one-time funding comes out of the base.

The other thing that we do is we take a look at how we budget for personnel, and we have been really scrubbing and refining how we do that, and so we were able to find $2.4 million that we could pull out of the FY19 budget and those things are, for example, we budget FICA expenses. FICA expenses are a percentage of the total salary budget but we were budgeting a percentage of the total budget, so we had healthcare that that percentage was going budgeted on top of, and we didn’t need to do that so that saved us about $1.2 million. We also had 401K budgeted for vacancies, and so when you become a new employee you have to be employed with the City for six-months before 401K kicks in so we were able to pull out for those vacancies the first six-months of that 401K. So, kind of get a sense of examples of the refining of the personnel budget. Again, not taking away from our ability to pay our employees, but just refining the budget, then there are some non-reoccurring programs that we were able to move some PAYGO, and these are things that came off the budget and then were some adds to the budget. By policy, a half-cent of sales tax goes to PAYGO, and it passes through the General Fund, and if sales tax goes up then more sales tax passes through.

Councilmember Egleston said Phil, before you leave the places where we were able to find savings, I’m looking at the one-time fund in the non-reoccurring programs and you gave a couple examples of those. The pilot programs that we initiated last year i.e. aging in place, stormwater and some of those things, is this budget built to continue those, or we would have to renew those?

Mr. Rieger said those programs in FY19 budget were one-time programs, they are in the PAYGO; they are not in the General Fund, they are in the PAYGO account, so they are not reflected here, they are reflected in PAYGO, but if it is your desire as a Council to continue those then we would budget for them accordingly in the PAYGO. Again, part of that $5.5 million of FY18 surplus that passes on to the PAYGO would be one source where you could do that.

So, all said after we make all our technical adjustments we see an additional expense needed to continue to carry the current services forward of about $300,000. Another important part about tracking through the budget is making sure that we pay for on the salary side the decisions that we made in FY19 and FY2020, and we call annualizing salaries. We use that word a lot, and what that really means is, for example, when we give an average pay increase of three percent to our general employee base, we do that on that on their anniversary date. So, we don’t budget 12-months’ worth of merit.

The same thing goes with some of our market adjustments; we gave a two percent market adjustment to what we call our non-exempt employees or hourly employees. That adjustment happens in February, and so we budget the amount that we need to fund from February to the end of the fiscal year, not 12-months. So, in FY2020, we have to annualize those costs to make them 12-month worth of costs, and this year that is $7.3 million worth of annualization, so that adds to the budget or takes away from our capacity.

Healthcare is a major driver in our budget, and at this point, we don’t have FY18 healthcare data available; it will be available in the next month or so, and right now we are projecting that a five percent increase in healthcare costs, and that represents a $2.9 million additional expense, which takes away from the capacity. At the end of the day, when we factor all things in, not including the additional salary increase for employees, we have a positive variance of $8.4 million. At this point last year, we had a gap of $8 million, so we are in a much better position this year than we were last year.

So, as we start to look forward and we think about what would an average or typical salary increase for employees costs that cost is about $12.8 million, and again, it is that traditional 1.5% market adjustment for hourly employees and public safety employees it is that three percent total increase for general employees, it is the steps that public safety employees are eligible for and then funding the Senior Police Officer Program that we approved in last year’s budget. All in, including the salary increase we have a negative variance of about
$4.4 million. Last year at this point, we had an $18 million negative variance, and so we believe we are in a really good place.

Councilmember Driggs said this is assuming exactly the same—like this is an increase in the individual compensation for employees that we are budgeting for here; is that right? Are you taking into account any additional employees, because we are growing or is this just an increase in the rate of compensation per employee for our existing labor force?

Mr. Reiger said it is just an increase for the employees that we have today. So, a $4.4 million negative variance and I want to talk a little bit about how we would address that. First of all, it is really early in the cycle, and so as revenue projections get better, they traditionally give us a little more capacity so we expect that revenues will help. For those of you that were at the Budget Committee meeting last week, you will have heard a good news story about the impact that the My Clinic is having on healthcare, so we think that My Clinic impacts will help us on the healthcare side. We will continue to review and refine expenditures and look for targeted reductions that don’t impact services, but all said, the budget provides funding for current service levels with no additional initiatives included. Barring no other unanticipated events, a tax increase is not necessary to fund current service levels.

Mayor Lyles said even though it says current, it adds what we implemented in our public safety pay plan in a major way our commitment to what that meant in Fire and Police, and I think that says a lot, since I think most of our budget or most of employees come in those two major categories. I would never not applaud that we can do our current work at the current level and pay the employees what we committed to a year ago longer term.

Mr. Driggs said half of that year is going to be under the new property tax, right? The assessments that are now being sent out on property, those will be the basis for property taxes that affect that budget year, is that not true?

Mr. Rieger said the impacts of the revaluation will impact the FY2020 budget the whole year. Just a level set, valuations went out last week and those valuations will be what we are making our property tax revenue projection off of. Council will set a tax rate to fund services in June; tax bills will go out at the end of July, early August. Those bills are due in September; residents will not be charged a late fee until January.

Mr. Egleston said in the meantime are you using revenue neutral as a place holder?

Mr. Rieger said this factors in or assumes revenue neutral.

Mr. Driggs said I would just like to emphasize, because a lot of these assessments have gone out, people have gotten them and are alarmed to see 50% increases. We need to work really hard to get the message out that the actual impact on your tax bill is not predicted by that thing that you got, and in fact, in general if your property went up by something in the mid-forties percentage wise, you are probably going to be even in terms of your tax bill. If it went up by less than that you probably have a lower tax bill; if it went up by more than that you will have a higher tax bill, but I think this is widely misunderstood, and we should do our part to try and dispel any false apprehension about it.

Mayor Lyles said I think that all of us are thinking about this. On the way up here I think I wrote, ask Jordan Ashley to prepare for us a simple message that we would reply. The first one that I got was the retiree whose evaluation had gone up, and she just laid me out. She had worked for a long time in this City; she invested in this City, and she was not going to be able to pay, and hers was actually in the even level like the 40%, but I think we all need that message, and we all need that story. So, I’ve asked Corporate Communications, and I think if we could have it Monday or Tuesday that would be very helpful, and I think we need to be consistent in our message. I know it is easy for us to sit down at mid-night and type something out in an e-mail but I think it is one of those things that if we are consistent with the message that they are giving us we need to just all be consistent and explain the revel process in the most-simple way possible. I think Jordan Ashely is working on that and we should have it next week maybe.
Ms. Eiselt said I had mentioned something yesterday that let's say we keep our revenue neutral and the county has raised theirs but we don't. What does that do to the sales tax?

Mayor Lyles said it's a proportionality tax, and they split the sales tax based on what percentage of the sales tax? Is it all of it?

Mr. Rieger said all of it except for the CATS portion is done on an ad valorem basis, and so we get a little math around that and try to anticipate that. A one penny increase in county property tax would reduce our sales tax by about $800,000 to $900,000. That is in FY19 dollars.

Ms. Eiselt said is that something we are prepared to have a conversation with the County about?

Mayor Lyles said there are two ways to do it. Phil knows this better than I do; there are two ways to divide it so it is a rule isn't it?

Mr. Jones said before Phil goes into that, Phil can you go back one slide? I just want to make sure that this isn't lost on the Mayor and Council. When Phil said that we were basically up $8.4 million and then even after you pay people a new salary increase that there would be this variance of $4.4 million. The next slide and basically what Phil is saying, and we all agree. We can figure that out so that the $4.4 million is not an issue for us and mainly, because there are opportunities even in the way that we budget for employees in budgets like turnover. So, we are not concerned about the last $4.4 million and then after we move forward what we do have is a process where all of the departments come in with what we call enhancement. Some of those will be what you asked for earlier Mr. Mitchell as it relates to ED, now with CRVA. There is another process there, but even with that we are going to attempt to address any additional needs or enhancements still within the existing budget. I just didn't want anybody to think that anything over the $4.4 million now requires something different than this revenue neutral model. So, in this budget there is no assumption of being anything other than revenue neutral with real estate. So, the question now is if we stay down and the county goes up as Phil was saying the impact to us would be about $800,000 to $900,000.

Mr. Driggs said what increase in the county tax rate

Mr. Rieger said one penny.

Mr. Driggs said one penny, so that impact is less than a tenth of a cent in property tax equivalent terms to us, so we don't need to match the penny even if we felt we had to offset that revenue.

Ms. Eiselt said but that is not my question, I'm worried about even though we are not changing the rate some of our sales tax revenue is being shifted to the County, so that is a discussion we should have as we are trying to build greenways.

Mayor Lyles said I agree with Julie, because one of the questions that we have and I think it has been raised by everyone in this room, and there is a way to do this and there is a rule, and it is not a negotiable.

Mr. Rieger said the legislation around the distribution of sales tax places the burden on the County to make the decision. The County Commission has the decision making on how sales tax gets distributed, so you pay your sales tax, it goes to the State, the State distributes it back to the County and then the County divides it up, and there is one of two methods in which it can be divided up and each county gets to choose which method they use. One is based on population, and one is based on ad valorem tax rate and the proportion between what the City's or town's tax rate is compared to the total versus what the County's tax rate is compared to the total. So, our county has elected to use the ad valorem.

Councilmember Mayfield said Phil, for clarification, are we considering a very conservative projection, since now that the evaluations have come out we know that a number of them are going to be challenged, and we've also seen the impact to our dollars when we've had to do refunds and the financial impact of those refunds over a year plus process? Are we
looking at trying to be very conservative with our projections in anticipation of a number of these tax bills being challenged?

Mr. Rieger said the way I would answer that question is we try to be appropriately conservative, not so conservative that we are leaving so much off the table that we wouldn’t be able to balance and give you a true reflection, but for the purposes of today we know what revenue neutral will bring us, so revenue neutral is simply what revenue we received in FY19 plus the growth factor, and the growth factor is about 2.4 percent and the way you calculate that is by looking at the average annual growth over the last eight years. So, we know what we projected our revenue to be in FY19; we know what that growth factor is, about 2.4%, we know how much property tax revenue we can expect in 2020. What we can’t predict yet and we are working on is exactly what the revenue neutral tax rate will be and in order to calculate that we have to consider what the total valuation is and the assessor after it was all said and done reported to us last week that the total valuations for properties in Charlotte city limits went up about 58% for real estate, but there are likely to be appeals, and those appeals will have a reduction or a discount effect on that total valuation. My staff along with our Finance Director and his staff and working with the County will have to project what that discount factor is before we can calculate what the revenue neutral rate will be. That will be something that as we get more information I will be bringing back to Council along the way.

Mr. Egleston said I’m not going to presume whether we determine we need to increase revenue or not, but if we determine that we do not need to increase revenue and then are looking at the potential of having some of our taxes essentially diverted to the County unless we follow their lead, whatever their lead is, is there the opportunity in lieu of that to try to talk to the County and the State and change the way the formula works so that it balances out without us following their lead on our revenue increase?

Mr. Rieger said there is always an opportunity to talk to our Legislative Delegation about that. The choices the County has to make are regarding population and ad valorem is as old as the dirt in Charlotte I think.

Mr. Egleston said you said earlier and I don’t know if I misheard or maybe it was the State, but you said Mecklenburg County chose. So, it is county by county, and it is not blanket across the state.

Mr. Rieger said it is not. Each county has the choice to choose one of the two.

Mr. Egleston said but county by county is an adjustment that we agreed to that Mecklenburg County would not mean that anybody else had to do anything differently.

Mr. Rieger said that is true, but to be realistic about the impact of that on the County if we were to move from ad valorem to population it would wildly swing sales tax to the City and then the county would be–

Mr. Egleston said so there is no way to just balance it.

**Councilmember Bokhari** said it seems to be the best thing we could be doing right now that is in our power would be-- We’ve spent the last year or more working to strengthen our partnership with the County, working with deals. You do this deal; we will do this deal and things like. Hopefully, we’ve built some good will there, and I think we need to use our partnership bully pulpit or whatever to let them know regardless of where you stand on not doing revenue neutral, which is where I definitely stand, to let them know there are other impacts that aren’t just in your body, and that is going to impact us, because they’ve already started indicating that is something they are interested in exploring, and I think given what the community has already come out and said about the fear and the impact on things all the way ranging to affordable housing. I think it is really bad idea, and if there is something we can do to influence it now we should.

Mayor Lyles said I just wanted to say I think this started off with Julie talking about just understanding what it does, but also after we know that it doesn’t have to always be about
the money; it could be another way to programmatically address some things. If we have those relationships we have a regular meeting with the County leadership and we can talk about some of that and see if there is any appetite for minimizing that impact for the City if it is around $800,000 to $1 million to maybe program versus cash.

**Councilmember Phipps** said Phil, you mentioned about additional information we needed, so what additional information do we need and when do you project that we are going to get this information?

Mr. Rieger said relative to the appeals?

Mr. Phipps said the other information that we are still waiting for the County to give us in terms of the information?

Mr. Rieger said your first Budget Workshop is scheduled for next Wednesday; we’ve invited Ken Joyner, our County Assessor to come talk to us. We have just as of Monday received parcel level data about reevaluation, so we will have GIS staff doing some analysis around the impacts that evaluation has had on our neighborhoods at a neighborhood level and then as it relates to appeals we will have to go back and do an analysis of the impact the appeals have had in previous reevaluations and look at our history to help inform what we think we might see this year. It is just too early to tell at this point. As we work through the budget process, we work through the workshops, we will bring that information back to Council.

Mr. Driggs said I assume we are going to use the disastrous 2011 appeals process as a basis for estimating the appeals we are likely to get this time.

Mr. Rieger said no, we won’t rely on that solely; we won’t ignore it, but we will have to look back at several reevaluation cycles and sort of take all of that information into account.

Mr. Driggs said if you over estimate the appeals then you adjust your tax rate higher than you need to, and I just don’t want to go there.

Mr. Rieger said let me finish up the operating budget part and then I want to talk real quickly about some changes that we are making to the capital planning process. We are always looking at a five-year outlook. This year we are trying to refine that, and we are still in the process of doing that so this is still a little bit under construction. Rather than just simply put a percentage escalator on what expenditures might be, we are really trying to better predict what are the big expenditures that we would foresee in the future, and for specifically FY21, we are starting to see public safety emerge, and so just to give you a sense of what mean by public safety. We know that in FY2020 and the beginning of FY2021, we are going to have a Fire Infill Station open; it is going to require a fire company to do that, including a firetruck. We are starting to see some data from the Fire Chief that suggest that maybe we are going to need to add a company to deal with population growth. We know that every year we fund a Police separation allowance; it is a mandate by the State to help our retired Police Officers bridge the gap between when they retire and social security, and we are dealing with the impact of a lot of officers that started to be Police Officers in the 80’s and 90’s are now starting to retire, so that liability is increasing. We are seeing some increases in the pension system in both on the Policy Officer side and on the Firefighter’s side, so we are starting to see an indication in FY2021 from a public safety perspective that is going to present some budget challenges for us and we are planning for those.

**Councilmember Winston** said in terms of public safety costs in 2021, shouldn’t the public safety costs for RNC 2020 be included in that?

Mayor Lyles said that would be in the money that comes from the Federal Government.

Mr. Winston said but it doesn’t go into our budget?

Mr. Rieger said it is just a net effect; there will be a $50 million grant that pays for those expenses.
Again, transitioning to the Community Investment Plan; certainly, heard yesterday a lot of concerns about the state of our current plan and the projects that are in the Big Ideas, so I want to address those with you pretty quickly, talk a bit about the changes that we are making to address some of those challenges in the future. If you look ahead we are committed to completing the Big Ideas; the last bond cycle is in this five-year window and that would-be calendar year 2020; that is FY21. This CIP will begin to plan for the 2020 year and beyond. This is really starting the planning beyond the Big Ideas, so that is an exciting time. I want to talk a little bit about how we are going to restore some capital planning discipline and optimize financial opportunities. Again, the point of our capital plan is really to advance the City's priorities.

Let's talk a little bit about the Big Ideas, just real quickly. Some of the challenges that we are facing today is because the cost estimates that were included in the 2014 capital plan have not held up. They haven't help us primarily because when we were planning for the Big Ideas, the four bond cycles, some of the projects that were put in the plan did not have the scope of the project completely flushed out. Just to be frank, you have to have an understanding of what the scope of the project is before you really can put together a good cost estimate, and so what you will see here and this is an attempt of me to sort of linear fashion describe the process that the Big Ideas projects went through that landed in the Manager's recommendation and Council approve. What you will see here and this is really the point that you see the community engagement, you see scope definition and you see Engineer's cost estimates happened after Council approval. This is some of the things that we've been looking at, myself; Mike Davis, our City Engineer; Liz Babson, our Transportation Director; Taiwo, these are the things that we are targeting to change, and so we are really placing an emphasis on in future, again going to finish strong in the current Big Ideas, but we are placing an emphasis in the future on doing pre-planning and scoping ahead of time. The requests that departments make around capital programs are going to be based on pre-planning. We are going to do analysis that will lead to projects in the capital needs assessment, cost estimates will be verified by the City Engineer. The point here is that things that came after Council approval are going to be pushed before the Manager makes a recommendation so that in the Manager's recommendation you can have confidence in the projects and the costs that are being recommended.

In the fall, I talked to you about a 10-year capital needs assessment; this was an opportunity for us to really do an inventory of all the potential capital needs that have been identified through legitimate planning processes over time. This is the first time we've done this in 12-years, and so this is the discipline that we are relearning as a staff, and I will tell you that after we've been through it one time there is a whole lot of things that we would have done differently, or we would add and will add the next time we do it.

Councilmember Ajmera said this new redesign process of preplanning and scoping would that be implemented this year, so when we are looking at 10-year capital plan we would be looking from 2020 to 2030. Am I correct?

Mr. Rieger said the capital needs assessment is not a 10-year plan and sort of the point why I scratched out assessment and recalled it in inventory. This was what does the world look like as it relates to capital needs? This assessment scopes haven't been defined yet; project ideas have been identified through other planning processes that reflect a need in the community. We still need to take those projects if they rise to the top through some preplanning work, probably a little bit of community engagement so that we can define a scope and give a good cost estimate to you. That is what this tool really does for staff, it starts to identify what projects really are starting to rise up that need to have that additional planning work done before it would ever land in a Manager’s recommendation.

Ms. Ajmera said I like that we are doing more preplanning and scoping to avoid another Cross Charlotte Trail, so I guess now that we are looking at this Cross Charlotte Trail would that be going through this tool assessment?

Mr. Rieger said it is admittedly going to go through a different process. We've got an ongoing project that needs to have a solution to find. I don't have that solution for you today that will come back in the future. This is really about starting a new pipeline of projects, so think
about projects in a big funnel, and as they go through a feasibility of preplanning process that funnel narrows such that the projects that would show up in the Manager’s recommendation would come out at the bottom, but they would come out with really good solid scopes and solid cost estimates. The capital needs assessment is the top of that funnel.

Mr. Bokhari said I understand that it would need to be in the lookback a different process but is there going to be just as defined and disciplined of a process to go back and look at all of the existing projects, so we will get a sense of comfort that the Cross Charlotte Trail, for example, if there are 11 subcomponents to that project and a huge chunk of them aren’t even in design or even planning phase how do we know that that looks like?

Mr. Jones said we will try the best that we can; here is our problem. For the four bond cycles, the third one just got approved, and the fourth one has still not been approved. So, we have three bond cycles of many projects that didn’t have scoping. You said just put it out there, and that is where we are.

Mr. Bokhari said thank you for that honesty, that is important.

Mr. Jones said I will tell you that even in the capital needs inventory you have to start to thinking about many of those projects had no scoping; so, there is no way in the world that we are going to get all of these scoped by May. It will take us six months just to get comfortable about some of the preliminary concepts with these, but that is where we are.

Mr. Bokhari said my big fear and all of us I could probably speak for, have a great respect for you and trust. My fear is not that there is something you are not telling us; my fear is there are several things that you don’t know buried in there, and I don’t know how we figure out what that is.

Mr. Jones said that is what we are doing with Mike Davis in Engineering, but what we have to do is just be honest with everybody. If we don’t have a plan you just don’t have a plan, so what we need to do is identify that pretty quickly during the Budget Workshops, the projects that concern us most and the projects that don’t have any planning or design we would know that that would be suspect that we could have a problem.

Mr. Driggs said that Big Ideas plan was created in CATS basically to support a tax increase at the time of six or eight percent, so it wasn’t really thoroughly throughout. I’m wondering if we can get to a place where we have a spreadsheet, that looks a little bit like the backward-looking sheet, listing the projects and the bond cycles, nonbinding, start penciling this stuff in and just to get an idea. We’ve got six miles left of streetcar that is supposed to happen sometime. We know that the Gateway Station is going to require money; we know that Transportation is now supposedly an $8 million, so better visibility, nonbinding again. You erase it, and you pencil in a new number, but at least then we are working on kind of an increment basis where we thought this was $100 million and now we are saying it is actually more like $110 million, but the way it is happening it kind of shows up 20-feet in front of the car, and we are expected to steer or hit the brakes in that time. If that practical?

Mr. Jones said absolutely and we can do that. If I were in your in seat asking the question and someone gave me a spreadsheet the first thing I would ask is how many of these have been designed. Once I get to design there is a 90 to 95% confidence level with it. How many of these have been scoped? When I have a scope I have maybe an 85 to 90% confidence level, so that is our first trigger. How many of these projects have been designed and scoped? Now, some of the things that are on auto pilot, but paving streets if you don’t have a good estimate you just pave less of a street. This has become a problem, because when you have streets and sidewalks, and you don’t have a master list that identifies them all your estimate is off. It is when you have a standalone project like the JCC or the Cross Charlotte Trail that hasn’t been planned, scoped or designed that is when you run into these, so we can do that and let you know all of the projects and at what stage they are in in terms of planning and design.

Mr. Driggs said have you added up what the 185 projects represent in terms of money needs?

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Mr. Jones said that is a wish list.

Mayor Lyles said if I remember this, when we had a former City Manager he gave us that list with a total and creamed him. Literally like that toy thing that you take the hammer with the kids and go whack, whack and when he said all of the words that Phil is saying, which is this is like world peace. If we had everything that we wanted for Charlotte to overtake any city of excellence to be extra excellence that is what it was, and we want people to think that big, but if we start attaching numbers to it I think that is an impact of pulling back and never telling you what you could possibly have, and I also think that in the past we’ve shamed the Manager about it. I think if you want to talk to Phil about that, that is a great idea.

Mr. Driggs said let’s have some scheduling some kind of scheduling for the projects.

Mr. Winston said this is going to be my second budget cycle, and how does one put a number behind a project that hasn’t been designed or scoped out? How did this government work to do that in the past?

Mr. Jones said that is exactly why I hit pause right now because many of these numbers in this inventory have not been scoped.

Mr. Winston said we are talking about projects like we said the Cross Charlotte Trail that are being worked on. These are the JCC that are trying to be funded and built. How did we come up with those numbers if we don’t know what kind of house we are going to build, how do we put a number in terms of how much that house is going to cost?

Mr. Jones said I don’t know why things were done the way they were done; I would ask for grace over that and if we can just take what we know now and try to make it better.

Mr. Winston said I hear you and I’m not here trying to whack you over the head but we have to give answers; how is this going to get done? I don’t know and nobody is explaining how we come up with these numbers for something that isn’t designed. Help me the answer the questions to the 800,000 people that are asking these questions.

Mr. Jones said if Phil could go back to the previous process and this is the best way of describing it. So, concepts were submitted to budget; they were prioritized by advisory teams. They were filtered through a Steering Team, filtered list presented to the Budget.

Mr. Winston said I see that but what is the Steering Team giving to the budget; how did they come up with their numbers to give to the budget and to the City Manager?

