

**MINUTES OF MECKLENBURG COUNTY BOARD OF COMMISSIONERS**

**JUNE 27, 2007**

**6:30 P.M.**

**NORTH CAROLINA  
MECKLENBURG COUNTY**

The Board of Commissioners of Mecklenburg County, North Carolina, met in Special Session at the Cornelius Town Hall located at 21445 Catawba Avenue, Cornelius, N.C. at 6:30 p.m. on Wednesday, June 27, 2007.

**ATTENDANCE**

**Present:** Chairman Jennifer Roberts and Commissioners Karen Bentley, J. Daniel Bishop, Dumont Clarke Norman A. Mitchell, Sr. and Valerie C. Woodard  
County Manager Harry L. Jones, Sr.  
Clerk to the Board Janice S. Paige

**Absent:** Commissioners H. Parks Helms, Bill James, and Dan Ramirez

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**-INFORMAL SESSION-**

*Commissioner Woodard was absent when the meeting was called to order and until noted in the minutes.*

*The meeting was called to order by Mayor Patrick McCrory, City of Charlotte.*

*This was a joint meeting of local elected officials representing Mecklenburg County, the City of Charlotte, and the Towns of Cornelius, Davidson, Huntersville, Pineville, Mint Hill, and Matthews and members of the Metropolitan Transit Commission.*

*The purpose of the meeting was to receive a presentation from City of Charlotte staff regarding the financial impact of the potential ½ cent sales tax repeal.*

*Mayor Gary T. Knox of Cornelius welcomed everyone to the Town of Cornelius. Following the welcome and introductions, Mayor McCrory called upon City Manager Pam Syfert and Ron Tober, Chief Executive Officer of the Charlotte Area Transit System, to make the presentation.*

*Commissioner Woodard entered the meeting during Manager Syfert's opening remarks.*

**(1) HALF CENT TRANSIT SALES TAX**

The following key points were noted:

- The City of Charlotte cannot absorb loss of the ½ cent transit sales tax within current General Fund revenue sources without increasing property taxes and /or drastically cutting the budget.
- Without the ½ cent sales tax:
  - The Mecklenburg towns will have to pay directly for transit service to their communities.
  - The County will lose \$1.9 million for two Department of Social Services transportation services.
- If the ½ cent transit sales tax is repealed:
  - Transit services and future plans will be greatly curtailed; and/or
  - Local governments will have to choose an alternate revenue source to fund public

transit service to their communities.

- For FY09, the ½ cent sales tax revenue estimate is \$77 million.
- For FY09, 68% of ½ cent sales tax revenue funds bus operations.
- If the ½ cent sales tax is repealed, the only revenue source available to repay City-obligated Charlotte Area Transit Service (CATS) debt is property tax from City of Charlotte residents.
- It is more cost effective for City residents to use the ½ cent sales tax to fund public transit (\$39 current annual median per household) than to increase property taxes (\$129 annual median increase per household.)
- A repeal of the ½ cent sales tax jeopardizes future City capital improvements.
- A repeal would also put the City's AAA credit bond rating at risk.
- Without the ½ cent sales tax and a corresponding property tax increase, the City must cut Police and Fire services to continue any acceptable level of transit service.

Director Tober and Finance Director Ruffin Hall gave an overview of the following:

- Use of the ½ cent sales tax revenue
- CATS service scenarios for bus and light rail without the ½ cent sales tax
- Four scenarios were addressed:
  1. Reduced Bus Service Only (No Light Rail)
  2. Reduced Bus and South Corridor Rail Service Only (No additional corridors)
  3. Current Bus Service and Planned South Corridor Rail Service Only (No additional corridors)
  4. Continue 2030 Transit System Plan

*Note: A specific scenario was not recommended, but City staff did indicate that Scenario 1 would not be a good choice.*

- Financial impacts without the ½ cent sales tax, including the impact on the Towns and Mecklenburg County.

***A copy of the presentation is on file with the Clerk to the Board.***

## **Comments**

Commissioner Bentley asked for ridership and fare information on the express routes that run from northern Mecklenburg County into the City of Charlotte. She requested figures from 1998 to 2007. *The response was that specific numbers would be provided, but that it has increased significantly, over 50%.*

Commissioner Bentley asked about the elimination of routes and how this was determined. *The response was that staff uses a Route Performance System, which was explained.*

Mayor Kim Phillips of Huntersville suggested to Commissioner Bentley that it would be helpful also to receive reverse commute information.

Commissioner Bishop questioned the scenarios outlined and asked whether consideration had been given to taking a little out of the general fund and a little out of the capital in order to make up for the lost of the ½ cent sales tax if it's repealed; rather than it all coming out of the general fund or the capital. *The response was that scenario was not considered, but staff could run the numbers using this scenario if directed by City Council to do so.*

Commissioner Bishop said he felt some of the scenarios presented were scare tactics.

Commissioner Bishop said he finds it hard to believe that the City would cut police and fire services.

