

The City Council of the City of Charlotte, North Carolina convened for a Budget Workshop on Monday, April 6, 2022, at 1:08 p.m. in Room 267 of the Charlotte Mecklenburg Government Center with Mayor Vi Lyles presiding. Councilmembers present were Dimple Ajmera, Ed Driggs, Larken Egleston, Julie Eiselt, Renee Johnson, Gregg Phipps, and Braxton Winston, II.

**ABSENT:** Councilmember Graham and Watlington.

**ABSENT UNTIL NOTED:** Councilmember Bokhari and Newton.

**Mayor Lyles** said welcome to the viewers and the people attending the City of Charlotte budget workshops. We handle our Council budget in a way that we have discussions prior to the Manager making his final recommendation to discuss issues so that the Manager has feedback from the Council prior to the recommendations that he will make. So, I want to just go ahead and recognize the council members that are in the space today. So, those that are on virtual as well. This meeting is being done consistent with the notifications required for virtual as well as an in-place meeting.

\* \* \* \* \*

#### **ITEM NO. 1: 15-17658 WORKSHOP OVERVIEW**

**Councilmember Driggs** said thank you, Madam Mayor. So, the Budget and Governance Committee met on March 7<sup>th</sup> basically to preview the presentations we're going to hear today. The topic of conversation are enterprise funds and in case anybody watching isn't clear, the city's Enterprise Funds are activities that are conducted as separate businesses away from our General Fund. So, our General Fund, your property taxes, and sales taxes pay for Police and Fire and Trash, and other activities, but the Airport, CATS (Charlotte Area Transit Center), Storm Water, and Water operate as stand-alone businesses based on revenues they receive from their activity. So, today we're going to hear a budget presentation related to those four separate businesses. With that Madam Mayor, I will hand over to the next presenter.

**Marcus Jones, City Manager** said okay. Thank you, Mayor and members of the Council. I'd like to start off by thanking the Budget and Governance Committee chair, Mr. Driggs. I think what we have seen as having these previews at your committee and getting feedback has allowed us to have workshops that are smoother. Hopefully, we don't break that today. We really appreciate that. So, today we really have three segments if you will. One is digital transformation. Our CIO (Chief Information Officer), Reenie Askew, she enjoyed being with you so much Monday night that she came back for round two today on Wednesday. Typically, we have these conversations around our Enterprise Funds as Mr. Driggs has mentioned. So, we'll have Charlotte Water, CATS (Charlotte Area Transit System), and Aviation. Then finally we'll end up with Financial Partners and Marie Harris will provide that presentation.

I will say that typically there's a question about are things better or worse in terms of the budget since the last time we were together. I'd like to commend the team, especially our CFO (Chief Financial Officer) and our Budget Director as Ryan said last time, not the gap but the challenge a bit smaller. So, we're still dealing with about a \$3 million challenge, but we feel confident that we'll be able to close that, and we'll be able to support the priorities of this Council especially what we're doing around compensation for our employees. So, with that said, Mayor, I would like to turn it over to Ryan, if there's anything he'd like to add before we get Reenie up. Okay, we'll go straight to you then Reenie.

\* \* \* \* \*

## **ITEM NO. 2: 15-17659 DIGITAL TRANSFORMATION**

**Reenie Askew, Innovation and Technology** said good afternoon. Again, I'm Reenie Askew, Chief Information Officer for the City of Charlotte. Joining me today I have Deputy Director Brad Dunkle and also Deputy Director Markell Storay. Today I'd like to share the city's vision for digital transformation and also like to spotlight the work that we've done and the target we have around Enterprise Resource Planning, which I'll give you a little bit more information about what that is as we proceed.

So, primarily as I highlight the journey that we've taken past and present and what I want to focus on which is the city's digital transformation journey, I think it's important that we cover a couple of key areas. I want to focus on IT, information, and technologies innovation areas, and an overview of the services that we provide you here at the city. I want to talk a little bit about our digital journey. So, just foundationally where we've been, where we'd like to go and then I'd like to lastly focus on our Enterprise Resource Planning which is really the city's way of identifying a solution to support our back-office administration. We use nomenclature like ERP to define it.

So, the I&T Department has many, many services and I believe that what we typically are familiar with are those related to data, analytics, dashboards, and reporting, but there's a lot more that the city's involved in. As you can remember from Monday, we talked about digital inclusion, public Wi-Fi, and Wi-Fi to our residents. So, that's one of those services, but we also have broader services that we provide. You've seen and talked about our mobile applications at different times and supporting that, but we also support our CATS (Charlotte Area Transit System) system which is our computer-aided dispatch system that supports public safety. We're also responsible for things like Payroll and Transit Systems in technology. So, there's a sundry of things that we do that many of you may not recognize on a regular basis. Let's not forget cyber security. We're responsible for detecting, protecting, and defending the city against cyber threats and so those are a few of the many things that we do as your technology organization. These are just foundational for the building block of where we'd like to go next. So, as we look at the digital transformation journey, our journey started a long time ago. It started prior to the pandemic. Where a number of organizations during the pandemic were putting a lot of things in place, we were fortunate enough to have those already in place, but our journey

started primarily with various transformational activities around consolidation and centralization, sustainability of our workforce and then we'll talk a little bit about where we'd like to go.

So, let's start with the foundation. So, back in 2019 we began what's called the Centralization of Technology Services across the city and at the time it was a great way for us to better manage our assets, better manage our resources and then ultimately manage our costs and better secure the city. What we didn't realize at the time is that was going to be the foundation by which we were able to activate our teams very quickly to support this city during the pandemic. So, that was foundational, so we were able to quickly utilize our resources to wherever they were needed throughout the city to support that effort and also stabilize our back office. So, we've stabilized our back office with respect to putting in technology and tools that were used during the last two years and are continuing to be used today.

So, when we think about the transformation and what it really takes to do what we need to do, we have to have a map, we have to have a plan. So, in order to get that plan, over the last three months, we've spent some time talking with every department to understand what their visions were for their departments with respect to the technology, what some of those plans were, and how we can help to support them. So, with the 21 departments, we spoke to over 120 employees, and I think it was a great exercise for us to get a lens into where the departments would like to go. Some of those initiatives were items that we know are already planned and funded and others we're anticipating will do so over the next coming years. This roadmap that I'm about to describe really just serves as a bridge from the present to the future.

So, let me give you a few examples of some of those projects that were surfaced during our road mapping exercise. We talked about automating meter reading systems and replacing the one that we have in place and so this advanced system will allow us to better monitor and report the meter reading and also have the systems call home more frequently. We also looked at what is it going to take to update our web portal for our water systems and be able to monitor that and be able to have mobile capabilities in place that don't exist today. We also discussed our Criminal Case Management System. We do have one in place today. Typically, what we inform our residents on is when a case has started and when a case ends. We'd like to expand that by communicating intermittently throughout the process so that the resident understands what's going on with their particular case. Others is you know, we have multiple mobile applications, and we talked a little bit about CLT Plus, but we have multiple transit applications. So, our vision as a city is how do we consolidate that into one mobile application that the residents can utilize and won't have to have multiple that represents the services that we provide.

Lastly, our Enterprise Resource Planning System so I will dig deeper into that as we go forward, but as you can see we have some long-range plans on where the city would like to go in terms of how we provide better services for our residents. So, those are some of the things that I just mentioned. As we move forward to the next slide, I'd like to take a

deeper dive into Enterprise Resource Planning. Okay, so what is an ERP Digital Transformation? It is the process of standardizing our core systems and those that run our back-office services. So, we're talking finance, we're talking Procurement, Budget, Human Resources, and even Construction Project Management. So, what we're looking for as we start to transform how we run our back office is looking for a system that can help us do that more effectively.

So, what we have in front of you is really an overview of what some of those goals are around our Enterprise Resource Planning system and it is really an investment in our well-managed government priority. So, we want to manage our business well, we want to be more efficient, we want to be more focused, and having a system that better enables us to do that is top of mind. So, why now? So, if you think about 20, 30 years ago we had a system that we had for years, and then 10 years ago we went forward and we implemented our MUNA System which handles our financials and our Procurement Services. So, here we are now asking for another investment potentially in an ERP System. Why are we doing it now? Technology has evolved rapidly and so what we have today is no longer sufficient and no longer meeting the needs of the City. So, what we're looking at is replacing some of our more antiquated systems and those systems that have reached the end of life.

So, when we think about and listen to the voice of those customers we spoke to, 81 percent of our departments felt our current systems were poor or maybe fair at best. So, we're not meeting the needs, we're not getting the services that they want to be able to provide you the information you need. Let's look at an example from Procurement. The requirements that Procurement has around a new system, they want improved functionality, they want robust automation, and the ability to streamline their operations. Effectively they want to centralize some controls and governance so that there's greater accountability in compliance in the procurement space. Around business inclusion, they want to focus on increased transparency in order to drive inclusion across our city providing a fair opportunity for all who want to bid on services.

Additionally, we'd like to enhance the opportunities to measure the city's economic impact on the community through the services that we provide with our prime and with our subcontractors. These are some of the services that we cannot easily provide and demonstrate the value through our current systems. Not to mention what we are looking at is what we call a SAAS, software as a service. Rather than buying this big system, putting it in place, and then coming back 10 years from now looking for improvement, moving to a new model where the vendor maintains those systems and every year, we can get new features and new improvements so that we can expand and continue to evolve our business without having to go through another major ERP project. So, that's ideally what we're looking for. So, when you talk about value, automation is key. Reporting, which is decision support, is a game changer when you have the information and the intelligence to make the right decisions for a business and then implanting systems that are secure. So, security continues to be top of mind, an area that we will continue having a high level of focus on.

So, from a timeline perspective and cost, we are very early in the process. We have not gotten in front of the Council. We have not made any final decisions. We are in the process of evaluating what's out in the marketplace. So, we do have an RFQ that's on the street. Procurement did a wonderful job helping us get that out. It was posted on March 30<sup>th</sup> and we're looking at large-scale enterprise systems that can support the needs of this city. So, we're doing our advanced planning and the advanced planning looks like, what are the processes that we have in place today? Is there a way for us to be more efficient? Let's walk through, let's talk about our processes, let's look at how we improve them and use best practice approaches to doing things. So, we're doing that. We're also planning to look at as we go through the selection process, who best meets our needs for the best price. We're not looking for cheap, we're looking for a system that will meet the city's needs. That's most important and we're going to manage that project through completion. We're going to start with data and reporting and what these needs are upfront rather than wait until the end and we're going to determine and evaluate what value we're going to get from the system as we go along.

So, what we've estimated is approximately seven - \$10 million investments in FY2023 and we're looking at additional investments projected to 30 to 45 million over the next three years. So, our Enterprise Funds; thank you Enterprise Department, help us with contributing approximately 38 percent of the project cost, so that the General Fund is not bearing the entire burden of the project.

So, as I circle back to kind of summarize what we've done and how we've gotten here, we've actually taken a step to do an analysis. It's called a strategic business technology roadmap. We spent several months going through the exercise, and we came back to you with a solution that said these are the things we'd like to do and one of the key drivers for transformation and change and workforce mobility is a new ERP System. So, we anticipate if we have the permission to continue moving forward, we're targeting a final selection of a vendor in October, and we'll probably have boots on the ground to start the initiative after contract negotiations are completed around January/February of next year. The project is going to take us 36 to 42 months so it's not a short project, but we're going to be deliberate, we're going to be specific and we're going to focus on the right things. Then again, I wanted to emphasize the investments needed for this effort. Questions?

**Councilmember Driggs** said I think this is very important and necessary, so I appreciate what you've done. It's also a huge and possibly disruptive undertaking, so I do appreciate the advanced work you're doing. I was wondering for one, are we currently in a situation where we have a bunch of different platforms? So, is there going to be a platform integration process? Do we have to do data conversions and things like that?

Ms. Askew said yes sir we do. Yeah, we currently have a number of disparate systems that the new ERP System will replace, and we'll have one consolidated system. They will definitely require us to do data conversion as well as data archiving. We have a lot of data that we retain and so we will still have access to it, but it won't necessarily be sitting in the new ERP System but accessible to us for reporting and analytics.

Mr. Driggs said so, would that also affect the systems we use in planning for example? Right now, we have a situation with the county where we're on different platforms.

Ms. Askew said we have not included Accela, which is the platform that's used for planning in scope for this. That would be a separate conversation because that's one of those systems, that as you recall, we talked about Finance, Budget, Procurement, and Human Resources. Those are the targeted services as well as Construction Project Management, and Accela is not one of those systems.

Mr. Driggs said I think this is an area where we need to invest. Have you been able to estimate whether they're any cost savings that we can look forward to offset the outlays?

Ms. Askew said we have looked at it some. So, what we've looked at primarily is where are we funding individual systems and how we can collapse those costs to cover the costs post-implementation. So, what we anticipate, again we are still in the early stages so I can't say that nothing will change, but what we anticipate is the cost that we're spending in the various software products will offset the cost of sustaining this one.

Mr. Driggs said so, again, I appreciate the work you're doing. I think this is something we have to do. Thank you for that.

**Councilmember Eiselt** said Reenie, thank you, Mr. Driggs asked my question about the platforms, but can you talk a little bit about who you're talking to, to do this work?