Mr. Jones said I don’t know what that process was made. On the righthand side is the correct process.

Ms. Eiselt said that is the answer; they don’t know. That is why it is so wrong.

Mr. Winston said we don’t know how they came up with numbers for the capital investment.

Mr. Jones said somewhere in here, it wasn’t just pulling stuff out of the air. I would just say that we have a much better number when you have at least have some type of conceptual design and that wasn’t in the previous process.

Mr. Driggs said and you shorten the time from when you start to work on it. A lot of these things were proposed at the beginning of this process and no action was taken for six or eight years. Costs went up.

Mr. Rieger said I am out of time, and this is my last slide and the point is we are always trying to improve and our expected outcome with the capital project is being predictable, projects being delivered on budget, on time and financed efficiently. With that said these are your next steps; this is your budget calendar, it was approved and I will be around the
remainder of the Retreat so if you have any questions about this don’t hesitate to let me know.

Mr. Harlow said Marcus, what is the expectation on this needs inventory kind of delivering back, understanding that it is an ongoing project, because it is very long and tedious?

Mr. Jones said through the Budget Workshop process what we would like to do is get feedback from the Council, because we would like to break this cycle, as Mr. Driggs said earlier, raise a tax, have bond cycles, have nothing in your outlook and then consider raising a tax again. So, what we did this past budget cycle is basically said based on the capacity as we knew it last year we believe that we have about $165 million of capacity from the 2022 bond cycle for the next 20-years. So, somewhere in there let’s assume that the $165 million is low; let’s say if it gets a little better somewhere in there how do you want to spread priorities across transportation, neighborhoods and housing? How do you want to spread these projects in this inventory over that 20-year period?

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ESTABLISHING CITY PRIORITIES FOR 2020 AND BEYOND

Bob O’Neill, Facilitator said we have something in the excess of two hours to get five priorities out of all that list so we’ve got our work cut out for us. Let me just take a moment on the Opportunity Zone conversation; I can’t tell you how many of the conversations that I just heard that I’ve heard among communities across the country on this question on the Opportunity Zone and in fact part of the challenges is I don’t think Treasury is used to dealing in this kind of environment with hundreds and thousands of jurisdictions who are going to have an interest in this. To some extent they are in a big learning curve themselves, on the technical aspects but I don’t know how you just engage people to do this kind of work.

I will say a number of communities are beginning to take sort of their own to sort of get in charge. Some of you probably know Bruce Kats, who was at Brookings, been working with Bruce on a prospectus templet that the community will prepare for each of the zones about what you want to see happen. He is trying to construct with some others a templet that you could just kind of fill in what your expectations are, what you would like to see, and this is where I think some of that overlay conversation is coming and then you would put a zoning overlay on top of those zones that would be reflective of what you did in your perspective. Admittedly, there are some communities that will take anything, but ones like Charlotte and ones I’ve been talking to are the ones like you who are saying we think this is a huge opportunity but only if it does the things that we are trying to accomplish in our community and is supportive of what we are trying to do. I would suggest to you, and I know working with Bruce we are trying to get some of this templet in a workshop kind of format to illustrate how you can use that, and there are four or five communities that are sort of pilot testing how you might do that. I would just say at some point you can probably take your own initiative here and say this is what I want to do and here is the process and then begin to go.

The second piece is the integration question of all your other sort of strategies within the zone. We’ve been working on whether it becomes a form of corporate structure but some sort of intermediary that would be made up of the City, probably the County, the Economic Development activities, the Foundation and others who are long-term institutional investors. They are going to be here regardless, and that entity then begins to make the outreach to the individual investors out there and then hopefully using a prospectus or something to say what it is. That group could then become the screener, everybody at the table who needs to be at the table, including community groups who have a seat at the table about what is going on in those neighborhoods becomes the screeners of the proposal.

I think there are a lot of people who are initially waiting for treasury, and now they are saying we can’t do that because there is enough activity out there, we are going to try to be proactive about it. So, just a thought about that that might be of interest to you as you start to think about what you are going to do next.
Councilmember Phipps said this Opportunity Zone thing was this something that rolled out when the President revamped the tax plan?

Mr. O'Neill said yes and no, yes timing wise it was part of the tax act. This was actually Senator Scott and Senator Booker who came together and said while we are doing this tax reform we ought to do something that allows for the capture of some tax advantages that could be applied and in the case of Senator Scott and Senator Booker, it was to do both urban and rural, which is essentially what the act did. The reason there is so little about it is, because to be perfectly blunt there was no staffing to it, and so it passed as part of the tax act and the Treasury folks were not- there wasn’t the normal process where you have a whole bunch of iterations about what this thing is going to look like. If you remember it was a pressure to get the tax act passed for a variety of political as well as financial reasons so it got attached and now we are going to work it out. The deadlines were set up under the assumption that all that stuff would be worked out given it to folks in Treasury who had no earthly idea about what they were trying to accomplish. This is taking much longer, the deadlines never changed so that is part of the –

Mayor Lyles said I just want to note that if Greg Phipps had been there none of this would have happened.

Mr. O'Neill said defense of Mr. Phipps this is a different part of Treasury. My suggestion is one, you’ve been sitting a long time so I want to do this is sort of three steps. One is I want you to reflect on what you’ve heard, what you said yesterday, what you’ve heard and what you’ve said today, so some of that is up here on the board; some of it is on this white board. I’m going to ask each of you to take a look at those things and your own notes, and I want you to pick two priorities. Now, you are going to say how do I get to two. Well, if everybody has got two we’ve got 24 we are working from, so pick two. What I would like you to do is pick the two that you think are the priority; the second is to describe what success might look like in three-years because what happens is people say this is my priority, we all nod our heads but everybody thinks it means something different. Describing what success looks like, what I would like you to do is each of the three tables where we have Councilmembers is for each of those tables to talk among yourselves about your two priorities and what success looks like.

Councilmember Egleston said how high or low level? Is the answer transportation or it is complete Phase three of the Gold Line Streetcar?

Mr. O'Neill said here is what I would suggest; the answer would be the strategic focus would be transportation, what your matric in three-years would be that.

Mr. Egleston said probably not three.

Mr. O'Neill said well, you get what I mean, right. So, what your measure of success would be that project or two projects within the transportation. What then has to happen is we are going to come to an agreement about some limited set of priorities, the next steps post Retreat is back to yesterday’s conversation. Council has to decide how you are going to organize yourselves in order to maintain the vision, the strategy and the matrix for these areas that you have described as being the most important ones you want to focus on for 2020 and then Marcus and the staff have to develop a work plan that comes back to however you organize yourself to monitor those things over time. So, that is what is going to happen; today you pick the priorities, post the Retreat you are going to figure out what your Council structure is in order to maintain the strategic focus on things you’ve said are important and then Marcus will deliver basically the work plan and the accountability mechanisms for how do we maintain the oversight over those functions.

The meeting recessed for table discussion at 2:26 p.m. and reconvened at 2:47 p.m.

Mayor Lyles said my first one is in three-years Charlotte in partnership with public and private sector has produced 5,000 new or renovated or preserved housing units for residents earning 30% to 120% AMI in high-opportunity areas. My second one is in three-years the
City develops an apprenticeship program, reducing the cost of recruitment and hiring of City staff, by investing 50% less in dollars to hire residents of the City of Charlotte.

**Councilmember Winston** said in three-years, I would like to come up with a land banking and land trust program, and I think we create inclusionary zoning policy around obtaining of that land that we bank, and I think we should focus on the Opportunity Zones. It should be a citywide thing but focus on doing this in the Opportunity Zones. Number two, in three-years we should be able to come up with a process to do inter-committee work, which will provide both a rapid and prolonged response to issues that come up in the community. An example of a rapid response would be the news we found out about the Cross Charlotte Trail and we would put that into this inter-committee process to approach it from and ED, environmental, transportation, and neighborhood community development perspective and something that is more long-term would be for instance how we do about putting together the SEAP.

**Councilmember Driggs** said my first one was basically the same as the Mayor’s, continue what we are doing in housing, set some goals in three-year’s time and then meet those. My second one was economic development to continue initiatives we have underway right now in economic development for the City with a goal in three-years of having established a working relationship with the CRVA and the State and a target for the jobs created in the companies that we are going to attract to Charlotte.

**Councilmember Newton** said my first one regards transportation and an attempt to get us closer to security funding for the large-scale transportation, looking, and identifying sources of funding for Silver Line, Red Line our Streetcar project and hopefully so being creative about this, even going out to the private sector if need be so that we can make sure that those projects— maybe we don’t have shovel in ground but they are funded and can move forward in three-years.

The other one is City assistance and hopefully support of the Council for a Municipal Service District on the east side that will among other things support the Fourth of July Parade, which my hope is seeing as we have a bit of a void there from the City of Charlotte, hopefully becomes a parade that is marketed, promoted, and supported by the City as a whole and potentially is seen as a Fourth of July Parade from the City of Charlotte.

**Councilmember Mitchell** said my first one was affordable housing, and three-years from now we will have built 900 new affordable housing units, 30%, 50%, and 80% AMI. My second was economic development, upward mobility that we would have established employment opportunities for the top three high unemployment zip codes and increase capacity building for minority and women owned businesses.

**Councilmember Phipps** said my first one in three-years Charlotte would have implemented at least the first phase of vision zero by identifying all those high injury network intersections, putting in crosswalks, sidewalks to reduce pedestrian fatalities throughout Charlotte. I think we’ve got $48 million to spend on that, so we’ve got three-years to properly plan and execute those improvements, use those monies to build that out; $48 million in three-years would be a good improvement in keeping Charlotte safe.

The next one I would hope that we could get something done this year in terms of making us a clean city, environmentally aesthetically pleasing City throughout, not just the central business district or South End, from the Cabarrus County line all the way down to Union County, the whole City. I hope we can get a plan developed this year and maybe partner with the State and get them to give us the money they are using to pick it up and maybe we can combine resources to come up with a concrete plan, and maybe we can talk about this more Mr. City Manager to get ideas on how we can best do that.

**Councilmember Egleston** said a lot of people said affordable housing so that was one of mine, I will go with my other. For me, transportation was one and the metrics for three-years success would be completion of Phase Two of the Gold Line, completion of a budget and engineering plan for the Gold Line Phase Three and Silver Line and completion of budget and engineering plan for the full Cross Charlotte Trail.
My second one is UDO, completion of that but more importantly making sure that it reflects our priorities and passions in other areas, i.e. affordable housing, our environmental sustainability initiatives, historic preservation, all the things that I think can be baked into the UDO in a way that it advances a lot of our objectives.

Councilmember Mayfield said in three-years, redefine our definition of success to impact outcome based on upward mobility, new economic development. The second one is in three years we will identify success utilizing outcome based measurers for housing and neighborhood development in coordination with our UDO.

Councilmember Harlow said along similar lines having a plan for funding the CATS 2030 Plan, which is all inclusive, Streetcar, light rail in all directions and perspective alternatives even for the Red Line. The other one from an economic development standpoint and also neighborhood development standpoint, Gateway Station, Gateway District as it becomes more of a catalyst towards the west side as kind of the last edge of uptown, so we talk about other neighborhoods moving into that. How do we create more of those neighborhood centers and districts off of the existing ones that we have planned from that?

Councilmember Ajmera said I had already brought this up yesterday; looking at our Master Plan for Urban Forest and reviewing the tree ordinance. That is pretty important as we look at our UDO process. I do hope that we can get that done this year and obviously the SEAP implementation that is an ongoing process, but that was also something I had brought up yesterday, so those are the two top priorities for me.

Councilmember Eiselt said mine are to finish the UDO and the 2040 Comprehensive Plan, at least get the timeline down for when those will be completed and that kind of leads to my second one to really focus on our really big transformative projects to make sure that we are benchmarking them for completion so that we really have a clear understanding of the 2030 Transit Plan, Vision Zero, when those can be implemented with the appropriate funding so we have a better understanding of expectations and then kind of within that get some of these smaller transformational projects like the Sixth Street Bike Lane and the Parkwood improvements.

Councilmember Bokhari said there are a lot of little and big initiatives that are like projects, but I decided just two to focus on something that is more macro that all of could get behind and would really make an impact for years and years to come, and that is an organizational structure wise and process. The first one is what we talked about yesterday which is move from a vertical to a horizontal organization staff, committees, everything that is very results and goal oriented, so we execute on topics, and we don’t move to the next topic until we execute there.

Second would be this idea of portfolio reporting that is performance based, that not only kind of looks forward and makes sure we are deciding projects that are shovel ready that are not repeating mistakes of the past but also looks back and gives us an understanding be it the Cross Charlotte Trail or the CRVA and how we are relating to things like the NASCAR Hall of Fame and other areas that we are stakeholders in their performance.

Mr. O'Neill said any reaction to the list?

Mr. Newton said it sounds to me like we have a lot of agreement on transportation funding, particularly for the 2030 Plan.

Mayor Lyles said as well as housing and economic development that even though mine was specific around an apprenticeship program, that was with the idea that it would create opportunity. I think the opportunity as well a housing one are what I heard but what I think sometimes is an outlier is when we have these projects that we talk about constantly with the community, and I’ve heard very clearly that implementation and creating an organization strong enough to do those things is just as important and ways to do that.
Mr. Winston said Tariq finished it off; the horizontal structure of the organization. At least he and I are on the same path, and that is something we talked about yesterday as a group.

Mr. O'Neil said any other general reactions? If not, I want to ask the Mayor and Marcus how refined you want to get this list down to so there clearly was somatically housing, transportation, economic development, workforce and then how all this gets executed in a structured way to be accountable. If you looked at and you don’t pick the individual items you look across the board, that is what that says. How much more do you want to do to refine it, because again the next steps would be how is Council going to organize in order to stay in charge of the visions, strategy and metrics of the areas you’ve described as the most important and the second is how the staff or how Marcus organizes to deliver on the execution relative to those. That is probably not going to get decided today. My question to you is to use your time wisely. We could try to do more refinements; we could leave it with those broad categories with this explanation for those and then a structure.

Mr. Driggs said a lot of this is stuff that is ongoing in which we already have a big investment, so I don’t think we need to discard anything we were doing. What might be interesting in this session is to focus on the three-year question and think about what sort of tangible results would we want to have out there as goals over a three-year horizon just to get more specific about where we intend to be with these.

Mr. O'Neil said part of why I was trying to get you to think about so, in affordable housing, in workforce, in transportation what is that success will look like in three-years from now. I think if you want to talk more about that, but I was hoping that was what was going to how up on the board when you finished writing your notes.

Mr. Driggs said I just wanted to mention LISC has already put out a 2,000-unit goal or least a number. I’m not quite sure what that means or how that relates to the funding sources they have identified, but I think it is incumbent on us managing the money that we have to have a notion of our own as to where we expect to be in three years and what we expect to accomplish.

Mayor Lyles said the 5,000 units was aspirational. I think we have to have a number; I think we have to have a metric. I think we have to have some idea of where it is going to go and how. I think that we have now the funding and the biggest question, and the most urgent question is how are we going to do it. That was what we talked about yesterday, and I would like for us to come out of this. I said at the beginning that we would have tentative votes here and then we would go to the final vote with Manager coming back, but we have a proposal for a public/private partnership with LISC, the Foundation, the private sector and all of that, and I do think that is something we need to give the Manager some direction on whether or not to go forward.

On our economic development areas, I heard a number of things so in some ways I would like for the tables to each take the housing first, ED second, operational is another one and actually come up with – this is kind of my idea; if the Manager had to come back and ask us to raise our hand on something what would be, because that is what we do with a plan at this Retreat. We generally come back and say here is our general direction, so I would like for us to get some idea around how we would implement the affordable housing, knowing what we have now, and then come back and talk about the ED list and actually talk about what are we going to ask the Economic Development Team under the policies that we looked at and approved, what are those things that we actually need to integrate? Then the next one was transportation, which I think we’ve not had a lot of conversation about. What conversation do we want to have and then operational housing focus, so I would say take each one, and take 10-minutes and see what the tables say.

Ms. Mayfield said Mayor, whenever we talk about numbers I have concerns. So even in 2016 when Council created the idea of the 5,000 units and accelerating it to three-years I had concerns about then but hell, I was off on my honeymoon so I wasn’t fooling with you all. When we throw numbers out there one is very subjective; two those numbers did not and do not account for the loss that we had, so when I said as far as my two, is we need to have a real conversation without given two plus hours for some outside group to come tell
us what we already know, because 10-minutes is not enough time. We have to redefine what success looks like and throwing these numbers out here that are very subjective or these percentages give a false perception, because again, it is not accounting for the losses. The conversation so far for a lot of people in the community is it is only around multifamily when the conversation isn’t. We know that the conversation is around aging in place, home ownership, multifamily, as well as we have a NOAH, but when we are talking about it in the broader room it just gives this impression that we are only talking about multi-family units. Every time we get a presentation, it is looking at multifamily units. The recent presentations that we’ve received have been this is how much it would cost if we were to put in multiple percentages looking at multi-family units. Not really having a real conversation around what does the impact of housing and neighborhood development really mean? What does it really look like to have a community that is truly reflective of our live, work, and play idea and model that we are attempting to create? What does it really look like for that worker who is working two plus minimum wage jobs to be able to afford housing? What does success look like? We don’t have a comment understanding for what that looks like. For me, what success looks like could be very different from what success looks like on the Housing and Neighborhood Development Committee. So, if we don’t have time to really talk about it opposed to just throwing numbers out prior to us getting into full on election season we are doing a disservice to this whole conversation.

There is a challenge, because even though we are going to have a continued conversation today from yesterday, there is still a lot of ambiguity in who is leading what part of the conversation. Neighborhood Development Committee, Housing and Neighborhood Services, we are still under a brand-new model mainly because our Director has only been in that role for a short period of time, so we haven’t had a chance to really have a lot of conversation around the goal before we’ve gone out to try to bring another company in to get their opinion on how to do this. We’ve got to find some time to have a real conversation and when we throw a number out there, a 5,000 or 2,000 or 7,000 without having a comprehensive conversation of the impacts of what we’ve lost that creates a very misleading perception in the community and then when people come to us, what we know is they are calling us, they are e-mailing us, because they cannot find any place to live, and these are people that is paying $800 and $900 a month in rents, because they cannot find some place to live. We’ve got to figure out how to have some very different conversations than just a sound bite conversation when we really have an opportunity to do something completely transformational because legislative policy created these challenges. It is going to be policy that is going to help us get back on the right direction.

Mayor Lyles said I put the 5,000 number, because I was following if I had my goal this is what I would have. That hasn’t been a conversation that we’ve had even yesterday, but what I do know though is that we have been talking about affordable housing; we do have a new way of doing it, and we have voters that approved the bond for $50 million in a year, and none of these conversations ever stop. Every ounce of our being in this area has been responsive to changing conditions, but at the same time, we have some sense of moving forward, and if I recall yesterday, what we were talking about is how we manage beginning to start where we are with that $50 million with a group that came forward and has the agreement with the Foundation and the donors to match the $50 million up to $70 million and they have a plan to do that? I think today is time to either decide that we are in a collaboration with these groups that we are working with to produce these units, and it didn’t say just multifamily, because we know that Wells Fargo is supporting the single family; Bank of America is supporting the single family. They work with House Charlotte and all of these things we’ve been doing for years with great success.

I guess what I’m saying is that we have the opportunity and a proposal around the idea of not using all of the $50 million, but what we have is an opportunity to ask the Manager to further refine the scope of services that would come back to us. It is not a final approval, but it is a step forward that would help us make the decision around the number of units, the process that would be used, working in a collaborative way with people that want this as much as we do. I actually thought the small table discussions would give us the opportunity to do that and give the Manager an idea of how far we move to have this discussion, and it is perfectly fine if we decide that we don’t want to do it, but that is a Council decision. It is perfectly fine if we want to slow it down and go another way but these decisions are important
for the May submission; we have a NOAH that has been submitted right away that really is in an area of opportunity and a place that is very affordable and all of us are kind of aware of this. We’ve known the list, and there is no big secrets in government. That is the one thing I’ve learned that we all have the six units, the six proposals from the five or so developers; we have our first NOAH that is coming in and I think we can get paralyzed by analysis when we have an opportunity to do something that has a vetting of five financial institutions that do this all the time, and we have what we’ve known to be really workable with our work as well. You have to decide and if we have this discussion at the small table and it is not something we want to move forward with that is okay as well, but, we do need to make the decision otherwise we are holding other things in abeyance.

Mr. Harlow said I’m glad you brought the LISC name back up, and I know yesterday I asked a lot of questions around specifically the process and the process map and I had some sidebar conversations with Maurice and his team, and I appreciate them still being here. I never felt like this was something we shouldn’t do. I just wanted to clarify that, because I had some conversations that said yes, this thing got really aria, yesterday, and the reality is that it was more just about figuring out how does this work because it is so different and we had all these expectations of you will get your questions answered at the Retreat; everyone is going to be there. The Foundation is going be there; LISC is going to be there, so when the line of questioning started all the questions didn’t get answered. So, it was like hmm okay, maybe not that we needed to press pause on them as a conduit for all of this thing, but it is more about just suggesting if you don’t really have it all mapped out just tell us you don’t have it all mapped out. Rather that setting us up for oh, yeah, we’ve got it all mapped out, but we don’t know how to explain it to you or we are not telling you. Nonetheless, I’m very comfortable with LISC and their expertise and the investment they are going to make.

I think we have to do something different, and it has to have enough impact to where not just the community sees it and feels it, but it is also just the right thing to do. I know you are looking for head nods to say hey, yeah we want to move forward with that, so you have mine on it. I know that they have revised the process map as well; Maurice sent that to me, and I don’t know if he sent it to the whole Council or not, but I’m much more comfortable with the City having a stake in every part of the phases now rather than just looking like we were in there in Phase one and out the door and never touching anything ever again. I don’t know if that gives people a little more comfort; it looks like they have printed some new ones, but I’m supportive of it. I think that we don’t have the capacity to do what they do; that is their job to some of those things and then do more than just let’s build units, and it is about neighborhood development. We just have to get there, and I’m comfortable with that, so just so you know everything about yesterday was not about trying to get into the nitty gritty; it was really just about saying we haven’t had any questions on these things and some of the answers we got yesterday were a little insufficient. It doesn’t mean that we don’t trust them, doesn’t mean that we don’t believe in the work that they do, because they’ve got a proven track record. I’ve talked to some executive directors in other cities that have LISC executive directors who love the work they are doing. I’ve talked to the Councilmembers in some of those cities and they love what they have done. I think what is a huge opportunity for us, if there is anybody still on the fence, but it is important for us to ask these questions, and I don’t think we should be stopped or cautioned just, because we want to know more. I think it is our jobs to know more, because when we go out to the community they are going to say hey, I voted for your $50 million for affordable housing, and with my vote, I want you to do it differently. We have to be able to explain that. Some people want the details, so I need to know the details, and some people don’t so we have to be able to explain it both ways. Nonetheless you’ve got my head nod on it Mr. Manager and Mayor with moving forward with LISC. I still think there are some unanswered questions we need to define this process sooner than later totally, and I understand they are building out the LISC office but more certainty around it down the road would be good.

Mr. Newton said I agree with Mr. Harlow, and I’m happy with the process. I think the process pertaining to our relationship and partnership with LISC. I think we do have oversight over the projects that would be presented to us, and I think we are light years ahead from the standpoint of understanding the process than we were two days ago. I would agree with LaWana as well; it makes me very uncomfortable when we start talking about quantifying success with affordable development in numbers. As you were saying LaWana, it is about
making sure that we are building communities where residents can live, work, and play and have a bright future regardless of who they are and where they were born.

