

The City Council of the City of Charlotte, North Carolina convened for a Budget Workshop on Wednesday, April 7, 2021 at 1:38 p.m. in Room 267 of the Charlotte Mecklenburg Government Center with Mayor Vi Lyles presiding. Councilmembers present were Ed Driggs, Larken Egleston, Julie Eiselt, Malcolm Graham, Renee Johnson, Matt Newton, Greg Phipps, Victoria Watlington and Braxton Winston II.

**ABSENT:** Councilmember Tariq Bokhara

**ABSENT UNTIL NOTED:** Councilmember Dimple Ajmera

\* \* \* \* \*

**Mayor Lyles** welcomed everyone to the April 7<sup>th</sup> Budget Workshop and said this meeting is being held as a virtual meeting in accordance with all of the laws that we have to follow, especially around an electronic meeting. The requirements also include notice and access that are being met electronically as well. You can view this on our Government Channel, the City's Facebook Page or the City's YouTube Page. Hopefully, everyone that is watching will have an opportunity to think about how we are proceeding as we plan in this great City for how we are going to allocate our dollars and your dollars to the projects and resources necessary to continue to be the kind of City that we choose to be. This is the final Budget Workshop before the Manager presents the budget to us in May.

\* \* \* \* \*

#### **ITEM NO. 1: WORKSHOP OVERVIEW**

**Marcus Jones, City Manager** said as we look at the past few months I will go back to the Council Annual Strategy Meeting in January and after that meeting we talked utilizing the Strategy Meetings for the first Monday of the month for February, March and April and the Budget Workshops for the first Wednesday of the month, again February, March and April to glean information from you as it relates to some of the priorities of the City as well as the input for the 2022 budget, which will be presented to you on May 3<sup>rd</sup>. With this Workshop, typically what we do over the course of the Workshops, we talk with you about key areas in the City and today what we have for you is the SAFE Charlotte Update. Typically, we have conversations about Police, Fire and Public Safety because it has such a big impact on the budget. We will have SAFE Charlotte Update, but also we will have a Public Safety Enhanced Compensation. This is year three, Ryan will walk you through that strategy. We also typically at the Budget Workshop have a financial partner application update for you. It is not the time for let's say straw votes which happens after I present the budget to you, but it is so much information related to these financial partner applications that we get those out to you in advance and what will occur today is Maris Harris at a very high level will talk about the process. Then as Councilmember Driggs has seen and the Budget and Effectiveness Committee has seen, we typically have outlooks of our enterprise funds in these Workshops. We did Water and Stormwater previously and today we will have CATS and Aviation, and these have also been reviewed by the Budget and Effectiveness Committee. So, on this beautiful and sunny day what we will try to do is provide you with updates in these key areas.

\* \* \* \* \*

#### **ITEM NO. 2: SAFE CHARLOTTE UPDATE**

**Julia Martin, Assistant to the City Manager** said I will also note that we have Keith James on the line today too once we get to the question portion. I am excited to be with you today to give you an update on SAFE Charlotte. We will talk about a little bit of the progress and process and speak about some of the items that might have potential budget implications in the FY 2022 budget. Before I advance further I just want to say this has been since the end of October a total team effort in terms of many, many departments coming out and supporting this work. I don't have names, that would be too long, but I have quick list that I would like to run through just so you all can get an idea of the scope of and how far into the organization this work goes. Budget, Communications, Police,

Economic Development, Fire, Housing and Neighborhood Services, HR, IT and then [inaudible] and Procurement has been incredible for us and so, again everyone has really jumped on board with this.

A quick update today, I will talk about some of the items in the framework to address violence and speak a little bit more in depth about the work around re-imaging policing. I like to put this slide on the screen so, if we think back to October the big headline out of the SAFE Charlotte Report was the six recommendations around re-imaging policing, but really when you read the report it does include the Framework to Address Violence, it touches on the [inaudible] approach around access to affordable housing, mobility opportunities, workforce development opportunities and in talking with community members when we say SAFE Charlotte, it is not necessarily clear if we are discussing Cure Violence, if we are discussing the \$1 million related to the reorganizing policing work, if we are talking about the Framework to Address Violence and so really SAFE Charlotte, I think of it as inclusive of all of those things. Over the last year or so Council has received at least 10 presentations on the Framework to Address Violence, Corridors of Opportunity and this is to say that all of three initiative started at different times. Building safe neighborhoods and safe communities is really at the core of what we do as a City and it is an ongoing thing we will be doing forever.

The Framework to Address Violence, I won't spend much time on this slide just to say as a quick reminder, this was adopted by Council in March of 202, and this is what really laid the foundation for collaboration between the community, the City and especially the County. Another big thing this did was start a large discussion both at the City and the community level around looking at violence thorough a public health lens, applying public health approaches to address violence in our community. I have some quick updates here for you that I'm excited to share and I hope you are as well, so we will just go from Intergovernmental Collaboration and work our way over. I think this has been said before, but every month the City and County leaders including both Managers meet to discuss our joint violence prevention efforts. It is a very productive great meeting and we are committed to remaining collaborative with the County on this effort. Additionally, we partner with the County both in terms of funding and programmatically as it relates to Cure Violence.

Moving over through re-imaging policing work we launched the \$1 million grant with United Way. I will speak about that a little bit later, so I won't spend much time on it right now. Moving over to Interrupting Violence, we announced yesterday that we have selected Youth Advocate Programs to be our local health implementing organization for Cure Violence along Beatties Ford Road. If you will remember, Beatties Ford Road was identified as one of the four durable hot spots for crime in Charlotte and so they came in over the summer to do an assessment. They recommended us to release an RFP, we did that in February and so we are very excited to begin that program later this month. Additionally, we have a partnership with Atrium Health for hospital-based violence. What that means is at the Atrium Level and Trauma Center we will have interrupters placed there to support victims of violence that find themselves in the emergency room. That intervention can range from short-term in terms of preventing retaliatory violence, short-term mediation, [inaudible] mediation to more longer-term engagements supporting individuals with mental health, and substance abuse issues. We expect that to be operational in four to six-weeks and I think the combination of both of these programs puts us in a very good place to mediate and prevent violence.

**Mayor Lyles** said I would like to recognize Dr. David Jacobs who was named the Atrium Physician of the Year. As a result, I this we are getting great talent and someone that is going to provide great leadership to these programs. Congratulations to Dr. Jacobs.

Ms. Martin said so Community Collaboration in Priority Areas; Taiwo came to you all I believe in November of last year to give you an update on the I-85/Sugar Creek design-sprint. Again, that was one of our four identified priority areas. That work has now blossomed into a full-on playbook similar to West Boulevard. The design-sprint focused largely on the commercial corridor, the playbook will pull in the surrounding neighborhoods and be more kind of neighborhood focused and community focused, still

centered on preventing crime and supporting safety. Through that work we will be launching a new pilot program with businesses along the corridor. This is a partnership between ED and CMPD. They have identified about 20 businesses where we will be providing security cameras and upgrading security systems that will link directly to the Real Time Crime Center and also provide the business owners 24/7 access to be their cameras. Again, having visibility on that corridor is critical to identifying individuals who stop there for a short time to cause trouble. That security camera pilot program will be funded through our Corridors of Opportunity budget.

Our final bucket in Use Data and Evidence; Rebekah Hefner has formed an inter-organization Violence Data Collaborative that includes City, both Rebekah and Monica Wynn from CMPD, includes the County, Atrium, Johnson C. Smith and UNC-Charlotte. That group meets I also believe once a month to talk through specifically our efforts around violence prevention. They recently applied for and won a \$10,000 grant from the Robert Wood Johnson Foundation and what that will enable them to do is develop an evaluation plan for our hospital-based violence intervention program and our community-based violence and intervention program. Additionally, through that grant they will be paired with two mentor Violence Data Collaboratives from the University of Pittsburg and [inaudible] University to provide technical assistance, professional development and just help that group continue to [inaudible] and develop their ability to evaluate our programs here. They are excited about that and I think it goes back to the kind of all-encompassing inter organization approach that we think about this work in.

Really at the core of SAFE Charlotte inclusive of Framework to Address Violence, corridors and the SAFE Charlotte portion outside of reimaging policing recommendations is community collaboration. As we begin to think about advancing the six recommendations related to reimaging policing we knew it was critical to continue to leverage our community partners, including the community input group throughout this work. So, I don't think you can overstate the importance of the Community Input Group this summer so we went to them in November prior to releasing our big SAFE Charlotte RFP and said basically we are taking two lines of text and making it a full RFP, help us and let us know if we are in the right path. Before we released it we brought this to them and said here are the things we are going to be looking at, here are the outcomes that we want, are we on the right page? I think it was a great meeting, they provided some great input and we have and will continue to leverage them as we continue in this work.

These are the six specific recommendations related to Re-Imaging Policing. I won't spend too much time, just as a reminder this was adopted October 26<sup>th</sup> by City Council after a ton of work over the summer including an all-day extended Saturday session at the beginning of October. Really, since the end of October we have hit the ground running to advance these six as effectively and efficiently as we can. I will touch on three of the recommendations that will likely have a larger impact on next year's budget. The first is going to be Recommendation 1, which is the \$1 million to Charlotte-based non-profits. We have partnered with United Way on this recommendation and through that partnership we will have UNC-Charlotte on board to help with the data collection and evaluation portion for the great recipients. They will also be doing some capacity building for the grant piece throughout the year in terms of here is how you set performance measurers, talk about data security, things like that that are so critical to an organization continuing to be able to tell their story. We also have BYE on board who will be providing capacity building throughout the year to the grantees and that will be once a month in addition to office hours and things like that.

Going back to early November, we held two Community Safety Summits; we had about 100 attendees. The original goal of that was to help us frame out what some of the programmatic areas would be, but what it really ends up being was a bunch of organizations in the chat saying I didn't know you did this work let's connect. I didn't know this, let's collaborate and so our big take-a-way was we need to learn a little bit more before we can make any kind of recommendation about program areas. So, in December we put out a community asset mapping survey which would help us learn a little bit more about your organization. That was how to get your budget, are you a 501-C-3, where are your programmatic areas that you serve? We had about 80 people respond to that and

that was incredibly helpful to us in terms of getting a better understanding of the lay of the land. We took that information, came back in January to really hammer down on the programmatic areas and so the biggest thing we heard was make sure we continued to support our youth, make sure we continued to support young children, but also young parents and so thinking about it in kind of a multi-generational approach. We took that, developed these programmatic areas and then what is not on the slide, but what I will say is we made some pretty intentional choices around the organization sizes so the maximum budget for this sprint was \$150,000. That secure reason one, the sentiment from the community input group this summer was that smaller organizations cannot compete with larger organizations for big dollar amounts and so we wanted to be intentional and set a limit that is lower than what you typically see for a grant of this size. The second reason we chose that was that was really a clear break in the data that we received from the community asset mapping survey where about half the organizations were above and half of the organizations were below. This grant closed last Wednesday, we will be using a community grants panel to evaluate that will include elected officials, members from the community input group philanthropically, and they will make their award decisions mid to late April. It will be \$50,000 for up to 20 recipients.

