

RED LINE TASK FORCE
Meeting Summary
June 22, 2011
DISCUSSION SUMMARY

MEMBERS: Mayor John Woods, Mayor of Davidson, Chair
Mayor Jill Swain, Mayor of Huntersville (Absent)
Mayor Jeff Tarte, Mayor of Cornelius
Bill Thunberg, Mooresville Representative
Carroll Gray, Lake Norman Transportation Commission
Iredell County Representative (Vacant)
Commissioner Harold Cogdell, Jr., Mecklenburg County, Vice Chair (Absent)
Mayor Anthony Foxx, Mayor of Charlotte (Absent)

CATS

STAFF: Carolyn Flowers, CEO, Director of Public Transit
John Muth, Deputy Director for Development
Dee Pereira, CFO, Assistant Director of Public Transit
Eric Hershberger, Budget Manager
Brian Nadolny, North Corridor Project Manager
David McDonald, Transit Planning Manager
John Joye, Senior Assistant City Attorney
Tina Votaw, Transit Planner
Azania Herron, Public & Community Relations
Penny Traywick, Office Assistant

OTHERS: Jack Flaherty, NCDOT
Dana Fenton, Intergovernmental Relations Mgr, City of Charlotte
Jim Schumacher, Assistant City Manager
Bill Coxe, Huntersville Transportation Planner
Adam Guerino, Charlotte City Finance
Jonathan Wells, Charlotte Mecklenburg Planning Department
Greg Ferguson, Huntersville Town Manager
Paul Morris, Greenleaf Strategies
Zac Gordon, Town of Huntersville

Meeting time 4:00 p.m. – 5:00 p.m.

- I. **Call to Order**
The meeting was called to order by the Chair at 4:05 p.m.

- II. **Approval of May 25, 2011 meeting summary**
The meeting summary was approved.

III. Information Items

Brian Nadolny gave an update on several deliverables which HDR is completing as part of the Red Line Work Plan. HDR completed a feasibility analysis on adding an additional station at 24th and Graham, 1 ½ miles from downtown Charlotte. A developer has plans to develop an area near the site and requested an analysis of adding a station to the Red Line. The study estimated it would add 1.68M to add platforms and the drop-off to the cost of the project, with right-of-way assumptions and a 100 space parking lot provided by the developer.

The City of Mooresville requested CATS study the feasibility of relocating the Mount Mourne Station about ¼ of a mile south of its current location. The Mount Mourne station on the original plans does not allow for adequate surface parking, and a parking deck would add considerable cost to the project. HDR investigated locating the station near the proposed East/West connector. This site would provide quicker access to and from I-77 with access to the new Exit 31, more development potential and more available land for parking. Both Mooresville planning staff and Lowe's favor this location. However, if the East/West connector isn't completed prior to this project, there would be no access to the station and the project would have to provide an access road. The adjusted cost would amount to approximately a \$7M savings by moving the station to the south. However, if the East/West connector is not in place before the commuter rail, then an access road would need to be added to the project at a \$2 million cost, with a final savings of \$5M.

HDR also completed a peer review comparison of five recent commuter rail projects detailing the total cost of each project, cost per mile, number of trains, hours of operation, trip frequencies, fares, operating costs, productivity measures, railroad relationships, and other criteria. Brian will email the report to the task force members. There are widely varying conditions in these five rail lines and the report is useful as background information to the variety of commuter rail projects around the country.

HDR is currently investigating operation and maintenance costs. The report outlines the number of trains, total operation and maintenance costs, and passenger revenue per mile. Commuter rail operations vary widely, but the Red Line project numbers fall in a reasonable range of cost compared to other commuter rail projects.

Paul Morris gave an overview of his meetings with Towns and the City on June 7th and 8th to review the scope of their next phase of the project, by reviewing the revenue streams goals and the funding gap. The Towns reported on their ongoing plans, development activities and budgets. Much of the discussion revolved around an overview of the different value capture mechanisms. Further discussions revolved around which value capture choices each town may be able to use, and project uniformity, specifically whether to use a unified or a united (segmented) approach.

Value capture is a tool that can be used to obtain funding on this project because the project is a catalyst for development, and because a portion of the development that follows would be unlikely to occur without it. Mr. Morris defined value capture strategies as financial mechanisms that harness and guide unique and extraordinary increases in economic value generated by transit

infrastructure investments which help to fund public improvements in transit or related infrastructure.

