

METROPOLITAN TRANSIT COMMISSION

MEETING SUMMARY

May 22, 2013

Presiding: Mayor John Woods (Davidson)

Present:

Ron Carlee (Charlotte City Manager)

Rick Sanderson (TSAC Chair)

Bobbie Shields (Interim Mecklenburg County
Manager)

Mayor Lynette Rinker (Cornelius)

Leamon Brice (Davidson Town Manager)

Mayor Jill Swain (Huntersville)

Greg Ferguson (Huntersville Town Manager)

Ralph Messera (Matthews)

Bill Thunberg (Mooresville Representative)

Chief Executive Officer: Carolyn Flowers

I. Call to Order

The regular meeting of the Metropolitan Transit Commission was called to order at 5:30 p.m. by MTC's Vice Chair, Mayor John Woods. Mayor Foxx is in Washington, D.C. for his confirmation hearings in the Senate for Transportation Secretary.

II. Review of Meeting Summary

The meeting summary of April 24, 2013 was approved as written.

III. Transit Services Advisory Committee (TSAC) Chair's Report

Rick Sanderson

Mr. Sanderson reported that TSAC met on May 9. Members approved the proposed funding agreement for the Gold Rush, with the caveat that CATS retain the ability to reduce service if Charlotte Center City Partners (CCCP) does not meet its minimum proposed participation. TSAC also heard and informational presentation on the CATS paratransit plan, an overview on the Transit Funding Working Group and a presentation on year-to-date system ridership compared to last year's ridership. TSAC's next meeting is scheduled for June 13.

IV. Citizens Transit Advisory Group (CTAG) Chair's Report

Mayor Woods reported that there would be no CTAG report tonight. CTAG is moving to quarterly meetings as the primary goal is to review and approve the annual budget. Future CTAG meetings will be scheduled to coincide with the annual budget.

V. Red Line Task Force (RLTF) Update

John Woods

Mayor Woods said that some RLTF members participated in a conference call on May 21 with the North Carolina Department of Transportation (NCDOT) with participation from Mark Briggs and Brent Jeffcoat to discuss issues on the continuing working relationship with Norfolk Southern (NS), including the work with NS on defining the rail capacity study. Other topics of the meeting included a discussion on Senate Bill 103 to extend special assessment district legislation, which was passed by the NC Senate and is now before the NC House and a brief conceptual discussion of Public Private Partnership (P3) plans.

VI. Public Comments

None.

VII. Action Item

Gold Rush Agreement

Larry Kopf

Mr. Kopf, CATS Chief Operations Planning Officer and Manager of Bus Operations, reminded members that the Gold Rush agreement was an information item in April. The Gold Rush service is comprised of two lines. The Orange Line operates predominately on Tryon Street; the Red Line, the line with most of the funding partners and the larger ridership, operates on Trade Street. The service carries about one million riders yearly at a cost of \$1.5 million in FY13. Federal grants of \$393,361 will expire and are not expected to be renewed. State assistance is also uncertain. The current proposal is to eliminate the Orange Line due to reduced funding and continue Red Line service between Central Piedmont Community College and Johnson C. Smith University. The cost of the service with the service reductions in FY14 is about \$880,000. Staff recommends that CATS maintain the current funding level of \$380,000, although private contributions will be reduced to \$207,000 next year. State transit funds are projected to be \$296,000, but the State is currently reviewing the transit fund formula. CATS would make up any shortfall in State funding for the Gold Rush. This proposal is for one year. Charlotte Center City Partners (CCCP) has contracted with Nelson/Nygaard to study the service's future sustainability. A public meeting was held on May 8 with five attendees. The proposed reduction was discussed at TSAC's May 9 meeting and they endorsed the service change.

Discussion: Mr. Messera asked Mr. Sanderson to repeat TSAC's qualifier. Mr. Sanderson clarified that TSAC's qualifier was that if CCCP did not meet the \$207,000 payment, CATS would reserve the right to reduce service further. Mr. Kopf said that CATS does not have a written agreement, but does expect that level of participation. The amount indicated for State funds is an estimate.