Recommendations two and four; we paired these together because both of these have to deal with developing civilian response models. We have partnered with Rand which is policy think tank out of Pittsburg to help us work through developing both of these models. It includes culture service analysis, looking at CAD data, but also a big portion is CMPD speaking with the existing non-profits in the community who might provide mental health support services. We are working through this right now, but what we expect prior to the Manager's budget is some recommendations based on where our cultural service lie, the timing, the location, the concentration, here is what we think Charlotte could support in terms of civilian response models for low risk, low priority calls, things where [inaudible] reports, lost property, noise complaints, things like that and then civilian responder models for mental health, homeless and those wellness type calls. I will note on here that Recommendation four includes expand the community policing crisis response team, so that will be something again has an implication for next year's budget. The Chief has already put out a plan to double the number of teams from six to 12 and so again, that is something that might be included in next year's budget.

I will briefly touch on the remaining three; while equally as important as three I spoke about earlier will likely not have as big an impact on this year's budget. Recommendation three, again we have partnered with RAND on this for external calls for service and I will say between recommendations two and four and three we provided RAND over \$12 million pieces of data that includes cultural service, stop data, civilian complaints and so I would not miss an opportunity to say thank you to Monica Wynn and her team at CMPD who turned this around at a pace that I did not think was possible. Looking at Recommendation three, we broke it up into two big pieces; the first piece is police-civilian contact which is looking at is there statistically significant, and that is the key, evidence of bias in terms of CMPD enforcement in the community. A big thing with this is we are going to be including neighborhood characteristics and neighborhood contacts that you don't typically see when you see this kind of analysis. At the same time on the reverse side of the coin is individual Officer analysis which will be comparing Officers of similar characteristics to see if there are individuals or groups of individuals that act disproportionately to their peers. Out of that recommendation part of it will be just statistics and analysis. I have talked with many people on RAND's team and I think every single one has a PHD, so we are in very good hands with this. They are talking about statistical models that I am too far out of grad school to understand, but I think they are going to do an incredible job at balancing all of those different factors.

The second part of Recommendation Three is to look at are certain roles that we have sworn Officers doing that could be done by civilians. I think this was touched on this summer, but we just want to take a deeper dive in that and to say is there a way that we can help more Officers be on the street because we can have civilians do these types of roles. Included in that will be the analysis of some of the kind of ancillary services that CMPD does that maybe someone else in the community could do.

Moving down to Recommendation Five, we've partnered with UNC-Charlotte on this. This is to look at the Youth and Engagement Programs; they are looking at about 40 Youth Programs from CMPD. We also have included MYEP, Mayor's Youth Employment Program into the mix, while that is not a CMPD managed program, I think it is one of our largest and most run and longest standing youth programs and so I think it is a good opportunity to get another evaluation on that program as well. What UNC-Charlotte will be looking at, a couple of things, Program Administration; what kind of data are we collecting, are we collecting any data, are we meeting our programs goals, do we have program goals, things like that. They will also be conducting a literature and best practice review including a gap analysis so are there programs that are evidence based, work right now that communities we are missing out here? The outcome of that recommendation will be an impact framework which will basically say here is your fleet of programs, here is the best way to align them to meet your goals and objectives that you would like. As part of that the Chief would say we have certain programs that people give money for that program and so UNC-Charlotte understands those budget constrains so when we get our recommendations out of that they will include that context. Additionally, we will receive a plan for future program evaluation so UNC-Charlotte couldn't come in and say we are ready evaluate Program X, they have to make sure that we are collecting the right type of data that our programs are eligible to be evaluated, but we will receive a plan for future program evaluation out of Recommendation Five.

Moving down to Recommendation Six, we are working with BE Works which is a Behavioral Economics Firm to look at recruitment of residency. We wanted to take a different approach for this one because I think recruitment and residency is kind of a series of individual choices along a big series of choices which that kind of process really lends itself to a behavioral economics approach. We will be providing them recruitment data in terms of here is why people fall out of the process, inclusive of demographics, the same with residency. Part of that work will be a mapping of here is the application process, here is maybe some pinch points, here is where we think we can make an improvement. This step doesn't necessarily correlate to successes in Officers so other opportunities to streamline the process. A critical piece of this recommendation is we will be receiving two low fidelity tests for both recruitment and residency. What that means is two very low costs, low risk test which can be as simple as here is Recruitment Residency Program X. We send it out to Officers and say is this something that would be of interest to you. If 80% come back and say absolutely not, we know that is not a viable idea and we will not invest in that. It is a great opportunity for us to learn fast and for us learn cheap. We snuck one in, I've been going at Recommendation Six, but it is not on the screen. Thinking about residency and thinking about recruitment kind of the piece in there is training. So, we've partnered with International Association of Chiefs of Police to review both the training provided to Officers at the Academy, but also in-service training. The key with that is to make sure we are providing Officers the right training at the right time for them to be successful based on the knowledge, skills and abilities that we expect them to be competent in.

About two weeks ago a bunch of the Patrol Sergeants sat in a room and reviewed the over 800 tasks that we expect our Officers to be competent in and what we will do is determine what are the 200, 100 most critical tasks, what is the frequency of training and making sure that our Officers are field competent and field knowledgeable in order to be successful in the field.

Looking at the timeline for this the bars in gray are bars that we have prioritized for preliminary recommendations prior to the Manager's budget. Specifically, Recommendation Two and Four will have probably the largest impact, but this chart starts in February 2021 and we could have had it go back to October, but I will just say if my math is correct, October 26<sup>th</sup> to the beginning of May is about seven months and so we are really, really pushing this as fast as we can for a number of reasons. One, we have to get recommendations in for inclusion in the FY2022 budget and two, maybe more important is recognizing the urgency and the importance of this work from the community. I think everyone who is involved in this project, this is their number one priority.

**Councilmember Ajmera joined at 1:44 p.m.**

My final slide for you today is that we've already stated thinking about how we measure success and I think it really comes down to three key areas. One, community sentiment; so along Beatties Ford Road later this month they will be doing a walk through to understand how people feel about their neighborhood. Do you feel safe in your neighborhood, and come back a year later and see if that has changed? I think we can kind of replicate that on a larger scale. In many of our neighborhoods the work we do perception is reality so to speak and so this will capture the work around the Framework to Address Violence. Some of the work around Corridors of Opportunity and hopefully the work around imaging policing. The second piece is Internal Performance Measures so there will be some very specific performance measurers related to CMPD, thinking about Recommendation Five. Our programs will have specific outcoming goals and our meeting those goals yes or no. Thinking about Recommendations Two and Four in terms of Civilian Response, Officers Workload, Culture Service, things like that, and then the third portion of this is Stakeholder Performance Measures. So, in speaking with people in the community, whether it is Atrium, whether it is the County you don't fully recognize the impact CMPD has on our community and all these other entities and all these other organizations and so I think that is an opportunity where we can leverage the violence data collaborative to help us think through what are some of the other measures that we may not be aware of because they are not in our purview but that are impacted by the work that we do and make sure that we are incorporating those and seeing [inaudible] are being successful. Before I close this out I'm going to turn it over to Chief Jennings to close this out and then we can open up for questions.

**Chief Johnny Jennings, CMPD** said thank you for that excellent presentation and summary of where we are and what we've been doing to this point. I do want to say just a couple of quick words before we open it up for questions. One, I have been pretty intentional in saying throughout my tenure so far as the Chief that community collaboration is one of the pillars of my administration that I am going to commit to. A lot of what you are seeing is allowing us to be able to open those doors and to realize that there are ways that we can take in input from the Police perspective and how we can continue to get better as an agency. We have been and will always be a learning agency so we will never be satisfied with where we are and want to continue to improve. Part of that is to get outside input on how we are doing as an agency and where we can go from here. The other thing I want to mention is that I've very appreciative of a lot of the efforts that we are looking at also because it is showing that everything is not solely on the Police to be able to look at the Violence Interrupter Programs and things that we are looking at doing in the Corridors of Opportunity. It shows that there is a responsibility outside of Police for some of the issues that we are seeing from a criminal perspective. I can tell you on behalf of our Department, we couldn't appreciate that any more to be able to know that we are not in this alone and so I applaud those efforts that we've been moving forward on this. Thank you for that and I will be happy to answer any questions as well.

**Marcus Jones, City Manager** said Mayor, I would like to just chime in and say how much I appreciate your work, the Council's work, the Safe Community Committee's work. As I look at our peers across the country and how we've come together, it is very different, it is very collaborative, and folks are asking how did we do this so I'm just very pleased where we are. I know there is a lot of work to do. Julia, Federico, Chief, thank you so much for leaning in and I would just say I have done this for a long time. The speed at which we are able to be at this place I just applaud everybody who has been involved.

**Councilmember Egleston** said I think it was covered very thoroughly and I'm excited about the work we are doing and the progress we are making on it.

**Councilmember Watlington** said first of all I just want to say Julia, I'm so proud of you. I remember when you first moved here when I was a community leader and you were coming over to help us on West Boulevard from Virginia and I'm just so excited to see you taking the reins over there with Federico and others, so kudos to you. I think this is pretty cool to see you here presenting to Council. Secondly, I know we talked a lot about the work that has been done on Beatties Ford Road specific to the Youth Programs and things of that nature and I will second also that there has been a lot of work done in the last seven months and I'm excited about what we are seeing here. I know we've been

asking for a comprehensive look back at what has been going on with SAFE Charlotte so this is what I was looking for, so I appreciate the comprehensive overview. I'm curious as we move into this next budget cycle how are we thinking about how SAFE Charlotte works specifically with the increase of dollars to Corridors of Opportunity because honestly, I see Beatties Ford Road as I'm thinking about West Boulevard and even Nations Ford Road and Arrowood Road which is not technically in a Corridor of Opportunity, but we know has been an area of focus as far as crime. I just wanted to understand what the thought process is with roll out across the City or what the timing was on that.

Mr. Jones said thank you for that question Ms. Watlington; so we cannot do a one and done with the Corridors of Opportunity because if that were the case I think there would be a number of areas in the City that are not West Boulevard or Beatties Ford Road that would ask what about us. In this next round, I guess in the FY2022 budget clearly you have indicated that the Corridors of Opportunity are a priority for the City so they will be funding in the budget for the Corridors of Opportunity similarly along the lines of the 2021 budget that included money for economic development, money that related to housing, money that related to community engagement as well as transit and place making. Those things that we are finding that have been successful, we will double down on those. Those things that maybe not as much success we may pull back a little bit, but we do intend to continue to fund those Corridors of Opportunity in the upcoming budget and as Julia did early on, some of those funds overlap outside of just the focus areas or what we used to call the hot spots. And the next two up, if I have this correct, would be I-85 and Sugar Creek Road as well as Albemarle Road would be the next two up so give me District 1 and District 5. But that doesn't mean that we won't continue with the first two and that also means that as we go into 2022 we will begin the planning for the last two quarters. So, it goes to the entire budget, yes.