Mr. Morris talked about involving property owners, developers and outside interests early as a valuable part of the process. Different funding mechanisms apply to different sources, and sometimes multiple mechanisms can be used to generate more capital and also to spread the capital revenue. Although each town may use different funding mechanisms and contribute different funds, commuter rail is treated as a network benefit, so the project should be treated as a single project. Land use policies, actual improvements, and urban design and transportation management around the stations are critical to make the system work and capture ridership.

Mr. Morris discussed the eight revenue mechanisms that could be utilized, listed below.

One-time funding sources

- Joint development (partnering with the private sector)
- Development impact fees (access to transit)
- Air rights (retain ownership to the land)
- Negotiated exactions (individual contracts)

Ongoing funding sources

- Tax increment financing
- Special assessment districts
- Land value tax
- Transportation utility fees

Path forward items include:

- Determination of each town's essential versus discretionary items
- Assessment of the potential growth and development
- Calculation of the value to be captured from the anticipated development
- Establishment of funding partnerships
- Identification of the revenue streams
- Determination of how to the deploy the revenue streams

A schedule of Finance Working Group activities was distributed. See attached.

IV. Discussion

Mayor Woods asked what process would be applied to determine if adding an additional station at 24th and Graham near downtown is a viable option. Carolyn Flowers said adding an additional station 1 ½ miles from the Derita station would lengthen travel time and lower speed. Paul Morris discussed relocating the Derita Station to 24th and Graham and said it might be advantageous as it has economic development potential due to planned redevelopment in the area by the City. Ms. Flowers questioned if riders would ride the train for the short distance to downtown rather than drive, and said the fare structure would affect that decision. Responding to a question by Mayor Woods regarding what action the task force could take on the issue, Ms. Flowers said they could make a recommendation to the MTC who must approve the station locations.

A decision was made to hold the July's Red Line Task Force in Huntersville, since there will be no July MTC meeting. It will be held at the regularly scheduled date and time.

V. Action Items

1. Send Peer Review to task force members Nadolny
2. Coordinate Finance Working Group meetings. Ferguson and Gray

VI. Adjourn

The meeting was adjourned at 5:10 p.m.

NEXT RED LINE TASK FORCE MEETING: WEDNESDAY, JULY 27 AT 4:00 P.M. IN HUNTERSVILLE.

North Corridor - Redline Commuter Rail Project Scope of Work Summary

Team Members

Project Lead: Paul Morris, Greenleaf Strategies, LLC (GS)
Public Finance Lead: Mark Briggs, Parsons Brinkerhoff (PB)
Associate: Katherine Henderson, KKH Consulting (GS)

Project Overview

The purpose of this project is to formulate an implementation strategy for the Redline Commuter Rail Project that focuses on local funding and addresses capital construction, sustainable operations and formation of joint development benefit districts. This work involves high level guidance and technical assistance to the local and regional stakeholders on behalf of the NCDOT through the end of 2011. GS and PB will work collaboratively with stakeholders to guide decision making, advise on financial and technical matters, and help build consensus along the North Corridor.

Project Tasks and Timeline

The following is a description of the primary tasks that GS and PB will conduct on behalf of NCDOT. A timeline showing the duration and overlap of these various tasks is provided below in Figure 1.

