

The City Council of the City of Charlotte, North Carolina convened for a Budget Workshop on Wednesday, March 09, 2022, at 1:06 p.m. in Room 267 of the Charlotte Mecklenburg Government Center with Mayor Lyles presiding. Councilmembers present were, Tariq Bokhari, Ed Driggs, Julie Eiselt, Larken Egleston, Malcolm Graham, Renee Johnson, Matt Newton, and Gregg Phipps.

**ABSENT UNTIL NOTED:** Councilmembers Dimple Ajmera, Victoria Watlington, and Braxton Winston, II.

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**Mayor Lyles** said welcome to the Charlotte City Council's Budget Workshop number two. We're glad to have you join. This meeting is being held in the Government Center. It's being held also in accordance with all of the meeting notifications required for electronic communication. We hope that you're watching on one of our three opportunities, YouTube, Facebook, and the Government Channel. I also want to recognize that we have several council members and the Budget Office team here to work with us today. The other council members will join us virtually.

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

**Mayor Lyles** said as a reminder, we will have one additional budget workshop on April 6th, where we talk about technology, also the outlook for CATS (Charlotte Area Transit Center), water, and aviation. Now, I'd like to recognize Ed Driggs, Chair of our Budget Committee, for his comments before turning it over to the City Manager.

**Councilmember Driggs** said I'll just say briefly that during our committee report outs, I highlighted a couple of discussions that we had had in committee related to the steady state affordability and the additional debt capacity that we've identified in this meeting. We'll need to think about where the most productive uses might be for that, or if the manager has a suggestion, will entertain those and the transportation capital investments which incorporate possibly a number of urgent needs for those additional funds.

But otherwise, I think I covered most of this at the committee report out and we'll just say the Budget Committee did approve this agenda and we look forward to the discussion. Thank you, Mayor.

**Marcus Jones, City Manager** said this is the time of year where we have an opportunity for you to take a deeper dive into our capital improvement program. One of the things I'd like to lead off today with this, I think this is a little bit more I guess it's unique in the sense that typically over the last, I guess, eight or so years, maybe longer than that, the council has started off with bond cycles based on a tax increase. So, in other words, the property tax would go up and then that would in part help fund the next series of bond cycles, typically for bond cycles. What's before you today is something that's unique in the sense that last year or in this year's budget, we were able to produce for you four-year bond cycles, and preliminary buying cycles with no tax increase. So, what that does is it gives you flexibility as we deal with the number of challenges we have in our community.

What we tried to do, again, in the current budget last year, we tried to listen to those things that are important to you and set a foundation for projects that are consistent with what we believe are the council's priorities. That included providing, you know, additional funds as it relates to our sidewalks, additional funds as it relates to Vision Zero, I guess our starting point is the foundation. Today, you'll get some news in terms of what has changed with our capacity, in other words, our ability to afford projects. I thought that Mr. Driggs did an excellent job Monday night with the committee report out and laying out where we are. You'll get to see some of that today. What I also want to point out today is that it's not just, you know, the next four bond cycles, but it's also what we're trying to do to correct some of the problems that you've faced in the past.

One of the things that we joke about, we shouldn't joke about it, we talk about, you know, let's not have any more cross charlotte trails. The reason that we can say that now is because of the Advanced Planning Fund, where we're able to get projects to a 30 percent design, much more certainty before we place them in the budget. You will see some of the offshoots of that hard work. So, again, I think we have a superstar lineup in all of the Team Charlotte, you know, 8,000 employees. Today, we have a segment of that superstar lineup in terms of your budget, finance, C-DOT (Charlotte Department of Transportation), and general services. So, they'll walk you through where we are. We need more guidance from you, as we always get in these budget workshops. We are prepared to provide you with as much input and information as you need to make any decisions to help us with next year's budget.

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## **ITEM NO. 2: STEADY STATE AFFORDABILITY UPDATE**

**Councilmember Watlington joined at 1:30 p.m.**

**Teresa Smith, Chief Financial Officer** said what I would like to bring for you this afternoon is an update on our steady-state affordability. Just an overview of what we'll talk about today. We'll talk about what is the steady state. We'll do a little bit of a dive into the debt model and some of the key drivers in the model. We'll talk about with the actual updates on the steady-state affordability number and then we'll wrap this up with what all of this matters.

I would say that we think about this as setting the stage for the capital planning program so that you have this information as you go into your conversations about how you allocate funding to projects. So, what is the steady state; as has been said the city uses a comprehensive capital planning program. Debt is one portion of that program. We also look at things like PAYGO (Pay-As-You-Go) and grants and different ways of funding projects. When we talk about steady state, we're specifically talking about debt and the affordability of that debt. There are two types of debt that the city uses for the general capital program, general obligation bonds, which you'll hear referred to as GO bonds, and certificates of participation or COPS.

So, what is the difference in those? Well, our GO bonds are what we use for housing, transportation, and neighborhood improvements. These are the things that have to be approved by the voters and they're supported by a property tax. Our COPS are what we use for our facilities, whether that's new facilities or renovation of facilities. That does not have to be approved by the voters and that is supported by a pledge that the asset or collateral. So, if you think about your home mortgage. When we talk about affordability, what we're looking at is the overall debt service through final maturity, however long that is; generally, 20 years, we can afford the debt that we are issuing and that we still maintain our financial policies. One of those examples is that we're maintaining a fund balance in our debt service fund that will be able to meet those debt service requirements.

So, a little bit more information about the steady state. The terminology steady state is something that we introduced in 2018 as a way to look at preserving future affordability. So, we're not just looking at what we can afford today, but we're looking over those future bond cycles, sort of focusing in on that highlighted set of bars there. This is how the steady state has progressed over time. So, in 2018, when we first talked about the steady-state, we were looking at \$190 million that was shared between bonds and COPS. When we looked again in 2019, it had moved to \$223 million. Then the latest steady state we've talked about is \$248 million. This is what we would expect to happen.

I thought Councilmember Driggs, did a great job on Monday night as he talked about this, that we use assumptions in our model that are conservative but reasonable, and then we outperform those assumptions. When we do that, that is what creates the additional affordability. So, in the model, we have our assumptions where we're using historical trends or market data. Then as those actuals are known, we'll update with actual results like from the external audit or once the budget gets approved or when we sell debt or

when we actually issued debt, then we'll update the model for those things. So, let's talk a little bit about how affordability was impacted with some specific results, looking at key drivers that are in the debt model.

We'll talk about revenues, we'll talk about expenses, and then we'll talk a little bit about interest rates. So, when we look at revenues, one of the main revenues for this model is our sales tax. So, our FY21 sales tax, we were coming out of COVID, we were trying to figure out the state of the world and what that looked like. So, we had an assumption for sales tax. We outperformed that by \$5.2 million on our sales tax. So, that additional revenue creates additional affordability within the model. When we look at expenses, this is where we talk about realistic expectations for how we will spend on projects. So, it's already been mentioned the creation of our advanced planning funds that we started in 2019, that is helping us to have a better idea on actual expenses, on the timing of those expenses. So, that is helping us from an expense side and that is making a positive contribution into the affordability. Then on the interest rate component, this is one where we are looking at 20-year debt and so we are making assumptions about what will interest rates be on that debt as we go forward into the future.

Again, we take a conservative look at this, but what we think is reasonable as an example, in November of 2021, we were in the market for a general obligation refund, and this is where we were taking our short-term program and converting it to a long term. We were able to issue that debt at an all-in cost of funds of 1.63 percent, which is a really great rate. I wanted to say here, part of this was just that we were in the market at a good time. You can never discount that Part of it just has to do with the market. But the other part of that is that we have a really great team, both internally, which includes the work that you all are doing as a council, and I'll talk about that in just a second. We also have a great external team, our partners that we work with, our financial advisor, and a consultant that we use. We just have a really great all-around team that helped us to achieve that kind of result. So, what you really want to know is what is the new updated steady state affordability. After we've taken all those things into account, that new number is \$37 million. So, this will be the amount that you will consider as you start to go into your conversations about how to allocate funding on projects.

Why does it matter? So, we talk about the triple-A rating for the city. The city has a triple, triple, triple A. Meaning that from the three major rating agencies, Moody's, Standard, and Poors and Fitch. We have the triple-A, which is the highest rating that the rating agencies will provide. What that means to us, to an investor is that it is the highest quality financing instrument with very minimal risk. That is important when we go into the market and we're able to get those lower interest rates. So, our cost of funds are lower because of our triple-A rating. Part of the reason we're able to maintain the triple-A rating is what we're doing today. The planning process that this council does to look at affordability and to look into the future are what helps us maintain that triple-A rating.

So, a lot of words on the screen, I won't read them all, but I will highlight just a couple of things. These are comments that came from rating reports related to that financing that I was just speaking about. So, for Moody's, they said that we benefit from formal policies, long-term planning, and conservative budgeting. Standard and Poor's said we have strong financial policies and practices. We annually update capital planning that identifies funding for projects five years in advance. Fitch noted that we have a solid ability to manage our spending pressures associated with growth. All of those very positive comments highlight what we're doing today.

The last slide that I have for today is just a start for discussion purposes as a way that look at allocating that \$37 million in additional affordability. So, later today, Budget Director, Bergman, will be talking about ways of using this. The starting point for that conversation is to put \$27 million toward bonds and ten towards COPS. Again, that is up for discussion for you guys. With that, I'll start for questions.

**Councilmember Winston arrived at 1:25 p.m.**

**Councilmember Ajmera joined at 1:25 p.m.**

**Councilmember Ajmera** said this breakdown of 37; of 27 being the bonds and ten being the COPS, how does that get decided?

Ms. Smith said that will be part of the conversation that you all will have today. So, again, this is just a starting point. What you will see when you get into a later presentation is \$225 million that we have started with four bonds, which is taking the current \$198 million plus 27. So, this is just a starting point for you guys for conversation.

**Ryan Bergman, Budget Director** said Councilmember as Ajmera, the way that this is really decided is by City Council in an actual budget process when you approve it. The starting point for today is based on trying to make sure that we can get the majority of funds towards the bonds because we'll certainly talk about a lot of needs and priorities, but on the COPS side, what those \$10 million equals is about \$5 million more per year. I'll tell you that the biggest pressure that we're facing is in some of the growth plans for our fire stations and fire facilities. Then additionally, there's some technology-related issues that we'll talk about at our next workshop, but that's not a decision. It's just to be able to talk to build the slides with here's capacity, here's some of the needs. Here are some of the programs. We just needed a starting point and so we use this for now.

Ms. Ajmera said I know that we have \$37 million, that's in additional capacity for capital. So, that's all bonds, Correct.? So, that \$37 million all of them could be bonds?

Mr. Bergman said yes, theoretically, all of them could be bonds, but what we're trying to represent with this slide is that a portion of them, from a recommendation standpoint, would likely be used, at least in the proposed budget, for COPS to take care of some of those facility needs, such as fire station that we see over the next five years.

Ms. Ajmera said fair enough. So, I guess I'm just trying to figure out a model there. We can use COPS where the obligation is attached to a specific asset, whether it's a building or equipment are a heavy fleet. That's when we can use COPS. So, does that mean it frees up our other capacity for other things, such as our capital needs, such as sidewalks or bike lanes, or pavement?

**Marcus Jones, City Manager** said I'll try to give it a shot. So, as Ryan said earlier, ultimately you could use all of this for Bonds. When he gets to one of his presentations, he's going to show you some new pressures that we have on, like you just said, those COPS-related projects, that if we didn't reserve some capacity for those projects, we could be in a deficit with some of our buildings and this ERP system that we'll talk about later. Ultimately, if you wanted to use it all for bonds, you could.

Ms. Ajmera said okay, got it. That explains. So, ultimately, our capacity includes both COPS and bonds. So, let's say if we were to use it for facility or equipment or any of that, that would come towards our total \$37 million capacity.

Mr. Jones said that's correct.

**Councilmember Eiselt** said Ryan, I just have a question. The \$37 million excess capacity is in part due to the increase in revenues that were above and beyond what was projected, correct?

Ms. Smith said that's correct.

Ms. Eiselt said I guess my question is, how comfortable are you all that that projection is going to be stable? So, I realize that it's our the vast source of our revenue is property tax. I'm just wondering how many components are in there that have sort of an artificial impact on our budget because of COVID (mild to severe respiratory infection caused by the coronavirus) and because of federal funding that either went to us or went to citizens, individuals? Maybe it has nothing to do with property tax, but I'm just I just want to make sure that we're not looking at 2029 based on a number that could change greatly given the current economic anomalies.

Ms. Smith said the major funding sources for this particular model, as you said, are property taxes and sales taxes. So, again, where we're looking at historical trends, we are utilizing the city's economist to look at our estimates for future trends on sales tax growth. We are being conservative in those estimates. So, we are allowing for what is happening in the market now.

Mr. Bergman said besides one other thing I would add is that one of the advantages of the steady state method for how we build the debt model is that if we do have some kind of a recession or some kind of a downturn, we would be okay for what we are ready to issue this year. The impact would essentially be next year when we come in and give you a steady state number, you would note that it went down significantly. So, I mean, because we're ensuring there's affordability down the road anyway, we're able to adjust to those pressures a little bit better than if we were taking all our capacity and trying to spend it each year.

Ms. Eiselt said okay, all right. Thank you.

