

The City Council of the City of Charlotte, North Carolina convened for a Legislative Breakfast with the Mecklenburg Legislative Delegates at 8:00 a.m. on Monday, May 3, 2010 in Room 267 of the Charlotte Mecklenburg Government Center, with Mayor Anthony Foxx presiding. Council members present were Susan Burgess, Patrick Cannon, Nancy Carter, and Andy Dulin.

ABSENT UNTIL NOTED: Council member Patsy Kinsey.

ABSENT: Council members Michael Barnes, Warren Cooksey, David Howard, James Mitchell, Edwin Peacock and Warren Turner.

Members of the Mecklenburg Delegation who attended the meeting were: Kelly Alexander, Martha Alexander, Becky Carney, Dan Clodfelter, Trisha Cotham, Charley Dannelly, Malcolm Graham, Ruth Samuelson and Thom Tillis.

Mayor Foxx called the meeting to order at 8:00 a.m. and welcomed the members of the Mecklenburg Delegation to Raleigh and also thanked the Council members who were present. We have the best delegation in the state and I'm very honored to be working with all of you. Thank you for the help that many of you have put in to get the construction of the last leg of I-485 started which will get completed before it was actually slated to start construction under the prior schedule. That is work that you have put in and we appreciate it. I also want to thank in particular Senators Clodfelter, Carney, and Cotham for the work you did to really encourage the State Department of Transportation to engage with our Planning Department and Transportation Department on some solution, short-term and long-term to Independence Boulevard/Highway 74 and the work that is involved there as well as Representative Samuelson. I think Senator Rucho was involved and also Representative Killian. The North Carolina Department of Transportation's work on high speed rail between Charlotte and Raleigh which will be reduced by 2015 and trains will be added. That was work that took place, not only at the State level, but the Federal level, but it would not have been possible had there been plans in place to get some of that work done, so we thank you. Next week we are going to open the NASCAR Hall of Fame and that was a real team effort that required a lot of work at the State level to deal with some reversion of land interest of the State so we appreciate that. Gang legislation which was approved in the prior session, funding for prosecutors and court personnel, Little Sugar Creek restoration, and facility expansions at Central Piedmont Community College and University of North Carolina at Charlotte. I would like to recognize our Delegation for the strong and good work that they are doing.

Mayor Foxx said one of you apparently has drawn the attention of Mayors, not only here in the Charlotte region, but across the state. There is an honor that has been bestowed upon Representative Becky Carney who was given an award on August 27, 2009 by the Metropolitan Mayors and for whatever reason we were unable to connect with you and we do have it available for you today. It is recognizing your efforts on Transit and Transportation.

Mayor Foxx said we have a lot of work ahead of us and we are looking forward to working with you in the short session and probably more importantly in the long session when we've got an opportunity to take on some issues I know that you all want to take on.

Council member Carter, Chair of the Government Affairs Committee, said good morning and welcome again to the hallowed halls. We are so grateful to you for making time early in the morning to come and discuss with us what is very important to our city. We have some things on the agenda that I have heard are not stressful and I was very glad to hear that from Senator Clodfelter at the table conversation. Thank you for saying that, it was very encouraging. The first item, Business Privilege License Tax Authority – this is extraordinarily important to the City of Charlotte and perhaps uniquely in the state. \$17 million of revenue comes into our city coffers because of this business privilege and it is by far a very important source of funding to be able to accomplish the things that we need to do in our city. I would remind you that in the general fund we have income from property tax and property tax covers less than what costs us for fire and police protection. This is truly an important source of revenue for us. Annex preservation, I know that the red shirts have been very active in Raleigh and we are truly grateful to you for your support of Charlotte's practice of measured, orderly predictable annexation and thank you for holding us up as an example of how to provide services as we promised. We think this is an important asset that we have shown to the nation, how to do annexation in a very