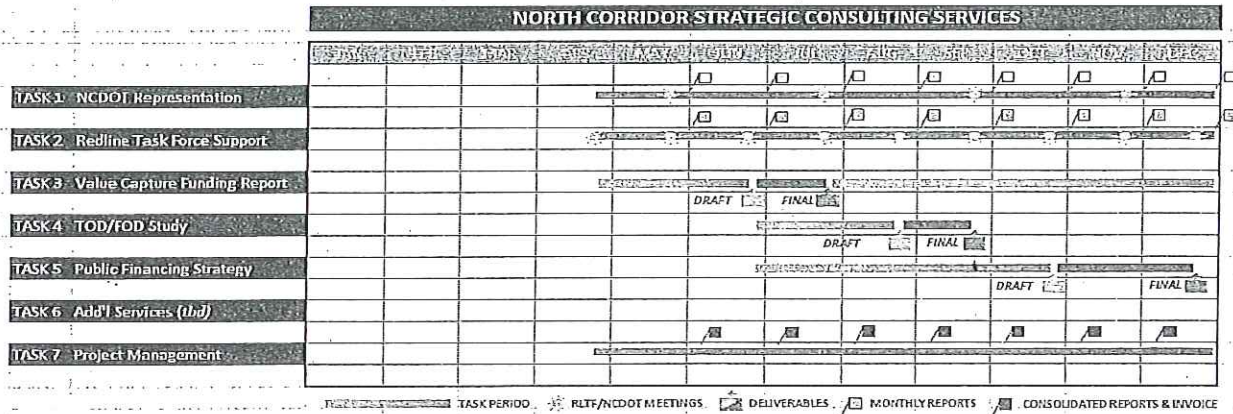
- **Serve as special NCDOT Representative.** GS will work to build consensus for a feasible and supportable implementation strategy along the North Corridor, advancing the targeted interests of the State through the process.
- **Support Red Line Task Force.** GS will facilitate inter-jurisdictional efforts and agreements that result in consensus for action along the North Corridor. This task includes: participation in key Red Line Task Force meetings; coordination of all corridor studies and consultant efforts; and bi-weekly liaising with state, regional and local government staff and elected officials on strategic economic development, transportation and land use activities.
- **Facilitate Value Capture Strategies.** GS and PB will research, report on and facilitate agreement on the most technically feasible and politically supportable value capture mechanisms for the North Corridor, while assessing best practices for transferability across the region and State. This task will involve: outreach to all stakeholders; negotiation with key parties; and research and technical studies on value capture applications, funding mechanisms and local feasibility.

- Contribute Transit (TOD) and Freight Oriented Development (FOD) Expertise.**
 GS will identify, formulate and implement strategies to leverage the combined value of transit and land use with integrated passenger and goods movement along the North Corridor. This involves: facilitating development of a mobility and logistics strategy; supporting North Corridor land-use and development planning; analyze site plans and identify appropriate future uses; incorporate all related consultant studies.
- Guide Public Finance Initiative.** GS and PB will structure a cross-jurisdictional public financing strategy that secures local funding in keeping with the needs of CATS, the larger region and the State. This task includes: facilitating a 'regional TIF plan'; advising CATS on North Corridor plans, specifications and funding applications; and working with local governments and other stakeholders to revise the existing TIF model base, generate a local public finance plan and update the North Corridor public finance model.

Deliverables:

- Value Capture** report, presentations and partnering agreements
- FOD Strategy** memorandum documenting opportunities and methodology for achieving integrated TOD/FOD along commuter rail lines in the North Corridor, and across the State.
- Public Finance** plan documenting recommendations for Cross Corridor local funding and financing and providing a Framework and Guidelines for potential application across the State.

Project Timeline



**North Corridor - Red Line Commuter Rail Project
Finance Working Group
Tentative Meeting Schedule: July-October, 2011**

Note: Need to add meetings with Mecklenburg County and Iredell County to this schedule.