Ms. Askew said so, last year in 2021 we did an RFI (Request for Information) and we had several vendors respond to the RFI. We narrowed that down to four vendors and we have a committee of a project team representing all the various functions I've mentioned, and we've narrowed it down to three. It's Oracle, SAP, and Workday. So, it's public knowledge because there's an RFQ out on the street, and that RFQ (Request for qualification) is to identify who would help with implementing. So, what is the cost of the solution based on our requirements, and then who would be the proposed vendor to implement the software?

Ms. Eiselt said thank you. It's important work and critical work, especially in this era of cyber attacks and whatnot, so thank you.

**Councilmember Winston** said thank you. On slide six you mentioned, I don't know if it's necessarily relevant on the slide, but you mentioned improving service around criminal caseloads and contacting. Mr. Bokhari and I really, early in this term were able to meet with the District Attorney to talk about some Intergovernmental stuff and one of the things we really learned about was managing those caseloads over time can be kind of capricious because the way state law is and the need to actual keep physical records and not digital records. So, are we looking at that system as part of the ERP Digital Transformation, and if not, are we looking at it through a different process, are there

opportunities to work with the District Attorney to find around kind of comprehensive digitizing of data and caseloads so that we can provide better services there?

Ms. Askew said great question. So, the criminal case automation and communication is not in the ERP, it's part of a system that's called I believe that's KB Cops and so what we're doing with KB Cops is expanding the capabilities. I can find out if part of that project is to digitize some of the paper documents for greater collaboration with other entities and I can find that out.

Mr. Winston said I don't want to speak for Mr. Bokhari, but in this same kind of DNA of wanting to make investments on the front end that are most effective and efficient, I think we should look at that because I think what we learned is there are certain parts of the process that if we don't fix those, we can drop as much money into trying to do things and it won't generate the results that we want. So, I want us to be conscious of that, specifically around managing criminal caseloads.

Ms. Askew said okay. Thank you.

**Councilmember Ajmera** said Reenie thank you so much for this presentation and I appreciated your leadership in investing in our infrastructure when it comes to information technology. As a former employee who worked in transformation and road map projects like this, I certainly understand the importance of keeping up, to try to stay competitive, especially in this age that we live in. Transformation is long overdue for many of our city services. So, I'm in full support of this initiative and I know this might come as part of our planning process, but how far have we gotten to in terms of our budgeting for some of this because I can understand that costs will evolve over time as we learn more about the scope and how many systems that need to be part of this transformation. So, from the capital budgeting perspective, how far have we gotten to a point where we can say this is a pretty good number that we should budget for?

**Ryan Bergman, Strategy & Budget Director** said Councilmember Ajmera, this is Ryan. I'll take that one. We're not very far along as far as a total call. Reenie provided a range for us, so I'll just use a number from that range if it was \$40 million for instance. That is a number over multiple years and it's a number that's the general fund and it's the Enterprise Funds. So, from a standpoint of how it would work in this year's budget for instance, the way it would probably be structured is because it's a big capital expense but it's not something we would take debt on, we would try to utilize our PAYGO funds over multiple years to try to move forward on it. We already have about \$10 million over five years in our PAYGO schedule for ERP investments like this. So, of course, that would have to go higher but we're not starting at zero. So, we would try to structure a concept in this year's budget that would of course need to change prior to next year's budget based on actual results, the RFQ, and things like that. We didn't want to get ahead on Council on this so that's as far as we are along.

Ms. Ajmera said I understand. Are they all cloud-based resolutions that we are looking at?

Ms. Askew said yes, we're only looking at cloud-based solutions.

Ms. Ajmera said okay. Any idea on what kind of additional resources we ought to be looking at to support some of these transformation initiative that we are looking at?

Ms. Askew said so, our first order of business is we're working on a staffing plan that looks at what would the future needs be based upon a cloud software solution and our goal would be to upscale and rescale our existing resources. So, at this time we don't anticipate needing additional resources, so as we experience attrition, what we're doing is we're holding those positions and once we have a new system selected, we're going to target hiring people with that skill. So, but those who are currently with the city that don't have the skill, we're planning on upskilling and training those resources, so they're better equipped to support the new product. As people leave the organization, we're going to look for a specific skill so we don't have to come back and say we need a new head count. That's where I am right now based upon what we know.

**City Manager, Marcus Jones** said so, Reenie I just want to make sure that we're fully answering the question. So, within whatever this number is, this number covers the resources that you will need to implement. In that process, because I've been through a few of these and they're messy, you'll have to make a decision whether to bring on additional resources to establish this, or back fill positions as people have to leave their day job to be assigned to this. Did I get that right?

Ms. Askew said that is correct but that would also be considered part of the project cost, yeah. Agree.

Ms. Ajmera said so, Mr. Jones, I think you nailed it. So, part of the implementation but then also once the implementation is completed a lot of these systems are live obviously there will be ongoing support. I don't know what the resource capacity is like and what would be required. I'll be interested in how that request would come in as part of our general fund a couple of years down the road once this implementation has gone live.

Ms. Askew said yeah and I think that's a great question. As part of the RFQ as well, we have asked the vendors to propose a period of time for post-deployment support, so recognizing the fact that our internal resources will have to come up to speed. We are anticipating as part of the project to have resources stay with the city to help us get acclimated and further equipped to be able to support it on our own, but we're planning to build in some time for that as well.

Ms. Ajmera said okay great. So, that 38 percent, that number was presented, that's coming out of our enterprise funds. Is that the number even post-go-live or ongoing support, or that number would change or depend on how well the implementation goes?



Mr. Bergman said Councilmember Ajmera, that number is for the implementation of this project. It gets quite a bit more complicated than that beyond. Basically, we have a cost allocation plan where each year we calculate what percentage enterprise funds should pay of things like IT, HR, and Finance. So, that number will certainly change a little bit over the years.

Ms. Ajmera said alright, well thank you.

**Councilmember Bokhari** said thanks. Let me start by giving a bit of reality context to all our colleagues and the public. This is probably one of the most painful and feared things on the entire planet and Reenie you've done a really good job of articulating it with confidence and everything. There's a reason why organizations and banks with their core systems and others don't do this is because they're so scared and they know when you stand up as a CIO (Chief Information Officer) doing this, you're literally putting your job on the line. It is a moment, and by moment, I mean a three to five-year moment of pain, and fear, and ultimately more people lose their jobs than don't through this process.

So, the fact that you have gotten yourself to this point now, I think deserves a show of respect from all of us that you're here. The easier thing would've been when four or five years ago when I brought up on the first month of the job here, "We still have data centers that we're managing buried over here on these old systems?", and it was, "This is the way it must be." So, the easy path is the other route so that's your first kudos, but I just think that you have such a fundamental part of providing autonomy and air cover and you have such a fundamental part of scoping out more than you need. More time, more resources and funding, more capabilities because usually, people don't get over that first hurdle of saying, "Alright, we're going to do what we need to do," and this is why a lot of organizations failed.

Then the second level that I see is when they get in there, they're like, "Okay, we're just going to cut a big check and we're going to pick a vendor," and it becomes an implementation and it's really more of a conversion. It's like here's the old stuff and we're going to painfully get it into the new systems and the new data taxonomies and things like that. When in reality the big opportunity is level three which is transformation. It's taking everything and reimagining it and so many people fail at this all over the board because it's not about we have systems that don't talk to each other, it's about re-envisioning the entire process from end to end. It's about saying, "Well why can't someone who's a CATS user use the same app to instantaneously pay for something in parking or a ticket?" Somebody in Charlotte Water can pay their bill and understand in real-time what's happening. Somebody from a storm water perspective can see updates on what's going on with their drains and things.

I guess the final point I want to say because this was about the icebreaker of saying these words out loud. I get it. Now the details start. I really think that as we look at the entire universe of this, we have to start with the outcomes, with the user personas with what we're going to achieve, and we should start with visions from a data front. We should use

all of our assets, we've been saying it forever, and scan all of our roads every single day with imagery that comes in and fuels all kinds of different departments' knowledge from congestion to potholes. If you start only with a vision of integrating 75 different systems into one ERP, then you've cut out the ability to find all kinds of cost savings and additional benefits gained so I really look forward to that. We don't need to go into the weeds of it now other than I hope everyone really recognizes that this is going to be probably the most massive undertaking.

I can't wait to see our Cloud Strategy and how we're going to transition from what we've got to where we need to and all of those things, but I think most importantly, it's about setting our CIO up for success so when stuff starts getting rocky, when the employees start complaining about the system, and, "I don't like the new system." It's been down for a week," and all these things. We expect it, we know it and we know when we're on or off track and this group doesn't start responding to things they don't understand off the cuff. So, that's the set up for success. Reenie, you've impressed me a great deal in the short amount of time you're here and now you're undertaking one of the most challenging things on the planet. So, best of luck and can't wait.

Mr. Jones said I would just like to add. Thank you, Mr. Bokhari. There's two things that city managers don't do. That is build a new city hall and institute an ERP System because they are messy. So, I appreciate it and you're correct. I've had a couple of these under my belt and it's how you frame it at the beginning and I'm actually doing this to support Reenie because many of the people that are behind her right now will be impacted in a way that they never imagined. So, appreciate what you're doing and appreciate the comment.

**Councilmember Phipps** said has this process had been delayed or pushed back in any way from its original scoping. This is something that it seems like to me it's been long overdue. So, has this project been delayed in any way?

Ms. Askew said no it hasn't been delayed at all. In fact, when I joined in 2019 the first thing I started looking at was the total cost of ownership. What is it really costing us to run some of these systems that we have? So, it's not enough to say that, Okay, this costs more than the other, it's also about making sure the organization was ready and that the time was now and I think that working with the departments and gaining the confidence from departments and city leadership, I feel comfortable that now is a great time to move forward. You also think about the transformation that the country's gone through in the last two years, I think we're poised where people are okay with change and so that's why we felt like this was the best time to start. So, no, it's not delayed at all.

Mr. Phipps said thank you.

**Councilmember Eiselt** said I do have one more question. Mr. Bokhari can talk circles around me for sure on the IT stuff and you can as well, but when it comes to the vision for our departments to improve city business and resident services, in all of the different

areas we read so much about the data capabilities that cities are using whether it's Water or Transportation or garbage collection or whatever, I don't know if this is for you for the Manager, but is there also a plan to talk with departments about what they could be doing? What more they could be doing with regard to smart technology because from what you're saying, you're going to work with a vendor that's going to be able to do the add-ons throughout the year instead of having to buy a whole new package and that's great, but in terms of the culture I should say, the city culture around using better data for outcomes, what's the plan for that? Data collection?

Mr. Jones said I'll take the first shot. So, you know, real-time, forgive me, team, there's a request I have for employees by different segments and it's taking a bit of time. We'll get there. So, just for us to be more efficient as we design this, it's going to help us better utilize data. So, that's from a technical perspective and a high perspective.

Ms. Askew said from a technical perspective, the departments as well as our data team have been involved from the beginning because I believe that you don't start thinking about those things after the system is in place, you think about them as you're building it to make sure that you have the outcomes that you're looking for. So, our departments are involved. We have what we call project teams and so those are the individuals that do the work every day and know where the gaps are and the services they need. So, some of the examples that I gave you from procurement came directly from Kay Elmore, who is the Chief Procurement Officer. So, she's looking forward to being able to pull more information from the system and her requests and requirements are already part of that. So, it starts with from the beginning making sure that we have the right people understanding what those needs are so that the outcome can be better data. I think that's going to be the approach is making sure we have the right people involved up front.

Ms. Eiselt said okay, thank you. That was the last question, Madam Mayor.

**Mayor Lyles** said okay, I think I just want to second it and emphasize the appreciation that we have. I've been on a board that had to do this, and I have seen the toll that it can take on a team like yours. So, we are really grateful to have the explanation at the beginning, and at the end of it, we hope to see you still smiling and feeling good about what we are accomplishing because it does make a difference. The organization that I had the opportunity to see this process, at the end of the day the consumer was the winner and that was really the important part of it but it was not without a few bumps and starts and tears and probably a little bit more. So, thank you very much. Any other comment? If not, I'll turn it back over to Mr. Bergman.

\* \* \* \* \*

### **ITEM NO. 3: 15-17660 ENTERPRISE FUND REPORT OUTS**

**Ryan Bergman, Strategy & Budget Director** said so, now we'll go into our Enterprise Fund portion. We'll start with Water and Storm Water. So, we'll have Mike Davis and Angela Charles come up.

**Angela Charles, Charlotte Water Director** said good afternoon, Mayor Lyles, Council, and Manager. I am Angela Charles; Director of Charlotte Water and you know Reenie introduced her Deputy. Jackie Jarrell, David Czerr, Shawn Coffman, Ron Hargove, and of course Mike Davis representing the Greater Charlotte Water Team. So, I just wanted to do that. Thank you for the opportunity to present this afternoon's Storm Water, Water, and Waste Water are working together under a one-water philosophy for our community and region. So, today we're going to present the budget outlook for both Enterprise Funds and so we're going to be going with Mike.