Mr. Driggs said before we move on from the subject of ratings, I just want to stress the fact triple triple A is a big deal. If you look at municipalities around the country, some of them have junk ratings. As a result of that, we are able to borrow at these extremely favorable rates. It's worth noting too, what the text there said, this is not just a function of our financial position, which is strong, but also of our management. So, I wanted to take this opportunity to congratulate you and thank you, Teresa, and all the staff for putting us in a position where we've been able to maintain that rating. It's really exceptional, appreciate it.

Mr. Phipps said So, I had a question about the model itself. Our precise was the model in factoring the impending rate increases projected for this year?

Ms. Smith said are you referring to our interest rate increases?

Mr. Phipps said right.

Ms. Smith said again, we look at conservative estimates for what we think those rates will be, and we are looking over the long term. So, what we have done when we've made our model updates most recently is we have factored in the rate increases that are being talked about that we think will actually occur in the market.

Mr. Phipps said okay, so we were successful in plotting that in and it's already occurred about a quarter point, but we did factor those into our model just time?

Ms. Smith said we have. Yes.

Mr. Phipps said okay. My next question; with respect to the ratings, when is the city scheduled to meet again with our rating agencies? Is that coming up again soon?

Ms. Smith said each of our credit entities that we call will meet with the rating agencies as we get ready to issue debt. The most imminent of those is related to the airport. So, we'll be working on that here very soon. From a general capital program, I think the next thing will be housing, which we will start probably in the May timeframe that will actually be meeting with the rating agencies, then.

Mr. Phipps said thank you.

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### ITEM NO. 3: TRANSPORTATION CAPITAL INVESTMENTS

**Marcus Jones, City Manager** said we will now have an update with their Transportation Capital Investment program, and we'll have Liz Babson kick us off.

**Liz Babson, Department of Transportation Director** said again, as you've heard, we come before you today to talk about our transportation capital programs. We've provided this presentation at the March Budget and Governance Committee just last week. So this presentation is in response to council discussion and questions about street lighting and sidewalk projects, as well as our resurfacing efforts. So, I'll start with a reminder of our journey to complete streets, which helps show why we have so much need transportation system. Then we'll talk through project prioritization for our capital programs with a focus on Vision Zero and street lighting, as well as our sidewalk and pedestrian safety program. Then we'll review our resurfacing program.

So, with me today, I also have Deputy Street Superintendant, Charlie Jones, and he's here to go over that program with you as well. So we've also provided in your packet a number of maps that represent the potential needs for various transportation investments across the city that are achieved through capital funding. We'll focus on three of those today. So, this slide shows the draft five-year bond plan from the FY22 budget. Again, we'll be sharing more detail about Vision Zero sidewalk and pedestrian safety. Then I'll turn it over to Charlie Jones to go over our street resurfacing program. But before we go into the programs, I really just want to take a moment and reflect on the evolution of complete streets and this really starts to set the stage and the tone for why we are where we are today. We've made a tremendous amount of progress in building complete streets, but we do still have a long way to go. So, during the first half of the 20th century, streets were really built to support streetcars and accommodate walking. We had connected streets with sidewalks, and an area that that we typically refer to as route four, which are those streets that are about four miles beyond the center city in any direction to provide that street network that I described that was built during the early part of the 1900s. During the second half of the 20th century, which is also the time that we experienced our most significant growth, we moved to a development pattern that was much more auto-oriented. Often this street network is not very connected, and typically access to major residential and business developments has limited entrances and exits with a lot of cul de sacs. That limited access is what creates the need for wider thoroughfares in those areas to handle that limited access. There's limited sidewalks and most of these streets.

During the late 1990s and the early 2000s, we really started to shift our policies to create more complete streets and improve access and connectivity throughout the city. We began to require sidewalks on new subdivision streets at this time and introduced our first capital funding program for sidewalk construction in 2002. More significant policy work was then done to continue to ensure complete and connected streets within the city. In 2006, council adopted our first comprehensive policy associated with transportation investment and programs, and that was our Transportation Action Plan, which has since been updated in 2011 and 2017. The next iteration of that, Transportation Action plan is our Strategic Mobility Plan, and the Transportation and Planning Committee is hearing updates on that plan at this time. In 2007, council adopted the urban street design guidelines, that was comprehensive guideline for how we build complete streets. By 2010 council started adopting ordinances that would codify those elements of complete streets for block requirements and new local street designs, which further helped align what was being built in the private investment and ensure that those same expectations were coming through as the private sector built out our street network as well.

Now, let's talk a little bit about our CIP (Capital Investment Plan) programs and how that policy work informs prioritization. We've done a lot of substantial policy work, as I mentioned, in developing transportation mobility policies that build complete streets and advance goals for building that connected mobility network for all users. These policies are focused on safety with Vision Zero, prioritizing investment on our most dangerous corridors, which is also often some of our most congested corridors. These policies are also focused on building a connected network, especially for pedestrians and cyclists, because that's an area where we underinvested in the latter part of the last century, and we want to make sure that we are supporting access to transit and in aligning our investment in ways that improve that access. Because a transit system that attracts higher ridership is one of our strongest tools in managing congestion on our streets as our city continues to grow. So, it's all of this policy work and council support and the data that we

have about our transportation system performance that really lays that foundation for prioritizing projects that we pursue with capital funding.

So, now let's talk a little bit about Vision Zero. So, again safety is foundational in all of the work we do. Safety is an important factor regardless of the program that we're looking at because that is a piece of data that is part of the criteria when we prioritize projects. Specific to Vision Zero, this program allows us to focus on things that are important in the community and important to council like street lighting, neighborhood traffic calming, and spot safety improvements, to really be agile and respond quickly to safety issues that arise in the community. We also are constantly scanning across the country to see the latest and greatest technology improvements that we can help make our streets safer. Projects are prioritized using the data from our high injury network and our Vision Zero Action Plan and this program funding allows us again to quickly respond to safety improvements that don't otherwise have funding from another capital source. You'll see in the draft five-year plan from FY22 that we show a recommendation to double that funding in 22 to \$4 million.

Now let's talk a bit more about street lighting because I know that that's something that's important to this council and the community. Over the years, we've had several conversations with you about street lighting and its importance to creating safer streets across the city. So, the implementing of our Vision Zero program that the council approved was first done in 2018 and focused on street lighting. Prior to that, we did not have a dedicated funding source to install streetlights. They were only installed through developer projects or bigger street improvements. So, this Vision Zero funding is a very important tool in making our streets safer as it relates to lighting. We currently have over 77,000 street lights citywide, and I'm happy to report that we are maintaining an average of less than a 5 percent outage on those lights. That's a big improvement for where we were just five years ago when you heard from me and you heard from the community that there were concerns about too many outages. So, we created a program with existing staff and we now have our staff going out annually, riding the streets, and doing an inventory of 40 to 50 percentage of that system every year.

That's really what's brought that outage down from what used to be about a 20 percent outage rate to now a 5 percent outage rate. Also, I'd like to point out that we are working closely with Duke Energy on a couple of other projects as well. We're Looking at upgrading streetlights to LED. Currently, 25 percent of our system is already upgraded to LEDs. Any new projects that are installed or installed with LEDs and we've worked with Duke to prioritize corridors on their list for upgrades; so that we are getting those upgrades on the corridors where they are most needed. Last but certainly not least, in the street lighting area, we're partnering with Duke on a pilot to install smart streetlights, and we've installed 200 smart streetlights in the North End Smart District.

Mr. Driggs said Ms. Babson, could you talk about the terms of our arrangements with Duke? Who pays for what? How does it work? Do we pay for electricity? Do they pay for the lights?

Ms. Babson said that comes through a rate that is set by the State Energy Commission. Ad I might have that name wrong, but it's said at the state utilities Commission, it's said at the state level. We pay them a cost associated with the electricity, and the maintenance associated, with those streetlights. So, they technically own the streetlights, but we pay for them and they maintain them.

Mr. Driggs said if we wanted more street lights or streetlights and, a new location, is there a capital cost to us or do we just have to negotiate with them, within the rates that we pay?

Ms. Babson said we pay an upfront capital cost to install streetlights.

Mr. Driggs said so, we do pay for the lights as they're installed. Then we transfer a title to them under the terms of our agreement. At that point are our payments to them, our contract payments to them cover the maintenance and things like that?

Ms. Babson said yes sir. The ongoing maintenance and operations.

Mr. Driggs said we have the right, pursuant to the terms of our deal with Duke, to require them to fix them.

Ms. Babson said yes, sir.

Mr. Driggs said thank you.

Ms. Babson said this slide actually gets at that cost a little bit. So, that was a great, great segway into the next piece of this conversation. So, again, street lighting projects can be fairly expensive with the capital costs on the front end, depending on a number of factors. Based on some of the experiences we're seeing lately, you know, street classification, for example, determines the pole type that's required. So, on our higher-speed, higher-volume streets, we are seeing cost estimates at this point for breakaway poles. Those are the steel poles that have to be designed. They are costing about \$300,000 per mile. The less expensive alternative is a wooden pole and it costs about \$200,000 per mile. Again, some of the factors that are impacting the increasing costs that we're seeing are as a result of utility impacts. So, if there aren't street lights on the street, there might be a pole line running power up and down that street along with other utilities. In order to install a streetlight on that pole, often we have to relocate those utilities and sometimes even install new poles to accommodate the additional height required to get all of those utilities on that pole.

Then last but certainly not least, is real estate. If for any reason we're not able to install the streetlights in the project within the current right of way, then we have to acquire real estate to implement that project. All right. So, what does that look like for us? This map shows thoroughfares without streetlights. We currently have 19 miles committed. Fifteen miles are prioritized, and again, what that means is with the future bond that goes to voters in 2022, if approved, we can proceed with design and construction with Duke on the next 15 miles. So, you'll notice that 15 miles is a little bit higher than you might think we could accomplish with the funding that we are looking for in the 22 bonds. I'm happy to share with you that we just got approval on February 16th from the state that we received \$1,000,000 in bonus allocation funding to build a street lighting project on W.T. Harris Boulevard from Mount Holly Huntersville Road to 85. That's an eight-mile segment. So, that's pretty exciting to have gotten that news just recently.

Moving into the sidewalk and pedestrian safety program. That program focuses on walkability and providing an experience that's safe, useful, and inviting. Projects are prioritized using our Charlotte Walks Plan, which was a council adopted plan as well, with overall priorities focusing on safety, congestion, and connectivity. Funding in this program is used to construct new sidewalks, fill in sort of what we call smaller gap sidewalk needs, and then also provide for safe pedestrian crossings and school zones as well. We do have a goal to build ten miles of sidewalk every year. This comes not only from this capital program but any other capital project or state project using public dollars. Again, the sidewalk program was initially funded in 2002, and so we've continued sidewalk construction since that time. I want to clarify our reporting and completed sidewalk miles. When I was with the committee last week, I misspoke and said that those ten miles included developer-constructed and completed sidewalks. It does not. That ten miles is a goal that we typically achieve almost every year. It is just from public dollars, a majority of which is city funding. There is some state and federal funding that comes through that as well.

I also wanted to follow up on Councilmember Ajmera's question that she asked about the total miles built by developers. Up until this time, that's not a number that we have tracked, but I am happy to report that we have just completed a sidewalk inventory to meet ADA (Americans with Disabilities Act) requirements across the city. So, we now have a very detailed, robust inventory about sidewalk existing sections as well as any gaps or new sections that are needed. With that new inventory, we are currently developing a process that will help us capture the sidewalks that will be built by developers in the future in addition to those that are built with public funding. So, we will have a lot better data going

forward in the coming year. Then the last thing I'll point out on this slide is in 22, the recommendation for the FY22 five-year bond plan was to increase the sidewalk funding from \$15 million to \$50 million, which more than triples that funding. Again, just real quickly, to reiterate similar criteria across all programs and projects for transportation capital investment, we really look at safety, congestion, and connectivity. I want to spend a minute on the connectivity because that's one you don't hear us talk about a lot. On the connectivity piece, we're really ensuring that we're making those important connections to provide people with the access that they need to go to places like schools, parks, greenways, and of course access to transit. Tying into existing sidewalks to improve that access or extend that access is definitely important.

Then we also look at land uses and consider people in certain areas or certain land uses that they might need to access that might be more transit dependent. So, Pedestrian crossings is another component that's funded through the Sidewalk and Pedestrian Safety Program. These improvements are typically rapid rectangular flashing beacons and pedestrian hybrid beacons. They range from in cost about \$50,000 to \$300,000, with the lesser expensive one being shown in the photo on the left. Then the more expensive one is our pedestrian hybrid beacon. Again, like I had just described, we consider things like traffic volumes, access to transit, and connecting to the places that they want to go. This is a fairly new treatment for us and we really just started this about five years ago. Since that time, we've installed 60 of these pedestrian crossings across the city. So, what does that look like across the city? Well, this map shows you that in the queue, we currently have 35 crossings that are funded, and 15 crossings identified for the 2022 future bond funding. Then there are 47 other crossings that have been evaluated and approved and are awaiting future funding.

Moving into sidewalks, as with a lot of the work that we are seeing when we take things to construction, we're seeing some significant cost increases. These are some of the factors that are increasing the costs of our sidewalks, real estate, utility impacts, and construction costs associated with labor increases and materials increases. In our current range for cost per mile for sidewalk, design, and construction is ranging anywhere from four to \$8 million. That's a big number. It's a wide range. That does include the planning, design, and construction. But again, each project is a little unique and a little different. We are seeing some pretty significant variable costs associated with the cost to deliver some of these projects. You know, again, back to the point that we started sidewalk construction with capital dollars back in 2002. We've been out of this now, for 20 years. I would say some of the earlier projects that we completed were probably easier and less expensive projects. What we're running into now is that we are moving into those outer edges of the city that were built in the last 50 years where sidewalks didn't exist complete, and streets don't exist. So, we're coming into areas that are much more suburban, that the street cross sections are fairly unimproved. So, a sidewalk project in those areas is starting to cost in the range of almost a street construction project. Here's what that looks like on a map. These are our thoroughfares without a sidewalk. Again, what is shown in green is we have 11 miles of funded sidewalk. We have five miles prioritized. That will move forward into planning and design with the 2022 bond funding. We have another seven miles where we have evaluation underway.