Ms. Watlington said my other question is in regard to, I know it is a little bit separate, but also contributes to SAFE Charlotte. When I say separate, it wasn't necessarily included in the original scope but has obviously lifted itself up and is a very important issue all over the City is the drag racing piece. I know that we talked earlier this week about getting that into Safe Community Committee for discussion, but I just wanted to know if we would expect SAFE Charlotte to include drag racing in its scope or would that be something that we think would handle separately? I know we haven't talked a lot about it, but just wanted to make sure that I'm thinking about it is in the right bucket.

Mr. Jones said my initial thought Ms. Watlington, would be to handle it separately as opposed to something that is built into SAFE Charlotte.

Ms. Watlington said my last question is for the Chief; I know he mentioned community engagement and you mentioned to me once before the core stat or comp stat meetings are open to the public. Where can the public see when those are scheduled?

Chief Jennings said right now we are at the very beginning stages of core stat so at this point we've only had a few and we are looking at doing it pretty much invitation only with some of the community members that we are having, but as we open up across the country as well, the plan for it is to have core stat where we invite the entire community to come in person, but we are doing mainly virtual, which is limited amounts of community members. As we do that our Divisions will be expected to reach out to community leaders, put stuff out on social media as to where and when those core stats will occur and invite community members to come in and join us.

**Councilmember Phipps** said I had a question about Recommendation #6 that was on the screen earlier talking about the incentive to recruit by offering assistance on down payment and such. Is that recommendation contingent on a focus group study on whether or not Officers would think that is something they want to participate in or is this something you are going to be running with?

Mr. Jones said Mr. Phipps, we will definitely have the analysis and Julia, if I have this correct, this would be one of the few that we would not have done by the April timeframe.

Mr. Phipps, one of the things that we learned during the process is that not every sworn Officer wants to live in the jurisdiction in which they patrol. What we have done over time is had certain incentives whether they are marked cars or things of that nature, but we also have programs like homes for heroes that do focus on public safety, teachers, things of that nature. What we are trying to do is see if there is a way that we can take programs that we currently have and maybe do a better job of incentivizing our Officers to live in the City and even more importantly, in some of the Corridors of Opportunity. Your question, if I understand it correctly, is if the substance that we will just roll out some incentives and folks will take it, we already know that that is not the case.

**Mayor Lyles** said has that been tried before Mr. Jones? It needs more exploration. I think Mr. Phipps is right, we really need to figure out who does it work for, or if it works for anyone.

Mr. Phipps said the way I was thinking about it I can understand the symbolic nature of it, but I was trying to put myself in the role of a Police Officer. With the job being as stressful as it is, when you go home I think you would want to decompress or whatever, but it is almost like a situation where you almost always on duty and it is [inaudible] awareness of whether or not you have implicit responsibility to be on the lookout or something. That is why I was just curious about it so, I'm glad to see that it is going to be subject to further review.

Mayor Lyles said I think it is an interesting concept because a number of our Officers live in areas where they would actually would like to live, but I don't know if we have the ability to say to them, here is enough of an incentive to do it. It really needs some exploration so, that is one of the things I think Julie will talk about in the section she talked about what goes beyond April on the timeline.

**Councilmember Winston** said my comment is a quest that as we get into the fiscal year 2022 that we visit the framework that we set up to deal with the reimaging of governments role ensuring a safe community. This year's budget work was really framed by the work that happened in late summer and early fall so kudos to us as an organization for not only responding to our constituents, but really creating internal frameworks and processes that actually allows us to do that. I think a lot of cities, as Mr. Jones and Chief Jennings alluded to are struggling with how to do that and are looking towards us. I hope that we don't, as I've said many times, that this is a good start in doing that. We should know that this will be [inaudible] process over years and we are going to learn things and we need to take those lessons that we've learned and build upon them. As these reports start to come in, I think they were saying by late June, I hope we can analyze that data and analyze the information and look back at some of the guidance that came out of our Committees during this framework process and go deeper so that we can set up again, the January Strategy Session and the FY2023 budget process as efficiently and effectively as this one was. And again, really hopefully continue to change the paradigm of what our role is ensuring safe communities.

**Councilmember Driggs** said I appreciate the Corridors of Opportunity investment and that they responsive to some pressing issues in Charlotte. So, I am supportive of that, but I have to note that the effect of that they have is essentially to departmentalize our capital investments in such a way that District 7 has no prospect of getting this kind of attention. I have mentioned this before and I recognize that there is a good case of putting the money where the need is the greatest, but I do think it would also be fairer to acknowledge that the part of town that actually pay a majority of our taxes have certain infrastructure and other needs as well that I believe are being short changed. I mentioned in an earlier meeting that the affordable housing investment we are making, which again, I agree is an urgent priority, is basically committing a quarter of our capital investment capacity to one of our priorities. I have great [inaudible] in the past as to whether we shouldn't reconsider that particularly in light of simple needs such as sidewalks, etc. in my District where there are 20-year waiting lists on roads that were farm roads before and were never built to accommodate the kind of traffic that they now experience. I guess my question is that having raised that issue, by the way, having pointed out Mayor, that we have committed to the initial 50 and I voted for it on the understanding that we would



sift down trust fund investments in subsequent years. That was meant to be initially a bold statement in the area in response to some of the pressures we were experiencing. It was not intended to establish a permanent budget line. I did raise the question in earlier meetings about our capital spending and my recollection is that we were told about a few options by the staff, quite limited two roads and two sidewalks or something like that and that the conversation ended in a previous meeting without any Council action really having been taken on where we want to go with capital spending and now I don't see it anywhere in our Budget Workshops so I'm curious to know whether it was intended that we have any further conversation about our capital spending in general.

Mayor Lyles said I'm going to say to you Mr. Driggs, I think the toughest job for any City Council, and I've seen a number of them, you and I have been serving as long as we both have, I think four terms now, when you think about this the toughest job any Council has is to look at how the City has grown and developed and how to allocate resources that need to be invested so that we don't have great differences that are unwarranted because we've invested in certain incomes. I remember once driving back with you and Mr. Phipps from some meeting and saying Ballantyne wouldn't exist without the bond referendum that paid for the road that crosses the creek. That bond referendum was done by people inside the City and now we have a wonderful flourishing, absolutely one of the best urban residential and business districts in this City because we have Ballantyne. But, we have Ballantyne and we've invested a lot there and the difficulty of balancing how to allocate for growth and also how to allocate for investment is I think is the job that is most difficult. I say that with the greatest sincerity because it is neither one or the other, it is always going to be a constant balance. I don't know the answer to your question about this, but when we talk about the housing I hope that it will stand on its own for evaluation and merit against anything else. I understand that some people may feel like it is a better investment elsewhere, that is okay, but I think we will have that discussion after the Manager's recommendation is made and the question will always be, we don't have enough. That is why I think the one percent mobility plan is so very important, but I know that is going to be always a debate, it is always going to be a constant stretch for us, but that is why we were elected to serve. I think it is one of the reasons we have Districts instead of being a full at-large body and I think it has served us well and I hope we will and I hope we will continue to do it with integrity and compassion as well.

Mr. Driggs said Mayor, if I may, I think there is a fairness standard here which does apply to not only to some of our social justice issues, but also to the basic question of who funds the money that we spend. If you look at the source of our tax dollars I fully expect that our tax and spending will redistribute in effect assets and resources, but I think we need to take care of the people whose hard work and tax payments enable us to make some of the choices we are making. It feels to me as if right now when I try to get a sidewalk in my District it is a 20-year wait. That is not some luxury thing, that is not something that the people who live there can do for themselves. Children need to be able to walk places without being in proximity to cars going 50-miles an hour. You are right it is a balance question, but I think we have reached the point where the balance is tipping too far away from some very fundamental basic infrastructure needs that exists in some of the less challenged areas in Charlotte. I remind you Mayor, you said we would step down to \$25 million after the first \$50 million investment in the Trust Fund. That was the plan and now we are not even talking about whether we need to make a thoughtful decision on the amount of that investment anymore. It has become a permanent 25% fixture in our capital budget and that comes at the expense of all kinds of very basic activity for the city that is responsible for it. You can't just take away 25% of our capital budget for a new requirement and not have an answer to the question of how we are continuing to do the things we used to do before. I just wish we would be a little more open minded in striking the balance that you talk about in terms of just meeting needs like sidewalks and very basic stuff throughout the City rather than thinking the government is in a position to some of these investment decisions to fix the problems we are facing everywhere in America. Again, I repeat my question, we have in my mind finished the conversation about the capital thing. I don't recall the Council made a recommendation to the Manager about which of the choices that he presented us with is the way we want to go with the two roads, etc. and whether in fact we want to be limited to those choices in terms of what we do with our capital spending. I would appreciate an answer to that.

Mayor Lyles said Mr. Jones will address the question on the capital plan discussion that we had I think at the last Budget Workshop.

Mr. Jones said this is the third Workshop, we did have a discussion about the CIP in the first Workshop and it spilled over a bit to the second Workshop and from the perspective of trying to put a budget together that has balance what I heard clearly were sidewalks, road, affordable housing and the things that you are saying. I'm not sure that the exercise was intended for Council to I guess set the budget before my presentation, but it was clear during those discussions that with \$198 million every other year for a bond cycle the priorities that bubbled up, at least what I heard, were sidewalks, the roads, the affordable housing and the infrastructure that we typically do.

Mayor Lyles said I have to agree. I thought the staff laid our and Mr. Jones laid out a plan that would be discussed by the Council, so I didn't expect that that Budget Workshop was a decision making session and that is why I said this is the toughest conversation we may have around this and I think the Council will have to weigh in on how do we do this. I think we know that we don't have everything in place, and we know that we have not only the need for new, but we need maintaining. We've got lots of areas and it just a matter of how we decide to pay for them and how the resources are used. I look forward to healthy debate and I think Mr. Driggs, you have made your point and I completely understand it. But, I also think that there are other areas that feel the same way and have the same perspective and that is why our job is going to be so difficult.

**Councilmember Graham** said great discussion this far. I think the presentation was great, I think Mr. Winston summed it up in terms of the collective work we've done in really less than a year on a number of fronts so I think the presentation was extremely thought provoking in terms of the ground that we've covered thus far. Obviously, we've got a lot more work to do and the outcomes of the initiatives that we have put in place is what we should be evaluating how well they work. I'm excited to kind of walk that path with everyone. I just want to get some more information and I know we just made the selection this week with Youth Advocate Program and maybe I missed it on the presentation, but could someone just give me bio of the organization that won the contract?

**Federico Rios, International Coordinator** said thank you councilmember Graham for the question; Youth Advocate Program has been in Charlotte since 2019. They were contracted with Mecklenburg County to work with DSS, DJJ and their youth recovery court. They have a number of community partnerships and have taken referrals, in fact in candied conversations I've had they have outpaced the goals that were set for them during the pandemic, so that is noteworthy. It is an organization that is well respected and has done this work for over 35-years in cities around the country. They have actually done the Cure Violence initiative, do the Safe Streets Program and Baltimore and have implemented other Violence Interruption initiatives both in Washington, DC and in Chicago. So, it is a tried and true organization that has proven themselves to be both reputable, trustworthy and the best primed to hit the ground running for the work that we need. I think one of the things that really stood out from their application was they know the work already, they understand the methodology and have implemented it and I believe that will transition us into being able to address the needs of that corridor very quickly.