**Mike Davis, Director of Storm Water Services** said good afternoon, Mayor and Council. I'm going to try to keep the goodwill alive in this presentation. This is a brief presentation. I'm privileged to be before you, kind of just give you an update on your Storm Water Services Program. I've got I believe it's six slides. I'm going to use that to tell you three things, just kind of a reminder of what our program does, get into sort of the four big strategic drivers that act on our budget, and then tell you at the end a little bit about how that sort of forecast for where we're going. So, just a perfunctory reminder about what it is your Storm Water Services Program does. We sometimes just kind of break it down in the terms of quantity and quality and so you can think about this as flood mitigation, keeping in particular streets and roadways clear of flooding, but it's also about water quality and ensuring that when surface runoff reaches our streams, that that's done in the cleanest way possible. Thirdly, that we think about everything we do through the lens of equity. So, that's an increasingly important part of the service we provide.

So, on the first of the four big drivers I want to talk to you about can all be kind of termed infrastructure. The first piece of it that I'm going to talk about is in the upper left, thinking about major capital projects. It's something we don't talk a lot about in front of the Council necessarily, but it does command a lot of our capital investment. These are our big sort of neighborhood-scale projects that are comprehensive in nature, meant to replace in some cases old clay pipes that have deteriorated or things that are just undersized. A big part of our budget and largely goes unnoticed, but it's just worth reminding you it's a big part of what we do. What we have talked a lot about and I wanted to give you what I think is a positive update is the minor repair program. Many of you will remember that around the FY2019 timeframe was a period in which we were really wrestling with how to get the Storm Water Services Program calibrated in a way that it could make good on its commitments to the public. At that time, we had a backlog that it was pretty common for us to tell people at that time that when they called us to let us know about an issue that they'd have to wait seven years or more for us to even go deep into an investigation to resolve it. So, we made a lot of changes going into FY2020. Some of that was about changing what we qualify for work, some of it was about rethinking how we approach our priorities and a lot of it was about increasing our level of resource commitment. I want to thank the Council for your support of that, but the target was to take that backlog which

at the end of that fiscal year was predicted to be around 1,690 projects and see if we could retire that list in five years.

So, what you're seeing then on the right is kind of where we are and maybe slightly past the midway point into that five-year surge. We're down to about 400 what I'll call unassigned projects, down from that 1,690 and the expectation would be that at the end of those five years, those would all be assigned and underway in some fashion. To be clear, that doesn't mean every project is complete, but it's at least at a place where we've engaged with residents in a way, they're seeing progress whether it needs easements from them or some other utility relocation, etc. So, that's the good news on the minor repair side. I did want to just kind of forecast a little bit of clouds on the horizon and that is that any of us who have been doing work that involves significant construction have seen some issues emerging around construction materials availability. That has not hurt us directly yet, but I do think it stands as a threat for both schedule and cost going forward, and I would say that was true even before we got to conflict in Europe that is further impacting certain types of materials that are important to you right, so the second of the four drivers that I'll talk about is where we're going as a program. So, that last slide I just showed you shows a chart that's going down over time and you might ask, Well what happens when that backlog is retired? The answer is we'll still have a lot of work to do. We maintain a big system and it's going to need perpetual maintenance the goal would be how can we get to a place where we're in a steady state and can really take care of those assets. Where we've been over the last several years is developing a pretty young Asset Management Program, but the idea is you have to know where your stuff is, then you need to know what condition it's in and then you have to be able to make smart investments in those assets so that you can extend the life of those assets. So, that chart in the upper right is kind of theoretical but it's just the idea that as you move along in the service life of an asset, you can make less expensive interventions that can prolong the life and it's a smarter more financially responsible way to take care of those assets.

In the lower right, I will just point out as a bit of a broader benchmark, that if you think about an asset as having a hundred-year life, then you'd want to basically be able to replace one percent of your system per year. We're not there. We're at about half a percent. That number has been growing over time and I really think that as we are able to get out of this business of doing reactive minor repair program stuff that I just described and get more into an asset management-based approach. We'll be able to see those same resources redeployed in a way that should really allow us to make progress, but if you were to ask what's it going to take to get to the full one percent, that's something we're going to have to learn frankly over the next couple of years as we're continuing to retire that backlog.

The third driver that I'll talk to you about is our Surface Water Quality Program and what I want to tell you is you should feel very good that you have a great surface water quality program in your Storm Water Services Group. This year we expect to be audited by NCDEQ (The North Carolina Department of Environmental Quality). That is happening to everyone around the state who is a holder of the kind of permit that we have with the state

and so our time has come and actually we just found out a couple of days ago that that clock has started for us. They've just formally commenced that process and what I expect we'll find is that we're running a great program. We'll be excited to bring forward to you the results of that. I'm sure they'll find things that we can do better, but you have a great program and we'd expect the audit to confirm that.

The last of the four that I'll talk about is just growth pressure. It really has been unrelenting and we feel great that we've been able to provide service to the development industry which supports the city's overall goal for economic development. We are behind that but it is also true that as a city grows it introduces more paved surfaces that create more runoff and it stresses our system. So, what we're also trying to do at least through a budget perspective is how do we provide great service that's at a low cost while we also are ensuring that we're reviewing for the kinds of things that make a difference. So, as it relates to our current array of ordinances and permits review things, we're really just trying to stay calibrated to make sure that we've got resources without increasing costs, and this budget reflects that. Then also of note, the UDO (Unified Development Ordinance) as you've heard me say before is really a strategic frontier for us. There are things we need to fix because the way Charlotte is growing is different than the way our ordinances were written for decades ago. So we're eager to see that get over the finish line and help us all from a drainage perspective at least.

So, the last thing is just to talk about how that all comes together in terms of the FY2023 Budget. On the right is a snapshot of the financial planning, kind of what we thought we would do and how we tracked against that, and I'll just remind folks in terms of these bullets on the left that the revenue that we get does come on the basis of how much impervious surface property owners have. They pay that monthly on their bill and what we do is use those revenue assumptions against a bunch of other assumptions that we work with Strategy and Budget and Finance and ultimately a consultant that will conduct a review on that in order to constantly model and remodel. So, where we've been kind of going back to that FY2020, that was really again the start of that five-year surge. You can kind of see in the middle column what the expectation was versus what the actuals have been on the right, and I would just say that as we would always do at this time of year would just say that the final recommended budget proposal would come forward when the Manager presents to you the total budget. I would just say as to not create any real suspense around that, we would expect to be very close to that model.

With that, I'll happily take any questions you have.

**Councilmember Winston** said two questions. Are there any proposed or pending on what changes at the state level that could or would impact our financial planning?

Mr. Davis said they're none that I'm aware of currently, no.

Mr. Winston said secondly, so obviously we've all learned a lot as an organization of recalibrating with COVID (mild to severe respiratory infection caused by the coronavirus,

but as you mentioned there were pending challenges with supply to goods even before the conflict in eastern Europe but that is upon us right now. Are the other types of commodities like recalibrations that we can do or consider to stay on our goals should those kinds of impacts become more material?

Mr. Davis said yes and no. At the end of the day, we build using materials that are meant to be durable and there's only so much we can do to sort of really work upstream to overcome some of those pressures, but we do talk to contractors to try to understand where they have pain points and that actually has us working kind of earlier in our design process to rethink how we do certain parts of our design so that when those contractors go to bid, they aren't having to maybe deal with challenges in the same way. So, it's really just paying attention to what contractors can and can't have ready-made access to.

**Angela Charles, Director of Charlotte Water** said the only thing I would add is that from an internal standpoint, we have had to look at some of the materials that we purchase and in one area we've had to experiment with using a different pipe type in order to address the materials shortages that we're seeing.

Mr. Winston said thank you. That's less of a budgetary, that's more of an internal kind of policy issue.

Ms. Charles said yes. Right.

Mr. Winston said thank you.

**Councilmember Driggs** said thank you, Mayor. I think we should acknowledge the slide that we just saw about that backlog service delivery because people may not remember. We were looking at a really bad situation. I was estimating based on the per project typical cost that it was a billion dollars or something, and we looked also at some graphs that showed different rates of increase, and how long it might take. So, we've stayed within this framework for rate increases. We haven't had to go to some of those more extreme scenarios and we've got it under control, so I just want to really emphasize that's an incredible relief for me and a great service to the city. I have a question about your comment on the UDO. The UDO is kind of currently in negotiation, and we are on several levels identifying conflicts or issues that need to be worked out in order to have a coherent system. Can you tell us any more about what, from a Storm Water perspective, is still unresolved?

Mr. Davis said first of all thank you for those comments, and I should have said when I was first talking about this, that the reason we're able to do any of that is because we got about 200 people who've really busted their tails over the last few years getting that work done. So, thank you to them as well. About the UDO and where we stand with outstanding comments. By in large, so I'll first say that we have significant things that are baked into the UDO. Without getting way into the details today, what I would say is fundamentally the biggest thing we're trying to do is deal with smaller-scale in-field development. What

we used to be able to do very well and served us well was big subdivisions come in, big mixed-use projects come in, our ordinances would catch that. What we've been missing the last few years is when individual lots turn over and introduce a lot of impervious services and flood downstream properties as one example.

So, I think it's meaningful that we are introducing things that will allow us to catch that, and to your question, there have been some concerns about how to get that calibrated right. So, how far do we go in looking at every little thing that someone wants to do? At what point do you have diminishing returns on that? So, I would say that's probably the area we're spending the most time is how fine of a net do you make for that? There's plenty of other little details but that's the one that stands out.

Mr. Driggs said thank you. I look forward to hearing how you work that out because again that's going to be one of the few things that we need to get in line for it all to work. Thank you, and to all of your people by the way. I didn't mean to exclude them.

Mr. Davis said thank you.

**Councilmember Phipps** said I know Charlotte Water, it's a certain level of humility that they want to maintain but I was wondering if you could share with the public and the rest of the Council if they may not know, I thought I read somewhere where Charlotte Water or Storm Water was recognized nationally for its efforts in Storm Water Flood Mitigation. Am I correct on that?

Mr. Davis said Mr. Phipps, thank you for that. Yes. On the advice on the Council, yes. We do regularly win awards and again it is a testament to the great work a lot of people do all the time. When I think back to the last award that we won, there's an organization called NAFSMA (National Association of Flood and Storm Water Management Agencies). Just a few months ago we won, at a national level, an award for best communications strategy. So, depending on which one you may be thinking of, I don't recall but I'll just take that as an opportunity to again thank you and thank others for their great work.

Mr. Phipps said I was thinking about the one that was highlighted during a town hall on emergency preparedness that was done this past November that was highlighted, and I think it was worthy of recognition that you all received such a prestigious award.

**Mayor Lyles** said they get so many of those that they can't remember them all, so he's going to take that one, Mr. Phipps. Mr. Driggs asked the question about the UDO and I wanted to make sure that there was an open opportunity to have that discussion within the development community, within our own purview, and on the calibration and the pace of development you talked about the infield, but I wondered how we were doing as well as you would say with the major developments that we are approving for places like the Innovation District, the River District. How are those looking in terms of how we are going to get that accomplished as well as work them into the system for maintenance and repairs?



Mr. Davis said so, thank you for that question. When we think about larger developments and I'm going to tie this back to Councilmember Winston's question from a moment ago, everyone needs to understand that our world changed in 2018 when every city's ability to apply regulations to redevelopment was taken away. So, what that has meant is there are some big tracts of land that have a lot of built-upon areas today that before 2018 when they would redevelop, we would be able to have storm water devices and interventions and things that reduced flooding and improved surface water quality. We can't do that anymore. So, until that provision is restored, we have a hole in our process. When I say until I don't know that it ever will, but we hope that that one day will change. So, with the UDO we're going to be able to catch hopefully a lot of things that we've missed really at a smaller scale. At a larger scale, we're great at dealing with new impervious surfaces and until something changes at the state legislative level, we're never going to be able to mitigate through redevelopment things that contribute a lot of runoffs today. I don't know if that answered your question.

Mayor Lyles said no, you did. Thank you very much. Mr. Winston?

Mr. Winston said yeah, to that I'd like to get smarter about that personally so maybe that's something we can talk about offline, but if this is something Council should be considering at it relates to our State Legislative Agenda, and the things that we need especially if it's impacting budgets and our ability to plan for future growth, I think that's something that our whole Council as a whole might want to get smarter about to kind of connect these two processes, the budgeting or legislative agendas together.

**Councilmember Eiselt** said I second that.

Mr. Winston said thank you.

Ms. Charles said okay, I'm going to talk about the water and waste water fund and I'd like to recognize Chad Howell, our CFO who's going to drive for me. Chad is my right hand and keeps me in check and he's also the brain trust behind the financial model. So, thank you Chad. Again, Charlotte Water, our logo is one water strong. One water referencing Storm Water, Water, and Waste Water working together under a single vision and direction in our community. The vision for Charlotte Water continues to be one of the leading utilities in the nation recognized for excellence, dedicated to our people, this community, the region, and the environment. I want to take a moment to recognize the team during the pandemic.