What I'll say about this program it is a continuing program where we are constantly moving projects through planning, design, and construction and so it's difficult to say with \$50 million, you build a set amount of miles. That \$50 million allows us to construct some of what is shown in green because it's currently in planning design, and it will allow us to move new projects into that planning and design phase and complete those. Then based on funding availability, once all of those costs come in, we will likely be able to move some of those seven miles into planning and design. It's not clear yet if we'll be able to bring them to construction. So, of that, within the system, we have a remaining 245 thoroughfare miles, without sidewalks. What that means is we have a current policy that requires a sidewalk on both sides of the street of a thoroughfare. So, that's 245 miles total, which means one street with no sidewalks could have sidewalks on both sides and counted in that 245

Mayor Lyles said before you go through the next slide, is that your next section?

mmm

Ms. Babson said yes, ma'am.

**Councilmember Bokhari** said first of all, Liz, good job. I'll just start by saying we're very lucky to have you in the department. So, I'll just make a comment that I think is very relevant right now, budget season, and urgency around this. I know you pay attention to this, you're in the weeds of it and I know you believe it in the same way to an extent, which is I think we need to be right now aggressively pursuing not kind of treading water, and how do we move forward incrementally, but how do we move forward into the next level as it relates to smart devices that are IOT ready for every single thing we're replacing; from stoplights to crosswalks to beacons to neighborhood lights, literally everything. As we know, it's going to cost a lot, but at the end of the day, we're going to get behind. We're already behind if we don't start aggressively this and if we keep replacing and expanding the current level of tact across all of these things, we're going to be forever lost. But if we really put together an aggressive plan that says in three years, every single device, every single asset under the C-DOT banner that's out in the community will be replaced with the smart device that's there.

The near-term benefits are going to be amazing in that will conserve energy, right? Well, in all of our are our major corridors and intersections where volume to capacity ratio is failing. You know, we're going to be able to move vehicles nimbly. We're going to be able to take a huge chunk out of congestion. Then in the midterm, as we're preparing, you know, with other things like 5G and autonomous vehicles and everything that's going to enable us to be in a spot that is way ahead of the curve, but it won't happen unless we focus in on it. There is no time other than each budget season to start. So, you know, it's a large item I'm tossing out there, and I think it's probably the most important thing that we could do to stop incrementally making progress and treading water, just trying to chip away at our problems. If we're going to invest somewhere, let's invest in this spot. You know, other than it being a high-level statement Liz, I hope that you'll get some buy-in across the council as well as from the manager to put together an aggressive plan within this budget cycle that can start a big chunk of a three-year strategy to get it all done in all in place.

Mr. Driggs said I mentioned in our committee report the kind of magnitudes that are implied here, and maybe I'll talk about that after we've heard the story on paving. I just want to suggest in general, further to Mr. Bokhari's point, we need to be more intentional about how this investment ties into our 2040 plan and the other things we're doing. So, we have a mobility plan and are we expecting to get any help from that for these costs, because there's a 20 percent, I think, designation in there? I just think it would be good if we were clearer about what kind of progress we expect to make, and what kind of money that's going to cost. Again, we're taking on board new technologies because the 2040 plan is not going to happen entirely on the basis of private investment and we're going to have to step up. So, I don't think it's a Budget Committee conversation, frankly. I think there's a policy conversation that needs to take place probably in TAP (Transportation Action Plan) about how we want to approach this, what goals we want to set, and then we can back into the money side of it, but it's got to be a prioritization process in Council Committee. That does mean that for this year we're going to have to reach conclusions about some of this extra money that we have. I would hope that that would just be a temporary thing and that maybe for next year's budget, we would have in place a framework that would apply going forward. I remember there was a time when we were talking about trash collection and we kept discussing the policy around picking up and things like that. We kicked that one down the road for a number of years. We need to get on this because the numbers are big. Thank you.

**Councilmember Newton** said from a policy standpoint, I really wonder if we should be having a conversation about requiring developers to also install street lighting alongside some of the sidewalk improvements that are required in the city when they develop. I also questioned whether we need to be a little bit more future-forward in our thinking about our criteria for both sidewalks and [inaudible]. It seems rather stagnant to me, the eligibility criteria. Rather than acknowledging where growth is occurring and discussing that, calculating data that could also be included in the criteria so that we're getting ahead of potential problems that we can foresee for the future. Having said all of that, Liz, you were

mentioning whether there is sidewalks on both sides of some of these roads. So, the scope of 245 miles, that number for thoroughfares without sidewalks is very high. I look at the map and it's relatively pervasive. Particularly, I mean, throughout many areas of our city. So, that 245 includes some areas that have a side on one side of the street?

Ms. Babson said yes, sir, that's correct.

Mr. Newton said okay, I wonder what the breakdown would be for the streets that have no sidewalks on either side because I would think that we would want to at the very least, prioritize areas with no sidewalks on either side. In our calculations moving forward because I think it's better to have a sidewalk on one side than none on either side. Inasmuch as our investment here in sidewalks is concerned; did I hear you right that we're looking at tripling that investment in this year's budget?

Ms. Babson said yes, sir. What was approved in FY22 for your draft five-year bond plan includes an increase to \$50 million in the 22 bonds.

Mr. Newton said okay, you mentioned that we have a ten-mile per year goal. Is that to meet that goal?

Ms. Babson said no, sir. We currently, on average install about ten miles a year with all public funding. So, not just this program alone, but if we do a street improvement, then the sidewalk gets built as part of that street improvement, again using public dollars.

Mr. Newton said I feel like we have such a tremendous need for infrastructure improvements throughout the entire city. It's exhibited here. Think with that current ten-mile-per-year pace, it would be about 25 years if not longer, to just address current needs. I like the idea of increasing the funding here. That's all the questions I have. Thank you, Madam Mayor.

Ms. Babson said If I may, I can provide some follow-up information to Councilmember Newton. So, thank you for raising the question. I don't have the numbers with me today about the miles of sidewalks that don't exist on those thoroughfares, but we can easily provide that information in a follow-up. What I will say is our current criteria absolutely takes into consideration whether there is the presence of a sidewalk on one side or if there is no sidewalk on either side of the thoroughfare. So, that goes into the ranking. So, the 245 miles, for example, is ranked, but we are constantly updating that list based on existing conditions changing. So, if a new development comes in and builds a sidewalk and changes the demand and the need for that sidewalk access, then that is taken into consideration as we're constantly updating that list.

**Mayor Lyles** said I'd like to ask the manager, it's really a follow-up to Mr. Driggs when he said, you know, we need to put all of our resources together on the table and see what comes up. Where do we have the opportunity to begin to do something new or to continue what we have? So, to that end, I think we have not gotten the information on the infrastructure bill that has been by Congress yet. A lot of this, I would hope, would allow for local communities and Charlotte is the size that gets and allocate, if they continue to do direct allocations like they have with the COVID funding, we would have a direct allocation. If it's significant enough for this conversation, I would like the manager to help us understand what all of those opportunities might be and then put it together with what opportunities we have because there might be a way to add that federal infrastructure money to some of the very basic things that we would prioritize.

Mr. Jones said sure Mayor and members of council, we have a team that we've put together. Folks in my office have folks across the entire enterprise. What we are doing is trying to see is, what are the different infrastructure options. I think there's about 56 and what we have been doing is meeting since November. The problem has been some of the instructions have not come out and others just came out at the end of January. So, trust us, we are looking under every stone to see how we can address the issues that are before us. We also make sure that we have some additional information for the council members that are traveling to D.C. next week.

mmm

Mayor Lyles said one other thing I wanted to say is that there has been some idea not to do allocations to the cities over \$500,000. I just sent a survey in to show how we used our existing money. Thank you, Sean, for doing the survey. I sent it in, Sean did it. So, to let people know that Charlotte put most of its money in community investment and didn't bring it in, but the same is the same criteria stand. I think that will be able to persuade that we're using the money correctly and in our communities and large cities. So, with that, I'm hopeful that we get some information sooner than later.

Mr. Driggs said I just wanted to clarify, do we expect that there will just be some allocation like grants to cities, or is this going to be a question of having shovel-ready projects and demonstrating what we can put to work?

Mr. Jones said yes. So, I'll make sure before I left, I mentioned Charlotte Lamb, who is working in the Manager's Office and coordinating all of this, that her name would come out today. So, Charlotte, your name did come up. Yes, but we're trying to do it again, a lot of the instructions or some of the guesses that the processes that are associated with getting these funds are not with us yet. I'm not sure, Mayor, about this direct allocation. Much like, you know, the CARES ACT (Coronavirus Aid, Relief, and Economic Security) it was very good for us that care allocation because we're one of 38 cities in the country.

Mayor Lyles said the [inaudible] challenge now.

Mr. Jones said Yeah.

Mayor Lyles said I do think that there will be different levels, Mr. Driggs. Some will require a match, and do you have the money ready to go? That's likely to be, I would assume, if I were sitting in that office doing that, I'd say, well, we want to make a big impact and where can we make a big impact? I mean, it's just a political part of what this can be. So, I would expect some of them will require a match. Then perhaps because of those sizes and amounts [inaudible].

Mr. Driggs said [inaudible] entail other conversations.

**Councilmember Graham** said do you anticipate that this may line up with our budget cycle in terms of what going down, in terms of hearing from DC; a little bit more specifics as relates to how we kind of make sure that we can talk about both at the same time?

Mr. Berman said I'll answer that a couple of different ways. Like the manager mentioned, there's been a City Manager's Office-led group that's been working on this for a while. So, the programs that already existed just got new funding. We have more rules on them. For instance, the airport can identify funds that they already know they're going to get over the next five years from the bill and they'll talk about that next month at the budget workshop. For some of the other information and new programs, the rules aren't there yet, but there's two good signs that line up with our budget process. Number one is so much of our capital funding is program related with prioritization. Take sidewalk and pedestrian safety. If there are programs that line up that could draw in federal funds, they would essentially move up the prioritization list so we can try to maximize as many funds as we're able to get. So, that includes sidewalks, Vision Zero, congestion mitigation, corridors, or bridge program bike facilities. As we go through this because we would have to go to the voters first and then we wouldn't have access to the funds until January. So, by then we would know more from the federal agencies on how we can try to maximize our federal investment. The other thing I'd mention is there is within the bill discussion of what they call disadvantaged census tracts where local matches would potentially be waived. So, we'll want to be really aggressive on that front as well to try to draw in as much federal funds as we can

Mr. Graham said so, we can do forward planning with anticipation.

Mr. Bergman said yep.

**Councilmember Johnson** said I have a question and then a comment. A question is for Liz. Liz, I'm looking at the thoroughfare without sidewalks and also the street lights and I see an overwhelming amount in District 4, which I know has a lot of state-funded or state-owned roads. Does that present an additional challenge for improvement in this area?

Ms. Babson said I'll answer that a couple of ways. On the street lighting front, many of the roads that are state-owned, state maintained, are those higher volume, higher speed facilities and they often require, again, what we call breakaway poles, which are fairly expensive. So, that cost is going to be slightly higher to install street lighting, for example, on a lot of those facilities. Yes, you're correct, many of those are in District 4. Again, you know, the other thing to point out is that NC-DOT (North Carolina Department of Transportation) does not install streetlights on any of their streets except the interstate system. So, any street lighting remaining on any streets within the city is then the responsibility of the city if we want to pursue that. Same thing with sidewalks. They do not install sidewalks on their facilities. They do have a complete streets policy. So, now they do allow for sidewalks to be completed within their right of way, but we typically carry the cost of that. Then in the long term, maintenance of that as well.

Ms. Johnson said from a practical perspective if we're talking about streets like W.T. Harris and Mallard Creek and Sugar Creek and University City Boulevards, all of these streets that need these safety improvements. So, you're saying that these items cost more. We need to budget more for this area to make these improvements.

Ms. Babson said not necessarily. It does depend on each project. As I mentioned, you know, I use sidewalks as an example. Those costs range anywhere from about four to \$8 million a mile what we're seeing to plan, design and construct a sidewalk segment. So, it's not as much a function of whether or not it's a state-maintained road or a city-maintained road. It's just the complexity of each project. Some are more expensive to construct than others.

Ms. Johnson said okay, thank you. My comment is for Mr. Jones. I think the council when I look at this map or the thoroughfare, was without sidewalks; this looks like Districts two, three, and four. So, if we look at this from an equitable perspective, this is kind of the reason why there's a tale of two cities in the city. I don't know if it's because of the ages of development in this area, but I mean, we as a council, talk about bridging the wealth gap and looking at things from a racial equity perspective, I think this is a demonstration of an area where we could make really big impacts. I think we just need to be very intentional about improving the infrastructure of the city. When you have sidewalks, people are able to walk to the bus stops and there's safety issues. This illustration, it's just really, it's just demonstrative of how areas are being left behind in the city. So, I just think that we should really take a look at this, and is truly an area where we can increase the budget and the dollars and focus on the infrastructure. I know that there's not a decision on the federal infrastructure dollars, but this is an opportunity for us as a council, again, to put our money where our mouths are. We can look at this from an equitable perspective and just really focus on this. I'd like to see more dollars targeted toward current infrastructure instead of future development. We have to take care of the residents that we have. Again, the sidewalks is just an area. If you look at this map, this is an area where we can truly improve lives. Thank you.

