

The City Council of the City of Charlotte, North Carolina convened for a Legislative Breakfast on Monday, January 14, 2013 at 8:12 a.m. in Room 267 of the Charlotte Mecklenburg Government Center with Mayor Anthony Foxx presiding. Councilmembers present were John Autry, Michael Barnes, Patrick Cannon, Andy Dulin, Claire Fallon, David Howard, Patsy Kinsey, LaWana Mayfield, and Beth Pickering.

ABSENT UNTIL NOTED: Councilmember James Mitchell

ABSENT: Councilmember Warren Cooksey

Delegation Members present were Senator Malcolm Graham, Representative Becky Carney, Senator Jeff ..., Senator Joel Foard, Senator Dan Clodfelter, Representative Paula Cunningham, Representative Ruth Samuelson, Representative Charles Steger, Representative Jacqueline Shaffer, and Representative Bill Brawley.

Mayor Foxx called the meeting to order and said I'm so excited to once again welcome you to the Mecklenburg State Delegation Breakfast. This is something we do every year and I'm you all are getting breakfasted a lot by both the County and other agencies within not only this County but also beyond it. This is an opportunity we take annually to get together, to build relations, also to share with you some of the priorities we will have over this legislative session and frankly to get your feedback on, not only those priorities, but other issues that you have been confronting as State Representatives and State Senators. I'm going to encourage the City Councilmembers if you are not at a table with one of the member of our Delegation to find your way there because this is an opportunity to get to know some folks that are going to be making some very important decisions facing our community.

Let me start out doing what I like to do at the beginning of these which is to Thank You. For those of you who were serving in the last session of the General Assembly for so many aspects of the work that you've done, there is actually an article in the *Charlotte Observer* today that talks about \$3 billion of transportation funding for roads that is coming to our area for the last three or four years. Let me tell you that we know that that lift did not just happen from one place. It happened because our Legislators and our Delegation in particular were fighting hard for us. Let me thank our past Mecklenburg Delegation Chair, I believe it was Senator Clodfelter who has been doing that for several years and let me thank our incoming Mecklenburg Delegation Chair, Malcolm Graham and also tell Malcolm Happy 50th Birthday.

This past year, aside from the transportation challenges, we've also worked with you on a number of other fronts. The State's help was critical in enabling Charlotte to host the 2012 Democratic National Convention. Just a couple of things that the State was able to help us with, first of all the North Carolina National Guard provided security at vital City infrastructure locations such as water treatment and wastewater facilities. The State Highway Patrol assisted with highway traffic control, dignitary protection, mobile field force, motorcade routes, and other important functions. The North Carolina Alcohol Law Enforcement and North Carolina State Bureau of Investigation personnel from across the State assisted with Intelligence Operations and as you well know this event is being held as one of the best Conventions ever and it is because of the collaboration we've had and we thank you for that.

Charlotte Mecklenburg Police Department was assisted by many law enforcement agencies in North Carolina and throughout the country during the event and we appreciate the Legislation you passed in 2011 allowing out of state law enforcement personnel to work under CMPD authority. That was crucial to the success of the plan. Over the past year Charlotte Mecklenburg Police Department's Steele Creek and North Tryon Divisions have worked in collaboration with the North Carolina Department of Community Corrections to focus on chronic offenders. We appreciate your work on that. Probation Officers were assigned to those areas to focus on chronic offenders on probation who reside in those two divisions. In 2012 there were 40 joint operations in the two divisions resulting in 300 probation visits. During those visits officers made 60 arrests ceased more than 30 pounds of marijuana, 60 grams of cocaine, 17 firearms and over \$80,000 in cash.

Our Economic Development Team continues to work with the North Carolina Department of Commerce to recruit industry into our area and we have had more than our fair share of success

and we certainly hope to have more as we try to get everyone in this community who wants to work an opportunity to do so. We particularly appreciate the many One North Carolina Grants you all have issued, the Job Development Investments Grants and various tax credit proposals. You helped us score United Technology Corporation and as you know that company acquired Good Rich and we faced a significant loss of a major employer in this City. Your help allowed us to keep some of those folks here to help an expanding company refit itself into our market place and we really appreciate your help.