Date	Day	Time Window*	Location	Meeting Type	Agenda
July 12, 2011	Tuesday	Late morning (10:30-12:30)	Cornelius	GS/PB pre-meeting	VC tools/strategy (TOD/FOD)
July 12, 2011	Tuesday	Early afternoon (1:00-3:00)	Davidson	GS/PB pre-meeting	VC tools/strategy (TOD/FOD)
July 12, 2011	Tuesday	Late afternoon (3:30-5:00)	Moorestville	GS/PB pre-meeting	VC tools/strategy (TOD/FOD)
July 13, 2011	Wednesday	Early morning (8:30-10:30)	Charlotte	GS/PB pre-meeting	VC tools/strategy (TOD/FOD)
July 13, 2011	Wednesday	Lunchtime (11:00-1:00)	Huntersville	GS/PB pre-meeting	VC tools/strategy (TOD/FOD)
July 13, 2011	Wednesday	Afternoon (1:30-5:00)	Huntersville	FWG meeting	VC tools/strategy (TOD/FOD)
July 27, 2011	Wednesday	4:00-5:00 pm	Huntersville	RLTF meeting	VC tools/strategy (TOD/FOD)
August 9, 2011	Tuesday	Late morning (10:30-12:30)	Cornelius	GS/PB pre-meeting	Revenue/cost inputs (TOD/FOD)
August 9, 2011	Tuesday	Early afternoon (1:00-3:00)	Davidson	GS/PB pre-meeting	Revenue/cost inputs (TOD/FOD)
August 9, 2011	Tuesday	Late afternoon (3:30-5:00)	Moorestville	GS/PB pre-meeting	Revenue/cost inputs (TOD/FOD)
August 10, 2011	Wednesday	Early morning (8:30-10:30)	Charlotte	GS/PB pre-meeting	Revenue/cost inputs (TOD/FOD)
August 10, 2011	Wednesday	Lunchtime (11:00-1:00)	Huntersville	GS/PB pre-meeting	Revenue/cost inputs (TOD/FOD)
August 10, 2011	Wednesday	Afternoon (1:30-5:00)	Huntersville	FWG meeting	Revenue/cost inputs (TOD/FOD)
August 24, 2011	Wednesday	4:00-5:00 pm	Charlotte Govt Center	RLTF meeting	Revenue/cost inputs (TOD/FOD)
September 6, 2011	Tuesday	Late morning (10:30-12:30)	Cornelius	GS/PB pre-meeting	Finance plan/political support
September 6, 2011	Tuesday	Early afternoon (1:00-3:00)	Davidson	GS/PB pre-meeting	Finance plan/political support
September 6, 2011	Tuesday	Late afternoon (3:30-5:00)	Moorestville	GS/PB pre-meeting	Finance plan/political support
September 7, 2011	Wednesday	Early morning (8:30-10:30)	Charlotte	GS/PB pre-meeting	Finance plan/political support
September 7, 2011	Wednesday	Lunchtime (11:00-1:00)	Huntersville	GS/PB pre-meeting	Finance plan/political support
September 7, 2011	Wednesday	Afternoon (1:30-5:00)	Huntersville	FWG meeting	Finance plan/political support
September 28, 2011	Wednesday	4:00-5:00 pm	Charlotte Govt Center	RLTF meeting	Finance plan/political support
October 11, 2011	Tuesday	Late morning (10:30-12:30)	Cornelius	GS/PB pre-meeting	Finance plan/political support
October 11, 2011	Tuesday	Early afternoon (1:00-3:00)	Davidson	GS/PB pre-meeting	Finance plan/political support
October 11, 2011	Tuesday	Late afternoon (3:30-5:00)	Moorestville	GS/PB pre-meeting	Finance plan/political support
October 12, 2011	Wednesday	Early morning (8:30-10:30)	Charlotte	GS/PB pre-meeting	Finance plan/political support
October 12, 2011	Wednesday	Lunchtime (11:00-1:00)	Huntersville	GS/PB pre-meeting	Finance plan/political support
October 12, 2011	Wednesday	Afternoon (1:30-5:00)	Huntersville	FWG meeting	Finance plan/political support
October 26, 2011	Wednesday	4:00-5:00 pm	Charlotte Govt Center	RLTF meeting	Finance plan/political support

* Specific times TBD prior to event, based on attendee availability

** Jack Flaherty (NCDOT) will attend key meetings throughout

Key to Abbreviations:

VC = Value Capture (public finance tools)

FWG = Finance Working Group

RLTF = Red Line Task Force

TOD = Transit-Oriented Development

FOD = Freight-Oriented Development

GS = Greenleaf Strategies

PB = Parsons Brinckerhoff

Charlotte North Corridor
Redline Commuter Rail Project
Finance Working Group Meeting

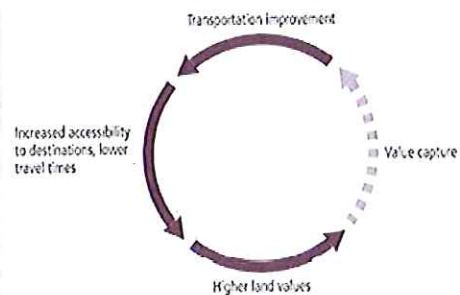
Value Capture Mechanisms for Funding & Financing
CONCEPTS FOR CONSIDERATION

Paul Morris, & Mark Briggs
June 8, 2011



Value Capture Agenda

- The Theory: What it is and how it works
- The Players: Stakeholders and Their Roles
- The Details: Eight general mechanisms
 - Questions and Discussion

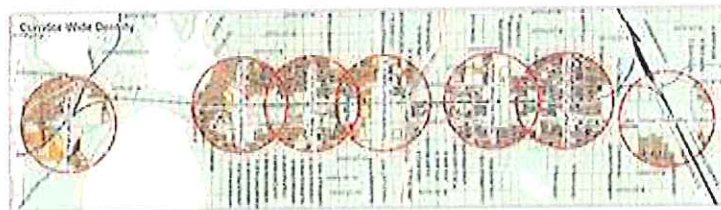




Value Capture: what it is

Value capture strategies are financial mechanisms that **harness and guide unique and extraordinary increases in economic value generated by transit infrastructure investments** to help fund public improvements in transit or related infrastructure.