Mayor Lyles said I had a program last night with WFAE and Eli Portillo at the university, that verifies your comments with facts about where the development went and the roads went. In terms of how the city was designed in the years that not any of us were sitting around. Your assessment is backed up by research as well. The question I think that we have is how to have that discussion in a way that keeps everyone engaged and understanding and makes sure that people understand the reason why, as well as what. Thank you so much for that.

**Councilmember Winston** said I guess this comment is to Madam Mayor, Mr. Manager, and colleagues on council. I feel like we need to be careful when we talk about the idea of actually debt capacity because, you know, as I'm hearing this, as I'm considering this, I can't help but think that we have a \$12 billion hole in our needs and in our plans when it

comes to growth and investing in transportation. I know our greater transportation needs are bigger than the TMN, the Transform Formative Mobility Network. They're bigger than that one idea, but all the pieces of this presentation are integral parts of that plan. The TMN, which I think is a comprehensive transportation plan that does have significant transit investments, but it feels like this is where we're at right here, meaning our city of Charlotte budgeting process and our capital planning initiatives, this is where we can and needs to provide better answers to our neighbors and our partners in the region on how we intend to put our skin in the game before we ask them to. So, when I see you present those bars, Mr. Manager, which is great, you know, with this extra capacity and also pointing out, you know, that there no property tax increase to make that happen. If I'm my partners here that they're asking, I'm like, well, what are they going to do to help answer some of those questions and why should I consider increasing my taxes to help pay for this plan that they're going to significantly benefit from?

I would ask if am I off base or if we will we get to a part in this because we haven't and it hasn't even been touched. I see we're going into street resurfacing. We haven't talked about it in that capacity. I would imagine if we don't do that during this budget process, it's going to be a real opportunity loss to consider how we make some of those investments, you know, apparently. Yes.

Mr. Jones said thank you, Council Member Winston, and I'll try to do this in a concise fashion. I don't disagree with you at all. If we struggled with this slide, just wait until we get to street resurfacing, okay? Liz and had a number of conversations about how to position this the right way. I agree with everything that's been said. One thing that I would put out there is that even if we had all of the funding, even if there was a mathematical calculation that could do whatever the number is to do this, I'm not sure each one of these would end up being a project. So, if there's any takeaway, I would hope that we understand that we're not suggesting that if we had whatever the mathematical calculation is, we would do all 245 miles because some of them may not be viable projects. So, let's jump to what you said next. So, if everybody would bear with me for a little bit, there are so Mr. Winston nailed it. He talked about transportation and we're talking about transportation, but there's also transit. With transit, there is a plan. It's CATS 2030 plan, which has been approved by the MTC (Metropolitan Transit Commission). Then when you add on top of that, when the CATS CEO talks about Envision My Ride, that is transit. All of these various lines, whether it's the light rail, commuter rail, or streetcar plus getting our bus system up to a point where we have the different types of frequencies that this community wants and there's some funding for that, okay.

So, when you start to put it all together, if I'm understanding you, which I think I am, is that whatever the revenue sources are, there are needs both on the transit side that aren't funded and their needs on the transportation side that aren't funded. I hope the staff is doing its due diligence to at least put it out in front of you so that you don't make one decision today. Then you say, well, had you told me that we may not have made that decision. So, that's the beginning of the discussion. To your point, as Mr. Bergman said earlier, the third budget workshop will include our enterprise funds, including CATS. That's not a specific part of today's, but in your next workshop, we will have enterprise funds, which include CATS and the transit piece.

Mr. Winston said I hear that, but again, just going back to the presentation that we have today, this has been part of our difficulty in explaining the TMN to the community at large. Right. Is not just a Silver Line. It's not just those transit aspects that you talked about. Right. It is implementing a long and not long route, those Vision Zero goals, right? Dealing with street lighting, dealing with improving pedestrian crossings along those alignments. You all of those sidewalks and bike PED infrastructure that will go there, right? Those are the things that we haven't been effectively able to communicate and talk about honestly, even amongst ourselves, but this is what council members continue. Yes. How are we going to pay for those things, right? So, I really do think as we're thinking about this and thinking about those future four or five-year bond cycles, aren't some of those answers about how are we going to do that, have to come out of here? Don't we have an opportunity to more clarity to the [inaudible]?

Mr. Jones said absolutely. So, I try to just stick with plans first. Now you've moved over to the revenue source. When we talk with TMN, it's only a financing tool. So, with that, you're right, again. A part of that financing tool would pay for the transit piece and a part would pay for the transportation piece; roads, sidewalks, bike paths, greenways, all things that are in our CIP as well as the county CIP. So, the funding source, whether it's, forgive me, Mr. Driggs, something dealing with property tax or sales tax or a revenue source, would be needed to advance many of these projects.

Mr. Winston said so, do we have to be part of the CIP discussion moving forward or not?

Mr. Jones said as a part of the CIP discussion, even with this additional capacity, you could choose to not utilize any of it so I guess Mr. Bokhari's point. I'm not saying this is your point, Mr. Bokhari, but do you, you know, come up with a plan that has much more to do with smart devices, smart technologies, right? There will come a day if this community is talking about Connect Beyond, which is bigger than the TMN, bigger than the 2030 plan, which I hope it's what we're trying to do, multiple counties, trying to have the connectivity, then there will have to be a broader discussion amongst this entire region about how do you pay for it and as there are federal dollars, as we talked about earlier, that are now in the queue without having something the shovel ready or a revenue source to match these funds, it becomes more difficult to pull in the federal funds.

Ms. Eiselt said I think this is a really good discussion, and I thought it was interesting where in Austin, one of the things that we learned is that when with the issue of transit versus transportation is that Boston split the referendum into two pieces, one for transit and one for the greenway, sidewalks, whatnot, in that portion passed at a higher level, like 70 percent. Transit passed at 60 percent, but it really showed how much people value greenways and sidewalks. So, I think you know I liked that we're spending this much time talking about sidewalks and that leads to my other question, which is, Liz, what portion of the funding is available to fix existing sidewalks? You know, Charlotte is a city of beautiful trees, but those trees tend to have roots that can push up sidewalks and we've got many sidewalks that go from one chunk to another and it's a good three or four-inch difference and it's kind of treacherous. I'm neither incredibly clumsy, which probably is true, but I've been a victim of our sidewalks a couple of times and they're covered in leaves, and whatnot. I just wonder how that ranks like, you know, what part of the money is put aside to invest in fixing existing sidewalks.

Ms. Babson said repair and maintenance, of our existing sidewalks, is done through our operating budget or general fund. So, we handle that. That is not a capital expense for us.

Ms. Eiselt said okay

Ms. Babson said I will share with you and Charlie can speak to this way better than I can if you want more details, but we have started a new approach just in the last several years.,To your point. Not all sidewalk repairs where we see sidewalk heaving has to be totally reconstructed. What we have found is that there is a technique called grinding. So, we're starting to do that on an annual basis throughout the city to remove those trip hazards, where we can do that without construction.

Ms. Eiselt said great, okay. Do you know offhand, though, Liz, like what kind of a backlog we have on fixing, you know, repairs to the existing sidewalks? The dollar value that we have available probably isn't really relevant. It's more a matter of if a citizen calls in and says we have a really bad sidewalk situation here, wheelchairs, bikes, strollers, having a hard time, what kind of a backlog would that be?

Ms. Babson said I think I need to follow up with you on that. I need a little bit and try to look at our data. I will share it with you and just make an important connection. Again, we're seeing this in the labor and trades workforce, which is the group that performs these types of maintenance and repair activities. We're seeing higher than-normal vacancy rates. So, I do have concerns that might be impacting our ability to respond as quickly as we might have in the past. We'll follow up and provide you with that information.

Ms. Eiselt said okay, thank you.

Mayor Lyles said so, we have a pre-COVID and a post-COVID description. That's great.

Mr. Driggs said I think what's coming out here is we are to plan in the context of great uncertainty, right? We don't know what kind of sales tax revenue we're going to have. One of my concerns has been that we keep talking in of the full program, and I don't see contingency plans related to different outcomes on funding. So, I think that's an issue. It's also worth mentioning since Mayor Pro Tem alluded to Austin, their split of the funding was 50/50 and not 80/20. So, I think it reflects a very different attitude towards rail and possibly also just differences the in the city and the way the city is structured. I personally felt that we probably should have more than 66 miles of road in our Transportation Mobility plan network and that split is strongly biased towards the rail, in a way that is going to cost us in other areas. That's another conversation for another day. I think the thing that we need to wake up to right now is the fact that we don't have answers to questions about how we intend to proceed to meet these needs. Again, 245 miles, clearly not all of those miles are essential. Some of those miles will get paid for privately. When you consider that the aggregate cost of that is somewhere between a billion, and \$2 billion, I think it's safe to say that the amount that the city is going to end up wanting to pay is big. In relation to the 23 miles that we have at different stages right now. So, I think the planning process needs to start.

I'm not sure it can get done in the time frame of the budget cycle that we're in. So, we're going to have to come up with some answers for this year. I just hope we'll start preparing for a better conversation about resource allocation and the realization of some of these needs. Thank you.

Ms. Ajmera said a couple of questions. Amen to everything my colleagues have said. I've discussed certainly been a great suggestion and great discussion. A couple of questions to Ms. Babson. What is the gap that we have to fill because of the budget cuts from the state? That was not specific to the sidewalk.

Ms. Babson said no, ma'am. It was associated with the Powell Bill, and that's the next portion of the presentation we're going to go over when we give you an update on resurfacing.

Mayor Lyles said we really tried to give that a break so that we didn't forget everything. So, Ajmera, we'll come back to you at the beginning of [inaudible].

Ms. Ajmera said I will limit my questions to just sidewalks. It's great that we have a huge increase from 15 to \$50 million toward our sidewalks. But just from hearing from all my colleagues, certainly, this is a priority for many of my colleagues where we do need to invest more. So, I hope to see some of that \$37 million of additional capacity going towards sidewalks, specifically where we have a major gap, where it's clearly outlined here on this Map. But, I would say some of my other questions for the next slide. I've already gone through this presentation in our Budget Committee. So, I'll flip steps ahead, but I'll save my questions for later.

Mayor Lyles said I will make you the first on the list for the next session.

**Councilmember Phipps** said I was wondering, in those areas that are on the ETJ (Extraterritorial Jurisdiction) that get merged to the city. I live in the Back Creek section and were merged into city limits in 2003. So, we've been in the city now for 19 years and there's still a lot of projects that we could have the benefit of. So, I'm wondering if in those areas send an ETG to come into the city, the more suburban areas trying to get urbanized. I know that there are properties that already preexisted before entry into these ETG areas, into the city. So, how do we prioritize needs for newly arrived sections of the county coming into the city? Do the priorities that were in the urban areas, do they still get prioritization since they were there first or are we more or less targeting even areas in newly acquired acreage, are we assigning them a priority also?

Ms. Babson said Councilmember Phipps the way I'll answer that question is again, that's the benefit of this sort of ongoing program with continued funding and the fact that we're constantly updating our prioritization, our list of potential projects based on any new information. So, again, going back to some of the earlier slides and you've heard me talk about this a lot, it's safety, congestion, and connectivity. So, we're looking at land use as we're looking at whether or not there have been pedestrian crashes. We're looking at all of the data that we have available across the entire city. We don't separate out whether or not an area was recently annexed and treat that any differently. We're trying to find the best place to put those limited resources where we have the greatest need based on the data.

Mr. Phipps said thank you.

Mr. Bokhari said since the retreat, I've been working with several people on broader funding initiatives that touch all of these things, touch the Transformational Mobility Network, where that last left off. I've made some substantial progress. Again, as an individual not representing council. I am happy to give any of my colleagues updates on this should it interest you. I think the punch line of what I'm finding and how it relates to this is what I heard from your Austin trip, which to me seems pretty, pretty interesting concept to follow, is that they, I believe, followed more of a 50/50 transit and transportation split across all of their efforts. When you think about that, the fact is that we're learning from the towns as we have these conversations, the General Assembly, the private sector, major players on one side, kind of some desires for other things and other capabilities on the other, we're seeing some real potential to unlock funds from the state level, capitalize on things like that. But we have to have something that the feds recognize. So, I'm seeing a pathway right now on some levels of transit. Not everything that was in the TMN, but also a mixture of not what's currently stated in the 80/20 mix of other transportation, particularly roads and sidewalks and things of that nature. But the opportunity to expand that more towards a true 50/50 forward look. Some of the things we've just been discussing. So, if there's a point where this can merge and makes sense to merge back into a more formal council effort, I think the thing staff can be doing right now to prepare for that so we can move fast as we're going to need to, is what does not an 80/20 perspective of transportation look like the 50/50 and where would our moonshots be investing in all of those smart transportation C-DOT devices? What does that big bang look like? What are all of those things are all the way from the Charlotte area, all the way up into the towns, into the surrounding areas? At that at this and all of a sudden some things unlocked that weren't possible before, we're going to find ourselves in a situation where we're scrambling and either we have to create a plan that didn't have the time to really get to the merit and attention it deserved or we're going to have to pass on the opportunity because we're just not going to be ready to do that.

