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INFORMATION:

CLT Parking

Staff Resource: Ron Carlee, City Manager, 704-336-3429, rcarlee@charlottenc.gov

At the February 24, 2014 City Council meeting, Council member Howard asked that I provide additional information about the parking rates implemented by the Aviation Director.

As outlined below, the increases in parking rates are directly related to two factors: the loss of revenue from the demolition of both daily parking decks and the increased debt service from the construction of new parking facilities. When the replacement and expansion of parking was approved, the Aviation Department represented to the Council, the airlines serving Charlotte, the Rating Agencies, and bond investors that the capital program would be revenue neutral. This has not been the case, however, resulting in the need for the Aviation Director to take action to raise rates to offset higher debt costs.

The following chart shows the decline in revenue, increase in expenses, and resulting decline in net income without the parking rate increase.

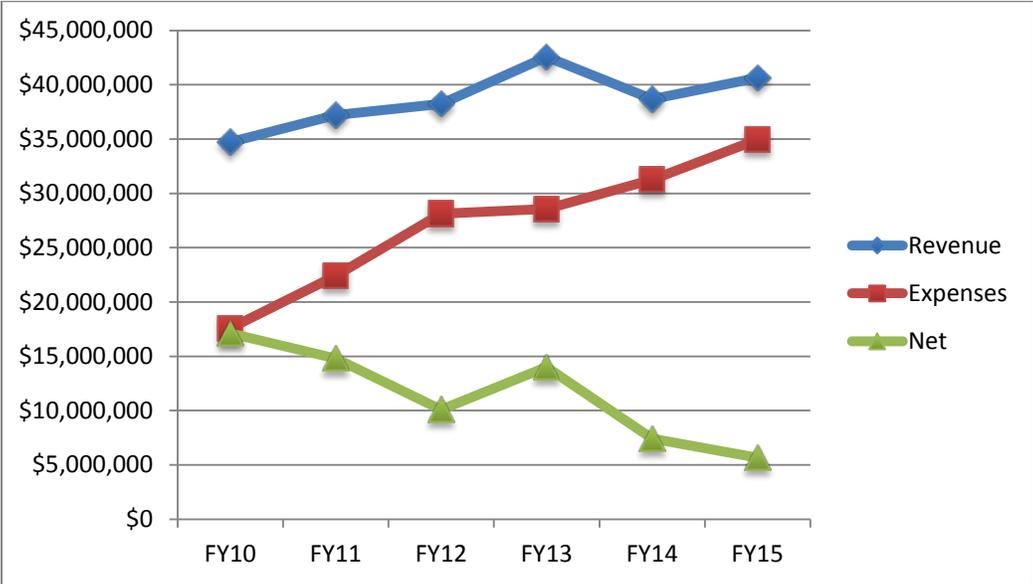


Figure 1. CLT Parking at Old Rates

The above trend is not a sustainable business plan and would have the effect of directly decreasing the profit-share with the signatory airlines and, potentially, negatively affecting the Airport’s credit rating. The result would be higher cost to the carriers, which is contrary to what they were told when the capital program for parking was initiated. Furthermore, it is the stated policy goal of the Mayor and Council that the airport retains its advantage as the nation’s lowest cost hub airport. The profit-share program is a critical component of Charlotte’s low cost advantage. The sharp decline in net parking revenues is in conflict with this policy goal.

The following chart shows the impact of the new parking rates.