So, our team really had to operate and manage and maintain the water system through staff shortages whether it was due to folks being out due to COVID, or folks deciding to make a career change. The regulations and requirements of Charlotte Water did not change and so in the midst of a pandemic, we were recognized nationally, by Councilmember Phipps. Every Wastewater Treatment Plant in our utility received an award. This is a picture from last November from the National Association of Clean Water Agencies. One of our plants, McAlpine, located in Pineville, has 14 years straight of

perfect permit compliance in wastewater. That is remarkable. The other thing we'd like to note about the pandemic, it was a lot of emphasis on washing your hands and it really spoke to the intersection of providing clean safe drinking water in public health. So, we distributed with perfect compliance, perfect is a really strong word, 39.6 billion gallons of water to this community, and so again we want to recognize the team for the good work. In the Corridors of Opportunity, the One Water team, the Charlotte Water, and Storm Water invested over \$200 million in areas associated with the Corridors of Opportunity. I've said many times, this has got to me, Mr. Jones' favorite slide out of the deck, but again, this represents the work that we are doing together as a greater One Water team.

The proposed FY2023 budget is \$534 million our budget requirements, of course, water and wastewater is heavily regulated so increases in regulatory requirements. Of course, our community and region, Charlotte Water serves the whole county. We're a city-county agency. We also have connections to other counties. Increases in capacity and increases in rehab. We have to have funding to make sure that we have proper capacity in our system and of course, we are seeing increases in fuel energy and the chemical costs. The split is just about the same. When you really look at the Charlotte Water Budget, only a third of it goes into operating the utility. Two-thirds is really for capital expenditures in our community and that's pretty much been the case for many years.

Our proposed Capital Program is a five-year, \$2.65 billion capital improvement program. This is the largest that we've had in the history of the utility, 50 percent of it is dedicated to capacity for growth. Now capacity is related to regulatory requirements, so on some level, if you don't have the capacity in the water and Waste Water System, it becomes a regulatory issue and so the two are related. Also, with rehab and replacement, there's a lot of emphasis federally on clean safe drinking water and lead and copper in water systems and the evaluation that needs to be done. So, when you look at the buckets of our Capital Improvement Program, we've got capacity for growth, we also have rehab and replacement of our existing and current system and then of course what we just have to do is meet regulatory requirements. On the right-hand side of this chart here is something new for us. We want to quantify what is the economic impact of water in our community. We do believe that we are a silent economic driver in this community, so we hired a consultant to come. So, what type of jobs are being created and what is the economic output? So, I'll just read a couple of these. 246,000 jobs were created in water-dependent industries in the six-county region in 2021. In terms of economic output, 30.9 billion was contributed to Mecklenburg County by water-dependent industries and 46.5 billion in a six-county region. That is significant. So, as we invest in our water system as we complete projects, there is definitely an economic and regional impact to the work that water does in the community.

In terms of financial planning, we do have a 10-year financial plan. We have a model and so we will be recommending to the Manager a range right now between three and a half and 3.75. We're working with our budget folks and Teresa's folks in finance to firm that number up, but we do believe that the recommended increase this year will be within the plan or within the 10-year financial plan for the utility.

Rate comparison. We always like to compare ourselves to other utilities in and outside of North Carolina. We are in the middle. Of course, each system is operated and managed differently, but we fare pretty well. Also in the right-hand margin, we are ISO certified. Not many people know that water is very process driven, so we have ISO certifications like private companies where we apply private practices to our operation. So, you see some of our ISO certifications there. What it is really organizations from the outside looking at our processes and looking at how we operate and manage the utility for us to remain competitive. So, we're very proud of those.

So, this is my last slide. This is a picture from Hidden Valley Elementary School, and those are the kindergarteners. Our One Water folks gave every kindergartener a coat and toys for Christmas, and this really represents what we are in the community. Water is our product, but service is our business. So, it requires investment in the community for us to be able to even serve these little ones here and that's what water is all about. It's the foundation of the community today and in the future. So, I'll entertain any questions.

Mr. Driggs said thank you, Ms. Charles. If we could go back to slide six, I think it is. So, you have the categories and I apologize if you did explain this, but what exactly do we spend money on under the categories of regulatory requirements committed to public projects and utilities support? What kind of expenses are those?

Ms. Charles said okay regulatory requirements would be anything that we would have to do with upgrades. So, there are permit limits that we have to meet by law, so any expenditure that has to be done to meet a federal or a state regulatory requirement. Most of that has to do with infrastructure, infrastructure upgrades. So, maybe we need to treat water to a certain limit.

Mr. Driggs said that may be something we have to do because of a regulation but it's also something that we should do, right?

Ms. Charles said that's exactly right.

Mr. Driggs said this is not wasted money or just a cost of the government.

Ms. Charles said that's right. You're exactly right because you just don't want to meet the requirements. That is the bare minimum, but we do try to categorize what you have to do regardless.

Mr. Driggs said right.

Ms. Charles said so, that's what that represents. Commitment to other public projects would be city projects. Let's say the city goes in and there's a neighborhood improvement project or the state has a project and we need to be a part of that so that we only maybe tear up the road one time.

Mr. Driggs said right. Yes.

Ms. Charles said so, that is a collaboration with other agencies where the water and waste water infrastructure is involved in part of that bigger project. Utility support would be facilities systems. Reenie talked previously about the meter reading system. We're looking at some good technology there where the users of water can have more information. That would be utilities support.

Mr. Driggs said right. Can we talk in this meeting about the issue that you have and I have discussed, the waste water constraint that has caused us to have to defer certain petitions? I think it's worth just bringing that out.

Ms. Charles said yes. I have a slide that can be pulled up. Thank you, Councilmember Driggs. It says WSACC (Water and Sewer Authority of Cabarrus County) area. It is a map.

Mr. Phipps said yes, I had a general question. There's been some news reports that some entities have been testing I guess waste water for COVID. Has your department been involved in that in any way?

Ms. Charles said yes we have and we're part of the system, the state and national system that regulates and monitors waste water for COVID. So, yes Charlotte is a part of that. Not really advertised but we're a part of that whole effort and we were a part during the whole pandemic.

Mr. Winston said one pandemic impact that I was interested in is the distribution of water in our water system. I'd like to imagine that changes in work, life, and school behavior do have disparate impacts on a system. You know you have less brushing and flushing for instance in employment centers and with that capacity being transferred to neighborhoods and residential zones. Many of those workers not coming into our service area may live in counties that may or may not be serviced by Charlotte Water and I know that Charlotte Water is a very forward-looking shop. So, while the future of work and play is unknown, has there been any kind of consideration in the future changes to the way our systems are engineered or invested in because of any presumed changes in growth patterns to where people are?

Ms. Charles said yes. Now I would say consumption was flagged even though we didn't have people coming to Uptown Charlotte, we had people staying at home right, so people were still using water. This is the question. How have the usage patterns really impacted the utility and right now we really aren't seeing a significant impact in how the infrastructure works underground at this point. We know we are experiencing a lot of growth in our area, but in terms of pure usage and the infrastructure being able to handle going in a neighborhood versus going into a large building, we haven't really seen that big of a difference when you look at it, at the 30,000-foot level. Now what's happening is

we are seeing more usage come back to the industrial commercial types of facilities because the society is opening up.

Mr. Winston said is there kind of an amount of time that we can look over and look back to see if are there things we need to recalibrate?

Ms. Charles said yes. What we've been doing is we've looked at previous trending so that's why I can say really on some level, the usage and consumption has pretty much been the same, but it's something that we will continue to monitor, and to see if we're noting any changes that will require any improvements in infrastructure or change.

Mr. Winston said thank you.

Ms. Charles said yes, great question.

**Mayor Lyles** said okay, I think Ms. Jackson has the map up. Are you okay? You got it?

Ms. Charles said I want the map itself. So, Councilmember Driggs, what you see highlighted would be the areas that are impacted by the constriction that we have with WSACC (Water and Sewer Authority of Cabarrus County). So, Charlotte Water is a regional utility. Regional utilities have agreements with utilities not necessarily in the same county. So, why would we do that? There's a ridge line in Mecklenburg County and so it was more economical for us to have a partnership with WSACC is Water and Sewer Authority of Cabarrus County. It was more economical to have a partnership with WSACC to treat the sewer because as you can see, the sewer flows downhill. Now this represents less than 10 percent of our total service area and the majority of service areas aren't in the city of Charlotte proper. So, what happened is that we do have an agreement and right now our agreement is for 6,000,000 gallons a day. Our limit right now is 6,000,000 gallons a day, our agreement is 12 and so when we approach the other utility to increase our capacity, we found out from them that our treatment plan was near capacity.

So, we are a customer of WSACC and so the ripple effect would be a slowing or pause of those few areas in Mecklenburg County because they're treated at WSACC and not within Mecklenburg County. Now what are we doing about it on our side of the fence? So, what we're doing now is we're also looking at building a pump station in Mecklenburg County that will pump over the ridge to a treatment Plant in Mecklenburg County to give us the resiliency and the redundancy that we'll need in the future. So, long term, because water has to think 30 or 40 years down the road, long term we'll have both. We'll have the capacity and there's already an interlocal agreement. Both Councils, this Council, and their Council has agreed upon this. We'll have the capacity in WSACC, we'll also have the capacity in Mecklenburg County for redundancy to help eliminate this type of restriction in the future.

Mr. Driggs said that makes perfect sense.

Ms. Charles said I know that was long but it's a great opportunity.

Mr. Driggs said I think it makes perfect sense. We had an agreement that somebody else would handle some of this for us. They ran out of capacity. We're currently negotiating with them on how the increase in their capacity will be funded. At the same time we're looking at reducing our dependence on them, right?

Ms. Charles said exactly.

Mr. Driggs said yeah, so I appreciate all of that. I think you know from some conversations I've had people who want to develop in these areas and are facing delays are curious to understand how those permits are awarded or who gets to go and who doesn't. So, I think that's something that might be an area where we just look at outreach or communication and try to be clearer about how we make those decisions.

Ms. Charles said yes.

Mr. Driggs said appreciate that and appreciate Charlotte Water. Thank you, Angela.

Ms. Charles said thank you.

Mr. Bergman said so, next we will go to our Charlotte Area Transit Systems. So, Blanche Sherman, Deputy Director will be in person but John Lewis will also join us virtually. I want to thank him for his flexibility to have it today even though he was scheduled to be out.

**John Lewis, Executive Director, of Charlotte Area Transit System** said thank you, Mayor. Good afternoon Mayor Lyles, Manager Jones, and city Council members. Again, I'm John Lewis, Executive Director of the Charlotte Area Transit System, and as Ryan mentioned, in the room with you this afternoon is Blanche Sherman, the CATS Chief Financial Officer. If we can go on to the next slide. I'm going to give you a quick look back at FY2022 and the challenges and opportunities brought about by the pandemic and the change in daily commuting patterns that has impacted demand for Public Transit Services. Our focus for FY2023 will center on the implementation of the Battery Electric Bus Pilot Program and continuing preliminary design and engineering for the Silver Line.

Significant loss of demand for Public Transit Services due to quarantine, social distances, and remote working resulted in an immediate and significant loss of ridership across modes of CATS service offerings. From the outset of the pandemic, CATS immediately adjusted service levels to match demand. This also allowed us to implement initiatives to help protect our workforce by implementing on and off weeks and social distancing onboard our buses and trains. Ridership continues to slowly increase year over year, however, until major businesses throughout the region return to some semblance of normalcy in regard to employees' return to the workplace, our ridership numbers will continue to underperform. Now, with that being said, I do believe that transit is well positioned for a ridership return. If we take a look at large event utilization of our service

over the last several months, I think we get a glimpse of what the future will hold, whether it's Panthers games, Hornets games, or Charlotte FC matches, when Charlotte teams have a destination in the uptown area, they have consistently and reliably chosen to use the CATS blue and Gold Line Rail Services along with our bus services. As Uptown businesses continue to open their doors for in-person workplaces, I believe transit will follow.

With each scheduled change since the fourth quarter of 2020, we have incrementally increased service levels on buses as demand has begun to revive. Rail service levels have remained steady at 20-minute intervals during that period, but just last week, we adjusted Blue and Gold Line Service levels to enable us to provide more frequent rail service during the day as some of the larger employers like Wells Fargo and Bank of America are reopening facilities for in-person work. Last week as I mentioned, the blue line began running 15-minute intervals rather than 20 minutes and we'll continue to monitor demand for our services and adjust service as necessary. In response to a tight labor market, CATS has been increasing its marketing and communications, and outreach to fill open positions and generate renewed interest in Public Transit as a career. CATS has also paid retention bonuses to front-line operating employees and worked with RATPDev, our private third-party bus contractor to ensure their employees receive commensurate bonuses as our city employees have received.

Safety and security of our employees and riders has been a hot topic as of late and CATS continues to work with our RATPDev and our smart union on the implementation of mutually agreed upon short and long-term strategies that will enhance the safety of our system and provide additional de-escalation training to current employees which will begin shortly and new employees as their new employee orientation and training begins.

We continue to track and measure our performance through the CATS Tracks performance scorecard. This scorecard is based upon four management principals. Outstanding customer service, financial stewardship, employee success, and community impact. When we pair this with our net promoter scoring customer satisfaction index, this program gives us a high-level snapshot of the performance of our services based on driving outcomes versus just managing output. I'm proud that in the last three years, CATS has received industry-leading net promoter scores from our customers, beating the industry average by over 31 percent.

There are multiple metrics within each of the four strategies as listed in the slide before you. Each metric is assigned a performance goal and we measure against that goal each quarter through statistical reporting to a third party that manages our scorecard and conducts rider and employee surveys twice annually. Recognizing the impact that the pandemic would have on several of our metrics, we adjusted our overall performance goal from our normal level of expectation of 90 points, down to 85. Our final score was a bit closer than we'd have liked in FY21, with a final score of 85.3 but as I mentioned, many of our financial metrics are specifically impacted by the pandemic.