Mr. Graham said and their next step would be to identify and hire local advocates that are kind of doing the work already on the ground so there will be a hiring component in terms of their next steps. Am I understanding that correctly?

Mr. Rios said that is correct; they will be bringing on a supervisor, two outreach workers that would serve as basically case managers and three violence interrupters. Those would be the individuals on the street interacting with community members and stopping violent crime from occurring.

Mr. Graham said will the City be in involved at all in terms of the interviewing and the selection of those individuals or that is clearly in the scope of the Advocates Program?

Mr. Rios said we have not been asked to, we are open to if we are asked, but we will be continually interfacing with them and receiving reports in regards to their scaling up and their implementation of the initiative.

Mr. Graham said thank you, I look forward to working with them as well as look forward to the evaluation of all the other programs that we've invested in [inaudible].

**Councilmember Ajmera** said while we are having the conversation about infrastructure it reminds me of our last public forum where we had hundreds of speakers and I remember many of them had talked about and brought the issues of infrastructure investment, especially around sidewalks that Mr. Driggs had brought up earlier, especially in Far East and the issue around street lights. I think the issue that Mr. Driggs brought up, it is not just specific to Ballantyne. There are other parts of our City that are requiring infrastructure investment and they have waited for many, many years and still to this day they don't have a sidewalk or streetlights on major thoroughfares. I have brought this up many, many times and that becomes not just infrastructure issue, but also the safety issue. That is why our job is so difficult is how do we balance multiple priorities that we have? Obviously, we cannot do it at the cost of affordable housing because that is certainly one of our focus areas and we've got to continue to invest there, but I'm looking to our City Manager to come up with innovative ideas about how we can continue to make investments into our infrastructure, especially streetlights and sidewalks on major thoroughfares where there is lack of infrastructure there and it becomes a safety issue while continuing to invest in Corridors of Opportunity, and affordable housing. I guess there is not a simple answer where we can take money from one bucket to put it here, but I'm really looking for the Manager's recommendation as to how we can balance some of this priority with his presentation.

Mayor Lyles said again I think this community has always said we are going to have low taxes, we are not going to increase taxes, we've said that we will always balance our infrastructure. At one time we actually had criteria that maintenance would be number one and new would be the last priority, you would maintain what you have before you build anything new. But things change and we have to begin to change and I don't know if the Manager has a money making machine in side of his office, I hope that he doesn't because he probably doesn't look good in federal offices, so I want to say that we want to keep him around here. This is the crux of governance, it is the crux of what we have to do and if we are going to say no tax rate increase, no one percent sales tax for the things around mobility and wait for someone else to provide us money, hopefully, the federal government provides us money for the Silver Line if we are willing to pay that match that would be a huge dilemma. Imagine if they came down and said we are going to pay 75% of 60% of the Silver Line where would we even get the match? That is how thin our margins are. We pay for Police, we pay for Fire, Solid Waste and everything else is invested in community investment practically. So, it is not an envious task, but one we were elected to do.

\* \* \* \* \*

### **ITEM NO. 3: PUBLIC SAFETY ENHANCED COMPENSATION: YEAR 3**

**Marcus Jones, City Manager** said this next presentation which Ryan Bergman will provide is I guess one of my favorite ones, it is one of those areas where we had a big challenge a few years ago, I think you will remember where we had a number of sworn Officers come to the Council Chamber because we were having a difficult time with pay and retention. So, what we do each year is give you an update of where we are with the public safety pay plan and Ryan at this time will give you an update.

**Ryan Bergman, Strategy and Budget** said it is great to see Julia out and presenting, and leading, she has kind of been the brains behind so many projects the last few years in the office. She packs so much information into that it is a little bit intimidating to follow her, so I'll try my best here. What I have on the screen is the 13 Police Divisions and the 42 Fire stations that we have as a City. What is important here is that so much of what we do as a City, like many other cities in the country, is that we provide Police and Fire

protection to respond to 911 calls. The areas, the stations you see on the screen are responding to more than 500,000 911 calls each year. For instance when you look into the Police budget, once you take out things like 911 Center and the Airport, which is reimbursed, you end up with us spending about 86% of our Police dollars on personnel, benefits and insurance and of that money three out of every four Officers is doing patrol, responding to 911 calls, things of that nature. It seems like a big investment, and it is, but when you try to break down to the size of the City and you look at each of those 13 Police Divisions it is almost a mini city of about 70,000 people you realize that we do need to have the 20 to 25 people on patrol at any given time mathematically. It works the same way in Fire where each of those stations is going to have 18 to 36 people assigned to them so that we are able to provide the 24-hour coverage to be able to respond to the 911 calls which is one of the biggest components of what we do as a City.

That leads into what we do with staffing, and what you see on the screen is just the Public Safety Pay Plan Employees. This does not include the Chief, the Deputy Chiefs, Lieutenants, things of that nature. These are the people that are as you might say on the ground in Police and Fire and that 24-hour staffing and that call log is such a big initiative that it takes up a little more than half of the personnel dollars that we typically put into the general fund. In number terms that is about \$290 million that we are spending on these people being ready to respond to our calls. With that backdrop, that led to what the Manager was talking about. A few years ago I had the pleasure of being introduced to the Public Safety Pay Committee and to really dig into a project there so there has been a Pay Committee for many years in Charlotte, but a few years ago we tried to make a key change and map out a long-term strategy. We wanted to compare ourselves to cities nationally, and we used data to do that, using our City Economists, and then we wanted to have a strategy that didn't just talk about across the board things because as we have talked about today money is so tight for us and so we really tried to have surgical methods of focusing on the top pay uniquely for Police and Fire with the understanding that if we focus on the top pay we are not only able to attract new people, but we are able to retain our Officers, our Firefighters and keep them from going to other jurisdictions.

We have mapped out a two-year plan for CMPD, and I am happy to say that is complete. In FY20 and FY21 we did 5% top pay increases for Sergeants and Officers and that doesn't mean that down the road we won't revisit this, but we had a two-year strategy so this fiscal year there is not a new initiative for the top pay for Police because we consider this strategy complete. There is still the potential for a normal run of the mill salary increase but it wouldn't be enhanced compensation which is what I am really talking about here. What that means is that the additional funds that would be in the budget this year for enhanced compensation would really be focused on Fire and our Firefighters. We did a two-year strategy with Police because the data was showing us that we have more urgency there with Officers leaving, but we also had a three-year strategy with Fire and as you can see on the screen we have a planned FY22 adjustment column which would be this upcoming budget year. It includes light adjustments to Firefighter II, Fire Engineer and Fire Captain in an effort to increase them to comparable cities.

If you look at this over a four-year term what we have been able to do by focusing on, I don't want to call them small, but \$1 million to \$2 million to \$3 million in each budget year and slowly growing on it, is we have been able to change the narrative around top pay in the City of Charlotte. You can see 15% to 20% increases and this does include the normal cost of living adjustment we would give in a year which is typically 1% or 1.5% and then this also does include four-year education pay for Firefighters and Engineers and Police Officers. It gives you an idea of the impact that we've had with these incremental steps over the last few years.

One other initiative that isn't directly related to the Pay and Benefits Committee, but it really speaks to supporting them is the City has a Charlotte Firefighters Retirement System that it appoints some of the members to sit on a Board and manage. Over the last couple of years, we've been working with that Board; in the fall they submitted a request to the City which went through the Budget Committee to talk about an increase to the employer contribution. It was unanimously approved in the Budget Committee so our intention is that this fiscal year we would increase the employer contribution by 2%, a

first step into making sure that we keep that system solvent for many, many years. Additionally, we would also, as part of the three-year plan for Fire, we would put that one extra percent into their defined contribution retirement plan in an effort to finally match them up to Police so all of our sworn Officers would be eligible for the same 457 or 401-K contribution on top of their pension.

From a numbers standpoint the impact on the budget of the two enhanced compensation initiatives you see there is about \$1.4 million and then in addition to that the 2% employer contribution increase to the retirement system is another \$1.6 million, so, it is about \$3 million. Fortunately because these were part of the long-term plan and because the retirement went through the Budget Committee and then Council in the fall I have been carrying these costs when I have been giving budget updates to you at the Retreat, so we've already been building these concepts into the plan. Since this year is more focused on Fire because Police two-year plan is complete I thought it was important that we put on the screen and talk a little bit about the initiatives we've done specifically for Fire over the last five years. What you see is adjustments to top pay, so taking a Fire Engineer for instance, if a Fire Engineer was topped out, he was at the top of the pay scale in FY2010, for the next seven or eight years the only increase he would get would be potentially a 1% or 1.5% cost of living increase. But you can see that over the last four or five years this City Council and the City Council before it has really prioritized Firefighters along with Police Officers to ensure that we are raising the top pay to our peers and also that we have a real strong way to attract and retain our Firefighters. This is in addition to some of the things we have around the retirement system which I mentioned and their defined contribution retirement. All in I think it is really important that we note that Firefighters have really been a priority when we've been building these budgets the last few years.

Finally, this one slide here on some of the initial results. Voluntary resignations had been going up in 2016, 2017, 2018 for Police and we started to do some of these initiatives. We got some really good numbers in 2019; I don't want to be misleading here, 2020 was a little bit higher than 2019 which we are of course monitoring going forward, but I think we can all agree that 2020 was just a very stressful year for a lot of professions in a lot of ways. We are really happy that some of the initiatives we've done appears to have caused 2018 to be the peak and we are hoping to stay below that level with some of the things we've done.

The two really good things to report are recruit applications for both Police and Fire, Police specifically, up 20% from 2018. While we don't have any hard data on that we are hopeful that that results in a better candidate pool so we are able to take the higher ranked Officers and it will be better for everybody. The only red on there which really is not a concern, is voluntary resignations in Fire went up, but because they have their own retirement system voluntary resignations in Fire are pretty rare and so that only went up by a couple Firefighters so that is not necessarily a concern, but more a quirk of just how when you start in Charlotte as a Firefighter, you are kind of locked into the retirement system and you almost exclusively stay other than a few examples each year.

With that I want to thank City Council's support; I want to thank Police and Fire and the Pay Committee specifically for all the work they have put in. When we've met we've always had Police Chiefs and Fire Chiefs in attendance, making it very clear how big of a priority how important it is and we are hopeful that we are able to live up to our end of our bargain just as they have on theirs and it will result in a better Charlotte.

**Councilmember Egleston** said thank you Ryan; this is all great and I'm glad to see that it is having the impact that was a big part of the motivation to be more aggressive in this department. In terms of recruiting and retaining the best folks we can for these two critically important departments, my only note was going to be, and this is nit picking, but I want folks to be cognizant of all the good work that has taken place on the capital investment side as well as the operations investments that we are making. On the map that showed the Police and Fire Stations we did have a 43<sup>rd</sup> Fire Station come online this past year. We didn't get to celebrate that in the way that we would have in non-COVID times, but want to make sure we are reflecting that on our Fire Station map and it appears that maybe the new permanent and City-owned, CMPD Police Stations that came on line

over the last fiscal year or so might not be reflected or updated on the map there, but want to make sure we are mindful of those investments that are being made and making sure that the Fire Department not only has the best people, but has the best facilities have the best facilities as well.