I would propose that we find- and Ed had talked about this, and so I agree with you Ma’am Mayor; we do need some way to quantify success, and I think Ed you were mentioning this yesterday. We need to find maybe a better matric or better way of data set. It is not implausible for us to maybe follow-up; I think that is what LISC does elsewhere. The gentleman this morning had data sets for all sorts of things that he was working on where he was following up both in objective and subjective way to get information to solicit information from folks he was helping. I don’t know if that might be a possibility where potentially through surveys or other ways of keeping up with the families that we are helping, we get some subjective as well as objective information back to quantify exactly what impact we are making. I think that is probably going to be much more of an indication or indicator of our success with affordable development in our City rather than just strictly numbers.

Mr. Bokhari said going back to what you said a minute ago when you were contemplating breaking us up into groups; everyone has listed their top two priorities up there. When I think of those I break them into two buckets, things we are already doing and new things we propose to start doing. I think the one thing that we’ve done poorly as a body over the last year, that we could do better, is stop talking only at high levels of what big vision and end looks like and at some point in time break into some tactical execution like in the committees and my comments yesterday of when have you ever seen a white board broken out in a Committee meeting, like it is just a mini City Council. I think the most important thing we could do before we leave here is for both of those two buckets of kind of categories is what are the next three steps? What are the next specific things we are going to go do? On preexisting things like affordable housing, on the LISC front, are we going to do something to tighten up the unanswered questions there on the plan front or are we going to quantify a measure somehow, and who is going to do it and when it is going to happen? On the new things, what I’m scared and we kind of had this conversation at the Economic Development Retreat, we kind of had it last year at Retreat where we talked about horizontal versus vertical; if we don’t come up with a game plan of what happens in the next couple steps? We will be having that conversation at the next Retreat. So, we have to get the vision down, we have to agree on the measurers, but we’ve been talking about these things at this level for a year. Maybe it is time we say we generally know what are the next three things we are going to go do when we leave here; who is on point and what is the timeline? I think we’ve got to do that.

Mr. Driggs said I hope there is nobody on this Council that thinks that we should abort the whole LISC process at this point. If nothing else, if we could kind of establish if there is a consensus that we want to move along that path. I do think the Chair brings up some very interesting questions; we haven’t resolved a bunch of contentious issues so the danger if we tried here to put out there some sort of goals in three years is that some people would think we were sort of prejudging the answers to those and excluding them, etc. so, is there a way that we can kind of at this point decide to proceed in that direction recognizing that there are a few more things that we need to work on?

This question about how much 30%, the question about neighborhoods and where it is going to be located; I’m not sure we are done yet in terms of all of that, but I don’t think that is a reason to stop the LISC process or what we are doing. I personally wanted to share with everybody I think the NOAH Sharon Oaks project is one that we can act on quickly and that we should, because it is an outlier, it is an unusual opportunity. The value proposition is pretty unquestioned, and it would be great if we could look at that and not allow it to kind of fall apart, because we were still cogitating. So, recognizing that we have more work to do and that we don’t want people to feel that we’ve finished this conversation without consulting with them if we can move ahead with LISC and continue, because they’ve got money lined up, it is all in place. This would be a bad time for us to say you know what, forget it; we are not there.

Ms. Eiselt said I guess I join the sentiment that before we really think about the big plans and the big this and that, we’ve got to get down to the nitty gritty of the things that we’ve already committed to doing. With regards to LISC, I support having LISC on board, because
I think it is important that we have a body that this is what they do, and I don’t think that a public entity is best position to do that frankly. Having a separate organization like that that can deal with structuring these deals makes sense to me. What I’m concerned with in the structure is the three different committees. I don’t totally understand where the accountability lies, so I just want to make sure that we keep working on that. There is the local Advisory Committee, whose job is strategic direction; what does that really mean, and how accountable will LISC be to that group?

There is the Grass Roots Committee; they hear from the broader community, and that is great, but how do they work with the Local Advisory Committee? Then you’ve got the Charlotte Housing Opportunity Investment Advisory Committee, and they are advisory only, and how do those three groups really work together? We made a commitment to the community that they would have input. I think that is what LISC brings to the table that they can coordinate that community input with our oversight, because both are important. I want to make sure that we keep working on that piece of it and then the other piece with LISC is, how do we do this that a developer who has got a project can come to any Councilmember of staff member of somebody at LISC and say I have this deal; how would it work to work with you all? We would own it; it would rent to people at whatever AMI but to get a template down and it isn’t something that we can answer now, but I think that is the point we have to get to, and I’m prepared to say let’s go ahead and do it with LISC.

Mr. Mitchell said I’ve got to apologize to the HAND Committee; I came to the first meeting, and I should have been engaging myself earlier. It is pretty amazing how much work you all have put in. Let me just throw out a couple of things Council, and I’m going to start with the first one I call “timing.” I think timing is very important to us that 68% of the voters in November said this is the right thing to do, so I do think there is some serious accountability how quickly we can move to have something in place so we don’t lose credibility with the community. Timing is also important when you look at LISC would not have its person on board until March 10, 2019. I think we all want LISC to be successful, but what are their expectations, how quickly they can get up and be effective and running in a short period of time? So, my thought was always twofold; if the City can use this $50 million fund that the voters have decided on, Pam showed us a Dinner Briefing we’ve already got $51 million in requests already, with four percent, nine percent and NOAH, why can’t we in the short timeframe let our staff who has shown us over the years that they know how to do this based on bond capacity and give LISC the time to get up and getting running? We get the answer addressed which you brought up Julie. I think Tariq and Justin had some answers, and then maybe by 2020 we have LISC up and running in January and we have fulfilled our commitment to the community, we have our act together, and we are going to get four percent and nine percent out of the community. I think if we try to do all of this in a very quickly time, we are going to have some problems, and the big problem I’m worried about is to those voters. We’ve got to do it right; we’ve got some projects already in place, and let’s allow LISC to do it right without feeling the pressure of trying to get units out there in the community so quickly.

Mayor Lyles said one of the questions I would say the $51.3 million didn’t include the cost of the value of the land that was being put into the deals.

Mr. Mitchell said it did of it didn’t?

Mayor Lyles said it did not. If I’m saying that correctly, and I’m looking at Ms. Wideman, so, it is actually a lot more than that, and what you miss is the opportunity to participate with the private sector funding. If you remember the sheet that showed the $6 million in gap funding that they could do between what the nine percent or the four percent deal was in the equity. That gap was going to be either $6 million for the City or $3 million for the City with LISC bringing in an additional $3 million. I wanted to make sure that we knew that the $51.3 million didn’t include the value of land, and they were almost all four percent deals which costs us double what we have to do than a nine percent and would not have any supplemental funding from the private sector match. If we decided to do that, that is what we are forfeiting.

Mr. Mitchell said forfeiting in the short period of time, not long period of time.
Mayor Lyles said we would have spent all of our $50 million and we don’t have additional $50 million, but I’m not going to argue that point, because I think everybody has stated generally where we are.

Ms. Mayfield said but isn’t this the time we should be having the conversation? I think that is ultimately what we are trying to do Mayor is have clarity in the conversation, so every time we cut the conversation off on clarity to try to get to the next piece that causes a bit of a challenge because there is still a lot of ambiguity in the conversation. You say we can forfeit; so, just using your language, we can forfeit the opportunity.

So, when we started the conversation there was three different conversations. Charlotte City Council went to the community and ask for the community to entrust us and believe that historically, we have asked for $15 million we are saying we are going to come to you and ask for $50 million. That is one conversation. A separate conversation, which you have led and we thank you for, in the corporate and non-profit community of hey, we are doing this; we need you all to come to the table. The religious community and other communities have come to the table. The third conversation that came in was regarding an organization, LISC. Now, the conversation between LISC and the corporate community is moving forward. What I’m hearing from my colleagues is, with these three conversations of which is part of what I recommended from the very beginning, if Housing and Neighborhood Development Committee, even though there are requests out there, just like we went through the budget, these are proposals. This is a wish list. If everybody in here got money this is potentially what it can be. They still have to go through their process. We have not had a conversation to identify what are the parameters around NOAH. We just like the idea of saying well, there is a NOAH project. I am not going and nor do I support anyone trying to lobby for one particular project over another. We have not created the outline and the guidelines of what is it that even identify as a potentially good NOAH, because again, I am saying for full transparency, an example if the community went out, and because it is under a new name, but we still know it as Lake Arbor, but if they came out with a new name and came in with a proposal for us to buy that I am going to adamantly say no, because as a business owner you were a slumlord and as a business owner for us to then turn around and use tax dollars to pay you a fair market value for a piece of property where we have had multiple law enforcement as well as number of other challenges, that is the type of language that I am talking about that we need to identify what qualifies as a potential good partnership. It should not be a direct reflection to say we cannot move forward with our work while LISC gets up on its feet, while the corporate and non-profit continues to raise their money. Their conversation should still be happening; it should not be well okay we got an example of it being $5 million. Yes, that was an example, that should not negate us having access to the land, access to the low interest rate, access to these other dollars before it even comes to the City with a request or opposed to a $5 million request; it could potentially be a $2 million request. One should not negate the other, and it seems like every time we have a conversation and, move a little bit forward there is a wall that goes up to say no we don’t want to do that because we just want to let them handle it. They are not ready yet, but that should not negate what we are doing when we are having this conversation. If it is a real collaboration and a partnership we owe the community the respect to do it right opposed to just trying to rush out something, because it sounds good in a soundbite.

Mayor Lyles said there is a lot in there, so I’m going to go back, because I think the fundamental question is whether or not we want the Manager to finetune and negotiate and to bring us back something that would work with LISC or not. I think the principles around this are pretty clear. We have the opportunity to work with the private sector funding and the $50 million to try to do what I would say offsets some of our costs, and if we continue to do what we are doing it would be over $50 million, and I’m not sure if that counts the two deals that we’ve already approved. It also leaves us in a position where we’ve got someone with the expertise that is ready. I appreciate that Ralphine isn’t coming on duty until that date but Denise Scott is here and has been here for a year. We funded LISC; we have in our budget over $300,000, because the idea was that they would be able to help us, and maybe that was something that we just kind of a lot goes on. I can understand a lot goes on with that, but what I guess the question is that instead of saying we are going to do something, we have an opportunity for the Manager to come back with more clarity around the parameters that would say we are cooperating. That is not an actual yes, we will do it.
It is to get the information necessary for us to have clarity about some of these questions that have come up, valid questions from everyone, but, it is kind of just one of those questions that we ask, are we going to work in our public/private partnership in a way that we have contractual agreements between three parties, the Foundation, LISC and the City, or are we going to go through our old process that we’ve had for the traditional way and not be able to leverage additional dollars that would further work with our deals?

I don’t know where we are, and I think it would be good to kind of just say just raise your hand if you would like to have the Manager go forward, and if we are at that position then we will know that we have a vote that says go forward, and we will come back with more documents addressing the information. The arguments have really been made. I really think everybody has what they want to say.

Mr. Egleston said I agree with the vast majority of what has been said. We are stuck in this death spiral of continuing to talk at a high level of unknowns. We have this wonderful opportunity right now; why don’t we take the next hour break in four groups of three, everybody take a topic and literally write down what outstanding questions does the Manager need to get answered? What are the next three steps? If it is on affordable housing front with LISC, one group says we want to start moving now, but we want the private sector money to be engaged, here is what we need to figure out to make it happen. If it is on the committee restructuring, what are the next three weeks look like, let’s work.

Mayor Lyles said I do think you are right. I think we are all repeating the opinions and ideas. So, is if the preference for the Council that we have the Manager continue to move forward with a draft contract between LISC, the Foundation and the City?

Mr. Driggs said I don’t think it necessarily means we can’t any action on any proposal. I think we should go ahead.

Mr. Mitchell said the other question I have is the $50 million. Sao, in your conversation with LISC, do they control our $50 million? I do not think that everyone knew that.

Mayor Lyles said you have to have a vote of the Council to use that.

Mr. Mitchell said no, no, no, the question was, is everybody under the impress that LISC will be responsible for the $50 million bond that the citizens have vote on?

Mr. Driggs said they are not.

Mr. Mitchell said I just wanted to be clear, because I think people was operating that LISC would be responsible for the $50 million. I just want to make sure we are on the same page, because there has been a lot of discussion and you can hear the chatter.

Ms. Eiselt said on the process map it says City; it doesn’t say Council, so does that need to be clarified that Council has to approve it?

Mayor Lyles said when it says City we are the only ones that give authority for appropriation of money.

Ms. Eiselt said I know but I just wanted to hear it, but my question is I’m a little bit confused with the locational policy now and assigning those points on those deals because some of those deals when I look at the ones that are in that $51 million have all been run through that process with the points, and there are a couple in there that I would say woE, why would we do that? I think we still have to have a more robust conversation about that as well and that can be done in tandem.

Mayor Lyles said what I heard, and I think this was actually from you Ms. Eiselt, is that it has to have a neighborhood assessment, but some neighborhoods you want more and some you want less. It is taking the locational policy and reviewing it as an assessment. The scores are there, but it has words to support it and I think that was your suggestion a while
back, and I think some of this gets lost and a negotiating point is how to do that and what is required of it.

Ms. Eiselt said just make sure that we do get that; if there is something that gets a two under a certain category and if somebody felt there was a reason for that, that you could still consider it. I just want to make sure just because it has been scored now doesn’t mean it can move forward.

Mayor Lyles said it needs an assessment and approval by the Council to do that. I really am at this point of saying if you are willing to let the Manager proceed to the next step raise your hand. We have a majority of people that would say go to the next steps. LISC has some work to do; they’ve heard these three hours of conversation, and I want to say to LaWana’s point, we have not talked about the neighborhood development. This is about taking advantage of unit construction. LISC has talked about neighborhood redevelopment and development. I hope they will be able in this to begin to bring some application to it. I always believe that Charlotte’s strength is the relationships we build with everyone, and that is the core principle for me, the collaboration is really important. I welcome the new partner, and if we can get this worked out to join that collaboration with us.

Hope Root, Interim City Attorney said Mayor Lyles, I just want to make sure that you are not taking a formal vote, that it more of a head nod.

Mayor Lyles said it was not vote on any adoption of money, policy, or contract; it was to ask the Manager to develop those.

Mr. O’Neill said there are a couple ways to do it and one is there are existing things that you are trying to finish and there is bucket of new stuff plus those topics here. What I heard specifically in the conversation was you just talked about affordable housing; there was clear discussion about workforce development questions and economic development so the question is how do you want to cut it. Do you want to cut it across here or do you want to cut it around existing and new? So, the question would be to break into the groups as you described and say okay what are the next three steps.

Mr. Bokhari said I think it is clear, no brainer right now affordable housing but specifically our process in going forward in LISC and the Manager has been given authorization, but what can we arm him with? What does that look like? That is one. I personally would love to make restructuring and the horizontal of government one and then what are another two that we could break off into some small groups and just do some work.

Mr. O’Neill said let me suggest that what we do is we pick just for the sake of this session today, we pick affordable housing, economic development, and workforce development. Those are the ones you spend the time on.

Mr. Driggs said transportation and planning –

Mayor Lyles said transportation and planning, affordable housing, and economic development, including workforce development.

Ms. Eiselt said I think to simplify it a little bit, transportation and planning, affordable housing kind of falls under the comprehensive plan. So, maybe that should flow into the whole process and Taiwo kind of guide us on that, because we shouldn’t be making transit plans that don’t align with where we want to put our affordable housing or vice versa. That to me is why we all stepped back and said wait a minute we are doing this UDO, we don’t even know where we place types to go, and we’ve got it backwards. We’ve got to do a comprehensive plan, but there is a visioning process and maps out where all these resources go so that they work together.

Mr. Bokhari said just for clarity sake when I was talking about the breakout I was talking about something very specific and tactical. It wasn’t like economic development; it was like how do we overhaul the Business Investment grant or workforce was like how to do we overhaul project P.I.E.C.E. What are the next three steps, like something very specific?
Mr. Winston said I agree with the horizontal piece, but why would we break all of these things into buckets? The idea here and this is what we said about the conversation trying to understand what LISC does is that we want to build communities and neighborhoods, and really the underlying theme of that is upward economic mobility and the way you get there is by combining all of these three things that we are trying to segment out. So, instead of segmenting all of those things out I feel like we should be combining these things with the understanding that we can’t deal with just units with the idea that transportation, infrastructure and economic development and workforce development all has to go together in the same places for us to achieve our goals. Shouldn’t we be combining as opposed to splitting and using the horizontal kind of method to go at this? So, instead of having subjects maybe we have a focus area discussion around upward economic mobility. Look at it from a housing standpoint; look at how the housing plays with the workforce development in the area and figure out how that all plays together with transportation and infrastructure.

Mr. Bokhari said you are absolutely right; I just still think you have to break it down to some level of granularity where you can come up with like a here are the next three steps.

Mayor Lyles said we all agree and know that without having good transportation to work and to home and having appropriate housing all of that has to work together, but at some point, you have to have the foundational thing of what is the transportation system going to be and then connecting it? So, having a small conversation and coming back knowing that you have to knit it together and being aware of the comprehensive nature of our work. We do have to figure out what it is about transportation in the neighborhood?

Mr. Winston said that is why we work horizontally, so we know we need units and we want to put those next to NOAH’s that are going to be preserved, but we know that area doesn’t have the transportation to get to jobs and to good schools.

Mayor Lyles said the real question, does the Council want to define its criteria for what the comprehensive City looks like, the City or our future, that it has to have good schools? It has to have NOAH’s; it has to have affordable housing and whatever? That to me takes a big picture but then how do you do those things? Segmenting some of the how to is not a bad idea. If everybody understands the overarching we can say well how do we do this for workforce, economic development, transportation and planning, and how do we do it in terms of great neighborhoods that create economic mobility?

Ms. Eiselt said I thought that was what the scoring was for.

Mr. Winston said the scoring just tells you what is a good project for us to use our money on and there are variables of okay it is transportation around that is good enough, but it could be better. So, maybe we take a project of something like that and say a scored project and we know that we have four areas and while it is a good project to take we know that it still probably needs improvements in those four areas. Maybe we approach our work right now to say, how do we improve the transportation around this project that we are going to spend our Housing Trust Fund money on?

Mayor Lyles said how about this? All of us know where the route of the Silver Line is; we know where Gateway Station is, and we know the Gold Line. That is our core principle how are you going to develop around it and bring every aspect of what you want to do to the table, because then you at least have a focus and you can say what is more transportation around it? How do we actually make it work? It is a good thing because it is all the way to Matthews and goes all the way out to the Airport and goes all the way out to Beatties Ford Road. If we know that is the area that we want to focus on what would we do differently for economic development. What was some of our tactical things, what would be just ideas maybe. Yesterday when everybody got a chance to talk why not just take that big piece of billion-dollar investment and let’s talk about what it means for land use. If I live in Matthews or Pineville or Ballantyne what would I see as a result of the Silver Line coming in? What am I going to see as a result of the Gold Line coming in and anyone of these areas that we’ve chosen. That at least gives us a core around a physical place that we can paint in our best City.
Mr. Eiselt said for the long term that makes sense, but for the short-term, what about the other conversation is should we be prioritizing NOAH’s in Districts 6 and 7 because of access to schools? Like if you wanted to get the most bang for your buck for economic mobility, and I’m not saying one is better than the other, it is the combination thereof.

Mayor Lyles said just think about it, the Silver Line does go through Districts 6 and 7, and you could say I prioritize NOAH’s in this area.

Ms. Eiselt said it won’t be built for a while.

Mayor Lyles said I’m sorry; it is an imagination thing that we could transfer to anything, because we’ve now got a visual picture of a big swath of property that we are going to be about. You could say if I had a major transportation corridor I think all NOAH’s should be within a quarter of mile, should be purchased in order of availability. That would get to the same thing, but it gives us something to attach it to.

Mr. O’Neill said if I could translate what I think you were asking is if we take a particular project and we try to describe the elements of that project in order for it to be as successful as we want, what our vision is and then what are the steps we are going to have to take in order to execute on that vision, and they are multidisciplinary elements. There will be transportation, housing, public safety and all those things, so what mix of that will actually produce, and what are the questions we need to have to go to staff to say how do we get there if that is what we view as the vision? I think that is what you said.

Mayor Lyles said I’m just trying to have a realistic example of where we have a corridor with Independence Boulevard, the private school that used to be the carpet store and is now closed. Where we have the west side where the Gold Line comes in that is getting quickly gentrified, and we have to address and yet no commercial development. Then a great downtown train station combined transportation so you can look at it and say, what is really important to do?

Ms. Ajmera said I think we also ought to look at the distribution of AMI; are we getting 20% of the units within 30% and below? In addition to this qualitative factor, such as transportation, we ought to also look at the more quantitative one such as deed restriction, AMI distribution. Locational policy is a good thing, but I think we’ve got to have the standard ones, but we just check the box and say okay it meets this and that.

Mr. O’Neill said what I think this exercise is, is to be example of the way you could structure Council conversation around future issues.

Mr. Bokhari said I have an example; I can’t think of a great example in the forward look of what we have tried to do. So, here is an example from last year because we’ve done the work at some level and it is easy for me to wrap my mind around. A topic that is at the right granularity that runs horizontal rather than vertical is scooters so, in hindsight if we had known everything had a perfect process we would have said okay new special sub-committee on scooters? These five people, you Chair it; it is probably more aligned to transportation or whatever it falls closely, but it also hits public safety. It also hits a few other things and that group would sit down and say what are our unanswered questions? What does the state allow us to do? What are the hindrances and then what is the structure that we need to solve for. In hindsight, we know it was safety; we know it was the permitting process around dynamic capping, and the permitting process around dynamic fees. So, in hindsight clearly if we couldn’t come up with that immediately, because that took a while to figure out but what are the scooter topics that cut horizontally that we say we could have knocked that out had we kind of thought about this process then. In two weeks, it wouldn’t have a heavy lift. What are some of those more micro specific yet low hanging fruit that cut across, not in our vertical silos but across everything. It is the only example I can think of that is good that we could have knocked out versus spend 12-months on and then continuing in that high level of discussion and asking staff, bring us the answer. We could have white boarded that whole thing out together.
Mr. Mitchell said this has been very good and Mayor I’ve got to give you an A+ for trying to get us to a spot, but the reality of it to me when you look on that board our second top priority was economic development and upward mobility. I think the third topic was transportation; we’ve got three tables here, could each table take a topic and allow Council to move what table you are interested in, because I will be honest I’m more excited about upward mobility and economic development. If Tariq wants to do transportation that is Tariq’s table; if you want to do upward mobility come over here to this table.

Mr. Bokhari said if my table is willing, I would love us to have a discussion on, if we walked out of here with a plan to present to you guys on restructuring committees to a horizontal what would that look like.

Mr. Mitchell said you might be at the table by yourself.

Mr. O’Neill said you only have an hour left; there is a hard stop at 5:00 p.m. So, let me just suggest transportation is going to go back here, economic development is with James and neighborhood development. So, economic development, transportation and neighborhood development and what you are going to do? What are the next things that have to happen? What are the next questions you need to resolve, and who is going to do it by when?

The meeting recessed for table discussion at 3:56 p.m. and reconvened at 4:25 p.m.

Mr. Mitchell said to the Mayor’s call to action; we have five action oriented goals we established over here for ED.

Ms. Wideman said two resonating themes were learn more about Opportunity Zones and what impact they have on residents, and I think another overarching theme was creating upwardly economic areas through neighborhood reinvestment.

Danny Pleasant, Assistant City Manager said our group talked about transportation. Two big accomplishments that need to focus on is finishing the comprehensive plan and the UDO along with some more tactical things like the TOD in the next couple months.