Another area that you all have been extremely helpful in and this is something that we don't often talk about a lot until the movies actually appear on the big screen, but your help with the Film Production Tax Credit is making North Carolina, and Charlotte in particular, a destination for film. Hunger Games is the most recent example of that. Home Land another major production that is happening in our backyard, but what that is doing is allowing production people to work and to give our community a creative sector that we can build on going forward.

We further appreciate the work of the North Carolina Department of Transportation to help the City with its growth plans. The City is working with NC-DOT to modify the design of Independence Boulevard to incorporate future managed lanes. NC-DOT initiated a traffic and revenue study to confirm the financial suitability of managed lanes and we have enjoyed working with NC-DOT and look forward to working with them over the next year. We supported the high occupancy toll lane project in the north part of our community partly because we see the mobility challenges of anyone in this region as significant to this City so we continue to support those efforts. State and City Transportation staffs have spent countless hours working together on a massive project with Norfolk Southern and CSX Railroad in the inner-city and looks on the high speed rail project, but we are also looking forward to the work ahead with the Gateway Station and Center City Charlotte. This project will include mixed development on State owned land as well as an Amtrak Station and facilities for the future Red Commuter Line which we are excited about. While I'm talking about transit, let me pause for a second to say that over the next year or so I think it is going to become increasingly clear the limitations of the ½ cent sales tax. For those of you who have been following it, the recession really cratered our ½ cent sales tax. We essentially don't have any further capacity in that revenue stream. It is supporting the construction of the Blue Line Extension which we are excited about, but as we go forward we may find ourselves going 20 or 30 years without a future project being done so as we work through that as a community, through the MTC and through the Charlotte City Council we look forward to engaging with you on conversations about how to help our transit system advance. I'll put a book in there and say this, we are proudly in the fastest growing metro region in the country, so the growth pressures that led us to start along the process of building a transit haven't stopped, but actually accelerated and that means that we still have to respond to that growth.

Let me also say how pleased we are to see the construction work on the final leg of I-485. Not only has that project been accelerated but Gene Conte was kind enough to fly me over the work site and show me what kinds of things they are doing to actually accelerate the acceleration of the construction from putting some of the workforce right near the work and being able to move them very quickly from their construction sites to the control centers of that construction project. It is pretty amazing what kinds of logistical changes they've made to be able to make that project move faster. We are also excited about the widening of the southern leg of I-485 and appreciate your work on all those fronts. You know that early in 2012 we signed a full funding grant agreement, I've mentioned the Blue Line Extension, and we appreciate your work as our Legislators to help keep the 25% share of state funding for that project. A very important project not only for Charlotte, but for the region and our ability to connect our University with our center city and to extend the 9.6 miles another 10 miles north is a huge, huge, huge effort. By the way this is the single largest public works projects the City has ever undertaken so it is a big deal. A similar agreement was entered into with the Federal Transit Administration in October 2012, similar to the State Full Funding Grant Agreement which locks into place the financing for that Blue Line Extension. We are one of only two jurisdictions in the country to get a Full Funding Grant Agreement this past year. It is because of your commitment and because of our commitment to the Transit vision. In a few minutes Carolyn will take you through a brief presentation on the status of the Blue Line Extension.

You are going to hear a lot of nuts and bolts about our Legislative Agenda this year. What I would say to you about what you are going to hear is that as we work through some of the issues with our Transit System, as we work through some of our economic development opportunities this year there will clearly be aspects of our agenda that change in the course of the year, but what we rely on and what we've always been able to do together is pick up the phone, call each other, continue working well together. We appreciate you and we appreciate the time you spend between Charlotte and Raleigh and we look forward to working with all of you, including the new members in the next year. So with that I will turn it over to Carolyn Flowers.