So, again, if anyone's interested to hear some of the updates, I'm glad to do that offline with you, but I think that's my punch line for the staff and the manager, which is it's not done yet, but it has progressed to a point it has not in the past. I would really think that if we're going to go after this hard some doors unlock, we should be ready to react nimbly when that happens.

**Charlie Jones, Deputy Street Superintendent** said Charlie Jones, Deputy Street Superintendent for Street Maintenance Division of C-DOT. When we talk about resurfacing the city of Charlotte, there are two main goals for this program. The first is to extend the life of the pavement assets of the city, and the second is to reduce the costs associated with maintaining this large asset. Just how big is the city of Charlotte Street system? We currently maintain 5,479 lane miles of streets. I'll put that in perspective for everyone. You could drive from Charlotte to San Francisco and back in 5,424 miles. So, it's quite extensive street network that we maintain. There's one primary measure used to quantify the overall health of our road network. This measure is the pavement condition rating, otherwise known as the PCR. The PCR measurement represents the condition of the entire street network at a specific point in time. The range is represented by the chart to the right or an industry-standard breakdown of PCR ranges from very good to very poor and includes the percentage of Charlotte streets rated in each category. Streets are rated on a scale of zero to 100, with 100 being a newly resurfaced street and a zero-rated

street being one with significant distresses and failures. Train pavement raters or artificial intelligence-based systems, evaluate the pavement surface and add up points for distresses such as potholes running utility cuts, cracks, heated areas, and just general rough pavement.

Based on our last survey conducted in 2019, 62 percent of Charlotte streets were rated good or very good. One of the key factors that affect the pavement condition rating is the age of the pavement surface. I'll take a quick break there to talk about how roads are constructed. Roads are built in layers. The top surface not only gives you a smooth surface to drive on, but it also protects the layers that are beneath that provide that structural strength for the road. The resurfacing process replaces this top layer as it ages to restore the smooth ride, but just as important, it protects the structural elements of the road beneath. As the surface layer cracks and becomes brittle with age, moisture and physical strains will penetrate the lower road layers and require more repairs than just resurfacing. The typical surface layer of asphalt has a useful life of 18 to 20 years. Show a few pictures from Charlotte roads here. These are actual city streets and we can show the progression of pavement conditions over time. Starting on the left you can see a freshly paved street. This street will remain in this condition for several years. Most streets in the Charlotte network fall into the good category as seen in the second image.

You may notice some cracking, but all in all, the surface is relatively smooth and the cracks are not covering significant areas of the road. That road surface is approximately 5 to 10 years old. The third image is a road surface between 10 to 15 years old. You can see a considerable amount of cracking and a significant patch in the middle of the road, and there's a good chance that portions of that street will need additional repairs when it comes time for resurfacing. The final image is a street that has not been paved in more than 25 years. Potholes are evident and the amount of cracking in loose stone indicates that the base of the road has been compromised. These four photos kind of show the standard deterioration process, and it assumes that only normal traffic and the environment are affecting the road surface. In reality, utility cuts, overweight vehicles, leaking pipes, and other factors can accelerate that standard deterioration process. This chart from the Federal Highway Administration illustrates the timing of maintenance activities in pavement quality. Once a poor condition is experienced or payments are beginning to reach the end of their useful life. Road surface quality typically drops around 40 percent after 15 to 18 years. While the overall road quality and appearance of the road is what most of us associate with a need for resurfacing. This decline in quality also comes with a higher price tag when it's time to resurface. The longer the cracks and distresses are allowed to persist on the road surface, the higher the likelihood that the subsurface layers are damaged and will also need to be repaired. Calls for preservation, which includes resurfacing, are 6 to 10 times less than those that require reconstruction later in on pavement's useful life. So, to avoid increases in maintenance costs, the best practice is to treat or replace the surface layer in as timely a manner as possible. C-DOT worked over the years to evaluate and select additional treatment options to extend pavement life. We are currently applying materials within the first two to four years following resurfacing that have successfully reduced cracking and we have other treatment options that are applied later in the pavement's life, but they tend not to be well received by our residents.

What are some of the challenges C-DOT faces to maintain the resurfacing program? Our network continues to grow. The average annual growth in Charlotte Street Network is 30 plus lane miles each year. This includes new street construction by the city of Charlotte and developers, as well as the acceptance of private streets located within the city limits. Construction costs continue to rise. While we haven't experienced the drastic increases seen in some construction activities. We've experienced an increase in the cost to resurface streets. Since 2016, the average annual increase is about 12 percent. Oil prices, labor rates, and general inflation all play a factor in these increases. Increases in cost can significantly reduce the number of miles we're able to pay annually. Finally, funding for resurfacing has not kept pace with the growth of the system and cost increases. Since 2016, funding from the state of North Carolina has not increased, despite increased system mileage and increases in resurface and costs. So, where do we currently stand? Based on our last payment evaluation conducted in 2019, Charlotte's

current payment condition rating is 82 out of 100, which is at the lower end of the good category, but still in the good category. Charlotte's resurfacing cycle is currently 35 years. In layman's terms, if streets resurface this year in 2022, it will not be resurfaced again until 2057.

C-DOT has been strategic with the allocation of contract funding during the pandemic, which has allowed us to minimize the impact of the resurfacing cycle and payment condition rating. However, years of reductions in state funding will cause the resurfacing cycle to increase significantly in 2023. Funding for street maintenance activities. As these charts show the right priority to FY20 was approximately 25 million annually. This included funding allocated from the General Fund by council in the early 2000 and more recently strategic recommendations by Manager's office, approved by City Council and voted on by residents during the bond referendum, shifted a portion of resurfacing funding from the general fund to general obligation and PAYGO bonds and resulted in an increase of a million annually. Unfortunately, pandemic shortfalls reduced power bill distributions from the state in 2021, and the state budget passed in late 21, kept the \$6.8 million reductions for Charlotte, effective for the 22 and 23 budget years. So, I'll wrap up the discussion today with a breakdown of a few funding scenarios and the projected impacts would have on the resurfacing cycle. Starting on the left, we estimate the restoration of the current Powell Bill funding gap. Approximately \$6.8 million would, in resurfacing cycles, remaining constant around that 35-year range. Restoration of the Powell Bill funding gap with an additional \$3 million would shift the resurfacing cycle lower to a 30-year cycle. Then finally, an additional \$6 million would result in a 25-year cycle. We've determined through our projections that an additional \$3 million in funding reduces the resurfacing cycle by approximately five years on average. With that, if there's any questions I'll be happy to take them.

Ms. Ajmera said thank you for this presentation. So, I appreciate that you're giving us three scenarios, but what is the recommendation? What should really be the cycle? What should the resurfacing cycle be? What is the recommendation that the staff has? Is it 25 years or 20 years? 30 years?

Mr. Bergman said let me try to take that. The resurfacing program would have been a topic we likely needed to talk about at a budget cycle, even without the Powell Bill reduction. So, I mean, when Charlie's talking about the number of years, it's really we're looking at a point in time right now and there's kind of a convergence right now where we have the Powell Bill distribution. We also have a national labor shortage, energy prices, and material prices. It's a really difficult time to run this program. So, I think that C-DOT would always say the best thing to do is to get as much money into it as possible, to get the resurfacing level low. We know that City Council's also looking at a lot of other priorities. I think one thing we're trying to signal here is that the restoration of the Powell Bill is almost a starting point rather than a decision because the cycle with everything going on without restoration, just becomes really high. So, I think we want to talk about getting that cycle lower through a number of different ways. I'll talk about it a little bit in the next presentation when we talk about some of that capacity. Then also throughout the remainder of the budget season, we'll continue to explore other options through operating and PAYGO. Some of how we do things to try to get that as low as possible. I wouldn't look at it as whatever we do in FY23 is our solution forever, because this can be a multi-year process.

Ms. Ajmera said got it, okay. Well, I'll wait for the next presentation that you have lined up here, but this is very helpful. Thank you.

Mayor Lyles said when would we have a recommendation.

Mr. Jones said if you ask Liz, I'm convinced, Liz would say get me on a 20-year cycle. I'm convinced Liz would say, build every sidewalk. Bill, give me every light. She's the subject matter expert. If you asked Ryan, part of Ryan's job is to make sure that we give you a structured, balanced budget. Ms. Ajmera, we have to balance this, and we need to we need information from you, right? If you say to us you would like for us to prioritize, let's say, sidewalks over resurfacing, that's a decision. We'll always give you our best

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recommendation. Right now, our best recommendation will be based on getting some feedback from you and that's why we have the workshop.

Ms. Ajmera said currently we don't have

Mr. Jones said the information on what's the balance. obviously means that Ms. Babson is going to tell us from the maintenance and transportation perspective, right? Ryan is going to speak from the budget perspective. We don't know what the balance is, and that's what we are looking for. Should we be looking at the scenario where it's Powell Bill plus six million to do to ensure that we are not incurring or we are not taking away from anything in the future if it's going to add additional cost in the future, because we just keep deferring the problem to next year and the year after and so on. We don't want to do that either. So, I guess I'm looking for recommendations. What would be the scenario where we are not adding additional costs down the line?

Mr. Jones said absolutely, our recommendation is we need to get the Powell Bill restored. That's step one, okay? Because if that doesn't occur, you will just see a deterioration of our roads unless we make a significant capsule investment to backfill the loss of the Powell Bill.

Ms. Ajmera said that's a starting point. So, this Powell Bill, would that be, I guess when would state legislators be discussing need again because this is just a short-term impact from what I understand or is this going to be permanent? I'm not clear on that.

Mr. Berman said it originated one year during the pandemic, but the most recently approved budget, which was a normal budget, has a reduction there. So, at this point, that is what we're going off of. From a budget standpoint, we're trying to plan in the near term for not having those funds. Long term, it'd be great if we can get them restored.

Mayor Lyles said Ryan, can you tell us the source of Powell bill money and how the formula works, and how the allocations should be? What was the practice and what do we have now?

Mr. Berman said Liz can give a little bit better than me, but basically, there was a formula at the state level and then this past year the formula put a cap on cities with more than I forget if it was 400 or 500,000 residents, which was only us in Raleigh. So, it essentially froze us at the previous year's level. The previous year was, I believe, two-thirds of the previous year's level. So, it basically is just a cap on cities over a certain size.

Ms. Ajmera said If it's just the different methodology that's being used at the state level, but that's just a short term. We don't know what's going to happen in the long run.

Mayor Lyles said I don't know if you heard, but this is money from the gas tax. If you think about the direction that the country and the state and I believe I heard the secretary of transportation say that they're going to do tax credits for Evs (electric vehicles). So, gas tax Ryan was telling us we had a problem. It's maybe even worse now, but it is not going to get better as we move towards different technology for vehicles. So, I think that it's just to be sure the gas tax is probably down even now. I don't know Liz if you have any numbers about it. So, with gas tax going down or cut the formula we're probably looking at how are we paving our roads with city money. That's just kind of the thing.

Ms. Ajmera said even with the gas tax going down it would have an overall impact statewide, but this is really in the largest cities like Raleigh and Charlotte, it is having to bear the biggest burden here.

Mr. Bergman said that's correct and let me be a little bit more specific on what we're trying to display here. I mean, we're looking at this from this budget cycle perspective. So, when you see restore Powell Bill, we're talking about the options for using city dollars in this budget cycle to restore Powell Bill, We're not getting into the political aspect of intergovernmental relations or anything.

Ms. Ajmera said got it. I know we have a short-term problem to solve. Like, well, Intergovernmental Committee works on a longer-term solution here. So, yeah, I completely agree. We do. I support. We definitely need to fill that \$6.8 million short-term gap that we have in front of us right now. So, yes, I do support that. What I would like to hear from our transportation team, Liz Babson, and her peers, so as to not incur additional liability down the line. Should we be looking at the scenario that's presented in the middle plus 3 million or should we be looking at 6 million are we okay, that's just the beginning of 6.8.

Mr. Jones said Councilmember Ajmera, Ryan, I hate to put you on the spot, but I know you're ready for this. The last time that we did a budget workshop, we had a gap of about how much? I'm sorry you didn't call it a gap. A challenge.

Mr. Bergman said I think the challenge of about 7.6 million.

Mr. Jones said okay Councilmember Ajmera, as we try to address the budget challenge that we have for FY23 at the first workshop. Typically I would give you an update at each workshop. So, I apologize and do it now. We still had a challenge and I'm not sure how much of this was even factored into that, Ryan. So, as we do our Q and A's and give you follow-ups again, if we're to get to a 25-year cycle, I can tell you with certainty it would be difficult for this council to do some things, or at least for me to produce a budget for you two to receive. That would include some of the things I think have ranked higher like compensation for our salaried employees where we have vacancy rates north of 12 13 percent. So, again, it's taking into consideration all of the competing priorities. This is important. But again, if went to 25 years, even 20 years, I can tell you there are going to be some other things that you've suggested that we do that we will not be able to do.

Ms. Ajmera said got it. Okay. That helps.