appropriate way. Retention of the minimum 50% of non-federal match on transit. The next three items are from the MTC. We do have our staff here to present to you and discuss with you if you have questions and I will yield to them on those parts. The Firefighters Retirement System, the benefits to the inheritors. It is not just simply the spouse if the spouse passes away in an untimely fashion. This is simply a technical amendment to that provision and we think it is very reasonable and hope that you may support it. I see our Fire Chief, John Hannah is with us. The amendment to the emergency fund for law enforcement officers, and this again is an increase from the endowment that is non-generating, but it is simply a very small benefit of \$25,000 and then \$100 annually to the children of the deceased officers. Our Chief is here also, thank you Chief Monroe. We are delighted to answer questions for you and hope that you can support us. It is key to have our delegation with us as we discuss these important issues for Charlotte.

Mayor Foxx said one last point, we have had a change in our legislative contact for the delegation. Boyd Cauble, as you know has retired as of December 31st. We are glad to have our new legislative liaison, Dana Fenton who joins us from Prince William County, Virginia. He has been here about three weeks so I think he has found the bathrooms at this point. The thing that I've learned about Dana already is that he is very, very meticulous. He has done this stuff before and he knows how to work with members of a General Assembly as he did it in Virginia. He is going to be reaching out to you individually over the next several months to get to know you and hopefully you will get to know him. We are glad to have you Dana and as you get into some of these items, feel free to introduce yourself as well in the course of the comments you will make later.

Senator Dan Clodfelter, Chair of the Delegation, said thank you and on behalf of the delegation, thank you for letting us join you this morning and talk with you. It is going to be another bleak budget year, very bleak, but not as bad as probably next year and the year after that. We are still living this year off of the dose of support we got from the Federal Government in the stimulus bill last year. That accounts for a good part of what we need to balance this year, but not all of what we need to balance. Currently we are looking at a revenue short-fall from projections of just under \$800 million. That is the amount by which the actual revenue collections fall short of what we predicted they would be this year. That is after taking into account the temporary tax increases we imposed last year and after taking into account the fact that we projected a decline in revenues from year to year. Even with those conservative steps we are still \$800 million short. What the message is out of that is at least in terms of state revenues, the economy is still looking like it is on a downward trend. We have not flattened out yet and what they are telling us based on early projection about the April 15th collections, is that embedded losses that will be carried forward into future tax years, we will see those for several years. The losses that have accumulated over the last two to three years for individuals and businesses will be reflected in their tax payments over an extended period of time. We were hoping that perhaps we would get some good news from the federal government with an extension of their support for the state share of Medicaid. We had been hoping to get another \$500 million this year to balance against Medicaid expenditures through an extension of the support that they gave us last year. Right now that is looking doubtful so budget planners are currently looking at another \$500 million hole in the Medicaid budget that is on top of the revenue declines so we are at \$1.3 billion. If the feds come through we may be able to get that \$500 million for Medicaid we just don't know and we are not sure when we will know. It could take some time before the budget picture finally clarifies. We have had some stabilization in enrollment and that is a good thing. Enrollment in K-12 and the universities has stabilized so the normal growth factors in the education budget, which is the biggest share of the state budget, has stabilized a little bit, but offsetting that is an explosion in community college enrollment. For the first time in the history of the community college system, the enrollment this spring semester is higher than it was for last fall's semester. They usually see a fall to spring decline and this is the first time they have not seen that. They have seen a dramatic growth so we will be offsetting some of the stabilization in those enrollment growths with a need to put a good bit more money into the community college system. Right now we are looking at trying to close a gap of roughly \$1.2 billion to \$1.4 billion. That could go up or down, based on some actions by the federal government. That is out of a total general fund budget of just under \$20 billion so you can see that is about a 10% gap that we are trying to close compared to the total general fund budget. I don't expect there will be any major capital expenditures this year. The Governor did not propose any in her budget and there is just no money for it. Debt capacity at the state level is