**Councilmember Driggs** said for one I wanted to say that I hope that our first responders appreciate the importance assigned to their work and what they do for us in terms of our safety and the quality of our life in Charlotte. I'm very enthusiastic about these increases and I do want to acknowledge the [inaudible] District 7 new Police Station this year and we are very grateful for that. I think our Officers down here in CMPD South are also appreciative of having a better place to do business. My question was how do you benchmark this pay against other cities? Is there anything that you can say about where we now stand in terms of how we compensate are relative to what we consider to be the comparable?

Mr. Bergman said that is a great question; when we started this a few years ago and we were introducing data we used our Economist to help pick the appropriate cities and then we formulated the two and three-year plans with the idea that once we got the third year initiated we would actually go back this summer and review how it changed with those cities and it does include things like cost of living adjustments and things like that. So, that is really our intention, we have a three-year plan, we are going to see where that brought us to this summer and then that would lead to potential discussions for the following budget year.

Mr. Jones, said before we go to the next section; I think Ryan, if you said it I apologize and I'll say it again; this Public Safety Pay Plan Committee is just made up of a group of just incredible people that the first few meetings they were a little tough on me, but after we realized that we were trying to all achieve the same goal we have had just incredible meetings since then. Ryan, you have done such a great job working with the group, so I wanted to publicly thank you for your hard work there.

Mayor, before we go into two of the last three presentations which are on our Enterprise Funds we have Marie Harris who will give the Council a quick update on our Financial Partner Applications. As I mentioned earlier typically what we do because there are so many partners we give this to the Council prior to the Manager making recommendations in the budget. Again, it is explaining the process and the applications that we have up to this point. Unless there are questions of me I will turn it over to Marie.

\* \* \* \* \*

#### **ITEM NO. 4: FINANCIAL PARTNER APPLICATIONS**

**Marie Harris, Shared Service Deputy Director** said again, we are not going to try to take up too much of your time today, but definitely want to refresh you with an overview of these components within your budget. It is the Financial Partners Applications and you got this packet back on March 25<sup>th</sup> I believe and again, just as a reminder, our Financial Partners are entities that we contract with to do specific services to do key initiatives and sometimes program that advance Council's priorities as well as provide community enrichment activities. When we look at the Financial Partners we tend to categorize them based on funding categories into these three categories; Dedicated Revenue Sources, Federal Grants and Housing Type Programs and the General Fund and PAYGO Discretionary Partners. I'm just going to give you a quick overview of each of these.

For our Dedicated Revenue Sources, think of these as the ones such as your Municipal Service District that has dedicated tax revenues as well as our partners there [inaudible] to Occupancy Tax and Prepared Food and Beverage Tax. These are the ones that have specific funding dedicated to them. For our Federal Grants and Housing Partners, there is really two main categories within these, some are focused on housing and then the other category is Out of School Time Partners. Both of these are managed and coordinated through our Housing and Neighborhood Services Department. The housing ones, if you think of, are more housing type services that could be anywhere from

construction to rehabilitation of units, to housing and home ownership counseling and also things like short-term utilities assistance or renal assistance. Then for our Out of School time partners these are targeted towards children from our lot to moderate income families and provides school enrichment activities for those. Again, those are both within Housing and Neighborhood Service coordinated through them.

The final category is broader in terms of types of services; it is the General Fund and PAYGO Discretionary and within that we will just give a quick reminded of the process. For this year the applications opened up to potential partners in December so in December they could apply and then the application process closed in February. We compiled each of the applications and submitted them to you in a packet in March and now the next step in that will be in May when you receive the Manager's Budget, the first Monday in May and you will see at that time what funding is recommended for each of these applicants. From there throughout May you have the opportunity to do your adjustments, review what has been recommended, accept it or adjust it further and then approve it in your first meeting in June.

With that quick overview, I will definitely take any questions, but otherwise the next step will be in May when you get the Manager's proposed budget to see what funding actually came from these.

Mr. Bergman said if I could add one thing, what we typically do after the last Workshop is we try to take questions and turn them around pretty quick. I think the intension here is to make sure that we are able to answer your questions on Financial Partners. I will say that if you want to send them to us off-line we are able to do that as well as long as you get them to us in the next few days. Erica Romos in our office who is the Analyst will work to contact your organization and try to get answers for anything you may have.

**Mayor Lyles** said I think it would be great for her to send out a memo to the Council as a reminder so the e-mail is there, and you can just reply.

**Councilmember Eiselt** said Marie, thank you for that presentation, I would just like to request that in the packet that we were given if we could please get more information from the financial partners that have asked for an increase, but did not say why they wanted the increase or what it would go towards.

**Councilmember Ajmera** said I just want to thank Marie for sending us the package in advance. It is a pretty comprehensive report; I did have an opportunity to review some of the requests that have come in. I appreciate this given in advance so that we have enough time to review it.

Mayor Lyles said I saw on the alpha list to be find, but it would really be helpful for me to figure out some of the categories. How much are related to business counseling, how many are related to youth services, how many are related to cultural and art. If we can have some categories that we are seeing like functions and abilities and then the only other thing that I saw in the list is that the report doesn't say what the prior year funding actual amount was.

Ms. Harris said if you look at the table of contents; this year we looped it in so if you look at the very beginning in the table of contents it includes current funding and the requested for the coming year.

Mayor Lyles said I know, but I'm talking about current expense or prior year expense, the actual amount that they spent. Is that included?

Ms. Harris said no ma'am.

Mayor Lyles said I know it doesn't have to be; so you get 2021 and 2022, you get the funding amount they had in 2021 and then you get the funding request for 2022, but do they spend 100% of their budget or do they spend half of it? I don't know the actual expense for FY2020 and as I read it I just thought how much are they actually spending.

Here it is, under current revenues on Page 12 for example of the packet. It says 2021, 2022 revenues, it says current budgeted revenues, not actual. That is what I wanted to get to, what are the actual revenues? If you have actual expense that might go too far back, but the actual revenues, I think we ought to ask did you meet your revenue goal.

**Councilmember Eiselt** said just to add to your point in your request; is it even possible to put a note near all of the financial partners to say which requests fall with inside of our focus areas and which do not because at some point we might want to determine that we would allocate a certain portion outside of our focus areas of at least quantify how much is being asked for outside of our focus area.

Ms. Harris said we do ask them to provide which of your strategic initiatives they link to, so we can add that.

Mayor Lyles said I remind myself that out of a billion dollar budget this is probably less than 1.5 percent, but it is time spent because of the activity that we have in collaboration with our community partners, so it is an important part of what the City represents outside of safety and solid waste and those kinds of programs. So, thanks very much for the time and attention paid to that.

**Councilmember Johnson** said I don't know that I got a list of the Financial Partners in my packet.

Mayor Lyles said it didn't come today, it came last week; it was in your Thursday packet.

Ms. Harris said Ms. Johnson, it was from your hard copy; you received the weekly packet on March 25<sup>th</sup>, but if you look at an e-mail that came out from me today there is also an electronic copy, but we can get you a new hard copy as well.

Ms. Johnson said so it wasn't in our delivery that we got today?

Ms. Harris said no ma'am.

\* \* \* \* \*

## **ITEM NO. 5: CATS BUDGET OUTLOOK**

**Marcus Jones, City Manager** said we have John Lewis, CEO of CATS (Charlotte Area Transit System) who will come up and provide a budget overview of CATS. What I do want to do is maybe relieve John of a question that may come up so I will take that myself. Over the course of the last week or so there have been questions about where we are with what we are calling the Transformational Mobility Network which started off as Charlotte Moves and I will start off by reminding the Council that back in January at the Annual Strategy Meeting it was given to the team to take a look at the legislation that would be required as well as what would be the financing strategy and much like back in January I would say again in April that we are going to do this thoughtfully and also do it the right way. It is a multi-billion dollar plan that is multi-decades and what we are doing is building a team, not only in terms of the City, but our partner which is the Charlotte Regional Business Alliance which is also bringing in a team of strategists that will deal with the things that staff doesn't deal with in terms of anything from consulting to a campaign. Internally, we have brought on board infra-strategies to help us with anything that is related to the sequencing of the various lines so that we can get the financing correct as well as CATS own Financial Advisor, Davenport is helping us in terms of both the financing and the legislative strategy.

I will tell you just a little bit about what is happening with the Alliance, the Alliance is funding raising in order to again, have these bipartisan consultants come in; they are doing survey research, outreach and maybe the most important thing right now is they are doing an economic development analysis. We've talked about this as being a transformational from a transportation standpoint, a connectivity standpoint. It is not just the City, it is the County, it is the region, but also we realized that it is an economic



development initiative. So, having the economic development analysis done is important. There is broad agreement that we need to have the right solutions, and I will emphasize that the right solutions to ensure that we grow responsibly, but also we create these livable communities for the entire region. I think it is very important to continuously say that the Red Line continues to be the top priority as we work through that. We know there are challenges, but again, we are going to do this thoughtfully and do it the right way.

Currently, we are in the process of the financial review and we are taking on multiple aspects of that. As the Mayor mentioned earlier, federal funding with a match maybe. Some jurisdictions before the Biden Administration were looking at federal matches as low as a third. There seems to be a consensus that that federal match will be more than that and so being able to be ready is important I believe, not just only the City, but also for the region. Again, we are continuing to do the analysis, we are continuing to have the legislation to make sure the legislation is correct as well as the financing and the sequencing of the lines and I just wanted to make sure Mayor, that I put that out there before John started because I know that is something that has come up from time to time.

**Mayor Lyles** said thank you very much Mr. Jones for the update on the Mobility Plan. Now I think we will turn this over to you or Mr. Lewis. This is the Preliminary, Operating and Debt Service Budget and the 2022-2026 Capital Investment Plan for CATS and I would say as a reminder, we have a Metropolitan Transit Commission that is made up of the City, the Six Towns as well as representatives from CRTPO and several other agencies, but primarily those that fund the system actually vote on the policies and the procedures and operations of the system. However, the City is the Fiduciary Agent for CATS and so the City Council ultimately approves the budget, but it is a recommended and reviewed by the MTC or the Metropolitan Transit Commission.