In FY2021, CATS overall customer satisfaction is measured through our rider survey conducted in the fourth quarter of FY2021 remained high. Even though our ridership fell dramatically, CATS customers were pleased with our initial response to the pandemic and the service levels that we continued to offer. Having literally just received our second quarter FY2022 results depicted in the chart before you, it is clear that the pandemic continues to impact operations, in particularly manpower. If you look at our on-time performance, it dropped nine percent since the first quarter as recruitment and retention issues continue to be an issue for bus operations. Customers with access to 15-minute or better service isn't meeting our goals as funding to implement the Envision My Ride continues to be a challenge. In employee engagement metric, with the implementation of retention bonuses and scheduling changes to allow for more four-day 10-hour work weeks I believe will reverse this trend in lower scores from an employee's standpoint.

Then specifically from a financial side, taxpayer subsidy metric, and customers per revenue hour have been impacted by the decline in fare revenue due and overall ridership declines. However, our contractor just completed our latest customer survey in the field for the first time since the pandemic began and we are awaiting those customer satisfaction and net promoter scores which we should receive within the next couple of weeks we'll be happy to report back to the Budget Committee and Council on the outcomes of those metrics

CATS will be presenting a balanced budget for FY2023 with no fare increase. Our budget will increase from 185.8 million in FY2022 to 205.6 million in FY2023. There's several major line-item increases that have driven this increase with the first full year of gold line phase two operations commencing and our CATS personnel service line item will increase by \$8 million. Also, phase one of our midlife overall for our blue line south corridor vehicles will commence raising our vehicle and track maintenance line item significantly.

Going a little deeper into the details of our revenue projections, our sales tax revenues continue to over perform despite the pandemic. Fare revenues continue to be impacted by ridership losses but with the continued in the flow of federal dollars, CATS has been able to shift funds from operating assistance into a more flexible nonoperating revenue line item which gains us flexibility in the use of those federal funds to maximizing and leveraging those funds to meet shortfalls as a result of ridership and farebox recovery issues.

Following up on our discussion in last week's Budget Committee meeting, we've added a breakdown of the utilization of the federal COVID funds. You'll see in this graphic that \$148 million is planned in our operating budget to offset loss fare box revenue due to COVID-related ridership losses and also funding the midlife overall as I mentioned earlier of 20 blue line south corridor trains that began revenue service in 2008 and will be meeting its 15-year midlife overall in the coming years. Then 40,000,000 of those COVID funds will be set aside for capital projects, and one-time uses, mainly providing a match for our blue line extension savings funds. As you may remember in 2018 when we opened the



blue line extension, that project came in well over \$60 million under budget. We were successful in petitioning the Federal Transit Administration to reward our good stewardship of the financial funds to allow us to keep those federal funds to reinvest in our system. This funding level will enable us to match those federal funds with COVID funds to allow us to move these projects forward.

Taking a quick look at our Capital Program. For the next five years, CATS (Charlotte Area Transit System) continues to focus on a state of good repair, replacing an aging bus fleet, continuing our conversion to battery electric buses, and facilities improvements to support this transition to more sustainable technology. Continued investment and security upgrades in our facilities and our fleets and construction of our Hambright Park and Ride in Huntersville to support additional express services in north Mecklenburg. That will conclude my presentation and I'll be happy to answer any questions from Council members at this time. Thank you

Mayor Lyles said thank you very much Mr. Lewis and thank you very much for sitting in.

**Councilmember Eiselt** said thank you, Mr. Lewis. I have two questions. The first one is about the electric vehicles, the electric buses. When we've been having these conversations all along, we've really been talking about the big buses correct? The standard-sized buses, but do you have a discussion around perhaps on some of the routes that have less ridership even in normal times perhaps using a smaller electric bus? I think for me that's always been the huge debate, is electric buses are so much more expensive which we understand, we want to move to all-electric, but we also want to be able to increase our number of buses in our fleet and improve service. So, that really comes down to a trade-off if you've decided you're going to pay for an electric bus, so along those lines, is there a thought that perhaps buying smaller electric buses would make sense for some of your routes that have less ridership?

Mr. Lewis said sure. We are looking at the current CATS fleet is made of up of 40-foot General Transit Service Buses and 30-foot buses. Now we only have a handful of those 30-foot vehicles and they are mainly concentrated in our northern towns providing our circulator service for Huntersville, Davidson, Cornelius, etc., where a larger 40-foot bus really doesn't fit into the environment that they're operating in nor is there the level of ridership that we typically see within the center city of Charlotte. So, we are replacing both our 30 and 40-foot buses with the battery-electric buses that we are piloting right now. I think your question goes even beyond that level of fleet. Are there areas where we can look to new technologies that will enhance our ability to provide more effective and efficient transit service?

We've embarked down that road with two pilots, both in the University City area and in the North End smart district with our partnership with Lyft and we'll continue to evaluate opportunities to utilize the latest in technology. We're working right now in the town of Davidson on a potential autonomous vehicle. So, as the technology continues to shift and become more futuristic, we'll evaluate those, but right now in terms of the biggest bang

for our buck that we can get in the conversion of our fleet is with the over 300 regular transit vehicles that we have.

We will continue to look for opportunities to diversify our fleet, not only from a sustainability standpoint but from a service offering. I will also say that we'll have to take a look at different types of transit vehicles that may be able to meet those needs and make sure that those vehicles meet the level of FTA (Federal Transit Administration) operating requirements that our big buses do. So, this is a very fast-moving environment that we're in and we're going to stay flexible on that.

Ms. Eiselt said okay and we talked about this is in TAP (Transportation Action Plan) a little bit and you touched on the partnership with Lyft. I had mentioned that some cities are working to develop sort of the rideshare type programs on their own, but wasn't our relationship with Lyft just really for the first mile last mile, connecting to light rail?

Mr. Lewis said that's correct.

Ms. Eiselt said so, is there any other potential partnership that we could have with them to perhaps service areas that have so little ridership that we're sending a big bus down a route for and very few people are riding it?

Mr. Lewis said so, we are looking at any opportunity we can. Again, the efficiency of our system certainly is a high priority for us that is why we're working now, as I mentioned earlier in Davidson, on an autonomous vehicle shuttle that can perhaps meet the same kind of goals that you have described. So, from autonomous vehicles to TNCs and anywhere within that gamut, we're open to exploring different methods of providing mobility options to people in our region.

**Councilmember Newton joined at 2:44 p.m.**

Ms. Eiselt said okay. Thank you. Then my last question is about the gold line. There was a lot of community conversation about delays in the Gold Line service once it was up and running. Can you speak a little bit to how you have addressed that issue?

Mr. Lewis said sure. Initially, when the gold line opened up we were experiencing some significant staffing shortages and we had a challenge with one of the vehicles that we had in service. So, at that time we only had five Gold Line vehicles, one going down is a major loss to us. We are working to add another spare vehicle to that fleet. That'll take a little time to do, but for the last three months we have had all of our vehicles in service and we are pretty much fully staffed from a service standpoint and we have consistently had for the last several months all of our trains in service each and every day. So, I think we've gotten over that initial hump that we saw with the first month or two of service and we're providing today much more consistent levels of service on the Gold Line.

Ms. Eiselt said okay and what's the current headway between stops on the gold line?

Mr. Lewis said we have a 20-minute service on the Gold Line. That changes during different periods of the day. It goes to 30 minutes on late nights and weekends but during the vast majority of Monday through Friday it's a 20-minute service which requires four vehicles on that route.

Ms. Eiselt said okay. Thank you.

Mr. Driggs said Mr. Lewis on slide eight, you indicate that you expect federal funds of 54 million in this fiscal year and that decreases in your projection to 2026 to 10 million. So, that's a drop-off in a total of about 40-something million dollars. How do we replace that or how do you anticipate we're going to be able to sustain operations without the benefit of that support when it runs off?

Mr. Lewis said so, great question. You will see that as I mentioned earlier, the majority of that funding in the operating is not about putting service on the street, that is about our midlife overhaul of our 20 initial south corridor trains. Since that is a maintenance of our current fleet, we can't consider that as a capital expenditure so it shows up in our operating line item. These funding levels are all about maintaining those trains, it's not about the service levels that you would initially think there was.

Mr. Driggs said so, they are nonrecurring and therefore if that particular source of the money goes away then we're not going to be left strapped to deliver service.

Mr. Lewis said exactly. Exactly sir. Some of this, particularly in FY2021 and 2022 were replacing farebox revenue but as ridership continues to grow we believe that portion will balance out and the midlife overall is a one-time expenditure on these vehicles.

Mr. Driggs said right, and then the other thing is on the next slide, your preliminary capital program. So, these are things that you intend to do and can do within the framework of the existing sales tax and so on. We are in discussions about a TMN (Transformational Mobility Network) which would be a big event. So, does this change if we get that new sales tax approved and the TMN goes towards the implementation?

Mr. Lewis said yes it will change significantly once the implementation of the TMN or whatever new revenue source that is identified, we will go into certainly acquiring additional vehicles from a bus standpoint. We will ramp up our engineering design efforts for the blue line extension to Ballantyne, the red line, and continued efforts on the silver line. So, right now our capital program that you see before you is financially constrained based upon the funds available and the current half-cent sales tax. If another revenue source is identified, we will adjust our capital program accordingly.

Mr. Driggs said thank you.

**Councilmember Eggleston** said the Mayor Pro Tem beat me to the punch on some Gold Line questions as well as the fact that there's been some fairly extensive reporting to her

point about underutilized routes and I do hope that we're looking for alternatives to those because some of those are not routes that are simply waiting on uptown office workers to come back into the office. Clearly some of the ones that run into uptown, we will expect a pretty significant uptick, but in ones that have demonstrated low usage, there's probably a more economical way to service those customers. With those specific questions having already been addressed, I think mine is just more of a general and maybe more to the Manager, that I hope we will as best we're able in this enterprise fund, be aggressive with our bus system in particular, but with all of the transit systems that we have operating currently. Blue Line, Gold Line, bus, and everything else because I think Mr. Driggs has brought up Transformational Mobility Network and the impact that that could have to the services that we're able to provide the folks in our community and surrounding.

I think now is as important a time as has ever existed for the city of Charlotte to be aggressive and making sure that we are attracting and retaining the best talent in terms of our employees at CATS, and that we're providing the absolute best level of service. I understand the reality of a lot of the challenges that Mr. Lewis has outlined and how difficult a position that puts CATS in and the city in to be able to do these things as well as we'd like to be able to do them. If we're going to ask people in our community at some point, whether that's 2023, 2024 whenever it is, to entrust us with additional dollars of theirs, taxpayer dollars to implement this sort of a system, I think now is a time we can't do anything halfway. I know that we're doing the best that we can, but I think if there's more money Mr. Manager that we can figure out how to free up to put towards shortening the headways, attracting more employees, retaining more employees, whatever it is, we've got to demonstrate to people now that we're putting the dollars we have currently to good use and that we thereby could be trusted to put the dollars we would get from a new tax to good use.

So, I hope we'll do everything we can with not just some of the nice to haves, and again, I'm very supportive of us moving towards a newer fleet and a cleaner fleet and all of that, but at the end of the day the person who's using our services to get to and from work, those things are nice to have. The frequency and the reliability and the safety, those are having to have. So, Mr. Manager, I hope we will push in every way that we can towards those goals as we ask voters to give us more dollars to work with for these things.

Mr. Lewis said understood.

**Councilmember Johnson** said I wanted to thank Mr. Lewis for the presentation and to just ask a couple of questions. You mentioned more bang for the buck and I wanted to know if we are leveraging all of the jobs in District 4. We know that University City is the second largest jobs area in the city and we also have Centene and we have a lot of employees. Then we have the benefit of the Blue Line. So, I'm wondering if a last-mile solution or express bus is a priority. I heard you mention a pilot with Lyft. I'd like to hear more about that, but I'm just wondering if express buses or if there's something that we can do sooner than later to get folks from the Blue Line to the research area and this area

where we have so many jobs? That seems like a low-hanging fruit and a resolution that would be easy to solve. So, can you speak to that for me, please?

Mr. Lewis said sure. Thank you and great question, Councilmember Johnson. We have been working with the team at Centene and the group at research park for the last couple of years on trying to find ways to provide that first and last-mile connection from our Blue Line service which was as I understand it, very key to a location that they chose, it was proximity to the Blue Line. So, we've been in discussion with that group and with Research Triangle on trying to find many different solutions to help address that first and last mile connection anticipating the hundreds if not thousands of jobs that could eventually be located there. We have tried express bus service in the past along that corridor and I will just say that considering the design of the park and where the parking lots are located, it has not been a very successful venture from a CATS standpoint. It quite frankly just takes a long time to get from the Blue Line, from University City into the Research Park, and transverse the park itself. It is not a very quick service.

I will say that we are all very excited about the opportunity that the new C-DOT (Charlotte Department of Transportation) bridge that will connect the University City area directly over 85 into the Research Park area will provide us with a much more direct route into the Research Park and we've had conversations with them about autonomous vehicles, other types of shuttles that could also make that trip. So, we're looking at creative solutions in the long term, looking ahead to when that investment will be fully available, but also as I mentioned with the Lyft partnership, trying to provide some quick and effective on-demand service to employees that are using our Blue Line service and need to get that last mile.