Resolution: Mayor Swain motioned to approve the funding as proposed; Mayor Rinker seconded. The motion passed unanimously.

VIII. Special Report from the Co-chairs of the Transit Funding Working Group

**Jill Swain
and David Howard**

Mayor Swain said that the Transit Funding Working Group (TFWG) met in March, April and May. The 2006 Funding Plan was created with three funding sources: local sales tax and federal and state grants. Other revenue from fares, interest and property tax/vehicle sales tax made up the difference. However, economic difficulties since then have created a projected \$5 billion funding gap for the remaining corridors. The remaining estimated transit sales tax capacity will be required to build out the LYNX Blue Line Extension (BLE) and to operate and maintain existing bus and rail service. Nothing additional can be funded from the current half-cent transit tax; federal and state funding also lacks potential for the remainder of the corridors. We must look at the gap to build the system in total, so Mayor Foxx proposed that MTC gather the brightest minds from the region to form a group tasked with identifying the funding challenges necessary to accomplish the 2030 Transit Plan and to recommend funding and financing strategies and tools to complete the entire transit plan. We also need the TFWG to help build awareness for the task at hand. The group includes local business leaders, developers, people in finance and small business industries, current and former elected officials including three former mayors. The TFWG is a bipartisan, vibrant and dynamic group. They met five times over a 65-day period.

Council member Howard said that the group reached out to national industry leaders and the development community to help develop innovative project financing mechanisms and models, including P3s. The goal with P3s is to help obtain funding, mitigate risk and create jobs. The TFWG spent a lot of time thinking about ways to raise funds, including capturing the value the transit system would create in the region. Forest Cities has worked with multiple transit-oriented projects across the country with the goal of creating jobs and development opportunities. Denver has been extremely creative in building out their system. Denver's FasTracks system includes over 120 miles of commuter rail (in contrast, our proposed Red Line is 27 miles), as well as light rail, bus rapid transit and bus system expansion. Denver kept in mind two things: to be flexible and reduce risk. They have used multiple P3s and have been very creative with mode delivery strategies such as Design-Build-Finance-Operate-Maintain or any combination thereof. The group also heard about the Chicago Infrastructure Trust (CIT), a nonprofit organization. Normally, nonprofits and foundations stay out of infrastructure as it is seen as a government role. The CIT creates a mechanism for nonprofits and other organizations to invest in infrastructure while also receiving a tax break.

Council member Howard reported on the toolbox of potential funding avenues discussed by the TFWG. Some involve financing such as a Transportation Infrastructure Finance and Innovation Act (TIFIA) loan while others involve funding sources such as advertisements, air rights or a carbon tax. There is a list of legislative action items to be accomplished as well as outreach with the P3 market as well as communication with the community.

Next steps include developing a specific framework for each corridor and how to advance it, even if advancement is incremental. The goal is developing a framework to advance system-wide tools and strategies to assist each corridor's advancement; to begin actions on needed local and state legislative modifications such as Special Assessment Districts (SAD) and Tax Increment Financing (TIF); and once the legislation is approved, develop more detailed public education efforts. The education will emphasize what the system is and how important it is to build out the complete system, so a person can use transit to go from Davidson to UNC Charlotte. Mayor Swain said that the most important message from the TFWG is that as a region, we have to look at the entire transit system if we are going to be successful as a region. It is essential to look at the toolbox of many funding sources to reach that vision; it is not a recommendation for a sales tax. This is a recommendation to look at every single possible funding source for every single transit line to piece the puzzle together and create the entire system. Council member Howard noted that contrary to what has been reported in the media, this is a recommendation to try everything possible with a sales tax being considered as a last resort. The goal is to be as creative as possible. The additional funding sources in the toolbox create more robust and flexible funding and multiple financing mechanisms. It spreads risk across many entities and offers increased upfront development potential with several options for pay-as-you-go capital such as TIFs, SAD/MSD, and Pennies for Progress as well as an expanded sales tax. Mayor Swain suggested that MTC consider making an official committee of those members of the task force who wanted to remain so they could form a think tank and bring back suggestions on possible directions. Council member Howard said that a group of marketing professionals met this week. The group is interested in lending their expertise to work with the public education effort.