pretty well tapped out for 3 or 4 more years on the Transportation side. It is pretty well tapped out through 2016 so unlikely there will be major capital expenditures of any kind this year. Most all agencies and departments will be taking some reductions. It varies but looking through the Governor's budget it looks like there is about a 5% average. It is higher in some areas, but lower in others, but across the whole scope of things it is about that much. We are not really sure yet what we are facing until we get down there week after next. Next year is going to be worse because we will lose the stimulus money next year. If you look at fiscal 2011/2012 projections, unless the economy turns around dramatically we may be looking at as much as \$3.5 billion to \$4 billion shortfall at the state level in the general fund. Not to be too down beat on a Monday morning, but those are the facts. That is what we are working with and that is why there is not going to be a lot of happy talk at budget time this year. Transportation – your reference Mayor on I-485, you may have heard this morning that through some really good work by the Department of Transportation we are able to start what I think is one of the most important regional projects for the Charlotte region and that is the reconstruction of the I-85 bridge over the Yadkin River. If you can't move your product and your goods up and down the eastern seaboard from Charlotte to your markets and customers it is worthless. That is every bit as much a Charlotte project as anything else is and that project will kick off at the beginning of next year and will be completed over a two-year time period to replace that bridge. That will be a major link in accessibility for the Charlotte region. I don't know what we will do on annexation. The bill that the House passed is unacceptable to everybody. Thank you members of the House for that. It is really a nice bill that has landed in the sub-committee that I chair and I don't know that we will do anything with it because no-one seems to be a fan of that bill. It has no supporters whatsoever so we will see. I don't think there will be much appetite for highly controversial issues in the up coming session so that one may rest quietly and over winter at the 2011. I know that probably pleases some of you, but I will tell you, I think it is a mistake not to deal with the issue sooner rather than later because every time the wave washes up on the beach it is going to wash higher and higher and one day you are going to find that you don't really have much opportunity to minor adjustments to the annexation statute. You will be fighting to hold them all together so sooner or later that needs to get dealt with but I just don't know that it will be this session. I was told you had some particular interest in funding for court technology. There has been a wad of cash put into that over several years now and we haven't seen a very effective deployment of that. I think probably, at least the Governor's budget proposes some reduction in the current appropriation to the technology fund. I would not defer or delay any projects that are currently pending because they can't get projects going fast enough to use the money, so we would probably scale the money back to match the projects. There shouldn't be any impairment on anything that is scheduled for delivery including the case management system that Peter Gilchrist is expected to get first part of next year. That seems to still be on track, but in times when cash is short it doesn't make a lot of sense to have unused cash sitting around in special funds. We probably will not have major action on the water legislation. We will have some action on that probably, based on some dry runs that the Department of Natural and Environmental resources did on trying to test run the bill that we had coming out of the major water resources study. They discovered that we don't have accurate modeling tools to be able to model the performance of the river basins in the state. They did a test run on the Cape Fear basin and could not project flow conditions or drought conditions or water availability with the tools they had. The legislation that is currently being looked at for introduction would in effect beef up the modeling capability and mandate a phased in delivery of river basin models over the next two years so that over the biennium next time we have in place the tools in which we could put in place a comprehensive water allocation system.

Dana Fenton, Legislative Liaison, said I'm very pleased to be here to talk about the City's Legislative Program this year. Mr. Fenton used PowerPoint for his presentation to the Legislators. The Business Privilege License Tax is being considered as part of the broader tax reform effort. It is a \$17 million source of revenue for the City of Charlotte. Its replacement would be a 2 1/2 cent property tax increase and we like the law the way it is right now, but we understand that there could be some reform that takes place. Perhaps a way to do that would be to put a cap on it. We have a cap of \$10,000 for any one employer to pay and there are also some other issues around the state perhaps of employers paying taxes in more than one locality. The second one is the Preservation of Annexation Authority. The House bill passed last year includes a referendum requirement for annexation but Charlotte is a model city when it comes to annexation and we would oppose that legislation. This issue is also very high on the agenda for the North Carolina League of Municipalities. They oppose the current legislation as well.