Secondly, funding the 2030 Transportation Plan for sort of the big overarching things then lots of to be finished, find a path forward to finish those big things like dedicated bike lanes on Sixth and Fifth Streets and listing out those Vision Zero priority projects pretty quickly, getting completion plan.

Mr. O’Neill said I am not sure about the logistics. I’m not sure what happens next.

Mayor Lyles said I want to say thanks; it is not easy watching policy being made, much less a law, so I really appreciate the conversation and the dialogue and the time that you had to share your perspective. I think I learned a couple of things and maybe that I do believe that we can move forward on some of the things that we’ve been talking about for a couple years, but there are opportunities that we don’t know about, and we need to figure out how to get those out on the table from everyone so that we can still build around the kind of City that we want, and defining that. I actually think that we’ve got the right groups, economic development, transportation and planning and neighborhoods, pretty cool. I think we are in good shape.

It is 4:28 p.m. now, and we are going to meet the Governor at 5:45 p.m.; he has a very short amount of time to spend with us, and he would like to actually meet everyone so that means you have to be there at 5:45 p.m. to meet him. I want to make sure that everybody gets that. Then we are going to have dinner with the Delegation; every member of the Delegation has said that they are coming, and I do think tonight would be the “jacket time” for the guys.

The meeting recessed for the day at 4:30 p.m.

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The City Council of the City of Charlotte, North Carolina reconvened at 8:18 a.m. with Mayor Vi Lyles presiding. Councilmembers present were Dimple Ajmera, Tariq Bokhari, Ed Driggs, Larken Egleston, Julie Eiselt, LaWana Mayfield, James Mitchell, Matt Newton, Greg Phipps, and Braxton Winston, II.

**Mayor Lyles** said I want to thank everyone for a great a great dinner and relationship building with our Delegation; I really appreciate the Governor dropping by and being able to talk to us about his priorities. Today, we are going to have our favorite economists come and speak with us. I showed him some of Joe Fuller’s slides and talked to him a little bit about what Matthew Martin talked about, so he is going to cap us off. After we do this presentation, we are going to move right into the priorities from yesterday and have a little bit of discussion around them.

At the end, I would like for you to think about what do you want to walk away with; is it that we are going to walk away with some big bold statements, vision words. What are we doing that fits under our existing mission and value statements? Start thinking about at the end of the day, if you want to be vertical or horizontal, if you want to be numerical or alphabetical, you want to write backwards or forward, if you want to get up and act out in gibberish your commitment to this Retreat, just let me know what you start thinking about. We’ve got lots of ways to do things to be productive.

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**DYNAMICS OF THE ECONOMY**

Mart Vitner, Wells Fargo said after hearing everybody that you’ve had already it is a tall order to follow up on. I’m going to try to keep the remarks on the economy fairly brief so we can get to questions and talk about things that are of most concern to you, but I was going to over the keys here of where we think the economy is headed in the very near term in terms of where we’ve been. We have a little bit of a data hold right now because of the government shut-down. We’ve got a little bit of a data hold right now because of the government shut-down. We’ve got employment data, because the Labor Department was fully funded, but we don’t have GDP data or income data. The last GDP data that we have is for the third quarter where we were doing very well, 3.4% growth and even better four percent growth in the second quarter. We think the third quarter was around three percent GDP growth primarily, because the holiday season was really strong and consumer spending was strong because we had the drop in gasoline prices. A bit more concerning is that home building has slowed and it began to slow even before the Fed began to raise interest rates or run up really began, but before the Fed’s last two interest rate hikes housing appears to have peaked in about March of this year and we’ve been down, not necessarily every month, but the trend is clearly down over the last nine months, and that is apparent all over the country and it is apparent in Charlotte too even though we continue to add lots of people.

In terms of physical policy, we are going to be on the flip side of the tax cuts this year in that nationally, looking at the average tax liability fell three percent, the withholding was reduced four percent so folks are likely to get smaller tax refunds this year. Tax refunds are typically a source of funding for down payments on homes, down payments for cars furniture and household appliance stores and jewelry stores for that matter tend to run all sorts of promotions trying to get you to bring your tax refund in and they will match it or will do some sort of promotion to help spur spending. We are not likely to get as much of that boost this year. On the other side, government spending continues to increase, the lower marginal tax rates are pulling more people into the workforce and so it should still be a net positive but we are going to see a little bit of a payback in the spring.

In terms of monetary policy, the Federal Reserve is rethinking how aggressively they need to raise interest rates. We still have two more rate hikes in our forecast, one in June and one in December. I think the June one is going to be very difficult for them to pull off, but I
think they probably got one more rate hike. There is still a pretty good chance that they are done. Some of the more important indicators to watch are what is going on in the factory sector and the first business day of each month, so that is Friday we get a report called The Institute from Supply Management that measures activity in the factory sector. Last month, it declined 5.2 points; it was the largest one month drop. This was the month of December; it was the largest one month drop since December 2006, so it was actually worse than any single-month drop during the great recession. If we had another drop like that on Friday, I think the Federal Reserve would start cutting interest rates rather than raising them. We don’t expect that and expect the number to be more or less unchanged, but that is one of the big risk factors, if the economy has lost momentum in a more significant way it will show up in the factory sector even though it is only 12% of our economy today it still accounts for about two-thirds of the swing in GDP, meaning that when GDP growth goes from two to three, two-thirds of that lift came from the factory sector and when it goes from three to two, two-thirds of that deceleration comes from the factory even though it is a relatively small part of the economy. One of the things that has been driving manufacturing activity down is the uncertainty about trade policy. I don’t know that we are going to clear that up if we don’t get an agreement to extend on negotiations with China beyond March 1, 2019, another set of tariffs kicks in. I do think that they will agree to continue to negotiate, because it does appear that we are making some progress there, but China’s economy has also slowed. That is something that is different in the global economy today than it has been at any time since really any of us have been alive, and that is what we have an economy that is that large other than the US in the world and when it slows it will impact every other economy in the world and people use to say when the US got a cold Europe got the flu. Well, now we have China to contend with too and when China’s economy slows it is going to impact all the other economies in the world and that seems to be happening right now.

In terms of Charlotte, everything seems to be going great; our offices are on the corner of Stonewall Street and Tryon Street, and when I get up to our floor, we are only four floors up, but it looks like a big play box out there for a while when you saw all the construction equipment. Of course, our enemy from down the street decided to come be our next door neighbor now and build a building, but there is quite a bit of activity going on at that end of town and we are still gaining about 1,000 people per week. I tell people that we probably gain about 1,400 per week, but 400 move away, so you net about 1,000, and that is one reason the traffic is so bad, because we’ve 1,400 people that just got here last week. They don’t know where they are going, and you know the difference between Sharon View and Sharon Lane, but that is an awful lot of people to be adding, and we are fortunate that we are seeing such strong population growth. The influx of those people though is what is putting some pressure on home prices, because one of the reasons that Charlotte is so attractive is that we are relatively affordable to the people that are moving here and that is what is happening to the people all over the country. Denver is not very affordable, but unless you are moving from San Francisco or Seattle, in which case it looks like a bargain, but if you live in Denver then suddenly it is becoming very unaffordable. The same thing is happening in Salt Lake City; the same is happening in Austin and Nashville and Charlotte. All the cities that are grown rapidly they tend to be relatively more affordable than someplace else. It is much better to be growing than not to be growing, it is a much better problem to have.

In terms of when the next recession is going to come along, we have one model that has been highly accurate that suggest that the next recession will begin in the second half of this year. Not our forecast but the paper that our group wrote and it was presented at the American Economic Association Meeting in Atlanta earlier this month was named one of the five most influential papers at that conference, which is pretty tall order. It was written back in early 2018, well ahead of anything that we see today. It looks at when the federal funds rate rises above the lowest level that the ten-year treasury reached during the subsequent recovery, and what that model has shown is that we’ve never had a recession more than two-years after that has occurred; that would be the end of 2019. To me, I like the use of models and analytics, but it does seem to me like economics meets astrology, like we are trying to connect the dots that might not necessarily need to be connected, and every set of relationships works until it doesn’t work, so we if we don’t have a recession until 2021. We will say we’ve had a recession within three-years of this happening. We build our forecast from the ground up looking at the outlook for consumer spending, business investment,
government, and trade, so we build it up that way. On that basis, we see the economy losing momentum over the next two-years, but most likely we avoid recession. That said, I would put the risk of recession at about 30% and to give you a benchmark for that we’ve been in recession about 15% of the time since World War II; so, it is a little bit of an elevated risk of recession, but certainly not the most likely outcome that we see, but they tend to come about quicker than you would think.

In August 2007, when B & P Paraiba said they couldn’t value the assets in three of their mutual funds, and this was when the credit crunch began, the year to year GDP growth was three percent, and the general thinking was you don’t go from three percent growth to a recession just like that, but we did in just a few months, really just in five months. It can happen fairly quickly. I just don’t feel like that is happening right now.

One of the other things, I look at and not because it is a leading indicator, it is just a quickly reported piece of data, is the number of people that are flying on airplanes, and it is airline revenue passenger miles. It is reported within a few days after the end of the month and the year to year growth in that tends to correspond to the year to year growth in GDP; they both measuring the same thing. They are measuring the volume of growth in the economy, and the same thing is true of hotel room nights, but that data is not available as quickly.

In terms of job growth, the last number that we have was a blockbuster 312,000 net new jobs in the month of December caught everybody by surprise. We added about 2.6 million jobs last year. This is where tax reform has helped in that the tax rates for the lowest earning income cohorts dropped three percentage points, and wages rose by about 3.5 percentage points, so the enticement to come to work, to get off the couch, put the video games down and to join the workforce was a 6.5 percent increase in pay in 2018 over 2017. That is how we added more jobs in 2018 than we did in 2017, even though we went into that year with a much lower unemployment rate and a tighter labor market. Along those lines, the unemployment rate is 3.9 percent. The Federal Reserve looks at the unemployment rate very closely and the concern with the unemployment rate as low as it is that we are going to see that wages are going to rise to the point that we are going to outstrip productivity, and it is going push inflation up.

I think one of the things that people are under appreciating is that the labor market has changed and that most people get jobs online today even if you applied at Harris Teeter. You don’t go into the store and apply; you apply on line. They refer you to their website. There are all sorts of job search platforms, and I know in my own experience when the City Bank/Wachovia deal was announced, it wasn’t much of a deal from our aspect, but I wasn’t worried about my job in the immediate future, but I said you know what it might be a good idea to get on LinkedIn. It just might be a good idea to get on LinkedIn and maybe update my resume. Well, that is what happens in job search today is that when people feel- and it is more people that have been working and have somewhat established their career for the most part. They are enhancing their online presence, not necessarily looking for a job, but they are making it easier for jobs to look for them. Then when you think about things like Career Builder and Indeed.com the upshot of this is that I think the unemployment rates are going to be lower going forward, now we are still going to have business cycles, and there are going to be ups and downs, but this online job search phenomena I think has made the labor markets more efficient. The other thing it allows people to work while they are looking for a job. Use to if you lost your job you wouldn’t just take any old job, because you wanted to spend your time looking for a job. Now you can do that because you can look for a job 24/7 and you don’t have to devote every waking hour looking for a job. I think the Federal Reserve shouldn’t worry about the 3.9 percent of the employment rate. I think it is headed below three percent. I think if the economy continues to grow over the next two years the employment rate will be below three, and I think that three is probably closer to full employment. We used to think it was fur and then we thought it was 5.5, I think it is closer to three.

Some evidence of that is that you look at the number of people that are voluntarily quitting their jobs, and it is really taking off but wage increases are basically in the same range that they’ve been the last three years, even though we’ve seen this acceleration in the number of people that are quitting their jobs.
One last point, I wanted to make on the economy, and I mentioned this earlier, the focus on looking at the manufacturing sector, and for years it has been engrained into us that the consumer is two-thirds of the economy, and that is technically true but it misses a lot in that consumer spending does mathematically add up to about 70% of GDP but GDP measures the output, the production of goods and services in the economy and it is easier, just like I said it is one way to get a good time measure of the economy is look at airline revenue passenger miles because it is reported very quickly. Well, data on consumption is reported very quickly and so one way that we can measure production the easy way is that we can add up everything consumers buy, everything businesses buy and everything governments buy and then subtract out the trade deficit and that is a proxy of production, but, we are measuring production, going to Walmart is not what drives the economy or going to Amazon is not what drives the economy.

Most of consumer spending is on auto pilot; 40% of consumer spending is a consumption of housing, so that is either your rent or if you own your own house it is assumed that you rent it to yourself, and even if you own it out right you don’t have a mortgage payment, you are still consuming that housing stock. That is 40% then you add in insurance, food, your day to day necessities, and you are up to 60% of consumer spending is on auto pilot. The part of consumer spending that fluctuates is spending on cars, furniture, household appliances and also you can add in the other parts of the economy that tend to fluctuate a lot is business fixed investment, residential construction and commercial construction. Collectively, those four only make up 20% of GDP, but when we go into recession that is where all of the drop occurs. So, that is where all the swing is. Right now, what concerns me about the economy is that housing is declining, car sales appears to have peaked, business fixed investment has become a little skittish because of concerns about trade and just concerns about the global economy in general. Commercial construction looks to be doing fairly well and despite all the cranes that we’ve seen in downtown Charlotte there really hasn’t been a lot of office construction. I think if you add up the new Bank of America Building, the Ally Building, the new Deloitte Building that is going to go up; all three of them combined won’t have as much space as the Duke Energy Building. We haven’t added as much space as you would think, but commercial construction is probably not going to get stronger from here. So, the simple components of the economy are weakening, and so when I hear forecast say recession is a long way off, I said I sure hope so. I think so when we do the analysis, but there is no doubt in my mind that the economy is losing momentum, and I think the risks of recession are elevated.

Councilmember Winston said you spoke to us last year, and I feel like you might have given us a similar outlook that you don’t think it is coming, and it is way off, but is this the same timeline you were on last year when we’re presenting at our Retreat?

Mr. Vitner said I hope I’ve changed my presentation a little bit over the last year, but there is a tendency among economists, and I try to avoid this tendency in my own presentation to always have the recession one-year after your forecast period and there is a tendency to have the recession. We forecast through 2020 and say well it is not going to happen through there but it is going to happen in 2021. I’m not so sure; I don’t that my time horizon has not changed. I really think that the period- I think I may have mentioned it, from the middle of 2019 through the end of 2020 is when I think we are most vulnerable for a recession. I think that is what I said last year; I still think that is true even though we have the economy growing and if we make it through there I would still say that 2021 is not going to be like we are going to get a fresh start. Recessions don’t happen because of old age; the expansion will longer than it has ever been if we make it through. The longest we’ve ever gone between recessions if we make it through the middle of 2019, but they don’t die from old age, but the longer that you’ve had a business expansion the more excesses that have built up in the economy, and it is that build-up of excesses that is the precondition for a recession and then something happens that causes consumers, businesses, regulators, governments to become more cautious, they become more risk averse and it is that heading for the exits that causes the recession, and we have excesses.

In Charlotte, we’ve probably built too many luxury and lifestyle apartments. I spoke at the Apartment Association last week and for the first time ever I wrote the word “bubble” down, because one of the heads of an apartment group was talking about how they are going to
great lengths to please their customers and one of the things they said was millennials really are into fitness, and they are really into their pets and so they are emerging the two, and they are adding pet fitness centers to their apartment complexes. Doggy treadmills, when I heard that I said that is too much; that is a bridge too far for me, but that is one excess. That is not something that is going to crater the entire economy that we’ve got too many high-end apartments, and I think the industry already recognizes that, and if you look at where apartment construction is strongest now it is the lower price points, it is in the suburbs, and we are seeing more garden apartments, we are seeing more affordable product and less of the high-end product and actually the pricing on those in the permanent market when you are getting insurance companies and pension funds and [inaudible] that are buying these properties the prices that are rising the fastest for the properties that actually rent at lower levels, because they have more growth potential while the higher-rent apartments are probably going to see rents stagnate or fall a little bit. There is also excesses in the tax sector.

Mr. Winston said what you just mentioned about the rising prices of affordable houses and the luxury apartments falling, we’ve talked about this at our Housing Retreat that luxury today will eventually become NOAH’s of tomorrow. Do you know if we are able to calculate that point as to when those luxury apartments will kind of decrease and fall into a more affordable range over time?

Mr. Vitner said I don’t know that the rents are actually going to fall; what is happening is the values of the property, the value when the apartments sell and someone owns that apartment building they were appreciating greatly, because there was a lot of demand for those assets. There is not as much demand now, because the rents have risen to a point that there is a smaller group of people that can afford it, so they are fully priced and we are seeing much more interest in developing properties that can rent at lower price points, because there is value to be had there. There is still value that can be accreted in those communities. We have under invested in those at the lower-price points.

Councilmember Driggs said we tend to talk in our affordable housing conversations about percent of the AMI and affordability in terms of what income it takes, so when you are talking about lower-price points what kind of dollars per month does that signify for you?

Mr. Vitner said the median rent in Charlotte is $1,050; I’m thinking in terms of what the rents that we are looking at, and we are seeing more growth that is probably between that $750 and $1,000 price point. We’ve had a lot of growth that has been around the $1,400 price point which is what has pooled up that median rent. When it gets to the income levels I’m not as– we’ve got way too many people that are spending way too much money on rent. When I’m thinking about the apartment construction, apartments are not going after that; I’m looking at the private development of apartments. They are not really targeting the folks at the lower-income levels.

Mr. Driggs said right, but you are still talking in our terms 80% to 100% of the AMI for that being an affordable apartment so it is not going affordable in our sense of being accessible to people in the lower income.

Mr. Vitner said it is more affordable for people that are working in customer service, back office type jobs, and the product is also closer to the areas. The affordable housing issue encompasses so many different things, and we’ve seen that the housing model itself has been turned upside down and that the creative jobs that are being added in the economy, the bulk of the creative jobs and the higher paying jobs are mostly being created in downtown and INTOWN areas, because of growing congestion and the desirability to live in town, you’ve seen a tremendous growth from higher income, higher-earning folks that want to live in town, which has pushed up the cost of living there.

The suburbs are seeing the exact opposite; in the suburbs, they are seeing that values are large stagnated, and that is where the apartment development is spreading to because the land values are less and there is greater ability there but the jobs there have seen incomes stagnate because that is where the bulk of back office, customer service jobs are which are routine, repetitive tasks, lightly skilled so that the barriers to entry of those jobs are not that
great and the jobs can be automated or outsourced. So, there is not a lot of wage growth. On top of that, the suburbs used to be very aggressive at seeking new development and they would say well we will subsidize, and I don’t like the word subsidize, that the not the right word talking to government folks, but they would encourage residential development, and they would say we will pick up some of the costs of developing roads and building schools because we are going to have commercial development that is going to follow that residential development out into the outlying areas, but with Amazon and online shopping you don’t get as much commercial development so the cost of developing lots has to fall more on residential developers. That means the ability to build a home for under $200,000 is greatly restricted if the lot development costs is $140,000. You would have a hard time finding $140,000 lots in Mecklenburg County. That is what I believe it is in Gaston County, $140,000, then the other issue is the time that it takes so the meter keeps running, because you’ve got legal costs and the environmental costs, and the environmental rules relating to lot development has increased quite a bit too.

As an economist, I’m not in a position to judge what is needed and what is not needed from that, because I’m not an environmental engineer, but I just know that all of these costs have gone up, and I can do the numbers and mathematically it is very hard to add supply in the single-family market because of just your base starting costs before you put any bricks or concrete or wood into the ground are pretty high and then labor has been scarce. All of that has restricted the supply of new housing, and so nationally we’ve under built housing relatively to the growth in households. In Charlotte, the numbers look better than they do nationally primarily because of South Carolina because when you track a lot of retirees. Retirees are going to South Carolina because of the tax breaks they give on property taxes for people who are 55, and so we’ve had very strong housing growth there, and so the single-family numbers look really good, but they don’t look as great when you just look on the North Carolina side.

Councilmember Harlow arrived at 8:46 a.m.

You probably saw this chart the last time I was here; it hasn’t changed, we haven’t gotten the 2018 numbers but North Carolina has two of the fastest growing top 15 fastest growing metro areas in the country. Only 16 metro areas have seen significantly more people move to them than move away, 16 of those areas with a million or more people. Those 16 areas along with New York and Los Angeles have accounted for 70% of all the apartments built since the last recession, so it is about 22% of the US population is in those areas, and they have accounted for 70% of all of the new apartments that have been built, so it has been highly concentrated. Looking at North Carolina, Raleigh is the fastest growing area. Charlotte and Hickory right there in the– I was in Hickory yesterday, 3.2% unemployment rate. It is kind of interesting their largest employment sector is still manufacturing and that part of their economy is doing very well.

In the state, 2.1% job growth; we are growing about a half percentage point faster than the nation. We are adding jobs in virtually every industry except mining which is largely rock, it is a very small employment category and has become more automated but big gains in professional and business services and financial services and information of the technology sectors. This is the housing permit numbers for North Carolina; you can see we are about three-quarters of our way back to normal there, multifamily, which is largely apartments is in an all-time high. Home prices in North Carolina are rising slightly less than they are nationally, up 9.4% over the last year compared to a 5.1% gain nationwide. The Charlotte numbers are a little bit stronger than North Carolina, 2.2% growth, exactly a half point stronger up in every industry except leisure and hospitality, which I somehow doubt given all the hotels that are being developed in Charlotte which tells me that the hotel that are here are pretty busy and the restaurants that have been opening up. One thing that might be constraining leisure and hospitality is that quit rate, that I showed earlier. I noticed a couple of restaurants that had some underperforming locations, and they decided to consolidate their operations because of the difficulty they were having getting workers. They said I would do better if I consolidate my workforce and my investment in my strong location than try to get this struggling location running even though it was profitable, and we’ve seen that just because of the inability to find workers.
Mr. Winston said do you account anything like with people using Airbnb and food delivery service, opposed to going out and using traditional services that might be caught up [inaudible]?

Mr. Vitner said that might be part of it; one of the things that I think has helped hold down inflation has been Netflix, and I said if you are sitting at home watching Netflix and you've got Postmates delivering the food, that is great for the restaurants. Somebody is still cooking it, and somebody is still delivering it, and that is a job for somebody, but it probably results in few net jobs overall. I really wonder how big that universe is. Airbnb has certainly grown. I have talked to a lot of people in the hospitality industry, because I said how much of a competitive threat is this and how much of it enhances travel in general, because hotel occupancy rates are at an all-time high? The latest number we have are the highest they've ever been, yet Airbnb and booking.com is much the same thing. Marriott is also getting into the business too, so I think that is certainly a permanent shift. I do wonder what that does to housing values and the ability to rent, and I think in Charlotte I've known people that bought townhomes, and they only rent them to the visiting team that is visiting the Panthers, and that is the only time they rent their units. They may rent it for the All-Star Game, but I imagine the Republican Convention, that would be another big opportunity for them, but for the most part it is a lightly-used house. I knew one fellow that is a very nice playpen for him so it is like the ultimate man cave, but if you get too many of those you are taking a house off that would have competed for another sale or another rental. So, that is certain an issue at the margin.

I haven't seen definitive studies that have shown what that impact is on rents or on home prices, but it is something that could become fairly significant because of the demographics of the country. There are as many baby boomers as there are millennials. A lot of those baby boomers refinance their homes at three percent, a 15-year fixed almost 10-yers ago, so they are going to own that home clear and free in five more years, and if they are not happy with what it can get on the resale market it will probably be rented and some of them may be rented on a residential basis and some of them will be rented on a vacation rental basis, depending on the location. The amount of equity that is in people's homes right now is at an all-time high while there have been some reports that people are tapping their home equity; it is a tiny fraction. It is less than a tenth of the level that we say back in the last decade.