Discussion: Mayor Woods thanked TFWG members for their time investment to come up with innovative funding options. We must do business differently as traditional sources of revenue or

support are either not present or not as reliable as before. We must look at local sources and creative minds to make this work. Mayor Swain said that because there are roadblocks in the traditional financing systems, we can change our mentality to be open to creative opportunities. Mayor Rinker said that she wanted to be sure that there were specific steps and action items in order to move forward, and asked what the process would be. Council member Howard said that the toolbox items will need to be explored. The TFWG wanted to be sure it had MTC's approval before moving forward with development. Mayor Woods said that MTC knows the communications effort will be a forthcoming issue. He asked MTC members if they could agree by consensus to ask Mayor Swain and Council member Howard to come back next month with a recommendation for a plan for public education. Mayor Swain asked about moving forward with a think tank or visionary committee. Mayor Woods asked members if they wanted to discuss that tonight. Mr. Ferguson said it would be good to move forward so momentum is not lost; Mayor Rinker agreed. Senior Assistant City Attorney John Joye suggested that the TFWG continue its work this month and MTC take action next month on forming a standing committee. Mayor Swain agreed that the committee should continue its work this month. Council member Howard suggested that the action next month could be for the committee to become a standing committee, and the group agreed. Council member Howard asked Ms. Flowers her opinion. Ms. Flowers said this has been a great process to bring forward different options and come up with ideas. The standing committee will have the ability to develop some of the financing options in more detail to come up with revenue projections. The committee has looked at practices in other cities and how they have developed financing options. Denver's creative model for their first project has led to unsolicited proposals for other projects. If we continue this momentum, we will be able to look at something in the future to keep the system going. This is an opportunity to shake out what the committee has done and to have time to delve down to develop funding sources for the future. Between CATS staff and the committee, there is plenty of work to do to continue this process. Mr. Thunberg said that this is a perfect time for this to happen. The CATS system costs substantially less per passenger mile than national average.

IX. Action Item

CityLYNX Gold Line

Ron Carlee

Mayor Woods welcomed Mr. Carlee to his first MTC meeting. Mr. Carlee said that Charlotte's transit was a factor in his coming to Charlotte; any city that is truly world-class has a transit focus. Mr. Carlee acknowledged members of the Streetcar Advisory Committee who were present in the audience and invited Assistant City Manager Ruffin Hall to assist with the presentation. Mr. Carlee reviewed the history of Streetcar's development as a City project. The City seeks MTC's approval to work through CATS to seek federal funding to find niches where the project can advance. There is a current Tiger V grant in development for 50 percent federal funding and 50 percent local funds which will be considered by Charlotte City Council. The City requests MTC approval for three recommendations to enable Phase 2, a 2.5-mile section to complete the Center City portion of the line and provide a critical connection with transportation and institutions, as well as laying the foundation for the next six miles:

- Authorize CATS to pursue all federal grant and/or financing opportunities that are or become available that might reasonably advance any part of the 2030 Transit Plan;
- Brand the 2030 Transit Plan Streetcar project as the CityLYNX Gold Line; and
- Accept the City of Charlotte's pledged contribution (pending City Council approval) of the 50 percent local match funds required to compete for the now available Tiger V federal grant

and/or any other future federal grant opportunities for the 2.5-mile Streetcar segment, under Section VIII. E. of the Amended Transit Governance Interlocal Agreement.