Carolyn Flowers, CEO, Charlotte Area Transit System, said I'm trying to insure that we continue on the path of the transit success that we've had in Charlotte. We have coined the phrase that the landscape has changed, but the vision remains the same. As we move forward with the Legislative agenda from the Metropolitan Transit Commission (MTC) we have three items and we are asking for your support in terms of maintaining the support for transit that you have provided in the past. The first item is retention of the state's 50% share of the non-federal match. Understanding that I know that the state resources are also an issue as well as the local resources, we are pursuing a full funding grant agreement for the Northeast Corridor. If we are successful in attaining the funding for the Northeast Corridor we are asking for the state to retain its share of the local match which is 25% and the local share from Charlotte would be 25%. We are continuing our efforts to build out the 2030 plan. We will be modifying that plan, but the vision is the same, to build out a complete transit network throughout the five corridors and we are asking for continuing support for the state's share.

The next item on the agenda is the State Participation in non-federal Transit Projects. Currently there isn't funding for projects that have not made the federal process for a full funding grant agreement. There are projects that we are looking at as part of our network, the Street Car and the North Corridor so we are asking for legislative support in the future for those projects. Understanding the reality, we wanted to put that out there. This is probably a long-term vision for us but we wanted to insure that we put this out as probably some future direction for us to get support. Next is state Maintenance funding of rail projects. The SMAP does not currently include rail hours and rail ridership as part of the formula so the City of Charlotte as the only rail operator in the state has no recognition for the service that we are providing. In this year we actually lost a portion of the SMAP funding because we were the only light rail operator. We have had this discussion with PART and TTA because they are also pursuing rail projects in the future and we would like to have rail ridership incorporated into the formula. As you build your network you try to have operational efficiencies and you reduce bus service to feed the rail network and what it does over a period of time is penalize you for changing your modes of transportation and we would like for the formula to change to include rail ridership in the future.

Mr. Fenton said the last two items in the agenda this year are local pieces of legislation. The first is from the Charlotte Firefighter's Retirement System. You may know that they have a separate pension plan which I believe was put in place in either 1947 or 1931. There is a technical amendment that would provide fairness to the retirees. It allows the payout of the remaining funds to beneficiaries when both the firefighter and his or her spouse die and a non-basic lower benefit option was chosen. Right now the benefits do not continue paying out to any dependents and this will not adversely affect the pension plan actuarial numbers so it will not result in an increase in the contribution required of either the City or from the firefighters. It does require state action and it has been requested by the firefighters.

Representative Becky Carney said so you are asking to add that as a feature?

Mr. Fenton said yes we are. The last item is the Emergency Fund for Mecklenburg County Law Enforcement Officers. This was the fund established in 1931 and is intended to provide short-term immediate financial assistance to families when officers are injured or killed in the line of duty. The fund currently has a \$2 million balance and what we are seeking is an increase in the cap of \$10,000 to \$25,000 for the time when an officer is killed or disabled in the line of duty. We are also looking for a provision to allow \$100 annual side stipend to dependents on their birthday as long as they are under the age of 18. These changes do require state action and it has been requested by the Pension Board. That completes my presentation and I would like to say to the City Council and Staff, thank you for your welcome over the last several weeks and I look forward to working with all of you and with the delegation in the coming months.

Mayor Foxx said we have some time for exchange on these ideas. I thought that as a matter of personal privilege I would ask the delegation in particular, I know there is a big issue that is being talked about nationally and even in this region about MPO/RPO consolidation. I know there is some legislation that is being kicked around in Raleigh regarding that and it is a topic of interest to some of us on the Council and if you have any idea of what is going on, what should be done and what can be done I would be interested in hearing from you. We are looking at you Senator Clodfelter.

Senator Clodfelter said get on with it. We've had a decade and nothing has been done. Census will require you to redraw the MPO boundaries next year, a perfect time to get on with rationalizing and regionalizing the organization to do transportation planning. Council member Dulin said that is good advice.