Councilmember Eiselt said can you talk a little bit about personal debt? I think it was the last time you were here you were concerned with automobile debt.

Mr. Vitner said that concern has largely been played out; it was the sub-prime auto loan debt, where we had seen delinquency rates on sub-prime auto loans had crept up and we saw a lot of different players get into that business. It was somewhat remanence of what we saw in the housing boom in the last decade where there were all sorts of players that came in there and virtually anybody could qualify to get a car but then the secondary market tightened up, and it got tougher for them to sell packages of loans and the industry really cleaned up. The other thing that really helped that market which is a little perverse is the hurricanes, which took over a million cars off the roads and pushed up the price of used car prices.

So, for a while in 2018 if you were hopelessly behind in your car payment, you could sell your car, pay off the loan and still have cash. A lot of people that were upside down in their car loans suddenly found themselves right side up because of that loss of a million vehicles in Houston, so that is something that helped correct that situation. Consumer credit overall looks pretty good, but I'm still a little concerned because it is always looked at from an overall basis and unfortunately the folks in the higher income zone they don't have a lot of consumer debt and the folks that do are struggling a little bit. That is where income growth has been slower and speaking on both sides here, it has been slower, but it has picked up at that lower end, so that has helped too. We run into problems with consumer debt when we go into the recession and income slows; that is where it becomes a big issue.

Councilmember Driggs said one of the rules for economist is you make bold predictions for a time in the future when people are likely to have forgotten what you said and this group
remembers. I wonder if you could go to the preceding slide; when you look at those growth rates in the different sectors, is there data that explains why in any particular place, like what the driving factors are? I am asking, because we as Council would want to identify the things over which we have some influence to see where we can make the biggest impact on employment.

Mr. Vitner said I’m going to tell you that you need to have the best data to make that decision, and the best data will be available in about a month. This data is not the best data; it is the most recent data, but it is not the best data. The employment data comes from survey nationally of 644,000 firms, and in North Carolina it is a few thousand firms, and it is a survey; they take the results of that survey and they gross it up to an actual census of employment. It is called the Quarterly Census of Employment and Wages. That revision takes place right around March 1, 2019, and when you get that you will have the cleanest set of data, and I think that this breakout will change a little bit, but certainly professional business services is probably going to be the strongest growth sector for us. That is where most of your technology jobs are, so if you are software engineer you are most likely going to be in there. It is a very broad employment category; also includes administrative services too, and we try to break it out between professional and technical and administrative jobs, and it is about half and half because you hire more people at lower price points than you do at higher price points.

Mr. Driggs said there is research that tries to explain rather than just observe that data.

Mr. Vitner said yes and that research would be done within each industry; we would have research that would show you the change in composition and then you would have to look and the forecasting would be done by each industry, so there would be different drivers for each industry.

Mr. Driggs said I’m just surprised that leisure and hospitality, for example. I wouldn’t have expected to have had that decline.

Mr. Vitner said one of the problems with leisure and hospitality, and again it is the timing on that issue and I said I was somewhat surprised by that, is that the data comes from a survey and so we over survey companies that were in existence almost two-years ago, because the survey group was set in March of 2017, it will be revised up to March of 2018 now. So, we are over surveying companies that may have gone out of business, we are under surveying new businesses. This has been a problem with all of the data in rapidly growing parts of the country; we tend to see very large upward revisions in these two components, professional, and business services and the leisure and hospitality sector. They tend to see very large upward revisions. The bottom category, information services; for a long time, the only place that it grew was San Francisco and Seattle because they have lots of software developers there, and they have the social network companies and internet search that are included in there but so are public libraries and so are newspapers. Newspapers of course have been going the other way. I think that draw down in newspapers has been completed, but that is what you have to do.

You have to break it down into this is a broad two digit, it use to be called SIC codes for those that had been around for a while. You have to go within that and look at what is happening within that group and then look at what is happening in the industry trends there, also, what is happening regionally, are we attracting more of certain industries?

Councilmember Phipps said you mentioned the word bubble in the context of new apartment construction, and I know Charlotte is considered to be one of the premiere cities in terms of apartment construction in the nation. I’m wondering given the strong absorption we have in apartments with new people coming in and millennials and such, and your projections of how the economy is slowing, do you foresee a time when apartments will start to offer concessions when things really begin to get slow?

Mr. Vitner said I don’t want you to take the bubble too far; I was just referring to the pet fitness centers, which I’ve got a backyard. I can let the dog out in the backyard. It is fenced yard and they don’t seem to complain; there are plenty of squirrels to chase. It is not as easy
in an apartment I guess, but in any event, we have reached that point where there are incentives.

We have seen that there have been incentives, but I tell you in 2018, one of the most surprising things that we saw across the country, and we say it here in Charlotte was there was a resurgence in demand for apartments. We had all these deliveries that came late in 2017 early 2018, and in March of 2018 Freddy Mac did a survey of apartment renters, and they have only been doing this for three or four years, and they said when you lease expires what do you intend to do? So, you intent to move to another apartment, renew your lease or buy a home, and the proportion of people that said they were going to buy a home dropped to the lowest it has been in the survey and the proportion that said they were going to renew their lease or lease another apartment rose up to 65%. When that happened I followed the industry, I write a report every month on the housing industry, and I said this is something to keep an eye on. I said will higher housing prices give the apartment market a second wind, and it was a question mark. I didn’t know and it clearly did and through the third quarter of 2018 we had absorbed more apartments, meaning the growth and demand for apartments had exceeded all the growth in apartments we had seen in 2017. So, we had a very strong year and there were some incentives, and I think the incentives really came on in the summer months and toward the end of the year the incentives were largely scaled back and, so they are still out there but these apartments are not going to become inexpensive anytime soon. They are going to become less expensive than they are, but they are not going to become inexpensive. We have lots of folks moving here, and the same is true of housing. Anything that is in town we are seeing that the demand for homes in town is increasing tremendously and with the high cost of lot development in the suburbs we are seeing a lot more interest in tearing down a home and putting up another more expensive home, because it is cheaper than developing a lot further out in the suburbs and also you are seeing that folks may be able to add two homes or three homes where one home was before. We are seeing lots of that happening around the City, so I don’t want to give anybody the impression that I think we are in a bubble. It is just that was the first bubble type talk that I had heard that was kind of over the top. That is what you hear in a bubble; you hear crazy things like that.

Councilmember Bokhari said all of us in the community, this is the time of year or decade when we all talk a lot about the property revaluations. Do you have any statistical insights? because there is a lot of emotion and false information out there; the real thing I think people are worried about and they don’t even know is the setting of the revenue neutral or not tax rates by the City and the County that is coming up that will make the biggest impact. What is the reality from your perspective on the residential and the commercial side to how those decisions actually impact things like affordability of the stock in the market or on the commercial side businesses decisions to expand and invest capital versus the impacts given the percentages we are seeing?

Mr. Vitner said I think it is all relative to other rapidly growing places and I think most rapidly growing cities are not all on the same time schedule, but they’ve all probably seen property values go up in the magnitude that we’ve had or greater. Charlotte is a little different among sunbelt cities, in that because we were later in building the beltway than many other cities that we have a lot more folks living closer into town. We are a lot more dense than Raleigh is, and so the values may have gone up a little bit more due to that. Our downtown is very compact, which I think serves us very well. I’ve heard a lot of people that said this needs to be revenue neutral, and I’m like wait a minute; you’ve got a higher value of property that needs to be protected. I don’t think it should be revenue neutral; I do think with higher property values the value of the Police and Fire is more valuable than other basis services, so I do think that there is a little bit of that, but it is not a license to the big revenue. There are limits as to where it goes, but I do think there is a value equation that is there, and one of the reasons we’ve seen the big increase in values has been the quality of life which also goes back to the density.

One of the things I was thinking about in downtown with all that density, it came to my mind, so I’m going to throw it out there for you. I know that pedestrian safety has always been a big issue, and I live close to town, and I walk around downtown all the time. It drives me nuts when I’m crossing the crosswalk, and I’ve got the sign although in Tampa somebody cussed me out, and I’m walking, and I have the walk sign. I’m running actually, but when
you see somebody on their phone making that right on red, it really scares me, and I tell you like on College Street before you get to the Epicenter and you are coming up that hill and people are gunning it to make the light, and you are like oh my goodness. I’m aware of it but somebody that is from out of town may not be. I’m wondering in San Francisco and some other cities they have the crosswalks where you completely stop the traffic I all directions and that is when the people walk. I’m wondering if that is an answer; you couldn’t put that on every intersection, but I think we might need that in a couple of places uptown. I was always a fan for right on red but when you get kids, and you are like I don’t know about this. I taught my kids to look at the driver right in the eyes before they go across the street and still keep an eye on them, but that is something that with our more dense development from a public safety point that concerns me right now is those distracted drivers and then you’ve got all the Uber folks that are probably doing a better job because they’ve got it mounted and everything, but still you’ve got an awful lot of folks that are in an area, so you can put some of that increased value to work there.

Mayor Lyles said I agree with you on crosswalks; DC has actually pushed the crosswalks out into the intersection to give pedestrians, but it is a real issue. I wanted to go back; early on you said consumer spending was about 40% of housing, and I’m curious about how the Federal Government defines housing affordability, which is 30%, and I don’t know where that number came from except I know the Federal Government says 30% of AMI means that is all you should spend on your housing, but it seems to me you’ve got a little bit more of a range versus–

Mr. Vitner said that is a good question, and I’ve wondered the same thing, but that is when you look at consumer spending and you look at what the consumption of housing is and I think some of the difference may be that this was looking at the consumption. You are trying to look at the output and it like when a business is expensing equipment because they are using that equipment, so we are using some of that housing stock up and it would also include any repairs and additions that went into the home. I think that the 30% may be what you are spending on rent or on your mortgage payment, and the 40% is probably including some sort of consumption allowance and some other things. It is also in total, so it would include all the consumption by people that are spending much more on housing, but that is what is shown, and I think the 30% is also what we are trying to get people– it seems to me that in most communities where people are spending over there is a large portion that are spending over 30%, so I’m not totally surprised by the 40%, but that is an inconsistency. The 40% is real, and it is also adjusted for inflation, but that is what is measured by the Bureau of Economic Analysis.

Mayor Lyles said so much of what the banking industry regulations follows 30, 30, 30, and yet 40 is what is really required, and sometimes I don’t know if that blocks people from ownership because of going to the bank, if you need to spend 40 it may harm the person that is trying to buy.

Mr. Vitner said I don’t know if it is 40 to buy; maybe it is 40 to own. It is a little different because when you own a home it doesn’t stop with your mortgage payment. You have maintenance, and so the maintenance on a home is estimated at three percent, so if you bought a home for $50,000, but that home costs $200,000 to build then your maintenance on that home is $6,000 per year even if you spent $50,000 for it. That is what you are spending because HVAC system is going to cost just as much to replace as if you spent $200,000 or if you spent $50,000, and so I think that accounts for some of it is that consumption of capital. Every month that your heating and air conditioning system is in existence you are using some of it and using it up. The same thing with gutters and windows, flooring, carpet, so I think that is probably what accounts, they throw that all into housing plus insurance and everything else. I think the 30% is probably the rent or the mortgage and the other 10% is everything else that goes in with it.

Mr. Driggs said wouldn’t the number vary according to levels of income? Wealthy people don’t spend 30% of their income on housing. So, that would imply that people with lower incomes probably exceed that in terms of their actual costs.
Mr. Vitner said that is true but wealthier people would probably by more home and you would take the entire whatever the stock of housing is and divide it by the number of people too, so I can see how that would skew the averages versus income versus GDP. I don’t have a definitive answer on that question, but my sense is that for starters in most communities I’ve looked at people are spending more than 30%, so that number you are higher there than what you are paying for rent as a share of income or for a mortgage and then I think that is just kind of getting in the door and then when you add in carpet, drapes, appliances the consumption of those appliances, and you replace dishwashers. You replace refrigerators; you replace HVAC systems and on average that has been three percent of the construction costs of a home. That actually seems a little high to me, and maybe it is two percent, but whatever it is a significant number and I think that accounts for some of the difference.

Mayor Lyles said Mark; last year when you came you talked about us finding something that would make our City more livable. I remember you talked about literary [inaudible] and things like that. We’ve been talking about three top priorities, and I don’t know how much more you want to go into the presentation, but at the end I would like to hear your best advice for us on our top priorities, which are: affordable housing, transportation and planning and economic development which includes attracting jobs and providing the workforce. If we have your wisdom here, on those three priorities what would you say as municipal, not countywide, but municipal, what would be your best advice for us on housing, on transportation and planning?

Mr. Driggs said Mayor; there are a couple of slides that we haven’t seen yet.

Mayor Lyles said I know but after the slides.

Mr. Vitner said I will zip through these real quick and show you. This is home values in Charlotte versus the nation on the right and the appreciation has not been as steep as it has been nationally and home construction, this does include the South Carolina counties, which I think is why the single family is up there. This is the last slide that I believe I have is the $50,000 a year that we are adding here. There is the one last slide, LinkedIn, and I do not own stock in LinkedIn. I do own stock in Microsoft, but anyway I do use the LinkedIn data; it is kind of a funny story. I was in San Francisco doing the outlook for the San Francisco Chamber; they had me, and they had the LinkedIn economist. She was from Washington, DC, and of course I’m from Charlotte and they were doing the San Francisco outlook but, what LinkedIn does is they look at the number of people as a share of their LinkedIn members in each city that have changed their address. Charlotte has gone from being out of the top ten to being the third highest proportion of LinkedIn members that have changed their address. Charlotte has gone from being out of the top ten to being the third highest proportion of LinkedIn members that have changed their address, which we are in pretty elite company, which I think goes back to what I said on affordable housing where we’ve got a lot of people that have been priced out of other emerging really tech centers. You don’t really think of Charlotte as being a tech center, but a lot of the jobs that we are adding are technology driven jobs particularly in Fintech and then Nashville is right with us, which Nashville sent a delegation to meet with us, and I think they took all our greatest ideas and put them to work.

Ms. Eiselt said I’m just trying to understand what you are saying there, because in the other slide Charlotte was the seventh City for population growth, and I realize this is just the LinkedIn population, but we are the third City for needs and workers.

Mr. Vitner said this is the proportion of LinkedIn members in Charlotte that have changed their address to Charlotte from some other city in the last year. It is not a proxy necessarily for population growth, but I think it is a proxy for job movers and I think that the relative positioning of this where we’ve gone from being outside the top ten to being number three is very significant. It is hard to make a sub-group of LinkedIn because it includes all industries, but I would say that LinkedIn users tend to be more tech savvy than other folks.

Ms. Eiselt said so there is nothing to read into say we are third fastest growing City for workers moving to our City, but then we fall to sixth because of other people moving that aren’t workers.
Mr. Vitner said this is not a complete universe. The other is the census data; this is just LinkedIn users, and I think the more important message from this one is that relative to some other cities Charlotte has become more attractive. The notable ones that have fallen down here are Seattle and San Francisco, which is off the list now and you are seeing that people are moving from higher cost parts of the country to lower cost parts of the country, so when we have an affordable housing challenge in Charlotte we are relatively affordable relative to most rapidly growing areas. That is what is helping bring in new industry, and it adds to our challenges for Charlotte residents, but we don't want to stop growing; that is not the objective either. We want to find ways to make it work for everybody.

Mr. Winston said how do you account? There is no doubt that we are growing and people are coming to us but this slide and then the statistic that you mentioned about the three options of buying homes, staying or renting a different apartment, how do you account for the nature of millennials in that you don't live in homes? You don't stay in a place for long, so the way rents rise you stay in a lease for a year and then you move into that other new apartment that has incentives, or you get a new roommate of you see there is a market for co-living that is growing. How do you account for that?

Mr. Vitner said I think all of those things are kind of factor into the quality of life that makes a region more attractive to millennials; the more of those options that are there and it is a big mystery and one of the challenges. Julie, there is one other thing that I missed on that; that was 2017 data that I showed you previously on number six. This is I believe January 2019, so this is updated every month; there is a 12-month moving average, but still it reflects what happened last year whereas the other data went mid-year. We are measuring mid-year 2017 to mid-year 2018. You bring up a very good point on the millennials and that the millennials are a restless generation. They are going to have many, many jobs; they are going to live in many, many cities, and just because we are attracting them today doesn't mean that we are going to hold onto them or that we could get more.

Mr. Winston said it could be different places in the same city.

Mr. Vitner said yes, it could be multiple places in the same city too. I live right on the edge of Elizabeth and Plaza/Midwood, and I would say that Plaza/Midwood is attracting the generation beyond the millennials, it is that next generation whatever they are. Actually, my little girl has a band that is called Born after Millennials, but certainly they could be moving around. When it gets down to those three initiatives I think that I've gotten through all the slides; I think I had one on kind of the home price index when you relate it to inflation we are back at the peak level. When you look at in nominal terms well above that peak, and here is price to income on housing. It never got back to that one level that we were back in the late 1990's and I think this may be closer to the new normal on home prices relative.

Mr. Driggs said what is that ratio?

Mr. Vitner said it is the core logic home price relative to the median income.

Mr. Driggs said but that number is actually four for Charlotte.

Mr. Vitner said I'm sorry; this is using the index, and they are both indexed so it is actually not the dollar values.

Mr. Driggs said I've seen data that says that Charlotte's multiple is actually around four, which makes us relatively affordable compared to numbers like 10 and 12 and places like California.

Mr. Vitner said it is. We are more affordable relative to other places. I think that housing is less affordable than it has been historically in Charlotte, and that is what that chart shows that it has become less affordable than it was historically, but we are still relative more affordable than other areas and that is to be expected because there has been a move back to the cities all over the world, and we've seen more of a relative move here than we have in others. The number of homes with negative equities are at an all-time low, delinquency rates or mortgages are relatively low. Home prices relative to implied rents are above their
long-term norm, which goes back to that other measure of a PE ratio. The average effective
rent in Charlotte is $1,100, and you can see how it has risen since the great recession and
that is the average, it is not the median. The newer apartments are coming in at around
$1,400. When I moved to Charlotte and I lived in what was fairly a typical apartment 25-
years ago, it was $650. Apartments in Charlotte were more expensive than they were in
Jacksonville, Florida. I moved from an apartment that was $450 to one that was $650; they
were virtually the exact same apartment. I lived around SouthPark, which was not as
luxurious as it sounds now; it was 25-years ago but it was nice though. I wasn’t that close to
SouthPark. So, we’ve always been a little bit more-pricey here than some of the least
expensive. This is rent to disposal income, and I just can’t believe that is true,, but according
to latest disposal income numbers you’ve had very strong growth in disposal income the last
few years. It just looks low to me.

Mr. Driggs said it looks really low in the context but the narrative [inaudible]

Mr. Vitner said in the last two years we’ve had very strong growth in median income which
has made up for some prior years, but I can only go with. I don’t make the data, so it is like
I double checked it.

Councilmember Egleston said that can also reflect people moving in with higher wages or
moving in with higher incomes but not necessarily the people who are already in Charlotte
having wages increases.

Mr. Vitner said it is the median income, so we would have to have a lot of high earners come
in to pull up the median. The last charts that I have here on the apartment and office market;
the only message I would have there is we’ve had a lot of new supply, but demand has
mostly been there and you look at these light blue numbers are the absorption of apartments,
and they have outstripped the supply in the last two quarters. So, the vacancy rate has come
down and apartment owners have gotten a little bit less generous on rents. You look at the
office market, and you don’t see a lot of completions. In the last couple of years, we’ve had
some, but you really did not see a lot of office construction the first half of the decade, and
so the vacancy rate is still relatively low. I don’t see a big problem there and then we’ve got
our forecast.

In terms of the initiatives and where I think we are best place I want to throw something out
there first and that is that I’m a big fan of Jim Kramer, and I always say you need to have
something out there in your speculative or growth, and I do think there is something that we
need to be looking at some game changers, and I mentioned this the last time I was here. I
always hate it when somebody is doing what I’m advocating that is not my town but Tampa
is doing what I would say; the University of South Florida is partnering with the Telavi
University to really jump start the tech sector in their community. When we lost Amazon and
I remember I said one of the problems was that we didn’t have a major research university,
and the Dean from the school at UNC-C was very upset with me, and I’m like I understand
that you do research, and I understand that you are a large University, but you are not
Georgia Tech. You are not NC-State. You are not Auburn, and you are not Clemson, and I
want you to be. I want them to be a major University. I don’t think we can get there unless
we partner with another University, and if we partnered with [inaudible] University which has
expertise in cyber security and Fintech and Healthcare Informatics and suddenly we could
have – we’ve got a great hospital complex that is close into town. We could have a cancer
center that would be on par with Duke. We could do that if we partner with another University.
We might get there in 25 or 50 years by UNC-C on its own in some of those areas but
partnering with another University, and I can put you in contact with folks in Tampa that are
doing this. The Governor of Florida would not be too happy if they work too closely with us
but they could at least help us get pointed in the right direction.

Mayor Lyles said one of the things I worry about when we talk about these things; you look
at these State University systems right now and what they are fighting over is Confederate
Statues. They are not talking about these kinds of issues publicly anyway so we have the
third largest State University in terms of size and enrollment but at the same time we have
very little influence over how the State funds, what they recommend so how would a place
Mr. Vitner said I know that it can be done on the local level. University of South Florida is a state university, and they are doing it. It says South Florida, but it is in Tampa so the private sector may be helping with that, but I know that government is helping with that too. I think it would have to come from our level; it is never going to come from the State, because they are very protective of the Universities here. They were upset, because we got Johnson and Wales, so I think it is going to have to come from our level, and I've said the Israeli Universities, because Israel is probably longer PhD’s relative to their population than any place in the world, and they are a tiny country; they are looking to scale things. They are more interested in partnering with someone, and they are also trying to push back on the BDS, and I'm willing to bet that we don't have any Confederate Statue issues at UNC-C, because the University was built way beyond all of that stuff.

Mr. Winston said I think we imagine it; I think we have to look at it as not traditional that this isn't our role of education, that this is workforce development, a shot in the arm, a laboratory or something. I think we have to bring everybody involved including the public/private partnerships but also cultural institutions, as they are looking at different ways to generate revenue that the traditional means aren't working but that gets all enveloped when you talk about research institutions and you look at places like up in Boston and MIT they are creating things that are generating real revenue for these institutions and spurring the type of imagination around areas. When we talk about creating place types and cultures and communities that are centered around education, innovation and new ideas I think we really do have a direct space in there.

Mr. Vitner said when I look at Charlotte, and I get to travel all over the country and see what is going on in other places, and I'm thinking well, we've got this opportunity because of the light rail connection to UNC-C into uptown, and I think I mentioned it last time and Daniel Levine's difficult in getting anything started in First Ward. You've got the land there which connects to what I think are the innovative districts which are North End and over toward Plaza/Midwood, which I think has tremendous upside. One of the things for all these new industries they want to be where young people want to be and you tie that in with Johnson C. Smith, CPCC and the hospitals. They are all right there. To me, there are very few places that I see this around the country where we could pull it off. That is no guarantee that it could happen, and I may be just wishful thinking on this whole thing.

Ms. Eiselt said it happened at the Roosevelt Island project; Mayor Bloomberg did this because Cornell didn't want to participate he created a contest and gave away the land and said this could have been something that we could have looked at with Eastland or North Tryon. He said I will give you the land if you partner with innovative upstarts and Universities came from all over and then Cornell participated, because they didn't want to miss out on what the Israelis were getting.