The Lyft service, our partnership with Lyft allows a catch rider to use the mobile app to contact a Lyft on-demand car that will meet them at the station and take them to their destination.

Ms. Johnson said how is that different from a user just contacting Lyft on their own?

Mr. Lewis said because we treat it within the parameters of our service and we pretty much just draw about a mile circular zone. Any trip that begins or ends within that zone CATS pays a portion of that trip. So, it's a subsidized trip as if they were transferring to another CATS bus to finish their route. A transfer from a train to a bus is a free transfer and so we can't pay all of the costs within the zone, but we do provide some level of subsidy.

Ms. Johnson said okay. These solutions, they sound great when you talk about the bridge and the autonomous vehicles, they sound very expensive and long-term solutions. So, I just wonder is there a less expensive option such as a shuttle or something or a subsidized shuttle that can take individuals from the train to the Research Park? So, less expensive and more immediate solution that we could pilot?

Mr. Lewis said sure and providing another bus route that would connect the Blue Line to the Research Park is something we have done in the past. As I mentioned, it was not very successful from a ridership standpoint because of the congestion of the corridor and the amount of time that it takes a vehicle to work its way through all of the parking lots. We can certainly be open to trying that once again. I just feel like we've got to find a more direct and more on-demand type of service for that, than going back to the old model of doing shuttle service which just hasn't worked in the past.

Ms. Johnson said okay, thank you.

**Councilmember Ajmera** said Mr. Lewis, thank you for this presentation. This is my second time. We've heard some of this at our Budget Committee meeting. I have follow-up questions. I had asked about the COVID dollars that CATS had directly received. I requested a detailed report on how those funds are being used or have been used. Could you just send us that as part of our budget Q and A?

Mr. Lewis said sure, absolutely.

Ms. Ajmera said so, certainly there are concerns that's been raised multiple times by our colleagues around liability, and inefficiency and some of the concerns have also been raised by our residents. What are the things in this budget that you can highlight, not just the capital, but really the short term to address those concerns around the liability and efficiency?

Mr. Lewis said well from a reliability standpoint the challenge that we've had quite frankly is labor related. As I mentioned at the Budget Committee, there have been in the past, prior to the pandemic, CATS averaged generally about 30 to 40 unplanned absences from our bus service on a daily basis. We have what we entitle a spare operator, an extra operating board of operators that we have over and above the number that it takes to put out daily service. That operating board allows us to continue service when we have unforeseen circumstances. Cover vacations, cover sick and any other last-minute absence that typically occurs. As I mentioned, pre-pandemic, that averaged about 30 to 40 a day.

Over the last year, there have been times when that number has reached 100 to 125 and so we have had to get very flexible in how we provide our service in order to continue providing a level of transit service levels to make sure that we focus on our most heavily utilized routes and continue to make sure that we provide service to those areas that desperately need it. We continue to work with our employees, and our employee groups from a city standpoint. We heard some of their concerns about flexibility in their work schedule. As I mentioned earlier, we are moving towards more four-day work weeks to help provide additional flexibility. Four 10-hour days rather than the typical five, 8-hour days. The retention and recruitment bonuses that we have identified I think are helping. We are seeing those numbers drop, as I mentioned from 125 to still a high number but for the last month or so, it's been in the 80 to 90 range. So, this is going to be an ongoing

conversation with our employees. A lot of trial and error. We're listening to their suggestions and working to implement different pilots that will help address their concerns.

I think this is greater than just paying more money to our employees although that always helps. I think in this environment where so many of our friends and family members and neighbors are working in a virtual environment and then some of our hourly employees who their work environment didn't change during the pandemic, has not changed and will not. So, what can we do to support them from not just a health standpoint and a financial standpoint, but how can we make the work environment different for them? So, the number one thing we heard from employees was four-day work weeks. So, we're implementing that and we'll continue the conversation with employees and do whatever we can to address these concerns.

Ms. Ajmera said I have a few questions to him, Mayor. So, Mr. Lewis thank you so much for really giving us a detailed response here. Certainly, this labor shortage is nationwide and I recognize that from 30 to 40 to going to hundred and 125 absences in a day certainly creates issues around reliability and efficiency. You know, in the Transit System, we just don't have that level of capacity for trial and error when we have residents that rely on our public transit to get to work, to get to school, or to get to their grocery store, drug store, doctor's appointments. I know Mr. Eggleston mentioned this earlier, but whatever we can do now to address these concerns before we go ask for more money will help us build trust.

We currently have a lack of trust in our Public Transit System because of some of the concerns that you have also mentioned. Flexibility, hoping that it will get us to where we need to go to address the liability concerns, and I understand that you have also provided one-time incentives, a sort of retention bonus, and I'm hoping that will also address some of this, but the gap is just too high. I'd like to see if there are other tools that we have in our toolbox to address some of these concerns.

I know that our Council meeting, during our public forum, some of our bus operators have continued to advocate for a pay rate increase and I know this is something as a region we have to figure out and it's not just Charlotte's responsibility. What is MTAs plan to address these concerns and our reliability and efficiency? What is the kind of feedback and the support you have received from our region and what else you would like us to do to address this sooner rather than later?

Mr. Lewis said so, Councilmember Ajmera, I want to make sure I understand your question. From a regional standpoint, you're referring to the MTC (Metropolitan Transit Commission), that's our board.

Ms. Ajmera said yes, I'm sorry. MTC.

Mr. Lewis said we are working on this budget. We continue to work with the MTC. We have heard about service reliability issues from our partners throughout Mecklenburg County. We understand that this is a very complicated issue and it's not just alone to Charlotte. This is industry-wide. Transit systems across the nation are facing similar types of things. One thing I think we can remain proud of is many systems across the nation cut service significantly. Now we can talk about chicken and an egg, you know, should we cut back service levels to a level where I can meet with the current manpower we have or do we focus on growing the manpower to be here on a regularly available basis to meet the expectations that the community has? So, I think with my board that we are banking on talking with our employees, hearing what they have asked for that will make their work environment more inviting in this pandemic type of situation and implementing that. As I mentioned, the four-day workweek was the number one issue that we heard.

**Councilmember Winston arrived at 3:11 p.m.**

From a safety and security standpoint, we've heard about the enhancement to security and we are funding in these additional roving security patrols for our bus routes. That is in this budget. So, communicating with our employees, hearing from them, and implementing the ideas that we are coming up with in partnership, I think is the way to move forward and not just throwing our hands up and cutting service as so many other agencies are doing around the nation.

Ms. Ajmera said thank you, Mr. Lewis.

Mr. Winston said thank you. I have two questions, Mr. Lewis. One is pretty direct. Are there any increases or changes or new ideas when it comes to van or motor pool for the upcoming fiscal year and if so, what are they? Also, to kind of piggyback on what my colleagues were saying, particularly Ms. Ajmera, Mr. Egleston, and Mayor Pro Tem. A lot of what our constituents and I think we on the Council are usually concerned with is reliability and frequency of trips, whether that be Blue Line, Gold Line, or bus present in future considerations when it comes to that. I think one of the things that I really paid attention to and understood a little better in the conversations that we've been having this year in particular is that obviously there's a lot that goes into frequency and dependability. It is the ability to hire and keep people healthy to work. It is the capital expenses or so many different externalities. While the conversations might need to go down those various paths, in the end, most of the time Council members want to know how much do we need to spend or what are the budgetary implications of maintaining specific dependability rates and frequency rates notwithstanding all of those externalities that go into it.

So, in trying to make sure that we are all able to have conversations in an efficient manner and do it in a way that is really translatable to our constituents who had the questions and demands. Is there a way that we could really connect the Council's priorities around frequencies and lead times to the budget? For instance, if we want to make sure there are 15-minute times between the Blue Line and most bus routes and every five to seven minutes on special events, that this is going to cost a certain amount each year to achieve



those kinds of outcomes. I don't think we necessarily talk about it like that because we get so caught up in all those specific externalities. Is there a way that we can change the way we're talking to each other so city Council, we can be more efficient and effective? I guess this kind of question is exemplary of those inefficiencies. Does that make sense?

Mr. Lewis said if I understand your question, I think they're two questions. Number one, your first question was in regard to once again finding other providers or other means of providing mobility services to areas that have smaller demand, and lower demand for service. We've talked about using TMCs and our partnership with Lyft, and we've talked about the autonomous vehicle pilot that we're working on with Davidson College and the city of Davidson. We also have a vanpool service, but the vanpool is really about the employer-to-employee service. So, large employers like the airport. People may have five or six people who live in a community and they all work at the airport and so we provide the vehicle and they provide the transportation. That group gets together and decides when they want to leave in the morning and when they want to come back and one of the members of the group drives the vehicle. CATS provides the vehicle and takes care of the maintenance and insurance and fuel. So, we will continue to market and do additional outreach but that has kind of slowed down during the pandemic since so many people have been working virtually and we recognize that as we transition into whatever new normalcy will be. We have to look differently at that program.

Your question about how we talk. About the issue of reliability and frequency, I think I'd divide that into a two-part question. Number one is the immediacy of the reliability or our current levels of service. Councilmember Ajmera brought up and eloquently laid out concerns that she had and that many of you are hearing from constituents. We are working on that immediate issue. We also have to recognize that before 2020, before there was a pandemic, we still had frequency issues, 22 of our 66 routes had headways greater than 45 minutes and almost half of those were 60 minutes or greater. That is still the problem. That is still the issue and as you mentioned, there are some externalities that are the reality of that. We will need to hire more operators, hire more mechanics and buy more buses in order to change that.

How we talk about that and debate and find sources, I'm happy to meet with individual Council members or if this is an issue for a particular committee, but the Envision My Ride program, we laid out in 2018. It hasn't changed since then. We have tried to fund what we can with current funding levels and the Manager has provided some extra funds over the last couple of years to try and chip away at that, but it's a big apple to bite. It's over a hundred and fifty million in capital and upwards of \$60 million of additional operating if we're going to meet that standard.

Mr. Winston said to that point, let me try and approach it from this way. So, let's say the bus lead time between routes is 20 minutes, and it's the city Council's desire to get that down to 15 minutes. We know that there are many different issues that go into it. It's not just about buying buses like you said, it could be about hiring folks or whatever. If it is the Council's desire to cut it from 20 to 15 minutes, I don't think we ever talk about it strictly.

Okay, to do that, given everything, it's going to cost this much money, this much additional money to achieve those outcomes that city Council wants to have. Is there a way to kind of talk about it like that, in that big-picture efficient kind of way, and then be able to get into the weeds of breaking it down? This percentage of that cost is going to be to hire more bus drivers. This percentage is going to be to buy more buses, for example. I don't think we have that kind of macro conversations right now and sometimes that can get confusing. So, I guess are we able to have it on that kind of eye level?

Mr. Lewis said Councilmember Winston, if you're asking me that question I think we absolutely are and I'm happy to have that discussion at Council whether it be individual or at the committee level or as the entire Council at your convenience.

Mr. Winston said thank you.

Mayor Lyles said I have one request Mr. Lewis and it's not for right now, but I'd like to hear a little bit more about the special service fleet and the maintenance and repairs and replacement schedule for that fleet. I hear a number of comments about the ride and I hear great comments about the people that work on the special services buses. So, I want the people to know how much they're appreciated, but I also hear a lot about the comfort of that ride, especially from those that are ADA (Americans with Disabilities Act). Alright, so I'd just like to get some information on that. Okay, with that, we'll go to our next item, which is aviation, and then following aviation, we're going to go quickly through the financial partners. Okay, Ms. Gentry is coming up I believe.

**Haley Gentry, Aviation Director** said good afternoon Madam Mayor, Mr. Manager, and city Council. My name is Haley Gentry and I am the Aviation Director. I have with me Mike Hill, the airport CFO as well as Eric Hershberger, who is our Airport Finance Director. We're happy to be with you and we're going to jump right into our presentation this afternoon. This is a slide that many of you have seen before. I would like to take a few minutes to highlight a couple of items on this, particularly our passenger numbers ending in 2021. As you're aware COVID was detrimental to the aviation industry. Prior to COVID, we were averaging 50 million passengers a year. 2019, we came in at 50 million. In 2020, we were at 27 million and then in 2021, we have now reached 43 billion. So, we wanted to share those numbers with you to show you that we are on our way to recovery in a very strong way. Also would like to point out to you, the \$24 billion in economic impact. That is for the airport alone which is four percent of the state's gross domestic product. That's just really unprecedented. Airports in North Carolina alone make up 10 percent of the local economy, so we are really proud of that number. I think it's possibly even more now, that number is several years outdated.

Also, a reminder while we're on this slide that we are American Airlines' second-largest hub and as a result of the strength of the hub during the pandemic years, last year we were the sixth busiest airport in the country. Okay, these are our strategic principles. There are six of them. Safety and security, strategic growth, strong partnerships, asset preservation, value employees, and customer focus. These are the business platforms

that our business operates from on a daily basis. Each of these have their own statements. They've been condensed for this purpose and you'll see that you've got certain focus areas and targets. The targets that are on the bottom in the italics print are really focused on our budget for this year and those are our priorities as we move forward.

