Council-Manager Memo #17
Wednesday, February 29, 2012

CHARLOTTE.

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INFORMATION:

FY 2013 President's Proposed Budget
Staff Resource: Dana Fenton, City Manager's Office, 704-336-2009, dfenton@charlottenc.gov

Attached **(see "2. FedBudgetFY13.pdf")** is a summary of President Obama's proposed FY 2013 federal budget. The summary was prepared by Holland & Knight, the City's federal legislative consultant. Of particular importance to note is the level funding proposed for the Department of Housing and Urban Development-administered Community Development Block Grant (CDBG) and HOME Investment Partnerships. The proposal keeps these programs at their FY 2012 levels.

As reported earlier this month, the President's budget does set aside $70 million as a federal share for the Blue Line Extension in FY 2013. The details of the President's budget notes that the federal government expects to enter into a Full Funding Grant agreement with the City of Charlotte for the Blue Line Extension later this year.

February 22 Metropolitan Transit Commission Meeting Summary
Staff Resource: Carolyn Flowers, CATS, 704-336-3855, cflowers@charlottenc.gov

At its meeting on Wednesday, February 22, 2012, the MTC had two action items and heard one information item:

Red Line Task Force Update
Paul Morris, Deputy Secretary for Transit at North Carolina Department of Transportation, said that recent communications from Norfolk Southern (NS) to him are an opportunity for NS to clarify their current needs in the corridor. The letter from NS shows their primary interest is in infrastructure and operations changes in the corridor. Mr. Morris reiterated the state's interest in continuing to be the point of contact on a study with NS to identify their needs. The Red Line Task Force will refine scheduling dates to enable the infrastructure and operations reassessment with NS.

Countywide Transit Service Plan
The Countywide Transit Service Plan uses public feedback and existing service analysis to develop a five-year Service and Capital Development Plan. The plan proposes changes to the Village Rider Routes and some local routes, proposes a new route on Highway 51, and recommends new park and ride locations. MTC voted unanimously to adopt the Countywide Transit Service Plan.

2012 State Legislative Agenda
MTC considered the 2012 State Legislative Agenda as presented as an Information Item in January, with two changes. The first change to the Agenda is that the MTC Chair and Vice Chair will sign a letter explaining the rationale for the two issues brought forward. Also, the line in

the agenda stating MTC's position on the State Motor Fuels Excise Tax, commonly called the gas tax, will change to read that MTC urges the legislature to delay consideration of legislation to cap the state gas tax until a comprehensive review of statewide, regional and local transportation needs and sources of revenue is conducted. This is reflective of what the League of Municipalities and other organizations will seek this year. MTC members unanimously adopted the resolution incorporating the two changes.

FY2013 Operating Budget
Staff reported that the focus of the FY2013 Operating Budget will be to maintain core mass transportation services and maintain a structurally balanced budget. Sales tax is projected to bring in 49% of operating income; fares and service reimbursements will bring in 24%. Personal Services will form the bulk of operating expense, but fuel and risk insurance are areas of risk to the budget. Sales tax revenue has recovered since FY2011 and is projected to rise slightly in FY2013. CATS will hold a Public Hearing on the proposed fare increase in March. The projected increase of $0.25 on local fares is projected to increase operating income by $2.5 million, which will fund a little over 28,000 revenue service hours.

CATS CEO Report
Under the CEO's report, Carolyn Flowers discussed:

a. **Center City Area Plan**:
   Regional Vision and the Charlotte Gateway Project: Debra Campbell, Director of the Planning Department, prepared information on how to establish an Area Plan so MTC members could get an indication of the process. The Gateway Station is in several adopted plans, including the Charlotte Center City 2020 Vision Plan.
b. **Financial Report**:
   There has been a slow recovery in sales tax revenue, which formed the basis of increased sales tax projections for next year. January 2012 ridership was up 17% over January 2011, probably as a result of higher fuel prices and warmer winter weather.
c. **Legislative Efforts**:
   It appears that no action will be taken on the Transportation Reauthorization bill before the House recesses. CATS and NCDOT gave presentations to the State Legislative Oversight Task Force on February 10, the last step required before the State's approval of a Full Funding Grant Agreement (FFGA) for the project. CATS and NCDOT also provided presentations to the same committee on the Red Line Rail project; CATS on the historical perspective, and NCDOT on the current policy and financial proposals. CATS received notice that the BLE is included in the President's budget for $70 million. The funds will be used for right of way acquisition and Final Design. The Charlotte City Council will consider major CATS procurements this month. For the BLE, procurements will include UNC Charlotte easement rights, legal services and utility relocation for Duke Energy and AT&T. Two park and rides will also go forward for approval, the Albemarle park and ride construction and the I-485 expansion as well as the last of the federal funding from the ARRA grant for

Davidson St. construction for the fuel wash. Prior to leaving tonight's meeting, Ms. Flowers reported that Mr. Morris committed that NCDOT will fund the continued engineering study with NS. Brian Nadolny will be CATS' in-kind contribution to coordinate the study. MTC members will receive an update on the BLE project at the March meeting.

The next MTC meeting on March 28, 2012 will start at 5:30 p.m. with a public hearing on the proposed fare increase.

ATTACHMENTS:

January 19 Economic Development Committee Summary **(see "3. ED Summary.pdf")**