Mr. Driggs said Mr. Jones, we don't see you here often. I just want to tell you this is a very informative and actionable presentation. Really appreciate it. Thank you. I think this points to what I've been saying about we need to be programmatic about these things, right? I think that in this excellent presentation, the picture, and the graph makes it pretty clear that a stitch in time saves nine, right? You're talking about a million for timely, ongoing preservation and you're talking about six to \$10 million if you allow the roads to deteriorate past a certain point because as was explained to us, you start to get a deterioration of the infrastructure of the road, which requires much more expensive. So, it's incredibly sighted to put yourself in a position where you're having to spend the six and \$10 million instead of staying on top of this, but you're right, it's going to involve some questions. I brought this up before. It's controversial, but I think that in relation to our very basic responsibilities for infrastructure and so on, the investment that we are making in affordable housing is extravagant. It's a critical priority. I don't dispute it and I'm 100 percent on board. But you have to recognize that as we confront these challenges at the level of our most basic responsibilities, we need to keep in mind 25 percent of our capital budget right now is allocated to one of our priorities. I'll just say that I hope it's not interpreted as being political. The other thing I would mention is that the Powell Bill money falls under operating, right? So, we're not going to solve the Powell Bill issue and the resurfacing with capital dollars with our \$37 million.

Mr. Bergman said it's actually a combination of both. The majority is operating, but there is \$4 million per year or \$8 million per bond currently in our transportation bonds. Mr. Driggs said right, but it does just highlight the point, as the manager was suggesting, that this actually is probably more part of our operating budget conversation than it is our CIP conversation.

Mayor Lyles said Mr. Driggs, I want to say that when you're talking about looking at one part of a capital that we put into housing and affordability, I actually think the question might be best framed as what do we do to help the communities that have been probably placed in jeopardy because of past practices of equity and what's most important to them. I guess that's one of the reasons that I would like you really to have this idea of this equity conversation come up because we do need all of this and it's going to be tough. I would

say instead of framing it as capital to capital, it's really just like anything else. Where do we get the most value and where do we see the most progress while taking care of the values that we have? So, it's just I want you to know that I appreciate what you've said and that my lens of looking through it is how do we do the very best for neighborhoods and the people that we're trying to get in our corridors and what's the impact there.

Mr. Driggs said and there, I'm not criticizing that. I'm just saying, again, if we look across the entire spectrum of commitments, we have our 2040 plan, the very basic obligations we have on infrastructure, we need to be sure that we've got the right balance.

Mayor Lyles said I agree on you and I think that balance includes infrastructure in those communities that we are seeing the disinvestment of for a long time. That's where, you know, how do we qualify and quantify that?

Ms. Johnson said I wanted to ask what the policy is for four-street pavement on state-maintained roads. then also if we could go back to slide number 20, I have a question about that also. Thanks.

Mr. Jones said I can speak very quickly to state-maintained roadways. We do not maintain state-maintained roadways and that extends all the way to, you know, patching potholes. Whenever we observe issues on state-maintained roadways or residents call us at the street maintenance division, we refer those over to NC-DOT for them to work to address. So, that's the breakdown of maintenance on state versus city.

Ms. Johnson said okay. Thank you. Then I wanted to know if we have a map of this table. I'd love to see it, just like we saw the street lights and the sidewalk. I'd like to see these ratings mapped out, like among the districts. It could be color coded? Where are the very good roads and the good roads and fair? I'd like to see that in a map format.  
Charlie said

Mr. Jones said that's something we can produce. Yes, ma'am.

Ms. Johnson said okay. Thank you. So, let me just add for Mr. Jones, I don't know if residents recognize where they live and where state-maintained roads are. It Really presents a challenge for me in District 4 with the litter and the lawn and the, you know, cutting the grass and potholes and streetlights. Just these kinds of issues. I love. Mr. Jones, if there was a page on the website where residents could identify these state-owned roads, so that they see, you know, that perhaps they can reach out to the senator's office or something. I think residents should know that streets like W.T Harris and Mallard Creek and others are state-maintained roads. So, if we could provide that information for residents, I think that would be very helpful and them getting their needs addressed when they have concerns.

Mr. Jone said that's a great idea. Councilmember Johnson said I'm looking at Liz.

Ms. Babson said yes, we should be able to work with Charlotte Communications to put something available on the website that will help clarify that. I will share with you though; we work very closely with 311. So, they have a script by which they used to communicate with residents when they call in and ask for those types of services on state-maintained roads.

Ms. Johnson said thank you and I just think it provides information. So, when they do, they have a concern about a pothole on, you know, W.T. Harris. You know, we're not passing the buck, but it's our, you know, what we're able to do. So, if they have the resource on who to contact when they have a problem on those roads, it will be very helpful in them getting things done for their areas.

Mr. Winston said I guess a couple of my questions and you guys can decide whether to answer them now or follow up. So, sometimes I think from an athlete's perspective and I know when you're trying to strengthen one part of the body, you know, sometimes you have to attack other parts first. So, I saw on that street deterioration over 25 years. I don't

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know if any of these will be defined as a complete street as we look at them right now. So, I'm wondering, does a complete street perhaps increase the durability of pavement over time? If it's not just going to a piece of road just ending on a piece of grass. You know, if you have more structure, does that help? Are streets recycled? So, what happens to all the old streets when it's torn up? Are there any circular economy opportunities here? I would also say any of our resurfacing plans may have to include high-biz paint. If that's an issue that we have to think about investing in over time. I mean, that's one of the number one criticism I get from people all over this city and I know some of that again, for the street state-maintaining roads, that's an issue that we can't necessarily deal with. If we can, there are too many new streets around here that are poorly marked. To Mrs. Ajmera's question, Mr. Manager, what I heard from you is that City Council needs to give you guidance on what are our focus needs in relation to investing in repaving roads versus building sidewalks.

Is this like a 50/50 question or a 60/40 question for us to give you, or is this more of a binary? Do we really want to focus on roads, repaving roads versus sidewalks, or vice versa?

Mr. Jones said sure, Mr. Councilmember Winston said, if you needed a recommendation from me now, I would that sidewalk, lights, repaving. Not necessarily in that order, but I think even from the conversation today, we're hearing sidewalks, lights, repaving, and that's what we would have started off with. That's where we are.

Mr. Bergman said Mr. Winston, I think that question will be a little bit easier for you guys to understand when I get to the last slide of the next presentation where it's talking about here's capacity at this level and you can talk about some of those needs

Mr. Jones said right mile in my wheelhouse. So, your first question regarding complete streets, the initial construction of the streets, is what matters the most. So, if you have a good base, a good intermediate layer, and a good surface, then the road will last regardless of whether there's a curving gutter or sidewalk and all those pieces. You can have a country two-lane road with ditches on either side that will last a very long time and be structurally sound of course. You're not providing all the additional mobility benefits and the stormwater benefits of the curving gutter. So, in that sense, you know how well the road's built doesn't necessarily depend on everything around it. The second one is recycled materials. So, for every street we resurface in the city of Charlotte, at least I'd say 35 to 40 percent of the asphalt is removed from the top of it is put back into asphalt that goes back on the road. That's one of the big selling points for asphalt in the industry is it's a recycled product. One of the things we've been looking at with our partners is trying to increase that recycled asphalt percentage in the mix that goes down. So, less of it. It's not wasted if you drive on 45 near Carolina Place Mall, you can see the mountain of asphalt there. There's a few other places around town that asphalt companies use and we actually get a fairly significant discount on our resurfacing contract because we let them take it and reuse it for our materials.

The final question there is on the high visibility paint. So, for every street we resurface that has pavement markings, part of that contract is to put down fresh brand new markings. The challenge is, how long those pavement markings last with the age. Those aren't as long-lasting as the surface of the asphalt. So, it's a challenge to constantly remark and have those streets stay bright, and have visible markings, especially if we're not resurfacing for ten, 15, 20, 30 years, or more.

Mr. Winston said thank you. So, I think we need to think about that the painting cycle is dangerous in some situations. Especially I think some of those out of parts of town, but even in the more dense parts of town, like in the urban centers, people really depend on those lines. If they're not good, it's not a good situation. Thanks.

Mr. Bokhari said I feel like this is just yet another opportunity for us to be innovative and push the envelope. We need to reimagine our entire road and we need to do it right now. The near-term example is we need to figure out ways to be more nimble, bringing them up to acceptable levels. What you've seen right now is kind of the general way that C-

DOT goes about resurfacing and figuring out the kind of strategy they're. They've also been very nimble. Before the pandemic started, I introduced them to one of our homegrown local startups; Goodroads.io. They did a pilot with them and good roads was able to take us from our previous model, at least, which is still the majority of the current model, where we hire a company that is outfitted with all this, you know, all these devices that take images of the roads and they sweep the entire city so we know where we are. We only really, I believe, if I remember correctly, get that back like a view of that every two years. I mean, what good Roads did in the pilot, again, there are startups, so they weren't quite ready to scale, but the city was working with them. was they created these very compact and simple devices that were able to cheaply be mounted to anything and they used artificial intelligence and imaging to be able to give you a real-time analysis of, Hey, this road has potholes that just popped up. If we scaled something like that and put them on every CATS bus, every recycling and garbage truck, every city vehicle, every police car, every fire engine, and every EMS unit, we would literally be covered in real time the entire city with imagery every day, not just start with potholes.

Then you can do many other things. You can look at congestion. You can have real-time views in so much. So, that's just one small example of the bigger way we need to get more nimble. I just want to quickly read you something that came from the National League of Cities. NLC states that in only six percent of US major cities, long-range transportation master plans are weighing the challenges driverless cars will bring. Predictions are that cities will become more human-centered as technology continues to change our transportation. We're already seeing this with the continued rise of complete street design across the U.S. It's important to understand that despite the continued efforts to get driverless cars on the streets, and even if they do become the majority, roads will still need to be designed to accommodate human drivers by planning corridors for a more equal of modes, we positioned our transportation infrastructure in line with present-day trends while making it less challenging to accommodate what's ahead. That's a perfect example of us, and that was written in 2018. We have to get to work on that. I mean, we're Charlotte and right now we're in the 94 percent of the nation that doesn't have this long-range view of what autonomous vehicles should be doing for our planning process.

As a wise man, once said, the end is the beginning, right? If we're not doing this now, we're never going to be prepared for this. So, we should be having the big strategies right now, widen our streets and then be able to create narrower lanes that are dedicated for autonomous vehicles that are more equipped to stay in those lanes than human-driven cars and they can sense other vehicles, which increases the safety and enables us to expand for another mode while we continue to support what's here. Then reconfigure them to bypass, you know, stops and lights and things like that wherever possible so they can keep moving. Again, it's a really big job of everything from integrating the smart signals that we talked about earlier to completely changing our traffic laws. 5G infrastructure needs to be there. We need to figure out how sidewalks fit into this new world. The point is, it's a massive undertaking. That's why less than 6 percent of the nation even has things in their transportation long-term plans, let alone have started implementing it. There's no other way other than start right now. I've been pleading for years about this. Let's make this the budget cycle where we go ahead and start doing it. We have over three months before we've got to finish this. We cannot punt this another year. We don't have to solve everything, but three months is enough to scramble to build enough of a vision and a plan that we can bucket money and start working in this next fiscal year. If we wait another year, we're just going to be like everybody else waiting, and someone is going to jump ahead. We have the opportunity to be there. This is not some futuristic thing. This is something we should be doing over the next three months if we're serious about being a leading city and where this this this new is going.

Mr. Phipps said I know it was a reluctance to get into the politics of this Powell Bill formula, but are we making any effort to use moral suasion to try to get back to the original formula, with this Powell Bill? I mean, I did notice that it was a part of our legislative agenda on that. I don't think it is. Are we just saying that we don't see that there's any optimism in that direction or what?

Mayor Lyles said I don't know that. Mr. Bokhari, do you have a response from Mr. Phipps? Mr. Winston stepped out.

Mr. Bokhari said I'm sorry. What was it?

Mr. Phipps said I was asking, should we hold any optimism that we would persuade our legislator to go back to the original formula to which the Powell Bill was formulated to get that back or should we?

Mr. Bokhari said I think while that's not an impossibility, I think the more plausible scenario is we go back to a mix of not kind of like 50/50 or 60/40 feds, two locals. We go back and I have heard real potential interest coming back to the table with a mix where not just do we go to the General Assembly for the ability to do things like whatever it's called, the vote where people vote on bonds, but also then put in a mixture of money If the plan is something that they can buy into. While we have a lot of work left to do, I'm getting a real sense that, you know, maybe a more 50/50 or different transit and transportation that has a heavy forward look on it, that would be where we could go. I think that while the Powell Bills is possible in the near term, I think that might be a longer shot, but it's certainly possible that we can go back and make sure that is also a component in the next budget cycle.

Mr. Jones said now, I believe we are going to have Jennifer Smith join Liz, and I don't have you down Phil, but Phil's in the room to talk a little bit about the Advanced Planning Fund projects. Again, I have to go back a little bit. This was this opportunity for us to get the better design on projects before you put them into the CIP. Mr. Winston is not in the room, but to some extent, the question he asked earlier about understanding what's before us having projects in this advanced planning fund provides us an opportunity not only to see what are some potential opportunities down the road. They could become projects as well as making sure that we have a good cost estimate.

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#### **ITEM NO. 4: ADVANCED PLANNING FUND PROJECTS**

**Liz Babson, Transportation Director** said again, I'm Babs, and the director for the Charlotte Department of Transportation. I'm joined today by Jennifer Smith, who is our City Engineer in the General Services Department. So, we're going to update on projects that are moving through that Advanced Planning and Design Program. Jennifer and I are going to talk through that with you now. So, before we get into project updates and I'll turn it over to Jennifer, I do want to provide you with some background information on the program. Again, we've been before you for the last couple of years and talked a lot more in detail about this. So, this is really just a reminder. In FY2020, the Advanced Planning and Design Program was established which created a funding source that allows us to complete planning and design up to 30 percent for projects that are identified for future bond funding. This was a really important step at that time, following some previous experience from the past bond program that resulted in some unanticipated costs and scope adjustments after the projects had already been programmed, which created some huge issues, as you might imagine. Projects that move into this program or at the top of our list of potential projects represent our highest priorities based on that data-driven analysis that you've heard me talk about considering safety, congestion, and connectivity. Projects, move through that planning and early design process to evaluate their viability as a project going forward. So, cost estimates are determined at around 30 percent design, which again and you heard the manager mention this in my remarks earlier, really provides us a level of project detail so that cost can be budgeted with a higher degree of certainty. So, here's a map. You've seen this before. This is a map of our advanced planning transportation projects that are moving through that process right now. This list is in priority order with our number one and number two highest road improvements, followed by our number one and number two, highest intersection improvements.