We have used these strategic principles, which I would be remised if I did not recognize Mr. Cagle who was instrumental in helping us adopt these when he was director. We shouldn't be doing things that don't fall within these six principles and this is kind of our litmus test of priorities as we move forward in the budget. Where does it fall in our strategic principles and how are we applying these to every aspect of our business? So, we'll jump right into the meat of our budget and I love to start with good news. So, we started with revenues first. Revenues are at a record high for the airport and there are a couple of things that are driving that. You'll see that there's as much of an increase of 27 percent for our budget in terms of revenues and you will also see that we have a 16 percent increase to the overall budget. So, you've got revenues at 27 percent and a budget at 16 percent.

So, what's driving that? If you look at revenues, the pandemic has really changed the way we work as many of you are experiencing yourself in your daily work like and we have people who are now not chained to a desk and they can work from wherever. They can work remotely and they are taking their work and including pleasure trips with that. So, we have increased stay in our parking operation, the average stay has increased and we have a new parking revenue control system which was also implemented. That system allows you to book your parking online in advance and it allows you to know where you're going to park. We are far ahead of our expectations for where we were projected to be with that project.

Having said that, we are extremely up in our parking activity and we are also up in our AV gas and jet fuel sales. If you don't recall, we are a fuel reseller and that is in our corporate aviation area. As corporations have been slow to put their employees as air carrier passengers, they have not been slow to put them on their own airplanes and fly them where they need to be. So, that has really driven up our revenue. Last year we were at about \$4.4 million in fuel sales, this year we're estimating to be at about \$5.6 million. So, that just shows you the growth. This budget assumes about a \$4 a-gallon price for that fuel. It is possible that could change depending on circumstances, but we feel pretty good. The highest it's peaked so far has been about \$4.25. So, that gives you some framework for that information.

In terms of the overall budget increase, what you're really looking at is a restoration of services to pre-pandemic. We are getting our staffing where it needs to be. We put many things on hold and just stopped in the middle of it and we are also seeing increased landed waits and increased passenger fees that are associated with the air carrier activities in Charlotte.

I will remind you that this budget is reflective of our CARES, CRRSAA, and ARPA (American Rescue Plan Act) funds. We did receive about \$345 million in federal stimulus

funds. This budget also shows charge-outs. If you're wondering what a charge out is, that's with regard to a capital project. So, don't let that throw you off. We were supplemented by federal funds that year and did not use them.

So, this is a slide some of you may have seen if you were in the committee meeting, but I think a picture is worth a thousand words. If you look at the red line, that is the average of US airports in domestic passenger levels in a recovery scenario. If you look at the blue or teal line, that's Charlotte. So, if you look at September 2021, we were at 112 percent of what was occurring in 2019 throughout the country. So, I think it just shows you the strength of the hub here in Charlotte. Americans made it very well known they were going to double down on Charlotte and DFW during the pandemic and that is quite evident as you look at this.

Again, our strategic principles show you where the money is going. I talked about the fuel. You can look under strong partnerships and that's driving that 8.4 million. Also, would point out 5.9 to keep up with our public safety functions that are in the terminal building. That's Police and Fire that provide service and our contract with Medic that provides a medical response to all of our passengers and employees onsite. They are embedded in our terminal building for quick response and are a really important part of what we do. Also, would point out there's \$2.3 million in there for employees for training, workforce development, and any recruitment and retention incentives that may come out of this year's budget.

So, after we had our presentation in the committee, there were a few questions about our capital program, so we did add this slide in response to that. As you very well know if you've been to the airport, we have a tremendous passenger terminal expansion underway right now. There's a photograph of what we're looking to be in the next three years. We're about halfway through that project. You see the exterior of the front of the terminal and then you see the interior. Keep in mind that adds about 90 feet to the front of the terminal and about 800,000 square feet of passenger space. So, if you look at the chart though, what you start to see is a lot of purple and this chart is meant to show you that as we move from the conclusion of this project, we are really going to wind up investing most of our capital dollars in the airfield.

I think some of you were here and you were able to hear Robert Isom, the incoming CEO for American speak about what it takes to operate an airport and he highlighted three things. He talked about airspace, facilities, and then your airfield. So, I think this is a very affirming slide that we're all in lockstep. As you will see in 2024, '25, '26, and '27, the majority of our capital funds are programs for the airfield. That does include a new runway and associated projects with that runway such as a new fire station, end-around runways that help us with safety, de-icing pads, and things of that nature that will all be enabling projects for the forthcoming runway.

Then of course one of our favorite slides that you've seen before and Mr. Driggs specifically asked us to share this. A really good news slide. This is our cost per plane

passenger and this is a very important slide to the airlines, but again, I think really speaks to the financial conservancy and mindset about the organization. If you look to the right you see Charlotte and then if you look to the left you see JFK. Now there's a little bit of a faux pas on this slide, but I think that it actually is more telling the way it's done. Our scale on the left stops at \$20 and if you look at I believe that's Boston, it starts to go off the page. LaGuardia and JFK are almost at the \$50 mark. So, even though we've got a little mistake in our slide here, I think it's still very illustrative of what's occurring in real-time. I would also point out that the gray columns on here are the American Airline hubs and I think that gives you a good idea of how we stack up to those hubs. We're anticipating in the fiscal year, \$1.64. It will remain under \$2.00 as we move forward into the next fiscal year.

Those are all the slides that I have. I'd be happy to take any questions.

Ms. Eiselt said thank you, Haley. Great work and it's fun to be at the airport and see how the project's coming along. It's really starting to take shape nicely and you can really envision what it's going to look like. I remember when the new American Airlines chair talked about how he would actually love to increase service there, but there's a capacity issue. I also wonder about service within the airport and how you've been able to keep up with that as air travel increases, how you're able to keep up with that with regards to baggage handlers and that area. I felt like that slowed down actually.

Ms. Gentry said well the airport has certainly not been immune to what's happening with the HR challenges in our community. I will tell you that we have all come together, and when I say all, airlines, rental cars, restaurants, small business owners, and the aviation department, we have all come together to work on this collectively as a project. I don't doubt that you have felt like it was slower because we've all had challenges including the airline. We have a job fair at the end of the month at Bojangles Arena on the 30<sup>th</sup> where another example of us collectively working on this. I can tell you that from a concessionaire's viewpoint, they have had to shorten the hours of their day. So, like let's say normally a day would be from six thirty in the morning to nine-thirty at night, they may not have operating hours except from like seven thirty to seven thirty at night, and trying to stretch the bulk of the day as they can. Ninety-nine percent of our concessions are open, but the employment situation is very real. We are experiencing it in the aviation department as well. We've actually hired additional recruiters to help us right now and we're trying some new tactics to do everything we can to bring people in, but it has become something that has brought I think, all of the airport tenants together to work a little bit harder and in different ways.

Ms. Eiselt said so, we did hear a lot about the concessionaires when we went through our small business program with our CARES Act money, but I'm wondering with regards to baggage handlers for example, I know the vast majority of the people out there don't work directly for the airport, they work for contractors. So, is this an issue that you can't increase their pay to get more people there? Is it a collective bargaining issue? Is it a union issue?

What is it given that there does seem to be a healthier margin at the airport now? Can some of that be put towards salaries to try to get folks back into those jobs?

Ms. Gentry said well, the majority of the people you're mentioning do work directly for the airlines or an airline subcontractor, so that would not have anything to do with our budget. However, I will point out to you that when we are doing well we do have a revenue share with the airlines so they are also doing well in terms of their operation in Charlotte. It is a daily problem that we deal with. The majority of the airline employees in that position are unionized and I know that the airlines are paying incentives and we have been doing that with certain identified jobs as well.

Ms. Eiselt said but baggage handlers aren't the airline are they?

Ms. Gentry said they are the airline or they are subcontractors to the airline. They are not the aviation department.

Ms. Eiselt said I thought they told me they were not. Okay.

Haley Gentry said well, they do contracts for many of those, so there are three contractors that I know of that work for various airlines on the airfield.

Ms. Eiselt said okay, thank you.

Mayor Lyles said I'd like to add I had the opportunity to talk with some of the team out there and they told me that they had gotten incentives for free parking and they had gotten bus passes and things like that, that the employers are doing and their wages were up from what we have ordinarily seen in the chamber. They were very complimentary of the efforts that we had with the CARES money and very complimentary with the structure from the airport. So, I think that of course there's always other things to do, but the idea of being able to reduce the expense of working at the airport was a real value to them as much as a value as an increase in the wage. So, some of those things made a big difference as well.

Ms. Gentry said the federal funds that were designated for concessionaires have really allowed the concessionaires to do some different things and our master concessionaires between the two of them have invested over \$2 million in wages in Charlotte alone for their employees so you're exactly right. It's made a tremendous difference.

Mr. Driggs said I think it's worth emphasizing the airport is a crown jewel for Charlotte. It is a major driver of many of our successes and it has been well run for some time so congratulations too, but also Mr. Cagle, I think you did a lot to get us started in a good direction and it's growing. It's really going well. I want to particularly acknowledge though a big driver of that success has been our relationship with American Airlines and I think it's a good idea to acknowledge that and express our appreciation for the relationship we have with American. I met the new CEO Mr. Isom recently and thoroughly enjoyed talking

with him and feel very good about the outlook for the airline and for our relationship with them. I do think it's worth mentioning because this subject does come up about our cost per in-plane passenger and compensation at the airport.

We really need to be very clear that the terms of that compensation are negotiated in collective bargaining agreements and through other arrangements with people other than us. So, if those parties for example agreed to an increase in compensation for their employees, they would charge us accordingly. They would pass those costs on but our responsibility is to get the best possible terms we can for the airport and so we can't involve ourselves in what are often national labor negotiations for some of these service providers. I have also had a conversation with the Manager about our overall budget process, what kind of an outlook is for compensation, or how we're going to deal with the current inflationary environment and I think that will include the enterprise funds. So, we still have work to do on that, but to the extent that there are aviation employees at the airport, they will be included in our discussions about how we compensate in the current inflationary environment. Again, just wanted to thank you and say congratulations. I don't have questions as such. When is that runway going to get closed, just out of interest? I've forgotten that. The diagonal one.

Ms. Gentry said runway 523. We don't anticipate that closing until two years probably but we'll be working toward that closure. You'll start to see some enabling projects. We're not actively using it for runway activity right now, we're using it as a taxiway to help us with capacity, but that will change in the next two years.

Mr. Driggs said at least we now have a tower from which you can see it.

Ms. Gentry said yes, that is true.

Mr. Driggs said what is the kind of time horizon for the completion of all of the activity at the terminals, and the runways? How many years do you think? We have a list of projects now.

Ms. Gentry said well this summer we will open a portion of the ticketing lobby expansion and then that project we're at about the two-and-a-half-year mark. It is a five-year project, and we will start the runway. We anticipate the runway being open in 2026.

Mr. Driggs said thank you very much. Appreciate it.

Ms. Gentry said thank you.

Mayor Lyles said we want you to continue a project all the time.

Mr. Phipps said yes, with all the construction and projects going on out at the airport, did I understand you to say that as far as a capacity standpoint, to get more domestic or even more international flights, is that something that's going to occur or not?

Ms. Gentry said well we are working to add capacity in our terminal space. Concourse A phase two, it is a sister concourse to the concourse that opened I think that was 2018 now and it will add 10 gates to our facility. That will enable us to move some airlines around and that will give us additional capacity for the airlines to expand. I can tell you we've been working very closely with the airlines to actually restore all pre-pandemic service levels. We anticipate ending this year a 100 percent, but we have not fully restored all of those services, for example, international. This summer you're starting to see some transatlantic services come back, but that's been a big missing piece of the puzzle. So, I think you're going to start to see a little consolation in the industry. If you've been following the news, you're seeing Spirit, Frontier, and Jet Blue, they're all in discussions for coming together in one way or another and I think all of those things contribute to additional service. The airlines would make the decision about the additional service. I think when we have additional gates that will give them more of a green light than they have now.

Mayor Lyles said alright.

Mr. Phipps said so, we are optimistic that there will be some expansion both domestically and internationally going forward as these enhancements to the airport progress.

Ms. Gentry said we are absolutely optimistic that there will be continued growth at the airport.

Mr. Phipps said thank you.

\* \* \* \* \*

#### **ITEM NO. 4: 15-17661 FINANCIAL PARTNERS**

Ryan Bergman, Strategy & Budget Director said so, our final presentation is around financial partners, so we'll have Marie Harris, Deputy Strategy and Budget Director come up. We did send out the financial partners packet two weeks ago to the City Council. Nothing on the slide is anything new that wasn't in the packet, just a summary in front of you. I'll also remind the Council that we typically do this financial partners process, it is not a staff recommendation at this point. Like everything else, that comes out in the proposed budget, whether it's today or contacting Marie or myself after the fact, we're always happy to answer any questions.

**Marie Harris, Deputy Strategy and Budget Director** said thank you, and good afternoon Mayor and Council. Again, I don't want to take up too much of your time, but as Ryan stated we have all the details together in your packet. So, this is just really a refresher overview for you. Again, as Ryan mentioned, this is just a portion of all your partners across the city, but this is specifically today around these that roll into these three buckets within the budget development process. The General Fund and PAYGO discretionary and those are the ones you have the most flexibility with, dedicated revenue resources, and the housing financial partners.