**John Lewis, CEO of CATS** said as Mayor Lyles mentioned I'm here to present the FY21 preliminary operating and capital budget and our FY22-FY26 Capital Investment Plan. It has been quite a year for CATS as it has been for all of our sister agencies dealing with the impacts and uncertainties associated with the COVID-19 pandemic. There were obviously operational impacts; it is almost exactly one year ago as the economy and our communities began to operate in a different paradigm. As a result of the pandemic we saw the associated operational impacts, not only to our service, but also to the individual impacts that occurred with our team members and their families in trying to manage an operational agency, delivering service to the community but also recognizing and trying to be flexible with the individual impacts that this pandemic had to our own team members and colleagues. I will say that CATS' staff did a great job adjusting to the realities of operating in a virtual environment and continuing to move strategic initiatives forward like the City LINK Gold Line Phase 2 which we look forward to opening later this summer. Continuing to move forward with the preliminary design and engineering of the Silver Line, a very exciting project, which will connect the Town of Matthews in the Southeast through uptown along the Independence and Matthews Road Corridor to uptown and then along the Wilkinson Boulevard Corridor to the Airport and potentially beyond, creating for the first time a truly regional rail line as we continue to work with our partners in Gaston County and in Union County. We are also very excited about a very creative public/private partnership that we are continuing to work through with Duke Energy that will help us convert our entire fleet to battery electric buses. We are excited and I will be bringing to Council in the next several weeks the authorization to move forward with our first pilot which will be 18 vehicles of all the different manufacturers of battery electric buses that will allow us to get real time data on the ground about how this new technology will impact us from an operational standpoint, how we integrate that into our scheduling system and allow us to have the data necessary to make a decision on which technology we will move forward with into the future.

As I mentioned the COVID-19 impact had a great deal of impact from a service standpoint. We adjusted our service to focus on mobility needs of essential workers and also life necessities of the broader community. In essence as people started to work virtually or from home our service levels were dropped, and we began to balance that based on the demand from our customers. So, as an example, our express service we dropped almost 95% of that service, but we were enabled to reinvest that cost savings from moving

service from one area to another that allowed us to put more frequent service on some of our higher ridership routes, particularly those that served health and welfare locations that allowed us to not only continue to move forward with social distancing, we provided more frequency on many of those routes and we were able to continue to provide service to our community.

We were very adamant that we were going to allow data to drive our decisions regarding service and also working with our sister agencies around the country, we utilized best practices and industry standards. We also followed CDC guidelines regarding health and safety of not only our team members, but also our customers. We utilized our CARES money to close revenue shortfalls associated with the loss in ridership, prioritize for personal protective equipment for not only our teams members, our operators, mechanics and other operational staff, but also begin providing masks to our traveling public and the broader community at large. We also invested in capital adjustment to our vehicles by putting petitions and driver shields in our vehicles.

CATS is now in our third year of our CATS' TRAX Performance Metrics System. Transit agencies as a whole track a great with data for our state and federal resource agencies but CATS' TRAX is a focused effort on establishing quantitative measurers that move the needle for our customers. Specifically, how do we move from measuring outputs to driving outcomes for our customers? This system has over 20 plus metrics in four separate areas, customer service, financial management, employee relevance and community impact and we assign a numerical goal to each metric and we track those quarterly. This system is 100 point-based system and each of the goals has an attendant score associated with it. Our overall goal for the agency is each year to attain at least 90 points when adding all of these metrics up. I will say that for the last year we for the first time didn't reach our goal. We were close at 89, but as you can imagine some of our financial and ridership metrics were significantly impacted by the COVID-19 pandemic. Our goal is to be transparent about our metrics and we will certainly focus on those as we transition out of the pandemic and back to some level of normalcy from a service provision standpoint.

The second part of CATS' TRAX is customer satisfaction and CATS' TRAX is about measuring what matters to our customers, but we also do that by measuring customer satisfaction and we use a Harvard Business School Metric called the net promoter score that allows us to track not only what moves the needle from an operational standpoint, but also gives us the opportunity to touch base with our customers, find out what is important to them and more importantly how we measure up to those customer expectations. We survey our customers two times a year; that is done by a third-party contractor and if you look at our performance over the last three years, as we continue to focus on what are the top ten issues for our customers, focus attention and resources to make sure that we are addressing those issues that our customers tell us are important, where they have rewarded us with continually high measurements in terms of customer satisfaction. Actually, industry leading customer satisfaction. The average for the transit industry is 35% and we have consistently outperformed that even as high as 55% customer satisfaction in our last survey.

As Mayor Lyles mentioned, we presented to the MTC in January a balance budget with a 3.6% increase in expenditures as CATS continues to grow with the opening of the Gold Line Phase 2 this summer and continuing to implement incrementally the goals of Envision My Ride, adding more frequency to bus route and particularly focusing on Corridors of Opportunity during this time period. Our adopted budget, looking at from the increase from last year FY21 of \$175.6 million in operating revenues our preliminary budget for FY22 will grow, but as I mentioned by 3.6% to \$181.9 million. That is in balance with our operating revenue which we anticipate will come in at that \$181.9 million. We will not be transferring funds to capital as we are moving out of our Blue Line Extension expenditures, but also as you can see our first priority is in maintaining our debt service ratio that the first dollar in goes towards paying off debt associated with the Blue Line Extension and other capital projects and that line will increase from last year's \$50.9 million to \$62.1 million as we continue to focus on paying off our debt associated with our capital program.

From an operating standpoint we are almost at a pretty much a status quo from our City positions. We have 579 full time equivalent City positions that we will be adding one additional employee. That will be a GIS position and one temporary grant funded position. Our contractual positions which is our bus operations and maintenance staff has grown to 845. We also have 108 full time equivalent positions from our contracted security service.

From a capital programming standpoint, we continue to focus on now that the Blue Line Extension has opened, and we will open the Gold Line Phase 2 to a state of good repair. We are focusing on replacing our fixed route and special transportation buses and our van pool vehicles; we have almost \$68 million planned over the next five years in that regard. We continue to move forward with the preliminary design and engineering of the Silver Line. We will be bringing in a locally preferred alternative to the MTC in the next couple of months and to City Council and we are excited about moving into once we have an agreed upon alignment, moving into design of that corridor. Then continuing to invest in our transit safety and security and our long-range capital program as we are looking to continue to focus on our bus service, adding additional Park & Rides, we are excited about moving forward with an additional station in South End. That station I will mention started out as a pedestrian amenity as a result of a mired of safety issues that were associated with the rapid growth in housing and economic development in that area. We were having a lot of encroachments of people taking the most direct path to get to South Boulevard and so CATS was looking at that as a pedestrian and safety amenity. We heard from the community, people who were developing along the corridor that they wanted to partner with us to move that from just a pedestrian crossing to a full blown station and we are excited about that public/private partnership as we continue to move forward with cost sharing to add that additional station. That will conclude my presentation this afternoon Madam Mayor, if there are any questions I will be happy to address those. **Councilmember Eiselt** said one thing I noticed on here with your five-year capital program, I realize the pandemic really threw you off track, but I guess this gets back to the conversation we had earlier of our priorities for capital. I would love to see us take a big leap in terms of our investment in bus service. We know that we would have to increase operating revenue or expenses at least by \$35 million a year to cut in half our wait times for our bus service. I think you have told me that that would also involved a \$100 million investment in the buses and in the infrastructure to get to that level, and that is without the opportunity to have federal grants or anything like that. It looks to me though like that is not even something that we are considering at this point. Is that fair to say?

Mr. Lewis said for the most part yes, Ms. Eiselt. We continue to invest and increase frequency within our overall framework of the numbers of vehicles that we have in our fleet now. Every time we increase frequency in a service we have a bit of elasticity in our fleet. Right now, we maintain a 20% fare ratio, so we have 20% more vehicles than we need to meet our scheduled service on any given day. So, that gives us flexibility to add an incremental amount of additional frequency to our routes and we've been doing that over the last couple of years without having to acquire additional capital investment, buy more buses. But to your point, there comes a point where we will have to add more buses to our fleet to reach that ultimate goal, and so working with the MTC and within the limited resources that we have we have been chipping around the edge. As I mentioned earlier, we are adding more frequency to our Corridors of Opportunity, we've been able to do that without adding additional vehicles, but in order to reach the overall stated goal of all of our routes being no more than 15-minute headways we will have to add additional, not only operating, that is more operators, that is more mechanics, but also buy more buses and that is not reflected in this overall capital plan. The current half-cent sales tax will not support that goal with the current revenue stream that we have.

Ms. Eiselt said until we really get to a point where we can pass that mobility tax we can't really even envision a transformative investment into our bus system.

Mr. Lewis said that is correct, we will continue to chip around the edges on that, but to make that transformative leap, we will need additional [inaudible].

Ms. Eiselt said okay, I think that is a really important point because I personally don't know that until we change our whole culture of public transportation, you know we are really going to get there in terms of ridership, light rail or whatnot. I think that has got to be hopefully in the future that Council will say this is what we want to do. We really want to invest in our bus system, so that answers that. The second point I'm struggling with still is the Silver Line. I think that since we can't go after that mobility tax this year it buys us a little bit more time and we know we've had challenges to parts of town that would support this tax however, if in fact the stars align from a federal funding standpoint and we would be in a position to do something to get funding pulled together for the Silver Line I feel like we really have to be ready for it and we can justify it. This has come up before but I'm asking at least Council to get behind the idea or the Manager of having two independent reports done, one by the ULI Advisors Service Panel to look at whether or not preferred alignment before it has been approved by the MTC is in fact going to work towards economic development both from a residential and a commercial standpoint. If that is the best we can do from an alignment standpoint to accomplish that goal of economic development. Then secondly, with an organization like the APTA (American Public Transportation Association) ask for an expert peer review to assess the ridership and the operational aspects of the proposed Silver Line. That would be again, so that we can make sure we have all our t's crossed and l's dotted if it comes to the point where we are in a position to get federal funding and we can make sure that we've done everything that we can to gain the support of the public and our State Legislatures for this kind of investment. I don't know if that is something for the Manager to respond to.

Mayor Lyles said Ms. Eiselt, I too have gotten a request on the Silver Line ULI study and there has been agreement in two directions. One, that it be looked at in the context of from the Gateway Center and how we serve the Center City all the way out to I-277 and pass that interchange, it is our own spaghetti interchange at I-277 going down to Columbia. There has also been an idea that the private sector would fund one-half of that cost for the ULI study and the Manager and I have talked about that and have several meetings set up to begin to implement that concept or idea and will come back to the Council on that. On the peer review, I have not heard that, and I think that is a great idea to really thing about because we do want to get this right because you are only getting one chance at it. The final thing, just like we talked about in our boundary of what we want to do in terms of capital expense, it would be great to go to 50% wait time. What we hear from the County and the Towns surrounding us in terms of buses, they too want to see expansion, so it is beyond the \$35 million. It is actually much bigger than that because they are looking at how do they have bus rapid transit, how do they have improved service within the three Towns to the north and this is again, one of our real conundrums. We see the vision we see what possibilities there are to change culture and to get people to work. We see all of that, but resources and people say well how do you do this during a pandemic? I don't know what we are going to do except drive ourselves deeper into more problems and more costs without addressing this in the next several years. This is a real investment opportunity for us throughout the County, we just need to continue to keep our eye on this while I can't imagine that the budget will be able to do anything this year if we don't start thinking and planning for it long-term. The ULI study I think will be coming forward soon; Peer Review will have to get some ideas around, and I have talked with the voting members of the MTC about the ULI Study so that they are aware of that as well. Again, difficult times, if we had resources we would do this so quickly because it makes such a difference in people's lives.