Rea Road was also a fifth project that we added to that program because we did receive state bonus allocation funding. So, we needed capital dollars to put with that to be able

to take it to construction. So, before I turn it over to Jennifer, I want to leave you with thoughts. That is this advanced, prudent planning program has really allowed us to advance the four highest transportation improvement projects, but this is not all of the need that exists for us. This is just achieving some of those highest-priority projects at this point. In order to really achieve our mobility goals going forward, there are more needs across the city. So, we're planning for the growth of our city and constantly evaluating our transportation system by identifying future potential improvements. This list on the slide represents potential mobility improvement corridors that we have identified as a high priority. Again, based on the data that we have available of existing conditions. The list is alphabetized in order and does not define a project, but rather identifies a corridor for further study and evaluation. So, that feasibility work could be done to determine the scope and scale of potential projects that might move into a future advanced planning program. So, this is not a complete list either. We have far more needs out there than what is shown here, but this list of corridors and mobility improvements does represent the priorities based on safety, congestion, and connectivity goals. With that, I'm going to turn it over to Jennifer.

**Jenifer Smith, Engineer of the Department of General Services** said you've seen this picture before, the draft five-year plan from the FY22 budget. The five projects that Liz shared with you that are in advanced planning are underlined in red, and the total bond program tier was 197 million. I'll talk to you about the cost and what we've gone through with advanced planning and what we're now estimating those costs to be. So, Bryant Farms Road extension phase two. This extension of Bryan Farms is from Rea Road to Audrey Kell and expands upon the phase one segment that was funded with the 18 and 20 bonds. Bryant Farms Road will provide connectivity and another east-west route for this area. It is estimated to cost \$53 million if funded with the 2426 bonds. The segment of Bryant Farms is 1.2 miles. We're planning a two-lane road with multi-use paths, and intersection improvements at Rea Road, Tom Short, and Audrey Kell. The current estimate of \$53 million is quite a bit lower than what our range was of 65 to \$75 million. The reason for this is that we had originally anticipated building two bridges as part of this segment. You could see there on the map the bridge in the culvert, now. So, we've dropped one bridge and it's just changing over to a culvert. Also the amount of right of way an easement that we had originally anticipated that we would need has been significantly reduced as went through the design phase. So, that's the difference in the costs.

Robinson Church Road. The widening of Robinson Church Road from Harris to Hood is approximately 2.7 miles and has an estimated cost of \$68 million if funded with the 2628 bonds, would widen Robinson Church Road to a three-lane street that allows for turn lanes and landscaping medians. It will include carbon and gutter, multi-use path planting strips, and pedestrian refuge islands where needed. We will construct a roundabout at Plot road and do intersection Improvements at W.T. Harris and Hood. The Eastway Shamrock Drive Intersection, modification of this intersection is to improve pedestrian accessibility and vehicular capacity by constructing new connector streets that allow the removal of the left turn lanes from the intersection, making the intersection more efficient for cars to move through more quickly. Also adding a multi-use path to East Way Drive and adding a buffered bike lane sidewalk and a planning strip on Shamrock Drive that will tie into the Shamrock Drive streetscape project. Last year I shared with you that the East Way Shamrock intersection Project was estimated at \$39 million. We had already completed 30 percent plans and the NC-DOT had committed \$8 million in funding to that project. Over the past year, we've applied for CRTPO funds. That's the Charlotte Regional Transportation Planning Organization, and they have approved an additional contribution of \$7.8 million, which drops the city contribution down to \$23.2 million.

The next intersection is Ashley Road, Tuckaseegee, Freedom Drive. This intersection improvement extends to turn lanes and adds a pedestrian refuge island, planning strips, a multi-use path, and in some areas just sidewalk and bike lanes. The estimated cost is \$15 million when funded with the 2628 bond. The last project was Rea Road widening it mentioned the state bonus allocation funding for this. This project includes widening Rea Road from I-45 to just pass Ballantyne Commons Parkway to mitigate traffic congestion. The estimated cost is \$40 million. State bonus allocation funding is approximately 6.67

and the city contribution is then \$7.3 million. This chart is just sharing with you what we had estimated our cost to be last year this time and what I just shared the numbers with you today. We had estimated a total of 100. We have a total estimated cost of \$189 million, but the city bond contribution would be down to 166.5 with state contributions and CRTPO well, all that state contributions, but state funding. The FY22 draft budget bond plan showed a contribution of \$197 million. So, we've dropped that number quite a bit.

I do want to share with you that we have another opportunity to reduce the city funding even a little bit more. We submitted for CRTPO funding for Robinson Church Road and the way we were able to get the funding is by splitting this project into two phases. Phase one, which is shown here was Harris Boulevard to Plot. Phase two would be Plot to Hood. The phase one project scored very high for congestion and safety mitigation, and we've been approved for \$6.2 million in additional CRTPO funding. There's a bit of a catch though. We would need to move some of the funding up for Robinson Church Road to the 2024 bond for phase one to capitalize on that \$6.2 million. The chart here shows the original funding plan in 26 and 28 for that roadway. Then it also shows the split. If we're going to try and use the 6.2, how much money we would need to move up to 2024, assuming that we would fund phase one and 2024 and 2026 and phase two would be funded in 26 and 28? The city contribution would then be \$58.8 million that we would need. That's the end of my questions

**Councilmember Winston** said this is great, but I do think this advanced Planning Fund, I think this eliminates [inaudible], right? We took lemons and turned it into lemonade. So, I think this is something we should all be proud of. My question is everything looks great. It's in relation to the action. You mentioned the Rea Road widening project that was intended to decrease congestion. I'd just like to know how we believe that this design may be so that we can talk about this offline later on, and how this will actually decrease congestion. I'm not necessarily seeing that. You know, everything else, all the other ones, they seem very innovative with traffic circles, you know, really changing the direction of East Way and Shamrock, which is problematic. I'm familiar with this Rea Road section of road. Also, how are we kind of thinking about that in relation to also making that pedestrian more pedestrian centric? So, where cars and people can interact. Again, I see a lot of that on all the other designs. I don't see any of that on this. So, I just maybe like I said, maybe we go over the actual project later on.

**Councilmember Newton** said I wanted to thank the staff for all their hard work on this. What stands out to me is in I see that we're on the Robinson Church Road funding slide. I think the slide before this had shown that of the projects being considered this is the one where the expense has likely will continue to increase over time. So, I really think jumping on this opportunity to receive the CRTPO funds is not just going to allow this much-needed project to move forward sooner but at the same time is going to save us millions. I wanted to point that out.

**Councilmember Phipps** said I thought that in previous presentations, I thought work on the farm-to-market roads was going to be a lower priority. I mean, the fact that this one is being done, is it because it meets these other criteria of congestion and things like that?

Ms. Babson said yes, sir. I don't have the data in front of me. We presented that to you all last year, but from what I recall, it was a crash pattern as well as we do not have sidewalk or bicycle facilities at all in this location and street lights don't exist either. So, this project delivers on all of those.

**Ryan Bergman, Budget Director** said one thing I just did want to point out to City Council is we did include at the back of your advanced planning presentation what we've called the blue and yellows over the last few years where it's all of our CIP projects that are in construction or design at this point.

If you want to take a look at that in your spare time, if you send any questions or clarifications you'd like, will treat that as part of the Q&A packet.

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## ITEM NO. 5: 2028 BOND STRATEGY AND PRIORITIES DISCUSSION

**Marcus Jones, City Manager** said I would definitely like to introduce this Mayor. Here's an opportunity for, as Ryan spoke about earlier, some choices that the council can make related to additional capacity.

**Ryan Bergman, Budget Director** said while we get it loaded up, this is just about eight slides of content but I'll move really quick because a few of it is really just a summary of what we've heard so far to get you to the big slide where we do have some capacity based on our current financing structure and what you guys may want to do with it. So, this is what I just mentioned. We'll just summarize what we talked about earlier today and then we'll get to the actual scenarios. So, a quick state funding update that was mentioned throughout the presentations, Robinson Church Road has some carpool funds available. We still have \$6.7 million in a state bonus allocation for Rea Road. Then we certainly talked about the Powell Bill Street resurfacing reduction that we're trying to plan on. So, a quick summary again, but it's kind of a repeat of what Jennifer talked about. I guess generally what I would say is that we've received mostly good news from our advanced planning fund. I think it's a testament to the new process. I'd also say, though, that because the roads are the primary source of the savings, those are in the 24, 26, and 28 bond cycles. So, we're really trying to plan what the next four bond cycles look like. But of course, the next bond cycle, which is 2022, is most important for City Council discussion because that's the one that you would actually vote to put in front of the voters in November.

So, the starting point for this is the four-bond plan that was included in the budget last year. You didn't formally approve anything on this last year, but we did try to incorporate all of the feedback discussions that this council has had the last couple of years, just to put it out there. That's why you see some of the things that you're talking about today. We did try to proactively increase, such as sidewalks, more than tripling, Vision Zero, doubling, and bicycle facilities doubling. So, the funding for those programs wouldn't take effect until this upcoming budget, if you continue on that path. So, I call these scenarios, but we're really I just am going to show our current bond schedule two different ways, incorporating everything heard today. The point of the differential between the two is just around Robinson Church Road, which Jennifer mentioned originally was going to be planned for 26 and 28. We have this state [inaudible] opportunity to move it up and phase it. So, I'll just show both of those scenarios. Let me talk for a minute about the bottom box there in the \$225 million in capacity. So, we talked earlier about the \$37 million in new funds, 225 is assuming that the majority or \$27 million of it would go towards bonds. Really that 225 could become 234 if that's council's prerogative. I did mention some of the COPS related earlier. I won't repeat them around fire stations, but one that I didn't mention is we actually funded some of our SEAP (Strategic Energy Action Plan) goals through COPS because they're building-related.

So, last year in COPS we had \$4 million for building-related SEAP. So, that included charging stations where I'll quote Sarah Hazel, where we currently have about 40 percent of the charging stations in the city of Charlotte. We've also done some pretty neat things, solar and rooftop solar on our buildings, including at the government center that will, we'll see start to come to fruition. So, when we say that a portion of that new capacity would go towards COPS, it doesn't just mean only build something that replaces an old building by any means. In fact, it's mostly for things such as new fire stations or some of the cap goals and some of the technology that we will spend quite a bit of time talking about at the next budget workshop. So, just to try to make my next couple of slides a little bit easier to read without going to size for font, I just wanted to handle these ones all in a bucket. So, what I would call these are the projects and programs where we really don't have a lot of flexibility and it's really in two buckets. One are the economic development agreements that have already been made by City Council. So, that's Ballantyne, the Innovation District, Centene. Then it's the programs that really we need to keep operating our transportation systems, such as the traffic control devices and the intelligent transport station systems, and then our Bridge Program, which has some federal requirements around it. So, I just put these in one bucket to show that this amount of funding is more or less locked in.

Beyond that, I'll show there's two different ways Scenario A and Scenario B. So, construct Robinson Church Road in this scenario stays with the 26 and 28 timelines. So, just trying to help you guys read this a little bit because I know it's a lot. Two hundred and twenty-five million is the starting capacity at the top for each bond cycle. Then as you go down, the only changes that will be in here are the changes that you've heard about today. So, it's the advanced planning projects that were mentioned. It's a new capacity. So, this is, is a starting point for City Council, but I do want to emphasize is that City Council is also able to change anything in there. It's not necessarily just about the \$25 million. City Council, of course, until you approve an actual budget and a bond referendum for 2022 has flexibility for everything within those boxes, with the limited exception of some of those programs I just mentioned. So, you'll see that there is capacity and all for bonds here. However, you will see at the bottom of street resurfacing when we talk about what we hope is a temporary gap in some of our street resurfacing funding. So, I showed it two ways. I showed just replacing the lost revenue for the two years that the bond covers would be about \$13.6 million. If you went further to try to get to a 30-year schedule, you would go to \$19.6 million.

I will say what I said earlier, however, that we do try to tackle that issue in a couple of different ways and not just in capital funding. So, then moving on to Scenario B, which is what I'll leave it on, is the only change from A to B, here is Robinson Church Road, which I highlighted, moving it up a little bit. So, the state funds not only reduced the project by their amount but also allows us to do it a little bit earlier. Since there's inflation cost built into all these projects, it does become even cheaper. So, in this in this scenario, you'll have \$25 million all the way up to \$46 million prior to doing anything with street resurfacing. So, I guess what I would say before turning it over is, you know, not just during budget workshops, but also during council meetings, we're constantly trying to collect your priorities and your information so that when the manager produces a proposed budget, it tries to take as much as possible in mind. So, we've heard you loud and clear on some of the things you said prior today about sidewalks and street lighting and things of that nature. But this is really just a slide to look at for City Council to talk about capacity. They can talk about the projects themselves and what's appropriate or anything else you may want to talk about, and it'll help us build our starting point of the proposed budget. So, the last slide just says questions, so I'll actually just go ahead and leave it here.