Mr. Carlee concluded his presentation by saying that the City believes that every part of the 2030 Transit Plan is critically important to the region and the City. Mr. Carlee added that the City will consider authorizing funds to advance planning for the Red Line at its meeting next week.

Discussion: Mr. Shields asked about the 50 percent local match. Mr. Carlee said that the working figures are for approximately \$136 million dollars, with \$63 million in federal funds and \$63 million for the local match. They have not been inflated and so will be updated as the project advances. Mr. Carlee said that he has been clear with Council that the numbers will change. The intent is to stay with 50 percent for the local match. Mr. Thunberg asked about operations and maintenance (O&M) expenses. Mr. Carlee said that the current estimates are for O&M costs of about \$3 million when the line is fully operational. Mr. Thunberg suggested that it may make sense to combine this project with the West Corridor Streetcar project for a P3. Mr. Carlee said that the next six miles plus the western link into the airport may make a good future P3 project. However, there are so many unknowns now that the City did not want to delay pursuing the current Tiger V federal fund application to explore combining the projects. Mr. Thunberg asked where the O&M money would come from and how escalated costs would be structured. Mr. Carlee said that MTC could incorporate those issues into the motion if desired. Mayor Swain asked for delineations on where the City is seeking and providing funding and where CATS' responsibility will lie. Mayor Woods asked how the engineering for the line will work. Mr. Carlee said there would be interdepartmental collaboration as was done on the Blue Line. Mayor Swain said that this is part of the toolbox and is a portion of the complete transit plan. Every part of the transit plan is essential and they all work together. This City is offering a creative solution to help complete that vision. Mayor Swain said that she appreciated that understanding.

Mr. Messera asked if they could talk about the City providing \$3 million for Operations and asked whether CATS would operate the line and the City provide the funding. Mr. Carlee responded that was his expectation; this is an integral part of the transit system. He said that he would look to Ms. Flowers and the Operations staff to determine the most efficient and effective ways to do it. Mr. Carlee said that transit must continue to be pushed in order to develop this area. Mayor Woods said that CATS has been the project manager for transit projects and asked if that was the plan for Streetcar. Mr. Carlee said that he would look to Ms. Flowers and City Engineer Jeb Blackwell to sit down and work out the operational details for the most efficiency. Ms. Rinker said that in the minutes from last month's meeting, Ms. Flowers laid out a model for how the Blue Line project management had worked and suggested that might be a good model. Ms. Flowers reviewed the Blue Line model: CATS was the project manager, Engineering & Property Management was the lead on construction and CATS is working to ensure systems integration and will handle testing and operating assistance. In the end, there still needs to be someone responsible throughout the entire project process. Mr. Carlee said that the City's commitment is 50 percent to the capital cost and that the City is committed to the operational cost. Mayor Rinker said that she would like to amend the motion to say that the management structure should be that of the Blue Line. Ms. Flowers said she was fine with that.

Resolution: Mayor Swain motioned to approve the following items:

- Authorize CATS to pursue all federal grant and/or financing opportunities that are or become available that might reasonably advance any part of the 2030 Transit Plan;

- Brand the 2030 Transit Plan Streetcar project as the CityLYNX Gold Line; and
- Accept the City of Charlotte’s pledged contribution (pending City Council approval) of the 50 percent local match funds required to compete for the now available Tiger V federal grant and/or any other future federal grant opportunities for the 2.5-mile Streetcar segment, under Section VIII. E. of the Amended Transit Governance Interlocal Agreement.

Ms. Rinker seconded, and added a friendly amendment with two provisions:

- That the Gold Line project be managed in the same structure as the LYNX Blue Line Extension project;
- The City will be responsible for all operating costs of Phase 2 of the Gold Line in a similar manner as previously agreed for Phase 1 of the Gold Line.

The MTC voted on the motion with the provisions; the motion with the provisions passed unanimously.