**Councilmember Phipps** said I just wanted to congratulate Mr. Lewis that he was able to maintain such high-performance scores when a lot of the conversation around bus service that I'm familiar with, it is always criticism about frequency and such. So, to be able to continue with such high scores is commendable. I had a question about the cost of the new station in South End; you said something that it is going to be a shared cost. How much is this going to cost and where is our portion coming from? Do you still have money in the CATS' budget that we've still got some digital funds from light rail expenditures or something? What is the total cost and how is it being funded from our end, our portion?

Mr. Lewis said thank you Mr. Phipps, great question; we are in the early states of design for that station. As I mentioned this begin as a safety initiative from CATS. As you are

familiar with that area of South End, specifically and directly in the public's area and so there were a lot of encroachments on a daily basis as people were trying to get from the apartments on the other side of the tracks to the retail establishments along South Boulevard. Way too many from an operational comfort level of people hopping the fence and taking the most direct route. So, from CATS operational safety standpoint we were looking to put a pedestrian crossing there. As we started that conversation we began hearing from the private sector that they would like to see a full blown station and so while CATS needed to do something in that area we were not thinking about expanding it to a full blown station and that is when the discussions with Center City Partners and some of the developers along the area about a joint funding for that. We continue to move in that direction. CATS, in terms of your question about where is the local match coming from, the CATS' standpoint. As you will remember the Blue Line Extension, we opened that project and that turned out to be \$50 million under budget. We have applied to the federal government to the FTA to be allowed to recoup those cost savings to reward our good financial stewardship and to allow us to invest in other upgrades along the corridor. This was one of those projects, so we are still waiting to hear from the FTA in that regard, but as I mentioned earlier CATS had set aside \$5 million in its budget for the pedestrian safety upgrade. We are also continuing to work with the private sector to get their match. As we look to finished this design we are hoping to have a 50/50 match public to private, but as we continue to finalize the cost in that, that may shift and we will certainly come back to the MTC and to Council to give you the updates on the final costs on that.

Mr. Phipps said okay, I appreciate that response, thank you very much.

**Councilmember Winston** said I have three questions Mr. Lewis if you are prepared to answer today that is fine or if you want to follow-up that is great as well. For the FY22 budget how much are you budgeting for fossil fuel powered vehicles and infrastructure? What is our Gateway Station, Gateway area investment looking like? What is the FY22 investment in the Gateway Station area project and if you can talk to us about the next phases and the budgetary implications for the bus rapid transit phase along I-77 to the northern part of the County?

Mr. Lewis said I have one clarification if I may Mayor; Mr. Winston your first question about our investment in fossil fuels, are you talking about how much we spend in fuel expenditures or are you talking about our capital expenditures? If you are talking about capital I can answer that now, if you are talking about how much we spend in fuel I'll have to get back to you on that.

Mr. Winston said that would be both; that would be vehicles i.e. fuel as well as infrastructure, so both. If you are prepared to answer now that is fine, if you want to follow-up later that is fine.

Mr. Lewis said the MTC last year in its policy in keeping with the City Council goals of the SEAP, they determined that we would no longer buy diesel vehicles and there will be no additional diesel vehicles being purchased in this capital budget. As I mentioned I'll be bringing to you the first pilot for our battery electric buses, those are 18. Actually, our only purchases of buses this year will be those battery electric buses. I'll get back to you on the fuel.

**Councilmember Driggs** said Mr. Lewis, I wanted to express on behalf of Council our appreciation of the performance of your entire team during these difficult times and I hope you will relay that to them. They operated under great difficult conditions and the buses kept running and that is something to be celebrated. My question was as you look at the Mobility Plan have we already thought about what the investment in buses would be? I'm very much in agreement with Ms. Eiselt about the importance of bus service as a nearer term prospect that we can offer to people as we pursue the Mobility Plan since the rail projects are going to take a long time to realize. Would we move toward some of those goals that we talked about before or do we know if we are realize the funding for the Mobility Plan exactly how that would affect buses?

Mr. Lewis said I will say that the numbers that I gave to Council over the last year or so in regard to meeting the goals of Envision My Ride with additional frequency were based on the current technology we were using of buses. As we are transitioning to battery electric buses that may change we may need to acquire more vehicles. That is why this initial pilot is so important so that we have real data on the operational performance of these vehicles. While that is still our goal, it is around \$35 million in terms of operating and additional capital as we buy more vehicles, I will caveat that with depends on what the performance is as we are moving to a new technology. We are in the ballpark there, but that may change as we go through this pilot this year with battery electric buses.

Mr. Driggs said I guess I would just say if we are in a position of having billions of dollars for Mobility I think it is conceivable that we could aim higher with the buses. The thing that we talked about in the past is like a \$100 million capital investment and \$30 million in operating and I can't believe that there aren't other investments we could make in buses that would deliver near term improvements in connectivity in the context of the total investment of \$10 million or whatever that number turns out to be. I just offer that comment and again, thanks again to all of your people.

Mr. Lewis said thank you sir.

\* \* \* \* \*

#### **ITEM NO. 6: AVIATION BUDGET OUTLOOK**

**Marcus Jones, City Manager** said the last presentation we have this afternoon is the Aviation Budget Outlook.

**Haley Gentry, Aviation** said it is a pleasure to be with you this afternoon. I am the Acting Aviation Director. I have joining me today as part of our staff Mike Hill, he is the Airport CFO and we are excited to share with you an update of kind of where we've been over the last year and where we are going in the upcoming year. There is a lot of information on this chart, but we are going to start with recapping where we have been over the past year. I think John articulated it perfectly when he talked about the devastation of COVID. That is certainly not something that I need to explain to each of you however, I can share with you that in the first column these are our most recent numbers. If you will look about half-way down you will see 76,000 daily passengers. We wound up rounding out the year at about 27.2 million passengers which is certainly nothing to sneeze at, however, if you look at the second column, those are our 2019 numbers and we were close to 51 million passenger that year and that is a dramatic difference from where we have been. I will also draw your attention to the third column, during this time period the state updated an existing economic impact study and it proved that Charlotte was four percent of the state's gross product. I think this is a great slide to start with to add some perspective about the changes that we've recently been through.

Let's zero in on a little bit of what we've been doing here in Charlotte since COVID became our reality. I will tell you that right-a-way we adopted four priorities for our organization which included sustaining the Airport operations, protecting our employees, meeting our commitment to our investors and support our business partners in the best way we can. I'm happy to report that we've been able to maintain our employees during this time period and that is quite a tremendous achievement. Most airports in this country are not so lucky, even the ones in our state. I talked to many of my counterparts and they are actually laying off employees or offering early retirement, things of that nature and that has not been the case here, and for that we are extremely grateful. We've also been able to meet our commitment to all of our investors; we've met our bond covenant, debt service coverage and all associated requirements which I think speaks volumes of our physical responsibility. We've also been able to work with our business partners on how we get them through this time period. Council Driggs Chaired a Committee that was quite successful, allowed all of our business partners to come to the table and let's figure out how we were going to get through the next year. Those are some of the immediate things that we did.

We also really zeroed in on what our priorities truly were from a budget standpoint. We are starting to see some increase flight activity however, for FY22 they will pretty much be the same initiatives that you saw for FY21. We have not changed that dramatically since that time. I'm not going to read all of those to you, you can see them right there however, I will call out a few that are on here. Like most folks we did reduce our discretionary spending for training, membership, travel and marketing, things of that nature. We will start to see some of that come back as we are moving forward. We also have limited any additional positions and our operating budget is pretty near flat. We've also been able to strategically apply our Federal Stimulus Grants, which we will talk a little bit further about in the presentation.

So, what did that really look like and what kind of year did that make for Charlotte? I think this slide provides a great deal of perspective and helps explain where we are in the national air space system. If you look at this slide you will see that Charlotte right now has been able to retain two out of every three pre-pandemic seats which speaks volumes. American has been pretty vocal about their commitment to Dallas-Fort Worth and to Charlotte and we've been very pleased with that, and I think this further demonstrates that. If you will look at the chart you will see Salt Lake City is first, Denver is second, DFW and then Charlotte. We are the fourth busiest Airport in this environment which we are very happy about. It really translates into about 73% of the scheduled seats prior to the COVID event. I can also tell you in March the Airline went to 650 daily departures and they have already announced for May that they will be increasing again to 665 daily departures. Pre-COVID we were averaging anywhere from 700 to 715 in terms. So. the seats are here, the capacity is here, what is not happening is the load factors that we have previously seen.

So, how does that translate to our budget? As previously mentioned I highlighted that we have a pretty flat budget which is to be expected with how we approach this. You will see there are some slight increases; there is a 5% increase to personal services which includes six new positions. Most recently we had a trainee academy which was part of our workforce development initiative here at the Airport and we provided six positions to at risk employees. It was a partnership with the City, and we went through various training before they actually got into the workforce and as a result of that we've had six people to complete and stay on in the department. So, this will provide six new positions. There is a slight operating reduction of about 1.3% and then we have a 4.7% increase in City Services. The City Services, that increase is covering increases in Fire and Police salaries. I would mention one other thing about that slide that I neglected to say. You can also see in that slide the significant reduction in our revenues and if you will look there was quite a dip; a lot of that can be contributed to the lack of utilization of public parking. The local passenger is just not back yet; we are starting to see increases, we've actually had a record week this week with spring break which is extremely encouraging to see, but we have missed a large portion of our public parking revenue and then of course earlier in the year we took a significant dip with our concessioners.

So how does this translate to the Airlines and what does this look like? This is a slide which many of you have seen, we use it over and over, it is metrics that is very popular with the Airlines and one that we quite honestly like to brag about in Charlotte. If you look at this chart you will see that Charlotte is on the far right and Chicago is on the far left. This is the cost to the Airlines per enplanement to operate; this number is hovering around \$2.26 I believe in this chart and our projections for the next fiscal year is \$2.12. You can see the American Airlines Hubs are highlighted in a little darker color and I think this speaks volumes. It would be nice to think they were here because they liked us, but this is why they are here. I think they like us as well, but this is the bottom line and the fact that we've able to maintain these costs as we go through this significant worldwide event has been tremendous. There is a lot of concern in the industry about what CPE (cost per enplanement) is going to look like long-term. I will speak to that just a little bit for Charlotte, but I can tell you we've been able to manage our CPE and keep it intact because of the federal grants that we've received this past year. As I noted, revenues are down so we've been able to supplement. We were fortunate to receive in the first and the second round \$135 million in COVID funding and we are expecting in round three, which I believe they are calling the American Recovery Act, \$150 million. Although the third round we have

not received a final designated amount and we have not received our final governance from the FAA on how those funds can be spent. They have been a tremendous help and have helped us maintain our costs. We spent that funding on things associated with the COVID response, much like you heard John say earlier, PPE things to protect the employees in the work place, the ongoing cost of Airport operations in this environment and then of course we've met some of our debt requirements with it. I can tell you that no Airline in this country expects CPE to go down in the future, and we have an ambitious capital program here that we have been working very heartily at during this time period and I can assure you that our Airlines here are aware and they are on board with continuing to make an investment here. But, it will affect the CPE long-term.