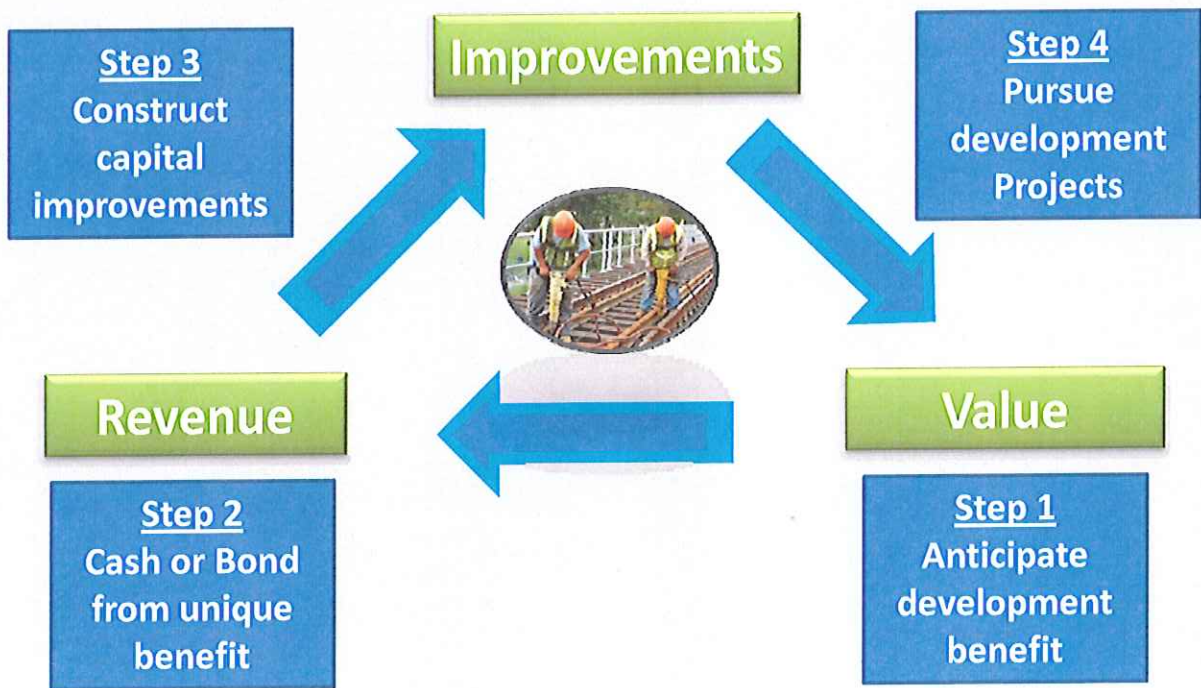
Both public and private sectors must benefit.
Only works if market demand for proximity exists.



THEORY



Value Capture: how it works



THEORY



Stakeholders and Their Roles

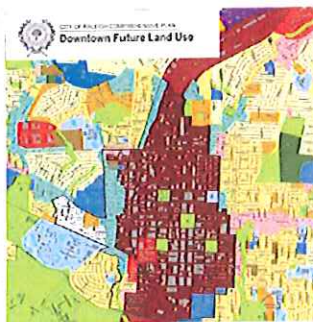
Stakeholder	Role in Value Capture
Local transit agencies/operators	Build and operate transit systems
DOTs and MPOs	Build, operate and direct funds for transit
Local governments	Collect taxes, provide facilities, control land use
Private developers	Develop associated property
Property owners	Pay taxes

THEORY



System-wide Influences – Getting it Right

- Land use development policies
 - Transit service improvements
- Mobility management and urban design strategies



THEORY



Value Capture - General Mechanisms

- **One-time funding sources**
 - Joint development
 - Development impact fees
 - Air rights
 - Negotiated exactions
- **Ongoing funding sources**
 - Tax increment financing
 - Special assessment districts
 - Land value tax
 - Transportation utility fees



DETAILS



Joint Development

Transit facility co-located with private real estate development, where the private sector partner may provide the public sector facility or make a financial contribution to public sector partner to offset its construction cost.