Commissioner Bishop said there has to be another alternative when the \$77 million in ½ cent sales tax revenue estimate for FY09 is only 5% of the City's budget. He asked about the use of storm water funds. *The response was that cuts in police and fire services were the last considered and that it was not just cuts in these services, but others were made as well, even*

*before getting to police and fire services. It was noted also that currently storm water funds cannot be used to make up for the lost of the ½ cent sales tax without seeking legislative authority to do so.*

Chairman Roberts pointed out that Scenario 1 doesn't impact police and fire services.

Manager Syfert noted that although Scenario 1 reduces the property tax increase, it still does not address the issue of the \$306 million liability that the City has as a result of grants received from the federal government. It was noted further that there's a high probability that the City would have to repay the federal government this money back if there's no light rail service.

A Matthews Commissioner asked about the impact on the towns if the ½ cent sales tax is repealed. *The response was that the towns would have to pay for transit services to their communities.*

The Commissioner from Matthews noted that currently the towns are contributing quite a bit to the City of Charlotte from sales tax revenue, but not getting it back. He asked how much of the ½ cent sales tax is generated from the towns. *The response was that it's difficult to say because of the way the State reports sales tax information to the City.*

The Commissioner from Matthews asked what the total operating cost for light rail was. *The response was \$12 million after the first year.*

The Commissioner from Matthews commented that police and fire services should be the last thing to be cut. *The response was that police and fire were last.*

The Commissioner from Matthews asked were any contractors and/or staff terminated as a result of the troubles encountered with the cost overruns for transit, specifically light rail. *The response was that the City terminated its contract with the designers.*

Another Commissioner from Matthews asked had the towns contributed to transit prior to 1998. *The response was only the Town of Huntersville.*

Commissioner Woodard expressed concern for those citizens that live in Center City and on the East and West sides of the county, many of whom she said rely on the transit system for transportation to work and other places. She asked what can these citizens expect to receive if they support the continuation of the ½ cent sales tax. Commissioner Woodard noted that citizens within Center City supported the initial tax. *The response was that the 2030 Transit Plan calls for light rail service in all areas of the county, however, it can't be said definitively as to when this service would be available in all areas, perhaps 2013 for the East and West areas.*

Commissioner Woodard expressed concern for the possible timeframe residents in these areas would see this benefit, knowing also that things are subject to change. Commissioner Woodard said citizens want to know what's being offered to them in the immediate future.

Mayor McCrory assured Commissioner Woodard that the MTC does not plan to make any changes to the Transit Plan whether there's a referendum or not.

Commissioner Bensman of Cornelius commented on the fact that many people when hearing or discussing the possible repeal of the ½ cent sales tax do not realize that this will impact the bus system. Commissioner Bensman said the public thinks it's all about light rail and "stopping the train." He said this matter needs to be framed the right way in communicating with the public about this issue.

Council member Nancy Carter asked would the County's credit rating be impacted if the ½ cent sales tax is repealed. *County Manager Jones said he could not think of a scenario where it would.*

Council member Carter asked about air quality and the impact of not having light rail on the regions non-attainment status. *The response was that this was an issue that's currently being looked at. It was noted that the issue of non-attainment was a part of the transportation plan.*

*Noted further, was that continued non-attainment could result in a loss of federal funds for roads.*

Council member Carter asked whether payments from the Towns were taken into consideration in the development of the figures with respect to property tax impacts. *The response was no.*

Commissioner Clarke proposed the scenario of what if Scenario #1 was chosen and the federal government did not require a payback, but what about the \$18 million in debt service. *The response was that this would be issued over 20 – 25 years.*

Commissioner Clarke said he doesn't think proponents of the repeal understand the consequences of this action. He commented that property taxes for city residents would increase annually for many years to come.

Commissioner Clarke also expressed concern for future traffic congestion if light rail and bus service is not available. Commissioner Clarke said he was concerned about degrading mobility and its impact also on Medic, as an example. He noted that more vehicles on the roadways would impact Medic's response time.

*Staff noted that an economic impact analysis is being done and that it would probably touch on the concern about congestion.*

Mayor Phillips asked whether it was felt that the federal government would require the City to repay the \$306 million received in grant funds. *The response was more than likely, yes.*

*It was noted by staff and several elected officials that a repeal and the consequences of it would negatively impact the City's chances of receiving future funds from the federal government, as well as the state, for projects.*

Commissioner Bentley asked what measures have been put in place to avoid cost overruns in the future. *The response was that there is now more communication taking place with respect to the project's schedule and budget. Staff is also looking a better way of managing the corridors.*

Commissioner Bentley asked about land use plans and the impact on those plans if the ½ cent sales tax is repealed. *Mayor McCrory said it would have a negative impact because there have been zoning decisions made under the assumption that the various light rail lines would be opening.*

*Several of the Towns noted that many, if not all, of their land use planning has been done with the Transit Plan in mind.*

A representative from the Town of Matthews asked if the tax is repealed when would it go away. *The response was it would be effective at the end of the fiscal year that the vote was taken.*

Commissioner Mitchell said he thinks a presentation with respect to the financial impact of the potential ½ cent sales tax repeal needs to be made to the public, so that citizens will have a better understanding of this issue and the consequences.

*The above is not inclusive of every comment expressed, but is a summary.*

There being no further business to come before the Board, the meeting was declared adjourned at 8:08 p.m.

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Janice S. Paige, Clerk

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Jennifer Roberts, Chairman