So, this slide is an overview of what's in your packet. Basically, last year we funded about 1.4 million and then there was one partner that did not reapply but that was on purpose. It was a one-time partnership we had with UNCC (University of North Carolina at Charlotte) building data collaboration and pulling data together. Beyond that, all of our financial partners did reapply, and of those some of them increased their request. These two green ones are going to be detailed on the next slides. An increased request of approximately 115,000 and then about a million for new partner requests. So, within your packet, it totals 2.277 million total.

Again, this is the current partners and what they're funded at for this fiscal year, what they're requesting the next fiscal year, and any increase if applicable that they're asking for. There's a lot more detail on all this within your packet as well. Then in addition to the nine that are reapplying, we have five new applicants applying for partnerships. For our dedicated revenue sources, these are the ones that manage or MSDs (Municipal Service Districts), our partners that do that. As just a reminder, we did an RFP (Request for Proposal) for MSDs back in February 2021 so that's been refreshed lately and then we also have our Charlotte Regional Visitors Authority partnerships.

For our housing financial partners, these are all managed through Shawn and Rebecca's group through housing, and we have Carolinas Cares Partnership is our main partner for the federal housing opportunities with Persons with AIDS grants we get. We have Crisis Assistance Ministry who does a lot of emergency utility relief as well as rental relief and then we also have DreamKey and The LIST that provide housing-type services as well. Then that will be it. I know it's a lot of information in your packet and again, you have hard copies today also it was in your email from March 24<sup>th</sup>, also an email from me. If you haven't had a chance yet to look through it, just as you have the time let me know of any additional information that would be helpful. Any questions beyond that?

**Mayor Lyles** said alright, can I just say do we have addresses or locations on the sheets that we got from each agency?

Ms. Harris said no ma'am, but we can provide that.

Mayor Lyles said can you provide some information about where they're located? I just didn't know if they were city, county, or beyond. I guess what I was also thinking is, you know, they're clients, where are they from?

Ms. Harris said yeah that information is in here yeah, but the population they serve isn't. Mayor Lyles said that's in there, so the others I think to just be able to locate where they would be very helpful.

**Councilmember Egleston** said all of these are great organizations. I'm glad to see new people come in that's able to partner with us to meet a lot of the goals that we have as a city. I think we could probably justify increasing the expenditure for any of them for the

work they're doing, but one that comes to mind and I'm guessing Mayor Pro Tem Eiselt and Councilmember Ajmera in particular will probably have something similar to say. That seems to be flat most years is Tree Charlotte with the priority that we as a city, we as the city Council, and many of the constituents we hear from the level of priority that people have put on our tree canopy as we continue to lose it at a rapid pace.

I think before we would consider growing the amount that we set aside for Tree Charlotte in our budget, we'd certainly need to have the conversation with them about if they have the bandwidth to actually deploy it effectively. I do think we ought to have that conversation because with the money we put into all the different things we do, that seems like a pretty small allocation, and they seem to be our largest partner and maybe the most effective organization in terms of trying to help us curb that loss of tree canopies. So, again not to say that there couldn't be additional dollars for all of these things, but that's one that sticks out to me as low and it continues to be flat with no requested increases. Maybe we should be the ones to request feedback on whether an increase might help them expand the work they're doing.

Mayor Lyles said Mr. Egleston, I had a meeting with the new executive director, Tree Charlotte and I think that's an excellent point because they're working hand in hand with our urban forester and the idea that they had was that they may need to shift some of their purpose. So, I think a follow-up with the Tree Charlotte executive director and our urban forester to talk about what they're doing would be really a good idea. It's not about the money, it's about where they deploy and what they're supporting, so you're right, the money is needed. The question is how to make sure that we get the same kind of work that they're going towards. Ms. Ajmera?

Mr. Egleston said I didn't mean to leave Mr. Phipps out.

**Councilmember Ajmera** said I just wanted to give a shout-out to Ryan and the entire budget team for putting together a really Comprehensive Q&A Package. I just really appreciate it. It did take me a while to get through all of it, but Ryan spent almost two hours on Monday and went through every single scenario I wanted him to build and tell me, Well this is not possible, this is possible, so I really appreciate that. I just really appreciate the work that the budget team does. It's a lot of hard work.

Mayor Lyles said thank you, Ms. Ajmera. I'm sure they appreciate hearing that from you as well.

**Councilmember Johnson** said I wanted to ask Marie and I'm not sure if you'll have the answer for this, but there was a proposal for organizations for us to fund larger organizations to help nonprofit organizations build capacity. We had a presentation I think it was to the ED (Economic Development) Committee when I was on that committee. So, I want to know if that funding or that project is included in the financial partners or where we will see that in the budget.

Marcus Jones, City Manager said so, thank you, Councilmember Johnson. We were trying to not take up too much of your time and I won't do it here. This came up the last time we had a discussion about the various grants that are out there, and we didn't want you to think this is the only opportunity. So, there's no less than eight different pots of money. I'll just over three quickly. There's the CARES Act nonprofit grant, there's an ARPA nonprofit grant which I believe is what you're talking about now that Shawn presented last month. He's shaking his head yes. There's SAFE (Safety and Accountability For Everyone) Charlotte Grants, there's Placemaking Grants, there's Neighborhood Matching Grants, there's Jumpstart Grants. So, there's a lot of different opportunities for folks. Some of the grassroots nonprofits that you've mentioned apply and there's also this new capability for this partnership with some of the more established organizations. I hope that answered your question.

Ms. Johnson said yeah, that's the one I'm talking about. Not for the grassroots, but for those four or five organizations that presented and only one of them served nonprofits. So, I just wanted to make sure that I wasn't overlooking that. Then secondly, we can request outcome measurements and reports from the organizations that we fund in previous years?

Ms. Harris said yes ma'am. Part of the process is an advance when they apply. They tell us what they plan to do with the funds and then we work with the city's procurement team and their team to build contracts in July, and then we get midyear reports from them. So, in your packet, you'll actually see a snippet from their midyear report if they're a current partner that shows what they said they would do, what they did last year, and their midyear report. So, those were included within the pages.

Ms. Johnson said so, do we get end-of-year reports?

Ms. Harris said so, the following year it will catch up, yes.

Ms. Johnson said okay.

Ms. Harris said so, we do collect it on an annual and midyear basis. I'm just thinking I need to recognize Laurence de Gaulle who is behind me and has been the face that works to make sure all these different requirements and working with all the partners because some of them need extra help in understanding our requirements. So, she's been working back and forth to make sure they all had complete packets.

Ms. Johnson said then one number that jumps out to me is Crisis Assistance Ministry.

Ms. Harris said yes ma'am?

Ms. Johnson said I know they used to assist with our housing assistance along with DreamKey. We worked hand in hand with both of them and I know there was a change

where Crisis was only doing the utility assistance and DreamKey was providing the housing assistance.

Ms. Harris said they also do some rental assistance and we do have Rebecca Heffner.

Ms. Johnson said that's what I meant, the rental assistance. Yes.

Ms. Harris said so, they do those too and Rebecca am I leaving out anything else they do? Okay. So, that's primarily what they do, emergency rental assistance for us and emergency utility assistance. Yes ma'am.

Ms. Johnson said it just seems like a huge disparity when both organizations are so helpful to the community. That's all. I know that Crisis Assistance Ministry and DreamKey does a phenomenal job with those in crisis, so I was just wondering. It looks like a huge disparity for the organizations that both work so closely with the community and that we rely on so heavily. We can talk offline on what they requested and if this is enough. I guess that's the bottom line. Is this enough to meet the needs of the community?

Ms. Harris said thank you.

Ms. Johnson said thanks.

Mayor Lyles said thank you, Ms. Johnson.

**Councilmember Phipps** said I know we got this report a couple of weeks ago and then we got one today in our packet. I think we can assume that there were no changes in these packet numbers or presentations.

Ms. Harris said so, I did make one typo. Sorry, there is one correction on Alliance on your hard copy that was mailed out. On the table of contents, I made a typo and put 99,000 for 2022 when it's actually 90,000. It's right in the material, the meat of it, but I did type it wrong in the table of contents.

Mayor Lyles said I think you're okay Marie. So, Mr. Phipps, fundamentally everything is the same.

Ms. Harris said yes sir.

Mr. Phipps said well I didn't catch that so thank you for that disclosure.

Mr. Phipps said I noticed in a couple of the new requests there's some critical pieces of information that I'm missing. Are they going to be encouraged to supply that information before we meet again and discuss this further, or what?

Ms. Harris said they already have. We've reached out to them all several times and they've reviewed this material before it went before you today.

Mr. Phipps said okay, so this is the final submission then from them?

Ms. Harris said yes sir.

Mr. Phipps said okay. Thank you.

**Councilmember Eiselt** said so, I too had concerns about Tree Charlotte because I wonder if it's a capacity issue do we need to do more to help them increase staff because to me it almost feels like they're an important arm of our staff. They do critical work that is important to all of us versus some of our partners are things that we support but they aren't really within the scope of what the charges for Charlotte City Council are. So, I'd love to see some feedback as we discussed from Tree Charlotte as to whether or not they just need more staff or what it is they need to really beef up their operations. Then I did have a question about agencies that are outside of the scope of what we do on Council. We've had this conversation before whether it be youth services or mental health, health, and human services. It's all important but at what point do we say that's within our scope and that's not within our scope for financial partner requests?

Mayor Lyles said I'm sure that will be a great debate at some point in the process.

Ms. Harris said correct. We do not put that level of scrutiny on them; however, we do make sure that all of them that apply have to align, to your point, is it a core city service or is it supporting?

Ms. Eiselt said do we have an ultimate limit on how much we're willing to give out in financial partner money every year or is it just what we approve?

Ms. Harris said well, you know, we definitely have a tight pocketbook, but yes it's just what you approve.

Ms. Eiselt said okay.

Mayor Lyles said remember we had in CDBG (Community Development Block Grant) you had a certain amount of a percentage of the total grant that you could use and that was a cap, but I don't think that we've ever had a cap on the general [inaudible].

Ms. Harris said yeah, that's for the housing one. Sorry, what I was talking about there's no cap. I'm sorry I was referring specifically to the general fund ones.

Mayor Lyles said I think we've expanded it considerably over the last several years. I don't know how much but I see the growth in it.

Ms. Eiselt said well because we've recategorized things like arts and culture to a different bucket, we've actually shrunk it quite a bit because that was 3.2 million right there. So, it just made me wonder do we have kind of a hit number that we try to stick to and everybody has to balance within that, or not.

Mr. Jones said yes. So, Mayor Pro Tem, we're working on I guess what we'll call a bubble chart and again I did it a disservice earlier today. There are a number of opportunities for people to apply for grants and I think something may be in the packet this week or next to explain that. To your question, I will give you a balanced budget and if there is something that you want to do more with the financial partners, it will just be one of those situations where how do you move money around to make that happen?

Ms. Eiselt said sure. Yes. Thank you.

**Councilmember Driggs** said so, all of these applicants have been vetted and have been found to meet our requirements and therefore it's just up to us to choose. Were there applications that were not here, that were not kind of [inaudible]?

Ms. Harris said no sir, that's everybody that applied, and we added something new this year. So, we work back and forth with them to make sure, like this application status key, those are filled in and complete and we try to help them make sure they are filled in and complete, but beyond that, no we do not vet them.

Mr. Driggs said so, as offered what we have here on the general fund side for example is an increase of about 50 percent. Will there be a staff recommendation?

Ms. Harris said oh yes. It'll be included in his proposal.

Mr. Driggs said alright, so you will kind of look at these and then take feedback from us and get it down. Is it your goal to get it down to a similar number to the prior year?

Mr. Jones said that Ryan's goal always is to keep it pretty much level, but we take feedback from these meetings, and I try to make sure that that's included in what we do.

Mr. Driggs said right because the Sword of Spirit application caught my eye just because it's almost the same as their entire budget. So, I assume that if we entertain that, we're going to look hard at that number. Good. I don't have anything else. Thank you.

Ms. Harris said thank you.

Mayor Lyles said alright.

Mr. Phipps said I have a question. With respect to Tree Charlotte, didn't we also enter into a separate funding allocation for them outside of this request? I thought it was several million dollars that we had agreed to fund with Tree Charlotte.

Mr. Jones said yes so you're correct, not on the number Mr. Phipps but on the concept. I'm no longer on the board but I do believe that the concept is there is this developer pot of funds and after we worked with legal, we were able to take a portion of that. I want to say it was a quarter of a million dollars that we were able to work with Tree Charlotte if they could I guess plant trees on city-owned property or something like that. We'll make sure in the write-up that we give you something that's more than my foggy memory from a couple of years ago, but yes there was an additional pot of money outside of this to help Tree Charlotte plantings.

Mayor Lyles said okay, Mr. Bergman, anything else?

Mr. Bergman said no.

Mayor Lyles said alright, so I'm going to say our next budget meeting is the first Monday in May. Thanks, everybody. Have a great afternoon.

\* \* \* \* \*

#### **ADJOURNMENT**

The meeting was adjourned at 4:04 p.m.

  
\_\_\_\_\_  
Billie Tynes, Deputy City Clerk

Length of Meeting: 2 Hours, 57 Minutes  
Minutes Completed: June 13, 2023