Mr. Vitner said I think they did that with Technion which is probably the premier, it is like the MIT of Israel and I looked into a little bit and I think Ben Gurion University is probably the one that fit the best, because it had the mix of IT and healthcare, which I think especially IT that is protecting the utility grid and working in the Fintech sector and then in the healthcare sector. That to me would be a homerun if we could ever pull it off and it could be other universities around the world too, but that is one that I looked at, and again I can put you in touch with some folks, but in terms of the priorities, and I didn't want to get off track there, affordable housing is a big one but it is something that is ongoing. It is something we are never going to completely solve that issue; it is going to be an ongoing challenge. It is something that maybe in recessions we get a little ahead of because of the cost of development comes down, but as the economy grows and we go on these long expansions, it is going to become even more challenging because the land values get stretched and it is harder. People's attention is devoted to other places, but what I would like to see is more access to affordable housing to mass transit but not necessarily putting the affordable housing on the most valuable land that we need the tax revenues from, and I think about in my neighborhood in Elizabeth where they have these whole historic alleyways that connected the homes to the trolley line that was way back in distant times, and we can create
those pathways. I remember working with Jacksonville on the River Front development and saying guys we don’t want to put all this.

There is a story, Donald Trump, way before he became a politician his yacht came to Jacksonville and he didn’t come, and they said why didn’t he come, and I said because his doctor said he would have a heart attack if he saw the jail and City Hall right on the river front. You want your most valuable property to achieve its best use that you get those tax dollars, but you really need to have access to mass transit. I think we can get both done, but I would say that is a critical issue for us, because once the City becomes unaffordable that is when people flee and you are on an endless cycle going the other way. Charlotte’s number one attractions is that we are more affordable than most of our peer cities, and I think that is probably the most important long-term issue that we face.

Enhancing our quality of life, we have a pretty good set of festivals. I would love to see somehow replicate the Arts Festival they have in Charleston. I would love to see us be able to do something like that. I always felt like if we could focus more on literature and the arts that would be a big win for us. We’ve had the Novella Festival, and I know that folks are worried about the Stadium, and maybe they are going to have to build a super stadium. They had the thing about LA Stadium, and Charlotte is not going to be driven by the same kind of economics as LA; that is just not going to happen. I think when people look at Panther Stadium, for one thing it is great for football; it is a great stadium to watch football. The sightlines are very good, but where it excels against virtually any other stadium is in its location. People love to come to the Bowl Game here. Of all the Bowl Games, the Belk Bowl is the second tier or third tier Bowl Game but of all the second tier or third tier bowl games it is one that people like to come to. It is very well attended relative to the others which really struggle with TV. People like to come here and go out to all the things that are uptown. The same thing is true of Knight’s Stadium. One of my wife’s cousins plays baseball for Indianapolis, and he says that all the players love to come to Charlotte, and he says when their team plays Charlotte they usually have family and friends come, because it is the best big City atmosphere that they have in minor league baseball. It is like everybody loves to come here, and so I’m not as worried about the stadium. I think if the time came and I honestly think the stadium because I’ve been in Mercedes Benz Stadium twice, once to watch my Bulldogs win the SECC Championship and the next time to watch them lose to Alabama. While I’m tempted to say I had better seats when we beat Auburn, we had very good seats at both games; the sightlines are not that great. I think that watching a football game is better in our Stadium; the number of bad days that we’ve had due to weather have been fairly limited in the time that I’ve been here. I’m not that worried about it but if the time comes to replace that Stadium, my best bet would be to put it right where it is and if that meant we have to have the Panthers play in Columbia or Raleigh, if they had to play somewhere else for a year maybe we could play a home game in London like they are going to play the away one this year. If they had to do that for a year to build a new stadium, my guess is that they would put it there. LA sprawls more than any other city. I don’t think there is much appetite to build stadiums outside the City, and the reason we built the Coliseum downtown, we had a beautiful Coliseum but traffic in, traffic out and nothing there. I’m not that worried about that in terms– I think that our amenities in uptown are really, really strong.

Now transportation, I told you I live in Elizabeth, and my walk is probably good for my health that I have to walk a little bit further, because the Hawthorne Bridge might never get done. I don’t know. The streetcar is an interesting one, and I’ve always been a proponent of mass transit, because light rail and possibly the streetcar depending on what kind of network can be built there, because it is something that is going to be around for a very long time and economic development will coalesce around it and activity will find its way there, but my question on the streetcar, given the difficulty that we have had in the last couple years, is can we expect that same degree of difficulty the next time we expand it? If so, we are really going to have to think about this. One of the things that kind of crazy out of the box Vitner thinking here on mass transit, is it possible that we could take the train from Raleigh to Charlotte and get it hourly on a fairly quick? If we did that could we start it in Kings Mountain? That is where they would park essentially, because the train tracks go through there and go to Gastonia, the Airport, downtown, and I would put a station at University City, because it would connect with the light rail and then you’ve got Kannapolis/Salisbury. You now have a mass transit line that goes here and then when it goes across the river into High Point, and...
Greensboro and Burlington you’ve got a mass transit system for the Triad and then it is also when you go to Durham and Cary and Raleigh and maybe it goes one more point east where you probably park trains out there. If you were to do that, you could add mass transit and suddenly the quality of life in places like Greensboro and Highpoint and Burlington and Salisbury goes up immensely, because they can now offer the amenities of Charlotte, Greensboro, and Raleigh. I don’t know what the cost of doing that would be, but I think it is a way to extend the prosperity of Charlotte and Raleigh to more of the state and certainly not all of the state but certainly all of the state that is along the Piedmont.

Councilmember Mitchell said when you look at companies like Honeywell relocating to our community, what is the economic impact to Charlotte?

Mr. Vitner said that is a big one and I honestly think and this is my humble opinion without any research to back it up, I think that getting the Republican Convention made that decision easier, because when I was here last year I don’t know if I was as brutally honest with you guys, but I said among the Economic Development Community, I was out in California, and they are laughing at Charlotte. We were the butt of the jokes and saying nobody in good conscious could go and say they wanted to move to Charlotte; they never said Raleigh, they just said Charlotte, because their HR Department would push back. I think we’ve moved beyond that, and I think that the immediate benefits of getting the Republican Convention is that it put our name out there across the country, that yes, we are back in [inaudible], and so it may have pushed back on that HR issue a little bit because the HR Director saying we can’t do this because we are going to get blow back from all sorts of employee groups, the HB2, despite the fact that Charlotte was doing the right thing, we got punished for it because it all got confused. The way that they put it is one thing that businesses do not want is crazy; that is what they don’t want. They have enough problems to worry about making negative headlines doing their own business; they don’t want a location choice to add to that. I think that is the risk we had previously. I think we have moved beyond that, and I think that is more important than the impact of the Republican Convention, more important than Honeywell, which they are bringing in these high paying jobs, is the fact it is paving the way for us to get back in the relocation game in a much bigger way. It puts us back in the development game in a very big way, and I think that the shadows from the worries about HB2 are behind us. I’m not sure which sentence it was, but companies are worried enough about their own issues they don’t want to have to be pulled into something that makes them uncomfortable, but Honeywell is a big win too, because it is a company that has a lot of growth potential ahead of them. They are a technology company. I would think that this is another case; moving from New Jersey to Charlotte where Charlotte is relatively more affordable than New Jersey, and I would think that with tax reform and the limits on the ability to deduct property taxes. There are a lot of companies out there that are looking to move. I will tell you a story; I was in New York at CNBC and getting ready to do an interview on CNBC, and I’m in the Green Room, and they always have these young people that are right out of college just making sure that if you want a cup of coffee, the newspaper or whatever, and I was talking to this young girl. I think she was 22-years old, and she was from New Jersey. She goes well I know I’m not going to live in New Jersey, because the state is going to implode financially and the taxes are going to be so high that I can’t afford to live there. She was living in New York City, but she was asking about Charlotte, and she heard how nice things were in Charlotte. I really think that is an issue that we are on the flip side of that issue where companies like Honeywell are realizing that we are going to have to attract people like that to come work for us. They don’t want to come to New Jersey because of the high costs and also the intractability that they are facing right now. They really don’t have a good answer on how to solve their financial troubles. Connecticut is the same way. Illinois is the same way and so a lot of businesses headquartered in Chicago so there is a whole lot that I think we could do on economic development. Of course, there are a lot of companies in San Francisco that are looking to move operations out of San Francisco but before I would go looking for all sorts of companies, I think I mentioned this last time, I would talk to Microsoft, which already has a significant operation in Charlotte and say what can we do to get you guys to grow a little bit more here.

Mayor Lyles said James, Julie, and I have had these conversations with Microsoft and that they bring some of their talent here, but they are not moving a lot of people and I think it is a missed opportunity for us. I think we can’t figure that out and we need to.
Mr. Winston said I know a lot of you all got excited when he mentioned that thing about the RNC and getting back to normal. What I heard right there is that we are returning to the Charlotte way, and that is to say we are going to push the people back into the margins, the conversations that made people uncomfortable. That is what we are going to return to and sort like what the Secretary of Commerce is saying, prioritize the economic advancements, and the social issues will follow, and that is just not the case. I don’t know if that is the message that we want to continue to put out.

Mr. Vitner said I don’t think we are going to go back to the old Charlotte way. Maybe we are going to go back in that direction of embracing growth a little bit more, but the reason I don’t think we are going to go back to that old way is that we don’t have those old leaders anymore. It is a new group of people that are leading Charlotte.

Mr. Winston said but you want the new group of people to make the same old decisions.

Mr. Vitner said I don’t think they will. They may make new mistakes, but I don’t think they are going to make the old ones. I think there is a different set of priorities, and I think the priorities are different by generations. We’ve note a new generation of folks that are doing things. Along those line, I ran into someone out in California that has got a non-profit that creates an environment where you can have civil discourse online and I can put you in touch with the CEO, because you can use an alternative name while you are on there but you have to register, so they know who you are. So, you can’t hide completely, but you can have a civil discourse and the idea is a way to bring more civil discourse into the political process. That may be something they are looking for beta sites around the country; most of them are out west and given the relative youth of our City Council we might be a good beta site for that. I do think when you look at the composition of millennials the proportion that are non-white and non-native born is so much higher than prior generations, we are not going to back to that same discussion. Charlotte is a very different place than it was 25-years ago. So, I don’t think we are going to go back to those ways, but it is not growth at any cost, but we can’t go back to who needs growth either.

Mayor Lyles said I have a perspective, and I hear from Braxton. When we talked about the University and we said, well here is the traditional and we’ve got to do differently. When we talk about social issues in Charlotte, we can’t just depend on other people to define that for us, so the businesses and the City values and concerns aren’t diminished when we actually say we are going to be the City that deals with these issues. I hope that we will never look at ourselves as pushing back but as we welcome and when Honeywell came here, and I’ve said to many of you, meeting with the CEO he said there is gap and we need money to cover it, and I said to him our quality of life, the values of this community will cover the costs that you are talking about. So, when we talk about this whole issue of Ervin and re-world and social divide Charlotte has a strategy to work with businesses that come with the idea and if someone ever came in with a company that didn’t reflect our values I think that we would have another conversation, but today we are fortunate enough to create a community that has those values. If we always depend on someplace else to define us we are never going to make it.

Mr. Winston said what are you referring to?

Mayor Lyles said I mean in terms of our social and progressive issues that we’ve got to address to make this community diverse and welcoming to all.

Mr. Winston said define [inaudible]

Mayor Lyles said I think what I was referring to when we talked about the University and I said, well we’ve got this hierarchy and we talk about social issues we always talk about what definitions that we are going to have that old leadership are recapturing. I don’t believe that. I just do not believe that we are going backwards. I believe that we are incorporating more people in this community that have those values around social issues and what they are bringing is both the ideas that their workforce can be here and their people can be here. and it is a good place for them to be.
Mr. Vitner said I’m going to go on some dangerous ground here, okay. I’m going to tell you that the old Charlotte way, and the motivations behind some of that; some of that was actually driven by one very pressing need, and that was that four out of the ten largest employers in 1989 were textile companies. They did not want Charlotte to struggle the way Greensboro has struggled, and the cities were about the same size. So, they probably did push more on growth because of that and seeing a real urgency on growth. When we talk about the Old Charlotte way, that means a lot of different things to a lot of different people, but I will tell you that the business leaders we had in the 1980’s had the foresight to diversify this economy in a way that created what Charlotte is today, so there were some very good things that came from that generation. I strongly feel that we more closely embrace what I think the rapidly growing cities of the next few decades are going to be. The set of needs that are in front of us are different too than what they were 30-years ago.

Ms. Eiselt said Mark, I appreciate the way you framed the economics of it, and I think that plays into what Braxton is saying and what the Mayor is saying and what we are all saying about what we want our values to be as a City. We can set policies that talk about our values, but I think about what you were saying about taxes and property taxes. We tend to go like everybody else, yes those are really bad, and the fact is that they are reflection of value in this City, and I wrote down the comment you made about using our most valuable property for the highest purpose so that we can generate that tax to be able to pass the policies that become more fair and equitable to other people. If we don’t have businesses that are willing to move here to bring a tax base here and individuals that are willing to move here then we are going to have less of an ability to help the people that we want to help to correct some of the wrongs that have been done in the past.

Mr. Vitner said I think the critical thing that we need to make sure we have are pathways and ladders, so we can encourage people on the way up and part of that is we need apprenticeship programs, and CPCC has done some great things there and we’ve had some companies that have done some great things too. There is a company called Southwire out of Carrollton, Georgia. You can go onto YouTube, and I think it is called 30 for Life is the name of the program, but if you do Southwire and job training, and what Southwire Corporation has done, because in Carrollton, Georgia, just like many other small towns that are on the edge of a metropolitan area, I would say they are probably as far outside of Atlanta is Hickory is to Charlotte. Their pool of workers is really scarce, and so what this company did is they developed a line of business that they could place at risk youth in that has a P & L; it’s got to be profitable. I doesn’t have the same return on equity requirements that the rest of the company does, but they take high school students that are at risk of dropping out. I’m not quite sure how they identify them, they spend half their day at school then they get on the school bus, and they go to the factory and work in this apprentice program and then they are all guaranteed jobs after they graduate high school. It is a great program, and it has been around and the stats are pretty and there is probably three or four different videos that are on there, but I think it is one of the more innovative training programs, and as far as I can it is privately run, and I think we need to have more ladders. That is not the solution to every problem we have, but we need to encourage more programs like that so there are more avenues for people to move up and take better advantage of all the growth opportunities that we have in Charlotte and hopefully create in Charlotte.

Mayor Lyles said as usual our favorite economist that lives in Larken’s District and works in the center City and is always really helpful for giving us things to think really good things about and to hear about but more importantly you challenge us to be a City that can grow and prosper so thank you.

Mr. Vitner said I also ride the streetcar.

The meeting was recessed at 10:03 a.m. and reconvened at 10:30 a.m.

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LEGISLATIVE AGENDA

Mayor Lyles said we’ve got one formal item on our agenda which is approval of the Intergovernmental Relations Committee recommendation for the 2019 State and Federal Legislative Agenda; we’ve had a briefing on this.

Dana Fenton, Inter-Governmental Relations Manager said today, I just want to go very quickly with you two amendments to what we talked about a couple of weeks ago. I think it was on January 14, 2019. Last week the Intergovernmental Relations Committee met and there are two issues that we would like to add into the Legislative Agenda, and I will go to the Power Point presentation where we have that and give you an explanation.

Under the Transportation & Infrastructure position statement, we have added a line under highways, airports and passenger rail including funding for the fourth parallel runway at Charlotte Douglas International Airport. I know that the Airport Aviation Department has talked about this quite a bit over the last few years. We just learned that the Federal Aviation Administration has asked for a pre-application from Charlotte Douglas Airport, and this pre-application would have information about the level of federal funding that would be requested to help construct the fourth parallel runway, and they’ve asked for that pre-application by March 1 of this year, just another month or so. The Airport initially was planning to get their application in to the FAA by March of 2020 and for that reason we did not have any specifics in the Legislative Agenda or the proposed agenda about it.

The second item is at the very end under State Legislative Agenda, and this is a late breaking development on Stormwater Management. Legislation was passed very late in the short session at the end of calendar year 2018, that essentially hurts our efforts to enforce environmental laws related to redevelopment and in particular it prohibits local governments from requiring stormwater controls for redevelopment projects on private property, where the amount of impervious surface is not increased under the redevelopment. This came up very late in the process; there was not opportunity for public debate and Stormwater and Engineering and Project Management have done a lot of work in analyzing and evaluating this. We believe that in this General Assembly that there is an opportunity to try to get some of the effects of this provision backtracked some, so the Committee is recommending that this be added to the State Legislative Agenda.

Councilmember Eiselt said are redevelopment projects only commercial, or could you consider remodeling increasing the size of a house a redevelopment project?

Mr. Fenton said I don’t know the answer to that question.

Councilmember Driggs said it has to be rezoned.

Ms. Eiselt said if it is not rezoned, it is just increased.

Mr. Driggs said the PCCO was triggered by a rezoning situation where the redevelopment of any site and it was limited to commercial, was associated with a requirement that you update the stormwater mitigation to meet our new standards. The law they passed said no, that is too big a burden on developers. You can actually work with the existing impervious surface; you are not required to make changes, and what this is saying is we would like to try to get back to the structure we had where there was pressure on people to confirm to the new rules or to pay the fee in lieu.

It says modification, because I don’t think it is likely that you are just going to get them to wipe that. There is quite a strong lobby in favor of the law that was passed, but it was done in haste, so I think we are trying to do is have a conversation to see whether we can preserve some of the goals of our policy under mitigation to migrate toward an environment to the redevelopment process, in which we have the new mitigation standards and accommodate whatever the concerns are. Is that fair?

Mr. Fenton said that is fair.
Mayor Lyles said would it be appropriate in that section to reference commercial, or is it both. I think that is what Julie is asking.

Mr. Fenton said the language we propose adding into the agenda is underlined above, and it references the section in the Bill, so if that does include residential then we would try to address that as well.

Councilmember Ajmera said I know that you have already started the conversation with Engineering and Property Management folks; what is the implications for the stormwater fees, especially the impervious surface for us and also what are the implications of some of our policy decisions that we had made last year in terms of really improving the backlog that we have?

Mr. Fenton said those are very good questions, and I know that work is continuing by Engineering, so I can't tell you today just what affect that would have on the rate.

Councilmember Egleston said we did have an estimate of what the loss of revenue would be potentially to the City in terms of stormwater, and I don't recall it off the top of my head.

Mr. Fenton said the estimate of loss of revenue would be equivalent to $5.4 million, and that is an average of the last three years that consist of those two numbers in there that consist of the redevelopment costs that developers have incurred plus the amount of in lieu fee revenue that redevelopers have paid.

Ms. Ajmera said I understand we are looking at it from the lost revenue perspective, and that is good. What I'm looking at is more from the holistic angle where we have a stormwater enterprise fund, and with this bill we might end up losing the revenue. We ought to look at some of the program we had just implemented last year in terms of the pilot that we had implemented. What does that mean of that because are we not going to have the ability to do that for two-years? I guess I would just like to know overall implication for the stormwater enterprise fund and some of the policy decisions that we had made last year.

Mr. Fenton said Kim Eagle would like to speak.

Kim Eagle, Assistant City Manager said if I can interject, it should not impact the pilot. That is a separate funding source. What Engineering will do depending on how the Legislation proceeds is evaluate over this next year what other steps we need to take to stay in compliance with the Clean Water Act, the things that this will limit. So, we have the time while this works its way through to do that evaluation but the revenue hit is not a linear impact if you will so we will continue to monitor that, but the pilot program is funded separately and will not be impacted by this.

Councilmember Phipps said as I can recall this Post Construction Control Ordinance emanated from the Environment Committee when it got started. I don’t know if the development community was that happy with it when we initially did it, but didn’t we operate under this policy for at least a couple of years? It seems like we are focusing more on the monetary aspects of it as opposed to our initial environmental concerns in enacting it. Is it that they were so much not in favor of it that even while it was going on they continued to lobby aggressively against it and that where we are today?

Mr. Fenton said I will give you a little bit of background on this issue. This came up as a result of an issue in Wilmington and Wilmington doesn’t have the same Post Construction Stormwater Ordinance that the City of Charlotte has, in fact this section also impacts several other cities around the state, but at the same time there are parts of the development community in Charlotte that were in favor in terms of trying to reduce their costs to help with their developments.

Again, this was something that was put in at the last minute; it was part of a Conference Committee Report no-one had ever seen. It was placed before the members for a vote within just a few hours everything was done. I don’t think I can say right now that our development community was out there pounding the drum for it, they do support it, but I don’t think they
were out there actively lobbying for this in the last session, or at least I don’t know they were or not.

**Councilmember Driggs** said I just want to make clear what this is saying is that we want to engage with the General Assembly asking them to relax the terms of a law. So, I don’t think this decision about our Legislative Agenda is difficult. What they did was they basically eliminated a safe harbor that allowed us to do what we used to do despite of the fact that we didn’t have authority from the State, they closed the window and said no, you can to do that and all we are saying here is we would like to go to them to say can we reopen that window a little bit. That seems to be from our standpoint uncontroversial. The analysis you are talking about needs to occur anyway and will need to be a part of the conversation we have with them, but this is to just put the subject on our agenda because of what they have done is harmful to our stormwater mitigation.

Ms. Ajmera said I know there is a lot of analysis that needs to happen, because on one hand you are trying to reduce the log of the requests we are getting, and it continues to become a challenge for us. With this new out here, I just do not know what that means for us in terms of the service. Does that mean that we are going to be anticipating higher request calls? Is the monetary component important from just okay now we are going to have this loss of revenue, but what does that mean from the service and what does that mean from five, 10, 15-years for the stormwater services that we need to consider?

Mr. Egleston said as Mr. Driggs said there is going to have to be a lot more digging into the details of it but just a 30,000-foot level if developers are less compelled to do some of the stormwater work themselves or less compelled or not at all compelled to put money in a piggy bank that gets to go towards stormwater projects, it will be a detriment to our stormwater backlog and infrastructure.

Mayor Lyles said it is like they have already shut the door, and we are trying to get ways to open a couple of inches for some things that we need.

Mr. Egleston said we don’t know how significant of an impact, but it will be a negative impact.

Mr. Driggs said we certainly want to lobby against it.

Ms. Ajmera said and also how we need to be prepared for.

Mayor Lyles said we don’t know the answer to that if we can’t work on modifications.

Mr. Driggs said we don’t need to know that for this.

**Councilmember Bokhari** said in closing there are two modifications that you see in here; there is a third item that is not a modification is it a recent development that I’ve talked to my colleague and a few others, and I’m going to spend 30-seconds throwing out there to you guys, because it seems to me to be low hanging fruit, but if anyone is at all uncomfortable or thinks this needs more discussion we will immediately suspend it, remove that and we will do that in Committee. The point here is we’ve been looking for the last couple months to find more opportunities to insert economic development and innovation and selfishly Fintech related items into this, and it just hasn’t made sense. We haven’t been able to find something specific and then in the last day or two an opportunity has presented itself where the Business Alliance has in their Legislative Agenda that is not published yet but is tracking towards that route, has four items and under innovation they talk about supporting efforts to encourage and not limiting high growth business enterprises such as Fintech.

We do these things called letters of support or endorsement that is not on our agenda but it allows us to point at something and say we are going to support that because that makes sense to us. I would add a third amendment to what we see if anyone is comfortable with that as low hanging fruit to add that and if anyone is not then we will just go with those two for timing sake.
Mr. Egleston said it is like saying that we collectively are in support of the CRVA Alliance having that on their agenda, we think that is a good idea.

Mr. Bokhari said a holistic State and Federal, it is a merged agenda.

Mr. Driggs comments were inaudible.

Mr. Bokhari said it is, it is both. It is a letter of support like we do on small –

Mr. Driggs that is not here, we need to vote on this.