Senator Clodfelter said after such a long period of time things tend to get very, very simple. If they hang around long enough things get very focused and very simple.

Mr. Dulin said I was just asking the question of the table here about collective bargaining and their thoughts here was that that would not come up this session, Chief and Chief. You don't think it will come up.

Senator Clodfelter said I don't think it is a state issue.

Mr. Dulin said would we characterize that as something we need to keep on our watch list? We need to be able to respond to that very quick. We might not be even on the same page in the room as to where we are on that.

Mayor Foxx said I suspect that it will be not something that will come up in the short session, but you are right to flag it as an issue for the long session. We will have some discussions on this end.

Representative Ruth Samuelson said an emotional but not necessarily large dollar amount issue. I don't know if the rest of you are, but I'm getting all kinds of e-mails on humane euthanasia of animals. The City runs the shelter and I'm not what your position is, and that is why I said it is an emotional issue. The e-mails we get are emotional. I don't know your position or thoughts on that and I don't know whether it will be dealt with or not.

Representative Martha Alexander said there are several animal bills, more animal bills than I've ever seen. They are on the table, but I'm not sure where they are going.

Unidentified person said the good news is, you guys do it right. If we had other counties up to the standards that we have in Mecklenburg County I wouldn't be getting a thousand e-mails when the puppy bills gets filed because you are doing it appropriately. There are some abuses out there and that is what we've got to look at, but it is not an issue in this county to my knowledge. It is held out the way that they would hope other people would get to. Gaston County and a few others have some issues with the us gas chambers and mass exterminations which are an issue for some people. I haven't looked into it enough to get emotional about it, but it is an issue that is out there.

Ms. Samuelson said connected to it is also from a law enforcement standpoint, regulating the puppy mills and animal control so there are a number of animals issues.

Mayor Foxx said we will take a look at it. I don't know if the Chief or Mr. Walton have anything specific to respond to on that.

Council member Kinsey arrived at 8:30 a.m.

City Manager, Curt Walton, said I haven't heard anything specific.

Ms. Samuelson said we can send you some e-mails.

Mayor Foxx said it might be a good idea for you to do that so we have a sense of what is being talked about. Send them to Dana Fenton.

Ms. Samuelson said to Mr. Fenton, send us an e-mail so we can capture your address.

Representative Kelly Alexander, said in reference to the Privilege License, there was an issue that we discussed briefly and that was Internet Sweepstakes Café type operations. A number of different schemes have developed around the state in terms of how these places are licensed and dealt with as privilege license tax. One that jumped out was \$5,000 per establishment and
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\$2,500 per machine which I think was the highest in the state. I was wondering how we handle it here in Charlotte.

Mr. Walton said I don't know specifically, but I will check and get back with you.

City Attorney, Mac McCarley, said I can give you a short answer to that. We've not changed any of our privilege license tax provisions to cover them. They are zoned as any other commercial business and the Police Department watches them, but we've been paying attention to the litigation, waiting to see where that settles out before we decide on a strategy.

Mr. Clodfelter said two other issues, I don't know that you have been discussing and it is really a question, have you been discussing a form into municipally owned and operated broadband service. That is a very hot topic statewide. Are you thinking about that, are you looking at it, if so you are jumping right into the frying pan.

Representative Becky Carney said aren't we taking this up at revenue?

Mr. Clodfelter said we are. Is that an item on the City's agenda?

Mr. Walton said no sir, not really. It is on the Metropolitan Mayor's Legislative agenda.

Mr. Clodfelter said you will be watching that one from the sidelines – good for you.

Mr. McCarley said we do have a system that we use internally.