In closing, as part of the Citywide budget exercise we were asked to do an analysis of equity in service. We included this today because we are really proud of this and we are excited to share some of this with you. This actually ties back to one of our six strategic principles which is valuing employees. We've got four focus areas within Equity in Service; I will not read all of this to you in the interest of time, but I will tell you that we are committed to ensuring good community outreach. We have had to reinvent what that looks like in this environment as you can understand. We actually just started our first virtual Aviation Academy this past week and it was a sell-out and I will tell you all of our seats are taken. We were extremely excited to do that, but we've had to pivot and reinvent that program. Also, in terms of Culture and Engagement we are committed to ensuring an equitable culture here that provides inclusive opportunities and we are digging in a little bit deeper with that. It is an exciting conversation to have and we've got some great new initiatives that are coming up. We have the traditional Civil Rights Programs, ACDBE, limited English proficiency, ADA and all those things you are very familiar with. Then of course Workforce Development, I mentioned the training programming with you earlier, we do have a number of apprenticeships and training programs in our environment here that are proving quite successful, particularly in our labor and trades area for folks that work in our facilities group. I will be happy to take any questions if there are any.

**Councilmember Eiselt** said thank you Haley, I have a question out of just curiosity, given that we are so low from a cost per enplanement and Dallas is more than twice what we are, is there any thought that you will pick up activity as Airlines adjust their routes to take advantage of lower cost per enplanement at other Airports?

Ms. Gentry said I think that is a great question and we have picked up a lot of [inaudible] over the past few years as our local population has increased here and as the region has grown so have non-hub carriers as well as the expansion of the hub. I do think that is a possibility, although I think the Airlines moving forward are really focused on being successful and most of the Airlines are going to be smaller than they have in the past. We will see but is certainly is a possibility.

Ms. Eiselt said what is the capacity; if that were to happen, what is your excess capacity for growth right now?

Ms. Gentry said we operate 10 gates that are at the full discretion of the City so they are not leased or involved in any sort of usage agreement with other Airlines so we would have 10 gates that are available to us for additional capacity and we have plans, as you may be aware, to build nine additional gates with another kind of sister concourse to the most recent Concourse A that was opened. So those would be our immediate capacity ability.

**Councilmember Winston** said one request I would have again, I think as we go into fiscal year 2022, I think some of the work that we did this summer really set up this budget process. I know it was talked about at the beginning of the pandemic that industry expectations were that the Airport business would not come back to full capacity for four to five years if ever. Being that the Airport, Charlotte Douglas Airport is so important to the City of Charlotte and the state and the region as a whole, and as we talk about taking a more regional approach, I think it would be very wise for Council and staff to go into kind of a deep dive into what the next generation of what the Airport's economic impact might look like. Mr. Manager, I hope that makes sense and I know Mr. Cagle is up on the



15<sup>th</sup> floor, along with Ms. Gentry, I think we are primed to look at this in a different kind of way because we have to. I know we provide a lot of economic support for those concession vendors in the Airport for instance, but I would have questions about what is the FY2022 kind of physical impact on the budget for that support. What is the kind of business model looking like? As you stated we are looking at about 50% of capacity from prior years so what is the kind of forward looking impact of the business models that operate in our Airport and what type of kind of physical impacts will that have with the FY22 budget, but looking at the extended budget outlook what is the City Council going to have to consider as we do look to support businesses in general, but specifically like you said those ACDBE entities, how can we continue to help them thrive and provide the economic impact? I don't know if that is something you can answer now, if you can sure, but I would love to continue to talk about that on the medium and long-term.

Ms. Gentry said thank you for that question. There is a lot of tentacles to what you just mentioned, but I can share with you that right now based on the traffic levels we are projecting that Charlotte will be back to full recovery in 2024. Right now, we are hoping to end this year at about 80% of where we had been. We are not there yet, but I think this is a fluid situation and I'd be happy, offline to provide some additional projections and information to educate Council about where the concessions are if you are specifically interested in that.

Mr. Winston said yeah, my last follow-up Mayor, I think that is a significant piece of data that we just heard. The Airport represents four percent of the total economic activity in the entire state and if we are not going to get back up to the marginal levels for two more fiscal cycles I think that is something that we don't adjust proactively or identify areas that we might need to adjust and make those proper adjustments proactively we could be in a very bad reactive situation in a fiscal year or two and I think we should do everything we can do to avoid that.

**Councilmember Johnson** said thank you Mr. Winston for highlighting that. I just have two questions for Ms. Gentry. I believe you said six percent, or you had employees that were at risk. I wanted to know if you could clarify what that meant and then secondly, we are getting e-mails from employees about the employee parking lot that 40% of spaces are for compact cars. I wanted to know if restriping the lot is in budget or if there is any discussion about that.

Ms. Gentry said the trainee program that we had started more than a year ago and we started with 15 employees. We worked with City HR and Water Department and we actually were identifying people who were considered at risk employees or who had barriers to employment. They may be formerly incarcerated, they may be lacking education, they may be hindered by lack of transportation. Everybody came to the table with really a different story, but we worked very closely to interview these people. We had six people who successfully completed the program. There were all kinds of soft skill training that went with this and then they were matched to various work groups of the Airport. Out of the 15 that started we have six success stories and we've been very pleased with how that program worked. We are going to continue with our training program moving forward. The next targeted group of employees will be people who can operate shuttle buses in our environment because we are starting to rebuild our passengers and that is a growing need that we have. I hope that clarifies my previous statement about the trainees, it has been quite successful, and we are certainly committed to continuing that program.

As far as your second question about the employee parking, I did submit some Council communication last week. I believe you will receive it in your packet this week and it will give you some extreme background, probably more than you want to know, but in an attempt to answer your inquiries about the parking. When COVID first struck our parking numbers as you know were way down, so we chose as an amenity to the employees to move them closer and out of the surface lots where they are into a parking deck. They've been parking in the daily parking area for almost a year now. Due to the increase in traffic and in preparation for the summer we are going to move them back to the surface lots, so that is the trigger I think for why you are hearing from employees. I can confirm with

you that we are working closely with the Airlines on addressing some of these issues however, this is an employer provided benefit and we must do that with our employers that provide this benefit and be in sync and we don't have any final decisions about where we may be going with next steps on that. If you will look for that communication I think you get those packets on Thursday or Friday and you should see some background information and I will be happy to follow-up with you off-line if there is anything else needed.

**Councilmember Newton** said thank you Haley for the presentation. It is good to hear that we are on the way to recovery even though it sounds like you have still a way to go. My question is pertaining to the employee parking as well, so I look forward to receiving the information in our upcoming packet. I do wonder if we are thinking about a full recovery not occurring until 2024, if that does provide an opportunity for potentially restriping or other alternatives given what I anticipate to be continued open spaces maybe or continued non-use of lots. I would be interested in knowing the economic consequences or ramifications of that and I was interested in continuing the conversation, so thank you.

**Councilmember Phipps** said I think the Council is aware of several renovation projects going on at the Airport, namely the Airport Lobby expansion and enhancement. How are they fairing, are they pushed back now or what is the schedule or timing of those kinds of renovations scheduled in the Airport given the current situation with the pandemic?

Ms. Gentry said Mr. Phipps, I can confirm for you that that project is not pushed back. The Terminal Lobby Expansion we have actually been pushing forward during this COVID time. It was one of our priority projects to continue and we are making great strides. The project is extremely lengthy, it has about four more years in the works, however, if you have been to the Airport in the past two weeks, you will notice some significant visual milestones with the steel going up on the front curb side. Also, as part of that our [inaudible] that is associated to freestanding facility and one of our parking facilities long-term. You will see that as you are approaching the Airport, so I encourage you to come out and take a look at it. We would love to show you around, but you cannot miss it if you pull up to the front door of the Airport right now. You will see we have been working gangbusters.

Mr. Phipps said has all that carpet replacement been done at the Airport Terminal location? Has that been completed yet?

Ms. Gentry said we did finish our concourse renovations which I believe is what you are referring to. So, Concourses B and C are complete; Concourse D has had some adjustment to it as well and we are starting to work through what it looks like for Concourse E in the coming year. Yes, the renovations are complete, and the Concourses look really good.

**Councilmember Driggs** said I think this is an appropriate time to acknowledge American Airlines, they were hit harder and the Airlines as an industry were hit harder than just about anybody and they have been a great business partner for us. So, I just wanted to specifically acknowledge how important that is to us and how much we appreciate it. My question or at least a comment I wanted to make was we talked about cost per enplaned passenger and at times that invites a question about whether or not we are keeping our costs down at the expense of some of the people that work at the Airport and I know Mr. Cagle on occasion has explained about that. I think it would be useful in this conversation to hear the explanation; Haley if you want to provide it or if Mr. Cable is on the line because it is important to understand that if we consider our role in the relationship between the Airport and some of the people who work there.

Ms. Gentry said I'll be glad to make a comment or two and I'm not sure if Brent is on the line or not, but if he is, he can join us. CPE has nothing to do with what the air carriers or other concessioners here at the Airport pay their employees. The CPE is the cost that they pay the Airport for being on our property and using our facility. It is a cost recovery method which is based on federal law and obligation. The Airline Industry has taken significant hit and as I mentioned earlier most of the Airlines are proactive in shrinking

their footprint and the size of organizations that they have, nevertheless many of them still have contracted partners and I foresee that that will continue. In terms of what those folks are paid you have heard from many of those people who have been in your meetings and have been very vocal over the years. Some of those individuals are unionized, some of them have collective bargaining agreements, others do not. And so, in terms of what those people pay their employees, that is really not something that the Airport as an operator can have a lot of impact in terms of our daily business dealings or our daily business arrangement. Not sure if Brent is on the call or not and would like to comment any further.

Mr. Driggs said Haley thank you for that; I think the important thing to emphasize is that there is no kind of connection to be inferred from our low cost per enplanement and the terms of employment of the employees at the Airport. Although I am sure we will continue to try to ensure that Charlotte is a great place to work and is fair in terms of the employment of people there, the cost per enplanement is not indicative and as you indicated there is not a whole lot we can do when there are relationships like unionized relationships with third party employers. Anyway, thanks for the clarification.  
Mayor Lyles said Mr. Jones I think that is the last speaker on the Aviation so what is next?

Mr. Jones said that is all that we have Mayor.

Mayor Lyles said there are no additional items on the agenda so our next meeting is May 3<sup>rd</sup> when the Manager presents his recommended budget. I know that we continue to deal with some major issues; I watched a great committee meeting today on Great Neighborhoods regarding the Comprehensive Plan. We've had the budget this afternoon, I know that there are additional sessions for the community listening on the Comprehensive Plan and others items that we will have another Business Meeting in the month of April as well. Thanks to the Council for the attention to all of the matters before us.

\* \* \* \* \*

#### ADJOURNMENT

Motion was made by Councilmember Phipps, seconded by Councilmember Egleston, and carried unanimously to adjourn the meeting.

The meeting was adjourned at 4:16 p.m.



Stephanie Bello, Deputy City Clerk

Length of Meeting: 2 Hours, 38 Minutes  
Minutes Completed: May 21, 2021