Mr. Bokhari said right, but is that not part of kind of the overall agenda? There is State then there is Federal and then there are letters of support.

Mayor Lyles said what I would suggest is that if it is a part of someone else’s Legislative Agenda and we want to support it that we bring it back to the Council and say here is their Legislative Agenda, we are actually endorsing or supporting this effort, but I don’t think it is a part of our Agenda, it is actually supporting an Alliance Agenda. I think that is what I heard you say.

Mr. Bokhari said it is a formal thing that we have letters of support, but if anyone is confused not let’s go ahead and take it off and it is not necessary to waste our time on that right now. I just wanted to see if anyone thought that was low hanging fruit.

Councilmember Winston said are we voting on both the Federal and State Agenda as one motion, or are there going to be two separate ones?

Mayor Lyles said you can have a substitute motion to do them separately if you would like or ask the motion maker if he would be willing to separate the two.

Mr. Winston said whoever made the motion, I will ask if you will separate the two. In light of the discussions that we’ve been having at this Retreat and over the past week around opportunity zones. I feel like when we go Washington to need to ask and have this on the agenda for clarifying rules around these opportunity zones. This is something that we are seriously going to have to deal with. One thing we have concluded in this week we are going to have to figure this out really fast, and we are going to need help from our Federal Delegation to get real clarity on a tax law that could potentially be highly impactful on the way our City is developed.

Mr. Egleston said directly in response to that I agree 100% that is something we need to ask them to better educate us on. I don’t know that it is a Legislative Agenda item, because there is not a specific ask. We don’t know yet what we are asking them to do in relation to the opportunity zones. We are asking them to help us better understand them to figure out how to get the most good and least bad out of them, but we don’t have an ask yet.

Mr. Winston said maybe we hold off on that before we have a different discussion. One of the things that we learned is that they never staffed this program. Maybe we ask them to staff this program, so they can come up with the rules.

Mayor Lyles said I just wanted to say since yesterday’s discussion the Manager has added opportunity zones to the agenda for Monday, and we can always add to the agenda after we’ve had that discussion and Dana has been working with our lobbyist in DC and what is the status right now Dana?

Mr. Fenton said the status of the regulations is that there is going to be another rule making process in opportunity zones coming up; it hasn’t been announced yet, and the due dates have not been announced yet either, but there is a lot of energy around this around the country.

Mayor Lyles said that is the Federal Legislation part on Monday; we ought to start talking about what we can do as a body on our own even without those rules being in place, and I
think what I’ve heard two issues, the speculative land acquisition, so I’ve asked Tracy to look at all of our zones and to track the data on title and ownership so that we can have some facts around what people have been perceiving, but we need to verify. That will be allowed for the discussion on Monday, and I think we should have time there to talk about what he sees in terms of existing land use and what are the tools for going forward with other planning tools that we want to see in place. I hope we will have a really good discussion on Monday, and we can take any action that the Council deems appropriate locally and then we can amend our Federal as we do this if that is acceptable for an action to move forward. If not what you would like to see that is more different?

Mr. Winston said I’m not in a position to make a motion around it right now. We have to go up there and talk about this when we are on Capitol Hill in March. The last comment I have and I know that we go up and ask for kind of vanilla kinds of things, but I’m really disappointed that we didn’t even consider bringing up the topic of immigration reform and how important it is to our community were one in five people are foreign born. It is something that when we talk about economic development that there are real issues around immigration that need to be [inaudible] down to the most marginalized people in our community. We just experienced the longest government shutdown in our nation’s history surrounding immigration issues, and we need to bring the importance of what comprehensive immigration reform would mean to our City and our community as a whole when we are up in Washington, DC. That is something that I think constantly lives on here just like some of these other ones that are going to be on there until we get it.

Mr. Egleston said one of the things is we were very serious when we said that is and will continue to be a living, breathing document, and what we would like to do today and is the motion to do today is adopt what we’ve got now with these two changes that were made in Committee last week that does not preclude us from then back in Committee and the full Council having discussions around things that obviously as time goes on things will pop up and things will fall off just based on what is going on in Raleigh and Washington. We have living and breathing up there, so we will continuously be modifying this as Council will dictates or as the political landscape dictates.

Mayor Lyles said we have a request for a motion that would look at the State Agenda and then a second motion for the Federal.

Motion was made by Councilmember Bokhari, seconded by Councilmember Egleston, and carried unanimously, to adopt the State Legislative Agenda.

Motion was made by Councilmember Bokhari and seconded by Councilmember Egleston, to approve the Federal Legislative Agenda.

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


NAYS: Councilmember Winston.

Mayor Lyles said the follow-up that we have is a discussion on the first Monday around opportunity zones from a perspective of what the Federal Government is going to do and then what we think we should be doing for ED purposes and land use purposes. I know that is a lot to do quickly but at least come in and talk about it, because we will have some time to dictate deeper dives into that. The second thing is the livable, breathing document, as things come up Dana and Jason and the Chairs will come forward with those.

Mr. Fenton said just a couple dates, March 10-13, 2019 National League of Cities Congressional City Conference. We will be scheduling briefings for you all to provide to our Congressional Delegation, and we are aiming to provide those briefings on Wednesday, March 13, 2019. We have chosen that day, because that is the day chosen by NLC for members to visit with their Delegations on Capitol Hill. There is a lot of activities that happen on Tuesday when we’ve normally gone up that a lot of you have missed, and we want to
make sure you are able to take full advantage of the Conference in addition to going to Capitol Hill.

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CONFIRMATION OF PRIORITIES AND WRAP UP

Mayor Lyles said that is the official action that we were going to take today. The second action is more of an informal one because the Manager will come back with a more fleshed out around what are the Council priorities and we need a consensus or ideas around the three topics that we identified as being most important. This is a combination of what we’ve learned. For example, Bob said you always have to have oversight, and you always have to have a fiduciary responsibility. It is not a formal title, but we are talking about Well Managed Government as one of our priorities that we will always have a well-managed government, and that would include the ideas that we have oversight and fiduciary responsibilities under that topic and activity.

The three that we identified and you discussed in table discussions were economic development, which is inclusive of workforce development and workforce talent. We have five topics that that table of Councilmembers came in and outlined. Then we had transportation, and I don’t know if we are saying land use planning or just planning. It seems to me planning seems to be broader and again the Committee had a discussion and we have a group of recommendations for that. The last one pretty much aligns with the idea that Marcus has a team about livable healthy cities and the Neighborhood Development group had housing and neighborhood development including housing, safety and a good environment, meaning great neighborhoods in this area. Is everybody okay with that?

Councilmember Phipps said I am okay with that, but I have to admit that I’ve been to several Retreats, and this is the first one that I’m aware of that we didn’t have a focus discussion on Community Safety and Public Safety. I know we are experiencing some things in our City now in terms of Public Safety, but the fact that I don’t know if we had any discussion on any of it was quite surprising to me this time.

Councilmember Winston said I think that Community Safety is enveloped in this idea of building good safe communities, and this is along the same lines of not just looking at issues from numbers of units that we will reduce incidents of crime by bringing economic development to places by having good safe infrastructure around the way we develop our neighborhoods and to more human interaction on [inaudible]. I don’t know if there are pressing needs within CMPD or CFD that we haven’t spoken about that you desire to have.

Mr. Phipps said it is a moot point now, because we are at the end of the Retreat, but I thought it was some things in terms of the growth of our City, the services areas that some of these divisions have to cover, things like that, the amount of officers that are scheduled to be retiring. I think there is a host of things we could have discussed, but maybe that can be a discussion for Committee at some point.

Marcus Jones, City Manager said Mr. Phipps, as we spoke yesterday everything you just said is more along the operational side and a lot of that will be through budget submissions from both Chiefs and now having this 10-year outlook we have even a better perspective, but that falls under that well managed government piece where you have the fiduciary oversight.

Mr. Winston said I’m a little confused about the priorities; we had a sheet up there.

Mayor Lyles said they are here, and what I wanted to be sure of is before we start the deeper dive that we all agree on the priorities that we are setting. I think if you look at this, and we are not going to change any Committee structure and we’ve had a lot of talk about how to operate. This is going to require us to figure out how to share information across these three priorities as well as our ongoing work. We don’t have that figured out yet, but I think we will really have to figure out and one suggestion is to have the Committee members continue to bring up those topics at the Strategy Session, but there is going to have to be some time for
connection between those Strategy Sessions, which we have not figured out, but I would also say that long-term if these are our priorities we may need to have bigger committees addressing the depth of the opportunity and challenges in these three areas.

Right now, I think most people in this Council serve on three to four Committees, and we talk about overlap. If we actually went with three Committees larger we may be able to connect two Committee assignments and have deeper dives and more expertise within each one. I throw that out there, because I know how comfortable we’ve gotten where we are as Committee structure, but let’s think about long-term for the City’s benefit. I think we do well letting the focus areas be the operational side, and this be more a vision and higher-level policy coming out. It would almost call for the idea innovation, examination of our own and matching that around these areas to be successful long-term. So, no changes to Committees, I just want you to begin to think about that, because we are going to have to figure out how to do more work together and across these lines.

Councilmember Newton said I recall us talking about your apprenticeship program and the Housing and Neighborhood Development Roundtable, and I think it might be more appropriate, since we are placing more of an emphasis, or it would appear as much, on economic development knowing how important this could be for the City of Charlotte for our young people and their ability to be successful in life, maybe we might want to move that over from Housing and Development, and it could be appropriate altogether, because it is a more economically oriented, maybe put it in the economic development category.

Mayor Lyles said I would agree with that. Does anybody object to doing that? I think that is appropriate to do. So, here we have economic development, workforce development and the idea of how do we begin to look at our workforce development for all segments under youth. The next step under this process would be to review the steps that each table topic came out. I don’t know if we have a spokesperson for each but why don’t we start with Economic Development? Mr. Mitchell do you want to speak to the five initiative priorities?

Councilmember Mitchell said we had a great discussion with Dimple, Justin, Tariq with us on the ED and Sabrina; thank you for capturing everything. You can see we had five key points: workforce development- Matt, the point you brought up we talked about inventory training to see what all non-profits are proving training, what are their ages and our goal was to identify the gap, because we wanted to be very intentional. We talked about private sector; Tariq brought up a good point; let’s go to the private sector and see what skills they are missing so we can match the two. My favorite MWSBE capacity and then we dropped down to– oh I’m confusing everybody. Workforce development was one' MWSBE capacity was two. Business Investment Grant redesign, this is something that the Mayor brought to the ED Committee almost five years ago, and finally in February 2019, we are going to discuss it. The fourth item was probably a new idea with the Small Business Accelerated Objective, and we wanted to come up with a catchy name, but the thought behind that was talk to our small business and find out what do they need to grow and grow locally. We talked about how we are going to define small business and revisit. I think a lot of our small businesses do not realize that we have a capital fund spearheaded by Eric Nelson. I think over the last couple of years 114 loans were made to tune of $1.5 million, and I think the small business community is not aware of that. Last but not least great places and we talked about rolling in opportunity zone under our first pillar in our ED Strategy Session as it relates to great places.

Councilmember Harlow said I don’t want us to lose the significance of the first part in workforce development, particularly and James mentioned let’s go talk to these employers and find out where the skill gap is or what type of talent they need. One thing we are seeing and Tariq sees it more in his professional role is that jobs are there; they just can’t fill them. This is more targeted workforce or targeted talent recruitment and a way that we can kind of help to connect to this inventory of people doing training and say, you’ve got 100 jobs you need to fill now so less about the job creation but about the current job openings, and here is a direction where we can point you to, and eventually get into a position where the companies are fronting that call actually. It is a mutual benefit, but it something I think we’ve got to lead on.
Mr. Bokhari said the only thing I would add; this wasn’t like a five-year rolling vision or strategy for 2019 this was like within the next two months what are the tactical things that we could actually achieve, which is why some of the subpoints are a bit granular in nature, but it is really about just two-month plan to go out and knock out a little chunk of five big topics.

Mr. Mitchell said one thing the Committee will forget, our branding exercise. We want to come up with a catchy phase with the small business accelerated program, so Ms. Jordan we need your input in helping us brand this.

Mayor Lyles said that is what that table talked about, and I think Matt brought up the idea of apprenticeship being in that section as well under your workforce development. Are there other questions or ideas that would be raised as a part of this?

Councilmember Eiselt said under MWSBE and the small business biz was there any discussion about breaking out the data for in particular women owned small businesses and women of color small businesses. There was a great article yesterday in US Today talking about in Silicon Valley the obstacles for women of color entrepreneurs, and once you can get over those objections which really are just historic and cultural it was a huge catapult for women. So, I think that we’ve got to breakout that data, because if you can’t attack what holds back those who have the least success, if you can overcome that the whole group is going to be more successful.

Councilmember Ajmera said I know that we had discussed that pertaining to the small business category but more importantly is the resources. So, we have a capital grant program, so I know the Committee has in their agenda to revisit that business grant to see who are we helping, what are the demographics, and do we need to revisit as to the program guidelines as to who needs it the most, and how do we make that program accessible to those that really need it the most and they are struggling? I think when we revisit that program I think that would be the important part that we can look at the various demographics.

Mr. Newton said just to clarify my point from before, I really feel like the apprenticeship program, particularly given the presentation that we heard yesterday is very, very important to provide upward mobility opportunities, economic opportunities for young folks in our community. Seeing as how economic development and we’ve placed this emphasis on this over the past few months, we’ve talked a lot about economic development being more prominent this year. I look at the way we’ve organized our categories here, and we see housing and neighborhood development more off to the side, a little less prominent. The purpose for why I bring up the apprenticeship program and talk about putting in economic development certainly it sounds like it belongs in that category because of its context, but secondarily, I think given our goals it also should be something that is a little bit more prominent, and it seems like economic development we are emphasizing more this year above housing and neighborhood development. So, for prominence as well I would like for us to get it to place it there. Ma’am Mayor, you had asked me about, and I see you putting that on the sheet so big thumbs up for me.

Mayor Lyles said what that means is while these things, inventory of training needs and approaching the private sector for it, it is the idea that we are looking and determining if an apprenticeship program would work to help us with youth as well as under employed folks. One of the things I think we can say to the Manager is when you look at your team work these are things that we haven’t decided the exact way but there are some very high priority move forward quickly items and maybe working with the Committee to do a further sort of like expectations around timelines for getting this done, so your team can now look at this and say okay, like revisiting the capital fund and the Business Investment Grant Program, those seem to me move it. Even the interview here seems to me move it, what outcomes you have from these interviews might take a little a little bit more time, might be step two? So, do we have agreement, raise your hand, on the Council’s priority on the Economic Development will be inclusive of this. The next steps for every area would be working with the Manager’s team to align and prioritize what we are going to move quickly to do and what the next steps are.

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**NEIGHBORHOOD DEVELOPMENT**

Councilmember Winston said the group that we had at our roundtable was myself, Matt, the Mayor, LaWana, and Ed was floating around a little bit, and he did have some influence. Pam was our notetaker, and she really did a good job of kind of distilling some of these things. We started here with number one is that we need to determine the impact of these Opportunity Zones on our neighborhoods, but with that said we need to get an understanding, and we should use this as sort of a lavatory. We know that there is going to be the potential for really fast develop in here, so we need to get a handle on it. So, we can have as we talk about reimaging neighborhoods and units and creating things that this could be the real opportunity for some big ideas like this to have them quickly. What we have learned here as we approach Opportunity Zones we should be able to have some type of skillset, some type of plans that we can really implement, maybe not as quickly as in Opportunity Zones, but that we can implement all around the City as we want to see neighborhoods develop wherever we want to see those develop. Does that make sense?

The way to do that we should look inside these Opportunity Zones at residential units that we think are going to be most impacted by the type of development that is going to be here. Then through the small area plan process, we could look at what is there now and what do we want to see there in terms of new building and the preservation of what is already there, what is working and people that we want to support and secure, then we have to look at how do we regulate the way decisions get made. Is there some type of Opportunity Zone overlay district? What are the land use policies that we put in place to kind of secure the idea of what do we want to see there in terms of building and preserving? What we want to see is not just I know we led with residential units but what we want to see is not just residential units, right? It is neighborhood based.

Then we say we want to retrofit and improve neighborhoods. We really think three and four work together in a way that we are going to retrofit and improve neighborhoods through the CIP and C-NIP investments and broaden the kind of scope of neighborhoods in current and in previous targeted rehab areas. Some of the problems we see there we really targeted individual units but had kind of inequitable effect on the way the rest of the neighborhood was valued and had affect, so instead of targeting one unit can we target a defined area. Instead of building an eighth of a mile sidewalk do we find larger more impactful projects that can be completed through this third and fourth step?

Number five, I think can be really impactful; create upward kind of mobility zones through the sale of City owned land and create an aggressive land acquisition policies and target apprenticeships and coordinate wrap around services. This kind of grew out of the idea the post-it-note that I had up here of creating an inclusionary zoning policy for the sale of City owned land. We thought there was a better term there; we thought there was something more impactful, so the idea that when we sell City owned land it is not just to put a certain number of units of affordable housing and make that a requirement, but what if we have all of this workforce housing? There is no access to a clinic. We can put a doctor’s office or a medical facility there, create some type of scoring that kind of helps us achieve our goals, but also again, five related to number one, we believe that we are going to have to be aggressive in getting land, so we don’t repeat the mistakes that we have in the past.

Mr. Newton said Neighborhood Development is truly an all-inclusive concept, one that that I think you summed it up beautifully Braxton, and we talk about a community to live work and play. I think it is very important that we focus on housing development; at the same time, we are not excluding commercial growth potentially entertainment outlets when and where necessary either depending upon the criteria we would look at in a scoring system for what is essentially needed to make a community well rounded to the benefit of its residents.

Councilmember Ajmera said I like what you have come up with is not just housing. It is workforce development, so you have economic development in this report and then you have the housing. One big component is the quality of life, and we can’t discount access to...
parks and recreation amenities. Also, I think having a good quality environment is very important. When we go through our rezonings, we often overlook the quality component of it. I think one rezoning that comes to mind where we had— I know it was not approved. It was rejected, but it was in the middle of an industrial site. I think we ought to look at the residential sites that are going to have clean air component, clean water and is not surrounded by industrial sites but then also where we are not going to have to worry about the noise or the trucks passing by.

Mr. Winston said I think we agree with that and that is why we looked at number two in conjunction with number one, because I think if we look at some of those Opportunity Zones some of the space in there is not going to be necessarily dense residential right now. Again, we want to look at it through the small area plan method real fast; what kind of places do we want to make in these areas that are going to include all those things that you mentioned?

Ms. Ajmera said I think it is great that it is more comprehensive rather than just focus on the housing component. It is the overall quality of life and a child’s chance of rising through the ladder of economic mobility.

Ms. Eiselt said one of the things with the Opportunity Zones is and I haven’t really thought this through real well, but as we contemplate a comprehensive vision plan and we are now working with consultants is there now an opportunity to say let’s kind of prototype first an Opportunity Zone, because the idea with comprehensive vision plan is the whole area, but some cities have mapped them out by district and said here is where we want schools. We want X percent of greenspace; we want access to transportation, and I wonder if that is confusing to do, to jump ahead like that.

Mayor Lyles said I don’t see it as jumping ahead; I actually think what it requires is more communication, because you can’t do the small area plan without having the comprehensive plan done. We can start talking about this, but pull the map for the Opportunity Zones; in terms of deliberation and your comprehensive planning work this is such a small subset, but it is an important subset because it represents the years we’ve know of people in neighborhoods that have been left behind. I would not stop, but I would always be checking in. This is a very specific area, most of it we all know really well, and so I would say we ought to focus and continue that. The Comprehensive Plan advised it, but I understand.

Mr. Winston said I think you used the right word, prototype, and I think that is what we are getting at with these Opportunity Zones; how do we move from talking ideas and discussion to action? Opportunity Zones regardless of how the rules turn out it is going to happen, so let’s use this as a prototype. We are not going to be able to say everything is going to happen in these zones, but let’s find our place so that we can figure out the prototype, and we can tweak it and then really implement something for a long-term tool.

Mayor Lyles said the Chetty Baby will be real helpful to inform this process as well.

Ms. Eiselt said I think you could right now say look at the Opportunity Zones because of ours all touch each other, but even if you took a section of it and said how much green space is in there. What is our aspiration as a community within a certain region? How much access to parks? How much transportation do we have now in that area? What schools do we have now and how far are residents having to –

Mr. Winston said and while we are saying that we also can’t waiting, and that is why number five is important, because we can say where we want this stuff, but if we can’t secure the land there to do these things we are just having more conversations in an academic fashion.

Councilmember Driggs said first I think we need to move very quickly to get everybody on Council up to speed on exactly what the legislation is, what the status is, the rule making process we heard about so that we really understand what it is. The other thing some of the issues that are being talked about here actually relate to the entire City. What are our aspirations for neighborhoods? So, let’s not subsume that into the OZ (Opportunity Zones) conversation, let’s recognize what we want to do is the other way. We want to define what
the neighborhood should look like and make sure that what the OZ’s do confirms to that. There is no separate standard that relates to this OZ development it is just a financial tool.

My last suggestion is that we get in touch with the managers of these funds and start talking right away about how we can work with them to influence their choices when it comes to investment, whether we subsidize grocery stores in food deserts or create zoning incentives, things like that and just try to make the kind of investments we want more appealing to them.

Mayor Lyles said I just moved over; it said can because we were in questions. Today, we are in affirmative. Charlotte partner with the OZ fund managers to direct investments so we will move that one over there.

Councilmember Phipps said as far as Opportunity Zones go, we only have 17 of them right? So, I think we should start first with looking and identifying the land that Charlotte owns and then start making decisions around what we already own before we start to try to jump–

Mr. Winston said one of the things we said is that we should create an aggressive land acquisition policy around it, because I think part of what we have is going to guide where we are going to go as well. I think in looking at that I think that is definitely on the table.

Ms. Ajmera said Ed had brought up food insecurity, and what I was looking at is our existing Farmer’s Market, so the new one that is in Justin’s District is actually in the Opportunity Zone, and I know that the State has done this in Asheville where they have created with the state funding a Farmer’s Market that serves like a public market that you see in Seattle, where it is a destination point. I know that is already in our agenda to secure more funding.

Mr. Winston said perhaps that is something that obviously can live in number two but also like three and four.

Mayor Lyles said it is not in our agenda to secure more funding for a state Farmer’s Market.

Ms. Ajmera said it is to secure grant funding.

Mayor Lyles said the grant funding but I didn’t know we were going after another Farmer’s Market. I thought it was secure the grants that address the issues.

Ms. Ajmera it says we are asking for more resources to market and promote our Farmer’s Market so to enhance the ones that we have, but there could be a possibility where we get additional funding, just like the City of Asheville has received additional funding for their Farmer’s Market.

Mayor Lyles said when is that on the agenda?

Councilmember Egleston said the ask is a lot about snap acceptance at Farmer’s Markets and increasing the marketing and things like that. The full Farmer’s Market report will be given to the full Council on Monday, but food security on the Federal Legislative Agenda was more around trying to increase SNAP acceptance and marketing the one that we have.

Ms. Ajmera said we’ve got to look at the state funding and see how Asheville has done, how can we replicate it here in Charlotte.

Mayor Lyles said we will be talking about that on Monday, and I would say everybody read the report; I’ve been carrying it around a lot but actually reading it and noting your ideas will be helpful for Monday. Does anybody have anything else to add and is overall the concept of this to continue to work again, we will be working with staff to push this and this does also including coming back with the affordable housing implementation plan that we asked the Manager to do with LISC yesterday.