Carolyn Flowers, CATS CEO said I'm going to provide an overview of not only the Blue Line, but basically the investment that Transit has made in Charlotte, the investment that the sales tax revenues have yielded in terms of expanding mobility and providing access. We have basically celebrated some major accomplishments this year and we will go over those and provide you a status on the Blue Line project.

Ms. Flowers used PowerPoint for her presentation and said this was a year of some major achievements and these would not have been attained without the partnership of the State. I will talk about those in depth later, but this is some pictures from some major events this year, one being the signing of our Full Funding Grant Agreement with the State that provides the 25% local match. This is at UNC-Charlotte. This alignment will connect the uptown campus and the main campus of UNC-Charlotte so this is going to be a major mobility asset for the City of Charlotte. Also we had a celebration of our five-year anniversary of the Light Rail System and we celebrated with the recognition of our 24,532,935 rider so this was the rider that was picked as we calculated where we were in our five-year anniversary.

Major achievements through our coordination and partnerships with the State as well as third parties have helped us to continue to advance the transit plan. We have now agreements for the Blue Line with Norfolk South, North Carolina Railroad and with UNC-Charlotte to construct this light rail and we have partnerships with the State Rail Division and CSX. The goals that we had in terms of developing these partnerships were to align each other for a win/win for each party. We were able to negotiate agreements that provided what we needed in terms of our alignment and being able to address the business needs of our partners. We have an opportunity to expand our railroad options for not only freight, but for freight and passengers. We are going to be able to link the two campuses with our rail line and we will also provide additional mobility for the public in the northeast section of the City. We have opportunities for increased economic development along this corridor that we hope will replicate what has happened on the south corridor.

Our year of achievement continued with the signing of a Full Funding Grant Agreement with the Feds for a 50% contribution to the construction costs so we recognized that in October of last year and this will allow us to have a commitment for the four years of construction that includes the construction, the amenities and all of the other activities that will provide the Blue Line that will go into revenue operations, the projection is to have that in revenue operations of 2017. We've also been working on the Red Line Commuter Rail Project. The status of this project is that we are working with Norfolk Southern for a railroad traffic study that will assess their needs for infrastructure to have both freight rail and passenger rail along that alignment. We are in the process now of working with the state in a partnership to coordinate this study with Norfolk Southern. The Red Line original rail project is one that is going to be looking at innovative financing and innovative project delivery project mechanisms. The State worked with us to develop a concept of a dual benefit corridor for both enhancement of freight rail and transit rail and to look at the economic benefits so there are studies that are continuing to look at joint powers authority and look at special assessment districts along the alignment and those will continue after we get an assessment from Norfolk Southern as to the infrastructure needs in this alignment.

This is a comparison of the bus system which is a key factor in the use of the dedicated transit taxes. In 1998 you can see where the system was. At that time it was very small, there were not a lot of amenities, a lot of routes and it didn't go much beyond the City of Charlotte. By 2012 the system had expanded, we had additional amenities, Park N Ride Lots, shelters, additional bus stops and other facets out there and at the same time our Para-transit services expanded. Para-

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transit services are those services that we provide to the disabled community. Those expanded along with a fixed route system so you can see how the investment in transit has yielded increased mobility and access for the region. Our bus system has expanded and it has become reliable and safe and those are the features that people are looking at as they choose to use transit. We do our annual customer survey and 97% of the customers regard our system as high quality and with the Park N Ride shelters and stations around the City we've been able to provide ways for people to come in and find a way to use transit in a more convenient manner. We've expanded in the last year with the Gold Rush in uptown Charlotte, Matthews-Mint Hill Road Shuttle and we've put in a route to Wal-Mart. This year as we've completed our county-wide transit service plan and looked at the demand changes we are probably going to be adding service on Route 51 and some of other cross town services. We've seen a change in the population pattern. We had been running the system primary as a hub and spoke where most people had to come into uptown Charlotte but we have seen a change in the population distribution in the City and a need for more cross town services.