May include Air Rights.

Pros	Cons
Efficient (voluntary transaction)	Administratively complex
Politically palatable	Works only for the most profitable stations

DETAILS



Development Impact Fees

One-time charges collected by local governments from developers to finance new infrastructure and associated services. Typically associated with capacity benefits and calculated based on a formulaic basis – timing triggered by growth.

Pros	Cons
Efficient	Not a primary source of revenue
Politically palatable	Can discourage development if fees are perceived as too high

DETAILS



Air Rights

A form of joint development in which development rights above (or in some cases below) transit facilities are used to generate an increment in land value.

Pros	Cons
Efficient	Narrow tax base
Benefit equity	Fluctuating amount of revenue
Politically palatable	Administratively complex

DETAILS



Negotiated Exactions

Negotiated exactions are one-time developer charges, like development impact fees, but they do not use a formulaic process and are typically not applied to off-site infrastructure.

Paid in the form of in-kind contributions or in-lieu fees.

Pros	Cons
Efficient	Not a primary source of revenue
Social equity	Can discourage development if fees are perceived as too high
Politically palatable	

DETAILS



Tax Increment Financing

A mechanism allocating unique increases in total property tax revenues toward public investment within a designated district.

This is not a new tax and does not require a tax rate change.

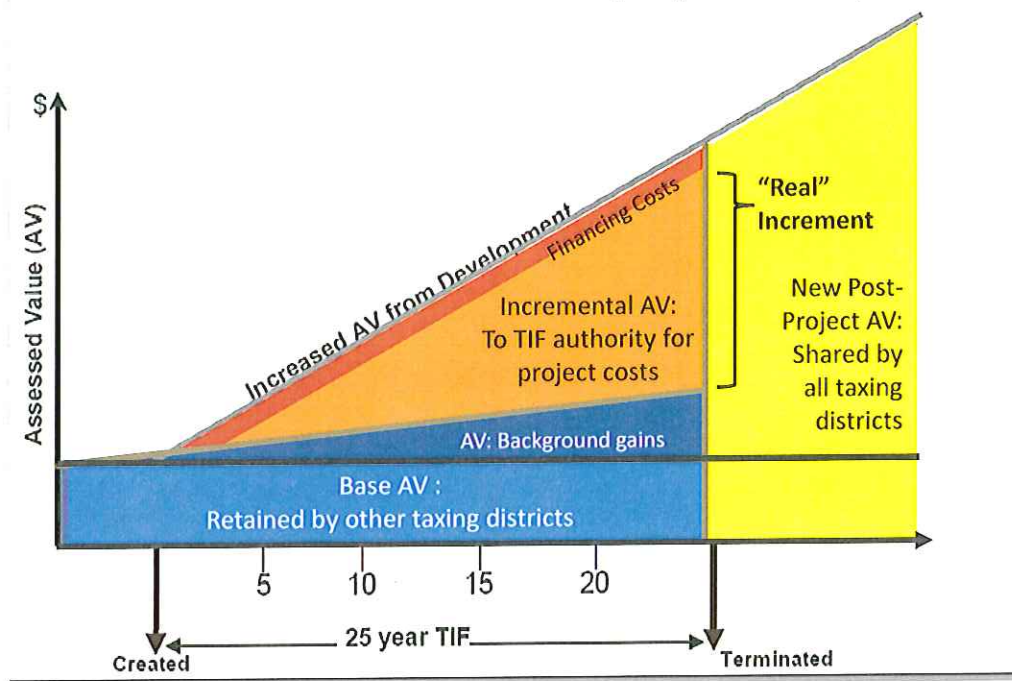
Pros	Cons
Benefit equity	Highly dependent on mode, location and market demand
Politically feasible	Concerns over geographic equity
Can potentially generate large increment	Good potential (but limited track record) for transit

DETAILS



Tax Increment Financing: how it works

TIF Assessed Value (AV) Over Project Life



DETAILS



Special Assessment Districts (SAD)

A self-imposed additional tax assessed on properties that are expected to see a benefit due to a new nearby transit facility. Increasingly used to fund a portion of the transit system itself vs. operating costs.