Mr. Clodfelter said it will not affect that. It is an enterprise for profit. Second, and I don't know to what extent this will affect you, there will be an effort and it will probably originate in the House, to appeal the Bill Lee Act credits. I mention it because that has some prospect of success and Charlotte is probably the biggest beneficiary of those credits. The Charlotte area region certainly is the biggest beneficiary of those credits. We had an in depth study top to bottom by the Kennan Institute of those credits. They did as good a scan of the data as anybody had done nationally and it was reported back that the credits were worthless. They don't really generate any changes in behavior by businesses so there is a move to appeal them.

Mayor Foxx said is that a short session issue?

Mr. Clodfelter said it would be eligible, yes.

The Mayor said that is clearly something we need to follow up on. As far as the municipally owned internet broadband pieces, there are a couple cities in North Carolina that either have or are trying to have those systems. Actually Salisbury is placing the infrastructure in place today to do that and Wilmington has a project that they are trying to do as well. It has gotten a lot of attention from the Metropolitan Mayor's Coalition. We have debated going into that in the past and have decided in the past that that was not something we would do.

Mr. Clodfelter said state law does not authorize it, but the court of appeals says it is cable TV service which state law does authorize. Court of appeals thinks that cable TV service is Broadband internet service.

Mayor Foxx said there are other Council member here who might wish to share an issue or two. I want to make sure we leave the opportunity open to you to do so, but we've completed our planned business. Hearing none, I want to thank you all for coming. One of the things I will be asking Mr. Fenton to do is to reach out and share feedback on these types of sessions and if there is a way to improve the model over time I'm interested in getting your feedback on it because I want to make sure that it is not only informative on this end but your end also.

Senator Malcolm Graham said there is one item, an FYI item which I hope to bring up in the short session for consideration more likely in the long session. Working with the University of North Carolina at Charlotte, Carolina Healthcare System in Chapel Hill on expansion of the medical school to Charlotte. Talked with Erskine Bowles to help me with this on his way out the door. The Chancellor at UNC-C is familiar with it. I also mentioned it to Bob Horton at the Chamber and just as we are trying to identify and have some unique opportunity to expand a

relationship that is already in place with the Carolina Healthcare System and Chapel Hill. I'm going to pitch that this short session and will try to line up the report both in terms from the delegation as well as the leadership in terms of the acts and then try to drive it home next January if I'm there, for the long session. We would love to have dialogue with the Council as well as the County Commission about how we are collectively trying to work in conjunction with UNC-C and it would be a great opportunity to talk about expanding and diversifying our benefactors with the Kannapolis Research facility up there. Comments inaudible.

Mayor Foxx said thank you for that and you have a very willing partner in me. I'm sure that our Council will be happy to speak with you about it. I know money is probably the biggest hang up, but is the hang up more on the capital side or the operating side of doing that?

Mr. Graham said I think we've got two issues, one is we got to pay for it. It depends on where it stacks up in the priority as to whether it will take the ... vote. Secondly, I think there is some internally ... between Chapel Hill and UNC-C in terms of who is on first, who is on second. I envision first year, second year students at UNC-C finishing third and fourth as a facility based in Charlotte. Comments inaudible.

Mr. Alexander said I noticed that you and Jennifer have been talking about further functional on and I was wondering if any legislative action was contemplated in the short session to facilitate that.

Mayor Foxx said no, at the moment. We send a letter to the Council and the Board of Commission last week identifying four areas where we are going to ask both bodies to look into functional consolidation, but frankly neither the Council or the County Commission at this point has had an opportunity to consider that request and that will be forth coming. My understanding is the four areas we are looking at would not require legislative action at the state level to accomplish it. The four areas are permitting Medic and Fire government programming and Human Resources and benefits. I don't think we would have to go to you on that. If we really started along the lines of a conversation about full political consolidation that may be a whole different ball of wax, but right now we are just looking at some very specific areas of our business.

The Mayor said with that, thank you very much, I appreciate you coming. We all do. Thank you.

The meeting was adjourned at 8:45 a.m.

Melissa T. Johnson, Deputy City Clerk

Length of Meeting: 45 Minutes
Minutes Completed: May 13, 2010