Rail transportation has led to a lot of economic development in the South Corridor and with the increased rail ridership we have seen development continue to increase along the alignment. Currently there is about \$18.8 million new tax revenue that has been generated from this transit oriented development, but in the last year we have seen additional multi-use development that has popped up along the alignment so we are seeing the continued resurgence of transit oriented development on the South Corridor and this is the projection that we are looking for along the Northeast Corridor as we build that out.

The Blue Line Extension is the next project that is in the 2030 Plan to be implemented. It is a 9.3 mile extension which will just about double the alignment and we are projecting that it will give us another 25,000 riders per day. We are currently averaging about 15,500 on the South Corridor so the long-term projection for the entire alignment will be close to 43,000 per day which is pretty significant. As I said one of the big factors it is going to connect the UNC-Charlotte campuses and we will also have an integration of our bus services along that alignment.

The current activities, we have the record of decision from the Federal Government and we have the Full Funding Grant Agreement so we are in the pre-construction activity stage and pre-construction activity is acquisition of property for the right-of-way, it is the surveying and the construction management activities. We are projecting that we will break ground next fall and start construction in January of 2014 and then open by March of 2017. That is our early opening estimate and that is the target that we are moving towards.

On the business side, these are upcoming contracting opportunities. The American Public Transportation Association has estimated that for every million dollars in construction activity it creates 16 jobs so you can see the contracts that we have upcoming and these are going to contribute to the economic vitality and increase jobs here in the Charlotte region. That gives you an update of where we are with the Blue Line project and an overview of what the tax dollars are doing to increase mobility here in Charlotte.

Mayor Foxx said Councilmember Andy Dulin will introduce the Agenda.

Councilmember Dulin said as Chair of the Governmental Affairs Committee I've worked with staff and I want to mention the other members, Patrick Cannon, Claire Fallon, James Mitchell and Beth Pickering. The Committee worked through this, we took it to the full Council and the full Council voted unanimously and that gets us here today with you folks. In 2013 we understand that the General Assembly will be considering several reform measures as you get into your work there we know that those measures are going to keep you very busy. We have by design kept our list short this year, short and sweet but also very important. Dana Fenton, our Lobbyist, who you all know, will be going over those measures shortly. When he finishes with his presentation, and at each of your seats is the packet, the one under Ms. Flowers' presentation. Dana will go through that and particularly with this large group that we've got today, I think we have an excellent opportunity to have some real good back and forth dialogue because we want to make sure that as we serve the same people and as we are working on the ground here and you are working on the ground in Raleigh, that we are as coordinated as we can be and make your

short long session as fruitful as it can be for those folks that we serve. Thank you for coming this morning and Dana Fenton will take us through the agenda.

Dana Fenton, Inter Governmental Relations Manager said I appreciate you being here and probably the most important thing I need to communicate this morning is that if you have a parking ticket if you will see Peggy Huffman she can get it validated for you so you can get out of the parking deck free of charge.

As you all start to look at tax reform this year, the Council would like you to consider maintaining the North Carolina Film Production Tax Credit Program. The program was created in its current form in 2010 and it has been credited with drawing a lot more film production to this state and to the Charlotte area over the last couple of years. The first year of its existence I think the amount of total spending from film production went up by a factor of 2 and it has gone up even more in 2012. A lot of those productions are based here in the Charlotte area bringing a lot of jobs. Currently the program sunsets on January 1, 2015 and we would like to see that sunset date repealed.

The next issue is the City's Long Terms Investment Program. Back in 2007 the General Assembly graciously agreed to allow us to establish a program by being able to invest our Long Term Investments into some higher growth assets, but we have found that program requires an amendment now because of what has happened in the last several years. We would like to be able to use the Prude and Person Standard for investments for these long-term investments which include employee benefit funds, funds for risk and capital reserves. The Charlotte Firefighters Retirement System already uses this Prude and Person Standard for their investments and it has worked very well. This would require a Charter Amendment.

The next is Public Transportation Vehicles. We would like to see actual length of public transportation vehicles to be increased from 45 to 60 feet. It was increased to 45 feet several years ago but there were safety concerns about longer vehicles on the road. We have looked at the safety concerns with other transportation agencies from around the country and we have found that the new technologies that are out there, the longer capacity buses, or articulated buses for example, are just as safe as any other public transportation vehicle on the road. This has been endorsed by the Metropolitan Transit Commission.