Mr. Jones said I'll just add one thing and then I'll turn it over to you. Mr. Driggs, in terms of, I guess, questions that come up. To Ryan's point, if you start off with sidewalks, if we had the 2020 bond, if we had a column there that showed the 2020 bond year, which or how much we added more to sidewalks, how we had more Vision Zero, how we added more to, I believe the Connect bicycle facilities. That was all based on the feedback you gave us over the previous year. Then again, while you didn't vote on this last year, it was a part of the budget presentation. So, none of this should be new. We think that we're going down the right track. I will tell you right now, if you said we don't want to do anything other than receive this information, it's fine. It's not the expectation that something has to be done today. But if we, if there's that you suggested, were so far off, that would be good to know. So, so with that said, Mr. Driggs, I think you had. Mr. Newton unless you want to do something first.

**Councilmember Newton** said I did want to comment on Scenario A versus Scenario B. Question, certainly, I'm a proponent of the Robinson Church Road Project. I do think that scenario B, regardless is still preferable because when we look at the remaining capacities for our 2024 and 2026 bonds, we might find ourselves behind by roughly \$14 million. Then when you look at the \$23 million increases on the 2028 bond cycle, we have a net gain of nine. Certainly, over time as the last presentation illustrated, the project is going to continue to become more and more expensive. So, I think it's going to continue to eat into the remaining capacity. If were to pursue Scenario A, we would find ourselves a little further behind because of that. So, I think that the cost savings here is an important point to make. Then again too, as we talk about the street lighting improvements needed within our city and then also the sidewalk improvements within our city, I want to point out that the Robinson Church corridor falls in both of those categories. When we look at the maps that were provided to us earlier, I just take note of the fact that the Robinson Church

corridor is on both of those maps and it would likewise be addressed through this project, thereby freeing up the opportunity for other locations throughout the city to be addressed. So, just wanted to make those points to underscore my support for Scenario B.

**Councilmember Driggs** said the first column here, is the same as the numbers were looking at last year when we talked about CIP.

Mr. Bergman said Rea Road went up a little bit. That was the one that went a little bit; the \$1.3 million. Otherwise, everything would be the same as last year.

Mr. Driggs said including Resurface streets.

Mr. Bergman said yes.

Mr. Driggs said that number for resurfacing streets along with an operating budget adjustment, right, replaces Powell Bill funds?

Mr. Bergman said now the Powell Bill funds would have to be in addition to the \$8 million that was already built in.

Mr. Driggs said right. So, the \$8 million doesn't include anything to address the Powell Bill?

Mr. Bergman said correctly.

Mr. Driggs said what I think would be helpful here for us and our colleagues, tell me if you agree, is I think what you've created here is a framework. Right. A lot of these numbers are pretty solid for one reason or another. Based on the conversation had, if we had a list of possible kind of allocations for the remaining capacity taking on board what you've just told us and what you know from our reactions, I think it'd be easier to talk from that than for us to just try in a vacuum to kind of say, okay, how about five for this or what about 10 million for that? For example, on the resurfacing, you could say, all right, from your \$25 and these different amounts, if you allocated these numbers, you would be back at 25 years, which we know is more than replacement. Right. So, if you just put the Powell Bill money in there, we're at 35 years. So, so maybe give us a schedule to talk from. I'm there will be suggestions as to what to be on that list. But I do think we need to have everybody's idea pulled together so that we can then kind of, you know, talk among ourselves about prioritizing. The question for my district is whether the Bryan Farms Road extension timeline is the same as before are we still on the same schedule for Bryan Farms that were?

Mr. Bergman said yes.

Mr. Driggs said that's just my general suggestion. I think otherwise these numbers are okay. I've made my point about the weight of the affordable housing commitment, particularly in conjunction with corridor investments and other things, not to diminish the importance of that, but we're facing some tough choices here. It's going to come down to a revenue conversation. That's the thing I'm worried about, frankly. So, anyway, if you could give us a little more to work from on the possible allocations, I think that would be helpful. Thank you.

**Mayor Lyles** said I just want to make sure that your request is where we have these local projects that we want 100 percent fun, give us some ideas of different choices among them. Sidewalk, street resurfacing, those related projects. Is that what you're saying?

Mr. Driggs said what I'm saying in general is we've pointed out as sidewalks and some of those issues, I suggested that we need to work on a policy about a steady state, you know, for those needs. But for this exercise, if staff came to us and said, okay, you could do this, these amounts and that would get you such and such, you could do this for sidewalks, for the resurfacing, for other initiatives that people want to offer.

Mayor Lyles said everybody weighs in.

Mr. Driggs said we would be able to do a Chinese menu from that instead of just having everybody wing out a number.

Mr. Bergman said I mean; we can put it together in the Q&A packet. There's a lot of different scenarios around Powell Bill, you know, more miles, sidewalks, things like that. So, we can put options out there.

Mayor Lyles said I like the idea of doing that and having everybody feed into it. I also think that it would be to kind of give some categories and connections between this entire list. When you do that, it's like, what impacts transportation, what impacts economic development, what impacts housing in some categories? I like the idea.

Mr. Driggs said figuring out how to classify it that way.

**Councilmember Winston** said finance is not necessarily my strong suit, but I think I'm following Mr. Driggs. I'm reading, I'm reading the numbers and I did a little math here and Scenario A it looks like the cost total cost \$9.2 million more than Scenario B, and the capacity of scenario A, the remaining capacity is about \$9.2 million less in Scenario A than Scenario B. So, I don't know how much of this does it being if our number one responsibility is being good stewards of the taxpayer, I don't even see how we would consider Scenario A. Just this council members input.

Mr. Bergman said I guess, I'd say the availability of state dollars is certainly a heavy driver, and then any time we're able to do a bigger transportation project a little bit sooner, you don't have to build the two years of inflation on the project, which is why it's cheaper.

Mr. Winston said I'm reading it correctly.

Mayor Lyles yes, you're reading it correctly.

**Councilmember Ajmera** said Ryan, can we do a one-on-one on this? I would like to go over both of these scenarios with you before I provide my feedback. I have so many questions and I don't want to take over everyone else's time. I have like 50 questions, so I'll just either have one on one or provide my feedback.

Mr. Bergman said absolutely.

Ms. Ajmera said some of the details that Mr. Driggs has asked for, but then also looking at all the priorities, everything that council members have raised so far, how does it all fit into both scenarios? Right. I know we talk about street payments. We talked about sidewalks. We talked about street lights. I know the conversation will come up around salary increases. I know this is just the capital projects we are talking about, but I'm also on to understand the capacity. So, I have a lot of questions.

**Councilmember Graham** said it's also an appropriate time to start talking about affordable housing as well. I know we talked about notwithstanding the comments that Mr. Driggs made about even in the future, that \$50 million might not be enough. So, I would hope that the council, as we begin to look at this bond cycle, is certainly as we pivot to 2024, that we have a conversation about that. I think after 20 years, it's probably time that we review the housing trust fund in terms of how those dollars are being utilized and it does not go unnoticed what you say, Mr. Driggs. I get it. I think we got to do both.

Mayor Lyles said we have a commission that we put up as a part of the 2040 Plan, and they're beginning to have their discussions. I think that there are different ways to go. We have to decide. It's either the city puts up this money, or we can have more regulatory requirements for people to do more in and of itself. We could actually try to figure out how to make our incentives. It's just we can't diminish the number that we're doing. We just have to figure out if there more methodologies and more ways to fund it or fund it differently. That's the discussion that I was trying to, you know, say that I think it's a fair

discussion. As long as we don't step backward, we move forward. But we have other ways to get done. That's really a big council question of, you know, what policies are we willing to say We've invested, it's improved the community it's provided us opportunities for people to live and work in our city workforce, housing particularly. How do we deal with this? I don't see on this list, the recommendations from the joint study that was done by Cathy Bassat and Jane Woods at all on this. So, I don't know whether there's a cost impact there. So, we've got a lot of things to do with this. It's just if I don't see us stepping back from what we're doing, I think if there's another way to do it, then we need to figure that out.

Mr. Graham said just like Councilmember Ajmera, would like to probably get with the Manager and Ryan just to kind talk about what if. Right. I don't want to cut the council member's time now. It's the what-ifs.

Mr. Jones said I think I could be helpful with some of the conversations that we're having today. Just by using sidewalks for example. Liz, bail me out a little bit. So, even with this \$50 million proposed for sidewalks, we carved out 20 percent because we said there were some areas like in South Charlotte, and the Far East, that may not have scored high enough to be a part of, you know, getting some sidewalks. So, that's part of the benefit of this \$50 million. So, as you've seen a lot of maps today, you know, maybe as council talks amongst yourselves, there may be a different way of looking at some of these additional funds that maybe you wanted in particular areas because there's a need. There is some more data you asked for with maps as Ms. Councilmember Johnson said, as dealing with some of the road networks and what's fair, good. So, I think we can give you more data so that you can make better decisions or more informed decisions and even to the point of what you just said. Mr. Graham. I do think it's thinking council should continuously look at the framework around the housing to see how we can better deploy those dollars.

So, we started off by just trying to give you everything that we have. What I'm hearing is maybe you need a little bit more before you can make decisions, that would be a good decision, at least background data.

Mr. Driggs said, Ms. Babson, on the housing thing, I want to point out we had a policy. We have a policy, a bonus incentive, right? And no one did it. It said you can have twice as much density if you make it affordable. The terms of that thing were not workable. So, what I'm proposing is nonmonetary means of incenting the creation of housing. We can ask ourselves, for example, whether all the requirements related to the 2040 Plan need to be imposed on affordable housing developments, or whether for that small fraction of housing that will be affordable, we could afford to sort of settle for less.

The developers tell us that 30 percent of their cost is related to the government. So, do we have a fast track, for example, for processing applications and do we relax some of the open space requirements or some other things in order to ease the cost and compliance? Because those sidewalks, those planting strips, all of that in the context of the need for housing, it's a bit of a luxury, frankly, even though it's what we want for our city, it wouldn't cost us much in the locations where the is affordable to ease up on those requirements. We need to get to a place where the incentives that we offer are enough to induce equity to create this housing and ease the strain on public money, because otherwise, the danger in my mind is we get to a point where we have to talk about more revenue and if we're going to go out and say it takes a property tax increase to keep doing all of the things that we must do and to defend our affordable investments, that's not a good place because that property tax hits a lot of the same people that we're trying to help. So, I'm hoping that we can avoid reaching that point where people see a hard choice between sidewalks and housing, and for one programs are fundamental infrastructure in such a way that we have a path forward and then attack the housing issue by means other than just money.

Mayor Lyles said you know, I think that you are thinking of the NEST (Nuisance Enforcement Strategy), two chairs, one both of whom you know well. Kim Graham and Justin Harlow have suggested that there be an investor's roundtable discussion around affordable housing because I don't want to say, even as we go forward, it's growing. What

should we be doing in asking the investors what they would do? That would be one of the things that they were talking about. But we also went to Austin and we found out where there the train going in new development, they regulated 60 percent. Ten percent units, 60 percent and above. That was a regulation sometimes when we're paying for that train or whatever, if it happens, we're creating that value and the opportunity to regain that in a public need is so great for this community by asking people to you know, it's not 30 percent maybe, but what are your profit? At some point we have to ask that and say, well, can you help us in that regard too? Not just make it philanthropy, but part of a business plan. That's the kind of thing that I think we have to start looking at.

Mr. Driggs said Mayor, quickly did that there is a thing called the TIFF, not a TIG (Tax Increment Grants), which basically does impose a surcharge along, say, an area like the area served by the transit corridor. Because I agree with you, I think the Blue Line, for example, created a huge amount of wealth for other people while were paying for the train. So, there ought to be a way to claw some of that back. Maybe you bank some land for affordable housing early.

Mayor Lyles said but we don't have any more money. So, we have to figure out these cities that don't work out, that we have to go buy land that's selling it. I mean, the numbers are astounding now in Charlotte. So, someplace we have to figure this out. I think you're right on target.

Mr. Graham said one question, then I'm going to have to excuse myself. So, when and how do we have this conversation as it relates to the budget? I mean, the conversation were having was spot on.

Mayor Lyles said I just thought that the NEST Committee would be able to come back and talk about that in the context of the 2040 Plan and recommendations that they were made in both. I think they're very excited. They've had one meeting and as they say, there are a lot of passions in the room. So, we got to start moving that toward some recommendations. I really think that Ms. Watlington and I are both encouraging communication among the people that make these things happen. So, that's why the developer roundtable was discussed as well as neighborhood engagement. Last night, the West Side Land Trust, you know, reprimanded me for saying that we ought to make people of homeowners do things. She said it's the system that's the problem and not the homeowners. I was like, okay, I got that one. I understood it very well. This conversation needs to be done with that NEST Committee, I believe. So, getting that out is important.

Mr. Jones said that's all that we have for you.

Mayor Lyles said thank thank you, everyone, for your attention. Particularly, there are a lot of cities that we visit where we don't see the kind of teamwork being done. A finance officer is kind of like the budget person saying, well, that's your job, you know, but that's not us. The operational units coming together and understanding every part of it. I just want to commend the team for the work that you do and the collaboration and communication that we have.

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## ADJOURNMENT

The meeting was adjourned at 4:08 p.m.



Marquita Moss, Assistant City Clerk (Minutes)

Length of Meeting: 2 Hours, 59 Minutes  
Minutes Completed: March 13, 2023