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TRANSPORTATION/LAND USE

Ms. Eiselt said the team was, it is has been so long since yesterday, Greg, Larken, the three of us and Danny helped us, a small but effective team. We kind of broke it into tiers of what the high-level priorities were, and that was tier one and that was in particular finishing the Comprehensive Vision Plan and the UDO so keeping that process on track then the second one was establish the plan for funding for the 2030 Transit Plan, not knowing necessarily what the federal piece of that is. Then complete projects and emphasis on completing projects, like the Cross Charlotte Trail and again understanding what the budget is for it and what the timeframe is, no matter what it is, just finishing these things that are really transformational. I had put in the Sixth Street Bike Lane as well, even though it is not as big as one of those, but I think we have to show that we can finish these projects.

Vision Zero again, is transformational knowing we haven't gone to vote yet on Vision Zero to accept it as our own, but I hope everybody will be sure to take a look at what staff gave us so we can be informed and be able to move it forward and get it scheduled. The questions to resolve are what are our priority projects; what is holding up the movement of those projects? What contingency plans are in place if we don’t get federal support? So, that would be part of the 2030 Vision Plan. Future gas prices, how would that impact, with our 2030 Vision Plan. So, much of it is the congestion and the car traffic is driven by gas prices. How does that plan into what our plans are in the future, future economic slowdown? I apologize because we had written this down as tier system. I have it on my I-pad, but I didn't bring it, so this is a little bit different.

The key considerations finishing the Comp Plan, transit funding and then from under that getting our projects done that have already been on the books and under that questions and some lower initiatives that are really important. For instance, if we said that scooters can't be on sidewalks have we looked to know whether or not there are bike lanes on all those sidewalks. That is something that we need to get done and we need to have an emphasis on the pedestrian safety around those areas. As Mark mentioned this morning, do we need to look at right-hand turns if we tell scooters that they have to be in the roads? That is really it, it was kind of a high-level discussion on where we need to be with transit.

Ms. Ajmera said I see the transportation and safety sort of going hand in hand. We have seen the number of deaths on our streets, and when I saw the numbers that were sent via e-mail those are really shocking that we have that many deaths on our streets, and often times it is that we are continuing to build out our sidewalk plan and our bike plan. It is good that we are completing what we had promised, but the big component of it is also collaborating with the state, because there are state highways and state maintained streets that we ought to look at. I know we had done this two-years ago where we had seen the majority of that that occurred and what streets they were in, and what major intersections they were and looking at the infrastructure surrounding by that did we have enough sidewalks? Did we have the bike lanes? I think having that data and really also building out our infrastructure around it to ensure that does not happen moving forward. Even one life is too many. The most recent one that I had heard was the biker, because we didn’t have a bike lane on the street. I think looking at the data from the most recent crash report, not just for bikes for also for our pedestrians, and comparing it with our planning to see if that is included in our planning and if it is not whether we are going to include it and expedite that.

Ms. Eiselt said I think that is really part of Vision Zero; Vision Zero is huge. We've got to really look at what our priorities are.

Ms. Ajmera said the Vision Zero is going to take some time for us to complete, it but where are the biggest opportunities? What the crash report says is here are the most accidents happen? I know the Vision Zero is going to take some time.

Mayor Lyles said let the Manager talk a little bit about that and how it works now.

Mr. Jones said it is doing exactly what you are asking, so in one of the strategies we are looking at the high-injury network, and with that we are immediately deploying resources to
those areas even before the plan is approved. We know there are some areas that we have to make some changes to.

Mayor Lyles said we annually fund in our budget intersection improvement projects. We are using that as a way to prioritize; the sidewalk policy is also prioritized around Vision Zero, so we have been doing this for a while and your budget already includes allocations to be directed based upon Vision Zero and we added even more last year.

Mr. Jones said that is right.

Ms. Ajmera said Parkwood; was that part of that, because I know that is still outstanding?

Mayor Lyles said Parkwood was a part of the idea of looking at roads and creating more pedestrian friendly neighborhood. It was more around the neighborhood plan; Parkwood has changed, and it is no longer the highway that is needed, well I’m sure the highway is needed coming into four lanes, but we’ve looked at it as the Belmont Community has changed to do that. There are some issues there with right-of-way and things like that that we have to deal with, but it is included in the budget as well.

Ms. Eiselt said Parkwood is a good example, and staff got me those answers, because I was getting questions from the community as to why it hasn’t been moved forward. It has been two-years at least since we approved those.

Mayor Lyles said the budget didn’t include it until this upcoming year I think.

Ms. Eiselt said that is just good information for us to have how those things are programmed so that we understand it, and we can tell the community what the expectation should be.

Mr. Winston said I think one of the things I would say I would always love to see how we can include transportation as not a stand-alone, like when we are talking about equity, when we are talking about neighborhoods it always has to include transportation and infrastructure so even relate into what we were talking about in neighborhood development and that step three and four going back to neighborhoods to see how we can empower neighborhoods. For instance, if they are problematic intersections how do we use the expertise of neighbors to come up with solutions? I spent some time in Israel and Palestine this summer, and they have a whole bunch of round-a-bouts that are developed by the development that is occurring, and they are kind of specific to the feel of the immediate neighborhood. How do we do those kinds of things in relation to all of the other priorities, because transportation is always part of it. I would like to see the future goals; how are we going to innovate? How are we going to find for instance, Tariq often brings up 5G? I think that should be somewhere in the future thought. How are we going to think about using transportation to leverage economic development, because we know we are going to need 5G Programs for the future of transportation options whether it be autonomous vehicles, or maybe it is something in terms of the next generation of scooters and the type of information that scooter riders are going to need to ride safely on streets. That is going to influence the way streets are lit and things like that. I would like to see those kinds of innovative ideas pushed into the future of transportation.

Ms. Eiselt said some of the more immediate innovative ideas is even talking about congestion, and I keep bringing this up. I would love to see a pilot program on a road like Providence Road and Danny has mentioned Central Avenue that closes a lane during rush hour for direct bus routes so that they don’t have to stop, so we can push people to using buses and they see what the benefits are. It is appropriate and Central Avenue is a corridor that a lot of people use mass transit. Providence Road is just a parking lot in the mornings and at night. It might push people to use transit that absolutely could afford to use a car. Looking at pilot programs, other cities are doing this and we just need a few things that are kind of transformational that really address our transit needs, especially given the lack of clarity as to what is going to happen with the federal government in the structure funding.

Mayor Lyles said I think the idea of innovation and Braxton made me think of this, I don’t know where we are rebuilding intersections. We haven’t done a major highway in a while, but we’ve been asking the state to put in conduits for broadband. We’ve got to begin to look
at some of those design standards. So, do you want to go ahead and say some experimental and review some experimental changes that would make it more livable around transportation and some review of our design standards? I heard that as well.

Ms. Ajmera said I would like to add one thing to experimental; I was in Massachusetts in Norwood, and when we have these crosswalks you know how people— I will give you an example, the one right by the Government Center where there is a parking garage for our employees and then you cross the street; well the crosswalk people just drive by that. I have seen that in Norwood where there is a sign that shows, it is not a stop sign, but it is similar to a stop sign. It says please stop it is a crosswalk, and it is really effective. It is just a simple sign, but it is a lot safer for folks to cross using the crosswalk so [inaudible] signs around crosswalks, but I think we ought to look at that.

Mayor Lyles said others I have seen with ribbons around them, so there is a split somewhere in the pavement before the crosswalk the sign says crosswalk fur it starts going like a Christmas— a lot of people put them on their fences and stuff. Danny has worked on a number of these kinds of things, and I think we could put Liz and Danny’s head together and come up with a list of things that might be just experiment. I agree with Julie on the idea of bus rapid transit making a statement with a major street would be hard for all of us I think, but I think it would make that statement happen.

Mr. Newton said I agree with Dimple on this last statement but in the previous one too we can look at all of this in a public safety context, and I would just upscale that a bit and say we can also look at our larger scale transportation projects, the streetcar and light rail, in the same way. It may be easy to see if kind of bogged down or just put the blinders on thinking that only would apply to smaller thoroughfares or just City streets and granted my frame of context here is Independence Boulevard. It is becoming bifurcated with the new express lane going right down the middle, separating the community, but people shouldn’t be doing this, but they are still crossing, they cross on a regular basis, and we’ve had two deaths folks being hit by cars over the past year and a half. I see that as a public safety issue, one that can be addressed with some of our transportation projects that we have planned, the Silver Line in particular, because I think there are some planned extensions over Independence along with that development to provide additional crossings. It is a state road, so I don’t know; I’ve brought this up before, and I’ve been told this is out of our purview with the exception of light rail it being baked into the plans. I just want us to be cognizant of that, that there is also a public safety, and I would assume that it would also be helpful to Red Line going out to the Airport and maybe have some pedestrian connectivity there. So, there is some space there for us to up fit or upscale Vision Zero potentially. I know it is very expensive but at the same time maybe some space there for our Legislative or Intergovernmental Committee to talk about that. I noticed that in our Legislative Agenda and maybe I missed this, but we are asking for more federal funding for transportation projects. I don’t know if we could ask the state to maybe rethink some of their recent legislation or work with us.

Mayor Lyles said we are never going to ask them to do that, because Charlotte has gotten more money in the past five years under the STI funding model- I shouldn’t say this, but we’ve done very well. So, I think some of the questions you addressed are, how can we make some of those safety request of the state and just bring it to their attention where we are seeing pedestrian losses and danger? I think that is different from asking for the STI.

Mr. Newton said the Intergovernmental folks maybe a different angle on that would be pedestrian connectivity over some of our major thoroughfares in lieu of discussion pertaining to large scale transportation project funding.

Mr. Harlow said I see all of this as we are setting priorities, and we all know that they are all very interconnected and easy to tie the knot between transportation and jobs and your neighborhood development and creative place making. I just want to make sure we stay on the outcome-based focus of this, because we are throwing out some new things, and we’ve got some plans in the pipeline already. So, it is kind of what do we want to see; how do we want that to translate into an actual outcome? Vision Zero, we want to see zero deaths on the streets. Vision Zero is a plan, and how do we implement that? There is an outcome there...
and that means measurer. The bike plan I agree we’ve got to finish some projects, but then what if that works? What is the next outcome from what we learned from that? I still want us to get to scratching the surface on that; if we shut a street down and ridership goes up that is an outcome that we tested something, and how do we move that into the next phase of planning for another street or another corridor or something like that?

Mayor Lyles said I think the category of streets makes real sense, and can you do it on a thoroughfare; can you do it on a neighborhood street? All of that would help.

Ms. Ajmera said why do we focus on this big plan the light rail, Vision Zero, but I go out into the community and people say someone got hurt, because there was moving traffic as they were crossing the street or it is very unsafe to use this crosswalk. People don’t want to wait two, three, four or five-years- I think we also should look at some immediate actions to address some of this. I know that not every problem is going to have immediate solution, but if we can also try some of these new tools where we can get early wins. For example, like just trying this new sign concept; one really good example that we had tried was for the trucks, and it seems to work really well because the trucks were parked at the intersections as you were entering the freeway, and our Transportation Department had installed the signs working with the state, and it is very effective, and you don’t see trucks parked there anymore.

Mayor Lyles said they just moved down the street. I just got a letter from a lady on Mallard Creek Church Road, and they went from Statesville Road, and they’ve moved down the street. It is a people behavior thing and a lot of times behavior is what we are trying to incentivize, and it is tough.

Ms. Eiselt said to Dimple’s point, I think it was five-years ago, we came up with that innovative idea of bike lanes; the pilot was what a year and a half ago and maybe there has been a good reason why it hasn’t been done. It doesn’t come up to our level of understanding.

Mayor Lyles said information or communication; I think that is one of the things that we struggle with. For example, and I really meant this about the no truck parking; we felt like we had a win but we really created. It created another touch point and the question that I have is how do we avoid that? Being very clear, we are trying something because immediately she was like well, I want those same signs. Well, all we are going to do is move it, and maybe it is like every ten months we just move them all around. We’ve got to assess things that we are doing too, and I think that is a good one to look at because we are trying to change behavior and not have no parking signs at every exchange that they begin to just roll over them.

Ms. Ajmera said that was just an example. I was giving that we’ve got to try new things. If we continue to just sort of oh, we are going to continue to do this plan, and it is going to take five-years and ten-years people want to see when there is a problem we are doing something to address it right away. We cannot say it is in our plan; we will get to it in five or ten-years. To Julie’s point, there were several examples that she gave around several other initiatives that we have done that addresses a problem right away, and I think our residents like to see that.

Mayor Lyles said they do; that is an important thing for the people that live here.

Mr. Newton said has anyone brought up the idea of having designated areas for the tractor trailers, a place where you say this is where they go, and they are not supposed to go anywhere else.

Ms. Ajmera said to Matt’s point, it is already actually in the Committee agenda.

Mr. Winston said one of the things I mentioned was on-street parking and our towing ordinance and how that relates to transportation. I think that does have direct ties to transportation but also kind of intersects development and the way we build our neighborhoods.

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Mayor Lyles said one of the questions about the towing ordinance is that we need to get some information about that and what the rules are and get some data.

Mr. Winston said especially with the TOD ordinance as we go through this massive rezonings that the idea is that there will be probably more on-street parking as developers have to build less parking spaces. There are real issues around the inequities of on-street parking right now. These are also issues of safety; how do we build our streetscapes as we talk about bike lanes and on-street parking. I got a parking ticket the other day, because I parked in a space where a business had bought the on-street parking, and I had never heard of that. They had it reserved; they had it blocked off specifically for that business, and that doesn't happen in major cities. I think there is something there, and it relates to everything that we are talking about, especially in entertainment districts where people are going and trying to have a good time, and they come back and their cars are booted or their cars are towed. When we are dealing with issues around people visiting other people and they don't have a permit or something and they come out, and their car is gone.

Mayor Lyles said I think we need to get some information. Actually, towing is a business we are not able to regulate as much as we would like to but we can figure that out. We need to look at other ways and options for us. We will get some information on the towing. Danny will get that to us. I think in terms of transportation what I heard is be innovative and experimental, take any best practice that we think and try it. I also heard where our Vision Zero plan is; can we optimize and move more quickly? We do have the big elephant in the room, funding our transportation and transit efforts. Everybody okay with this one?

Ms. Eiselt said on track with the Comp plan.

Mayor Lyles said keeping on trac with Comp plan and TOD and all of that, our land use program. I don't know who hired Taiwo, but I would have to say he is pushing it, and he is doing a great job. I think there are some big one here and innovation and some responsive to community request. I think in the end of this we do still have to continue the cross referencing and sharing of information, but I’m going to summarize this and ask if you agree.

In ED we are talking about bringing jobs here through recruitment and developing a workforce that can work in the jobs that we bring with a focus on those that have been left out of our economy and increasing the opportunity for them to participate. On neighborhood development, if you remember all our surveys from John Martin to Joe Fuller quality of life is about everything. So, we are creating quality neighborhoods and that means everyone should have an opportunity to live in one. Some may need a little bit more investment, others may just need to keep up with where we are, and I would agree across the City, we have needs in every area from transportation to our clean air and clean water. All of those are cross referencing and quality neighborhoods.

Finally, transportation is how do we move people around between the two efforts, a great neighborhood a great job. What attractions do we need to move goods, services and people? I say that because in transportation, we've also got to pay attention to our Airport as well as our multimodal yard, and how do we say a City where we are attractive, because we have made it possible for people to be successful in the business world?

I’m going to ask if this statement is accurate for you: is that we continue with our Committees as they are but all of those Committees take a section of what our top three priorities are to begin to do the work and that Marcus allows his team that he has recreated in a collaborative function to work with the Committees to make sure there is the exchange of information and then Council can decide when do we need to come together to have two Committees or two functions work together versus coming to the Monday Night. Is that an accurate statement or do you guys believe that will work?

Ms. Ajmera said would you repeat that?

Mayor Lyles said that we have the Manager's collaborative team work with our existing Committees, so while they are going to be able to collaborate more than we can because
our Committees are numerous. The second thing is there may be times that the staff would recommend one or two or three Committees of our existing seven work together, and we will follow that as a way to try to get to that shared information platform in addition to keeping that Monday Strategy Session focused on these three outcomes that we are talking about.

So, Committees are going to primarily focus on what do we get for transportation, housing and neighborhoods. That is the statement that I wanted to say there are some components of it. One part is new, but we will work in a collaborative way and these are the Council’s priorities for the upcoming year, meaning the new budget will be reviewed in the context. We are giving the Manager instructions to review the budget in the context of these three priorities for us.

Mr. Bokhari said I’m fully supportive of all of that; I think that makes a lot of sense and it moves us towards a more horizontal model without having to overhaul everything on day one, a beautiful approach. I just want to mention one other thing that I still think fits which is your yellow sticky of Well Managed Government. I would love that one to specifically, and I think it probably makes the most sense in Budget and Effectiveness to focus if we are talking about specific next two months, what are we going to execute and do? Designing that view of the portfolio report, the performance review of all our relationships, assets and then starting to take a bite of that elephant of the lookback over the last six or so years, the capital projects and all of that so that we start getting some of that transparency. As long as that is in there, I’m 100% on board with it.

Mayor Lyles said that is exactly and I had no intent of anything except making sure that those two responsibilities fiduciary and oversight remain where they are right now, and I think while we are advancing this these things allow for the advancement. Are there any other questions about it? I know sometimes people are sitting, and they are like I heard you, but I didn’t say I would. Raise your hands if we are doing it.

Mayor Lyles said I know we are finishing up a little bit early; did we leave anything out from this Retreat? Marcus; I want you to summarize what you think. I think these were the Council actions for you; what do you hear from your position of work?

Mr. Mitchell said City Manager, I do think it would be helpful as we talk about staffing resources if you can give us some type of feel, because I think that would impact some of the deliverable items. So, when you get comfortable you can come back to Council, and say hey, I see we want to do all this stuff, but I’m going to need XYZ. I just think that would be helpful to us.

Mr. Jones said I appreciate that, thank you.

Mayor Lyles said [inaudible] option two, if you want to do this then we might have to stop doing this. Sometimes we forget to ask ourselves what should be stop doing just, because we’ve always done it that way so I would love to have options there. We did some new things; we had a three-day schedule. We had a focus on informing with data; we had a focus on narrowing our activities and priorities, so I don’t know if there is an official rating for this Retreat. Tiffany, did you design an evaluation form for this Retreat? We talked about what we’ve done well, so I’m not just thumbs up. What would you do differently?

Mr. Mitchell said Mayor, to your point we do something at J.E. Dunn to say do again and do better, so I say do better. I think we need to make sure our presenters meet our full
expectation so we give them clear expectation of what we are expecting. I think some of them have great expertise in their field; they just didn’t deliver and convey. I say it personally, and I don’t know how other Councilmembers felt, but I think the material did not come across as effective as it could have.

Mayor Lyles said I think [inaudible] will agree with that, because that is one thing we need to do.

Mr. Winston said when we deal with things we are always asking what other cities are doing during the year, and it comes in the form of a list or number of something. Maybe we should bring in another City and let them tell us about a project that they are doing, and we can have real hands on question asking that relates to a certain type of project that we know that we need to take on.

Mayor Lyles said good idea, the idea is choosing somebody that we really admire and respect and bring in to talk about it. I did put a note; Fort Worth is coming to Charlotte for their inner-City visit, and they are coming because they think that we are doing some really great work. They have forty-miles of transit there, but they didn’t really build it. It was the Dallas to Houston, and the state did it, but they are coming. I was like wow; how did you get the state to actually help you? They are looking at some of the things we have done as well.

Mr. Winston said do you know the date of their visit?

Mayor Lyles said I don’t have the date. I just talked to the Mayor and she said they would be here. What else should we do again or do better?

Mr. Egleston said I thought there was going to be a survey.

Mayor Lyles said no, there is no survey; what we are doing right now is our survey.

Mr. Mitchell said the food was great; thank you Tiffany.

Mr. Winston said I thought it was really to be amongst our Delegation. I don’t know why we wouldn’t do it around this area every time; it makes a lot of sense.

Mayor Lyles said I think the Delegation dinner went really well, especially since they were having their first day, and I think that was good.

Mr. Mitchell said I think doing better for me is CMPD. I think I’m a little worried about the high turnover we are going to experience when they retire, so it would be nice to get feedback from Chief Putney on what is the succession plan and what is going on.

Mr. Winston said I think we had a lot of interaction between the Council, and I think that was a concern when we got presented our first agenda, but I think our conversations really did dominate, and as Mr. Mitchell said the presentations were definitely secondary to what we’ve done amongst ourselves.

Ms. Ajmera said I think overall it was great. I really enjoyed one session, I forgot the guy’s name, but Julie had invited him. I think that was really good for teambuilding. I hope that we continue to do that, because it really creates team spirit among all Councilmembers and Mayor. I think the teambuilding exercise wasn’t just for teambuilding but also for personal development, so I think that was great.

Mr. Driggs said I thought it was good, not too much [inaudible] a lot of hard work. In my opinion, some of the conversations strayed into a level of detail we should have been able to handle in the normal course of business. So that we stayed high level and big picture but I think you can pick through it all and kind of see the high-level stuff. I think three days is a bit long.

Mr. Egleston said I think whatever was accomplished today could have been incorporate into the other two days, and it could have been two days, but overall, I think it was good. It
does make sense, particularly in the years where there is a new General Assembly starting a new session, it could potentially make sense to be in or around Raleigh every year but definitely every other year when the new General Assembly convenes so that new Councilmembers can meet new Legislators and vice versa.

Mr. Phipps said I thought it was a good Retreat; I don’t think it was too long. I think it was about right. I don’t think we need to rush these things just to get together, but I think the conversations we’ve had among ourselves and even the speakers. With any event, you might have some speakers that might not have met your expectations but on balance I think it was a good Retreat.

Mr. Newton said great retreat.

Ms. Eiselt said I think it was a great Retreat; it is long, but I could have used a few breaks more than we had. It was a lot of content; yeah some of the presenters maybe I would have tweaked, but you don’t know that always until you put it out there. Overall, I thought it was good.

Mr. Bokhari said it was extraordinary. My only hope is that we turn a gear after this and actually execute on some of the things we talked about.

Mr. Harlow said I guess a quick short analysis is just a comparison to last year. Last year, it was so often about we were still learning each other. We can come back this year, and we know each other, and I personally am just more comfortable with this type of process in general and the teambuilding I think was good. You could laugh, and it kind of took away from the hard stuff that we are doing in here, and I think put in on the right day as well. I think timing is good and coming to Raleigh; last night was great with the Legislators. I think that is important and some good conversations were had there. That has got to be something ongoing.

Mr. Egleston said when we are in these cities I think it would be valuable to carve out an hour or two whether it is morning, evening, midday or whatever and it could be lunch on a bus while we go see something. I rode in on the train and saw Union Station; all the cities in North Carolina have something that we ought to emulate or be looking to as a potential model for ourselves. Some sort of fieldtrip incorporated even it is us eating a box lunch on the bus while we go see it to save time I think would be valuable.

Mayor Lyles said I want to say thank David for being back with us. I said this last night at dinner, but I truly mean it, when we take young people that have the choice to work many places, and they do this great talent at work so Jordan Ashely and Tiffany thank you. You are not allowed to update your resume on LinkedIn. To our senior team, I just want to say these presenters, these notebooks, I know they don’t come without a lot of deliberation and thought, and I want to say thank you for doing this.

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ADJOURNMENT

Motion was made by Councilmember Egleston, seconded by Councilmember Newton, and carried unanimously to adjourn the meeting.

The meeting was adjourned at 12:15 p.m.

Stephanie C. Kelly, City Clerk, MMC, NCCMC

Length of Meeting: 19 Hours, 38 Minutes
Minutes Completed: February 25, 2019

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