Pros	Cons
Economically efficient	Relatively little revenue generated
Equitable	May have political issues
	Relevant legislation in NC set to sunset in 2013

DETAILS



Land Value Tax

A tax on the value of land in the vicinity of a public transport amenity. Captures general benefits (not assigned to a particular project). Can be levied on land or buildings, but usually confined to the land.

Pros	Cons
Economically efficient	Slightly regressive (ability to pay)
Can create incentives for compact development	May have political issues
	Limited application (hybrid of conventional land tax techniques)

DETAILS



Transportation Utility Fees

Fees assessed on property characteristics related to transportation demand. Treats transportation networks like a utility, similar to other local services such as stormwater or wastewater.

Pros	Cons
Efficient (shift burden from residential to commercial)	Difficult to enforce
Stable revenue	
Promotes equity if benefit link can be established (difficult)	

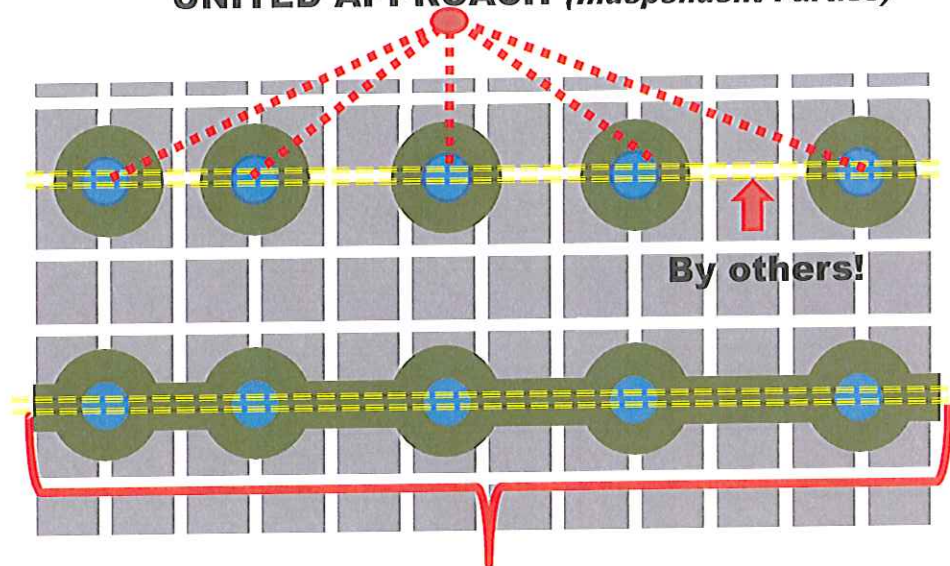
DETAILS



Unique Factors For The Red Line

- Map benefit and improvement area options

UNITED APPROACH (*Independent Parties*)



UNITIFIED APPROACH (*Dependent Partners*)

DETAILS



Unique Factors For The Red Line

Partnering Jurisdictions can create a Joint Powers Agreement (JPA)

- A boundary is established that incorporates areas from each jurisdiction
- Power to share tax increment revenues and/or assessment district revenues
- Results in a unified benefit rather than a loosely united approach
- Increases the viability and flexibility of whatever financing approach is applied



Unique Factors For The Red Line

Freight oriented (FOD) and Transit Oriented Development (TOD)

A DUAL BENEFIT ECONOMIC DEVELOPMENT STRATEGY

- The Norfolk Southern line currently is the major north/south rail freight route – **logistics opportunity**
- Locations for industrial development dependent on rail service can enhance the economic development of the region – **companion to I-77**
- Joint development opportunities are common with transit and freight locations – **capturing all value**



Considerations For Value Capture

- Coordination between multiple jurisdictions
- Accessing funds administered by local governments
- Support from private developers and property owners
- Project location and design
- Current macroeconomic conditions
- Legal considerations
- Federal transportation policies



CONCLUSION



The Bottom Line



CONCLUSION



Next Steps?



RED LINE TASK FORCE
MEETING ATTENDEES

June 22, 2011

<u>Print Name</u>	<u>Organization</u>	<u>Email</u>
Brian Nadolny	CATS	bnadolny@charlotte.nc.gov
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Jeff Tarte	CORNELIUS	
PAUL MORRIS	GREENLEAF STRATEGIES, LLC	
CAROL GARY	LNTC	
JIM SCHUMACHER	CHARLOTTE	
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