X. Chief Executive Officer’s Report

Carolyn Flowers

Under the CEO’s report, Ms. Flowers discussed the following:

a. Legislative Update:

Ms. Flowers said that the State has proposed a two percent reduction to the State Maintenance Assistance Program (SMAP). The budget MTC approved assumed the same level of SMAP as the previous year. The State has also proposed forming a working group to broaden the eligible pool of recipients. Paratransit and universities that have not been eligible to share this revenue source in the past may now be eligible. If this passes and the formula changes, CATS will have to adjust service levels to stay within budget and MTC members may hear a proposal in September or October on adjusting service levels.

The BLE is in the President’s budget for the next two years funded at a \$25 million level. Staff is monitoring possible legislative changes in State funding, including changes in the Governor’s Strategic Mobility Fund. There will be less money at the local level. The Red Line will probably be the project that benefits most from the Strategic Mobility Fund legislation.

b. Proposed Legislation Support:

Ms. Flowers requested that Mayor Woods be authorized to sign a letter of support for legislation introduced by Senator Clodfelter that would allow municipalities to use TIFIA as a financing mechanism. TIFIA is one of the financing mechanisms recommended by the TFWG. The BLE project is eligible for financing its long term debt with TIFIA. The advantage of TIFIA is that debt repayment does not begin until two years after the start of service, which allows additional time for sales tax to build to repay the debt.

Resolution: Mayor Swain motioned to allow Mayor Woods to sign the letter of support. Mr. Carlee seconded the motion. The motion passed unanimously. Ms. Flowers said that if the legislation is passed, CATS’ next step would be to sign a letter of intent to apply for the program, which would give a placeholder for the funds.

c. TIGER V Applications:

Ms. Flowers said that she would also like to request that MTC authorize Mayor Woods to sign two letters of support for two TIGER V applications. One is for Blue Line platform expansion to retrofit the current system from two- to three-car platforms to meet future

capacity requirements. The second will be a letter of support for the City's TIGER V grant application for the CityLYNX Gold Line. Municipalities can submit up to three applications; Charlotte's third will be Council's endorsement for the State to support the NCDOT I-77 project.

Resolution: Mayor Swain motioned to authorize Mayor Woods to sign the two letters of support for TIGER V applications: for Blue Line platform expansion and for the CityLYNX Gold Line. Mayor Rinker seconded the motion, which passed unanimously.

d. Budget Update:

Sales tax continues to exceed budget. March receipts were \$5.4 million as opposed to a budget of \$4.6 million. We are \$2.1 million above budget for the year. Staff projects that we will exceed budget by the end of the fiscal year.

e. Upcoming Events:

The APTA Rail Conference is June 1-4 in Philadelphia; the rail Rodeo team will compete. Dee Pereira, CATS Chief Financial Officer, Assistant Director of Public Transit, was invited by FTA to attend a P3 conference next month.

XI. Other Business

Council member Howard said that the City of Charlotte has a role in the Red Line. The line starts in Charlotte. He said he had asked Ms. Flowers for her advice on what would be helpful to add to the City's budget. Norfolk Southern (NS) is asking for a rail traffic study. Council member Howard said that he has asked the Charlotte City Council to add up to \$250,000 to the budget for that study, with the understanding that the State will contribute \$250,000 as well. The study is projected to cost \$300,000. After speaking with Mayor Woods, he felt that it may be advisable to direct the funds to assist in negotiations in the partnership with NS and not limit the funds to the rail traffic study. He hoped that MTC would send a motion of support so the Charlotte City Council will know that they are behind the effort.

Resolution: Mayor Swain motioned that MTC accept the proposed funds for Red Line studies. Mayor Rinker seconded. The motion passed unanimously. Mayor Woods asked Council member Howard for contact information so MTC members could contact Charlotte City Council members to express thanks for their support.

XII. Adjourn

The meeting was adjourned at 6:50 p.m. by Mayor Woods.

NEXT MTC MEETING: WEDNESDAY, JUNE 26, 2013, 5:30 P.M.