The next two I think would be likely candidates for Transportation Reform Measurers. The first one would be to extend the sunset date of what is called the Special Assessments for Critical Infrastructure Needs Act from July 1, 2013 to July 1, 2018. You may recall that this is the financing mechanism that is being studied for the Red Line Regional Rail Project. Because it sunsets the program would end on this coming July 1 without any action on your part. If this mechanism were to go off the table it would not be able to continue to be analyzed for the Regional Rail Line Project. We are not quite ready to pull the trigger on that before July 1 because that project is being considered further by Norfolk Southern who owns the right-of-way that the rail would run on. Again this has also been endorsed by the Metropolitan Transit Commission.

Councilmember Mitchell arrived at 8:44 a.m.

The second Transportation project legislation would be to allow local governments to utilize special obligation bonds for public transportation projects. This authority is needed for two reasons. One, the one we have up here the US Government has established a Transportation Infrastructure Financing and Innovation Act Program. It was seeded with \$50 billion in the past iteration of the nationwide transportation program, which is known as Map 21. What this would allow the government to do is to give loans to localities and states and regional transportation authorities that will take projects of national and regional significance. The financing they provide is at much lower costs than what you can find out on the market. We are also looking at the possibility of having to issue some form of obligation debt for the Blue Line Extension for some of the short-term financing. We are trying to get an exception from the Federal Government not to have to do that, but in the event we need to do that, this legislation is needed. You all have already authorized Special Obligation Bond financing for other projects that have a

revenue stream tied to it, water and sewer projects and also projects in Municipal Service Districts. This too has been endorsed by the Metropolitan Transit Commission.

The final one on our agenda today is the Civil Service Board. The Civil Service Board membership right now consists of 7 people. We would like to see it increased to 9 members. The Board, as you may not know, approves the hiring and promotions of Police and Fire positions and hears appeals of disciplinary actions. The Board meets once a month. We have citizens appointed to the Board and they take time out of their busy schedules and attend the meetings, but there are also disciplinary hearings that do take much more time, sometimes 2 or 3 days and in those cases it is hard to establish a corium in a timely basis. We have had some appeal hearings that have gone on for more than 6 months because we were unable to get enough members to be in attendance. This change has been endorsed by the Charlotte Civil Service Board itself and it too would be a Charter Amendment.

Mr. Fenton said Mayor Foxx that concludes my presentation.

Mayor Foxx said we will open the floor as we would love to get some feedback from the Delegation.

Representative Samuelson said the buses you said that are articulated, is that the ones with the accordion thing in the middle?

Mr. Fenton said yes, that is correct.

Ms. Samuelson said would all of the ones over 40 feet be articulated or would we have these really long tractor-trailer type buses?

Mr. Fenton said I would have to direct that question to Carolyn Flowers. I'm not sure just long a regular bus that we see today can be.

Ms. Flowers said 45-foot buses would not be articulated, but if you get over 45 feet they would have that articulated piece in there. Most of the buses that are sold that are beyond that length are articulated buses.

Ms. Samuelson said most of the buses I see are very underutilized as opposed to over utilized so which route are you thinking or how many routes would actually need those?

Ms. Flowers said this would probably only for what we call Bus Rapid Transit. This would be for possibly those places where we use high occupancy vehicle lanes or hot lanes in the future and they would be point to point service. They would not be used on local routes. They would probably be used on routes that are more on highway so it would not be replacing any of the local route vehicles that we use. This is the future looking at Bus Rapid Transit and other applications in the future.

Ms. Samuelson said so we don't need them now.

Ms. Flowers said no, this is giving us future planning flexibility.

Representative Carney said I just want to let you know that the questions that Ms. Samuelson was asking and the immediate need, when this was brought up in the Transportation Committee, extending the length of these buses, you must remember if there are not that many systems in the state that would utilize this length of bus and it was a very hard sell to a lot of people to visualize, and you commented in here about the safety of pedestrians on the streets. So that discussion was there in 2007 and prior to that, but to let you that to do something like this, there has got to be a lot of educating of our colleagues in Raleigh.

Ms. Samuelson said on the infrastructure, you mentioned extend the sunset date. As I read through the materials it looks to me like the purpose of that extension would show that as you petition to create the plan for the Red Line that there would be some sort of designated revenue

source. Am I reading that correctly? So if we did the extension and the Red Line was not constructed what would happen to that special assessment?

Mayor Foxx said it wouldn't be used I suppose.

Ms. Samuelson said maybe what I'm getting at is your asking as I interpreted, and I read it while something else was going on, you would be asking us to extend a special assessment for something that may not definitely be needed and is there a restriction on your ability to use it for something else that may not have been what, if we granted it, what we might have intended when we granted it.

Mr. Fenton said there is a couple ways to answer your question. The Act itself allows local governments to take action to create these districts. We have not taken that action yet, nor have the northern towns taken that action yet. It would only be undertaken if petitions were signed by the property owners I believe it is a threshold that at least half of the property owners to be assessed to have at least 2/3 of the assessed value in that district. It would only be created if we were able to get that petition and if we had a real live project to do as well. We really just wanted to keep it on the table while the analysis is still going on to determine whether the regional rail can be done or not. Also this funding mechanism would also us to again to propose an assessment and potentially issue debt that is based on that assessment, but also the Red Line Regional Rail Financial Plan that is out there right now, it has a couple different sources of funding so this is one, assessment is one source of funding and then it also calls for some State participation and some other revenues as well.

Mayor Foxx said I might add to that in the first quarter of the year the Metropolitan Transit Commission is going to take a very hard look at our entire plan because of the funding challenges that are associated with everything that isn't already in the pipeline. I think what will come out of that is a much clearer idea of how we plan to finance other portions of the plan, including the Red Line. What we are asking for here is to preserve the ability to use this source. We certainly know the Red Line is going to have to be – we are going to have to use a lot of creative strategies to get that project done because we are cutting across several jurisdictions. Heretofore every project so far as just been within the City of Charlotte and that is one thing, but when you are trying to do tax increment financing across three or four jurisdictions it become enormously more complicated. We are just asking to preserve the ability to do that.

Senator Clodfelter said you just want to extend the sunset as it is. Unless I'm wrong I don't the Act has ever been used since it was put on the books. I'm told by a lot of municipal finance professionals that it is not used because it just doesn't work, that it is absolutely unworkable for any kind of significant scale project. Do you want to change it or do you just want it the way it is, unworkable?

Mayor Foxx said I think at present the request is basically to extend the sunset. I think if there are ways to improve it so that it is more practical I think we very much want to have that conversation with you. We may bring some ideas to the table along with that.

????? said that would be important because just extending the sunset on something that people say is unusable is not really going to get you very much.

Mr. Clodfelter on the Prude Person Standard, is what you are asking for broader or the same as what the State Treasurer has for the Teachers and State Employers Retirement Funds?

Mr. Fenton said I believe Senator Clodfelter that the Treasurer does have that authority right now. I'm not sure about the others that you just mentioned.

Mr. Clodfelter said do you know what the position of the Treasurer is on this proposed legislation?

Mr. Fenton said I do not know what her position is.

Mr. Dulin said we will find out for you and report back.

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Mr. Clodfelter said I think we tend to pay attention to what she says about changing the investment authority in retirement funds.

Mayor Foxx said this is an incredible turnout for a Delegation Breakfast. We appreciate your willingness to hear our concerns and priorities. We certainly continue to be open to those you have as you go to Raleigh. If it helps for us to send pictures of Charlotte we want you to remember us while you are up there, but we look forward to the great work ahead and thank you so much for being here this morning.

The meeting was adjourned at 8:57 a.m.

Stephanie C. Kelly, City Clerk

Length of Meeting: 45 Minutes
Minutes Completed: May 15, 2013