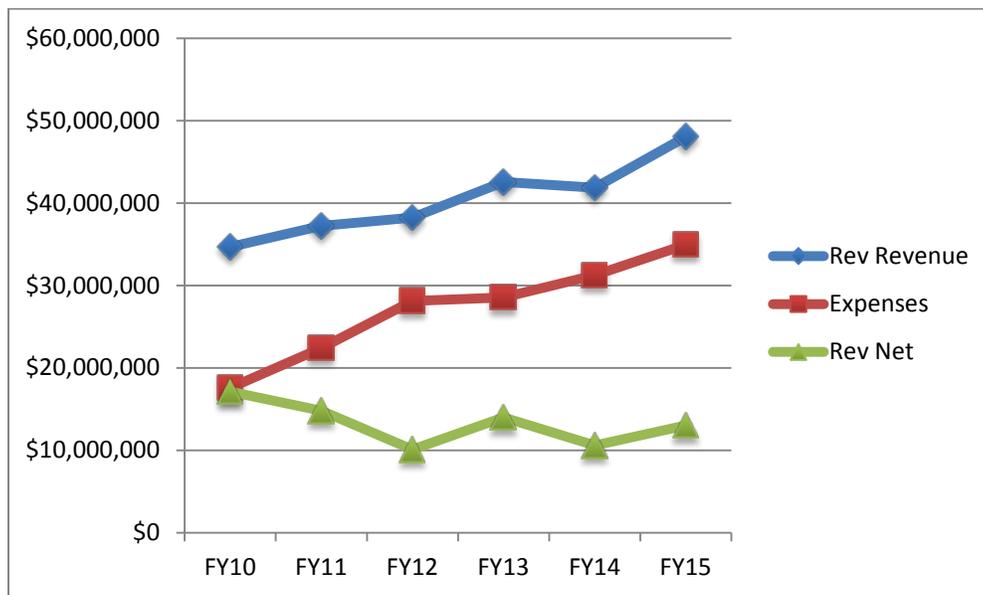


Figure 2. CLT Parking at New Rates

While the increases in parking do not return the net revenues to the FY 2010 levels, they turn the projections to a growth direction. As the new parking facilities open and parking use increases, the long-term outlook is positive.

The lesson learned from this experience is that there should be more transparency and long-range planning incorporated into the initial adoption of a major capital program that is supported by revenues. A rate plan should have been presented when the capital plan was originally presented and should have been revised when the decision was made to alter the original construction plan. Had this been done, the rate increases would have been planned and timed in a manner that would not have been a surprise and the Airport could have increased parking rates gradually.

In light of the adopted capital plan and the business need to maintain net revenues, the parking rates implemented by the Aviation Director were an unavoidable necessity to fulfill the commitments that the Airport made to its bond holders, the credit rating agencies, and to our business partners. The chart on the following page shows a comparison of net income before and after the rate increase.

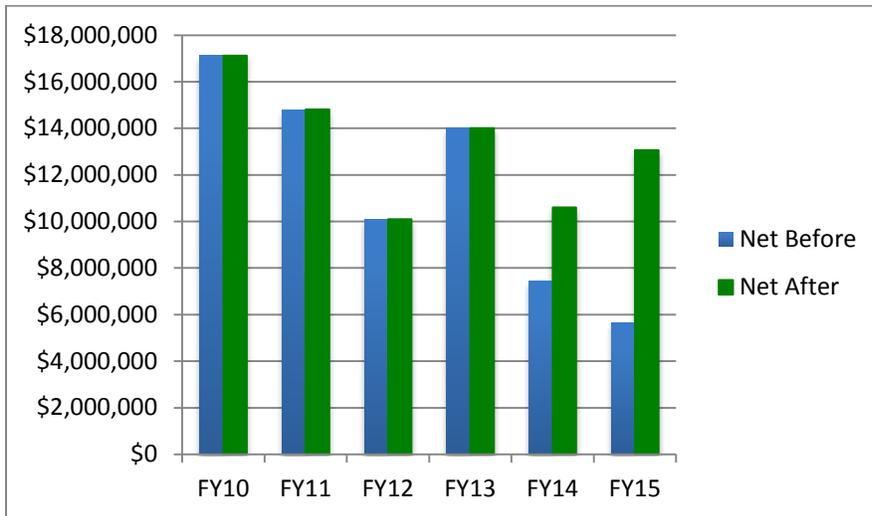


Figure 3. Net Income Before and After Rate Increase

Specifics about the rates were previously provided to Council in the January 29 Council-Manager Memo.

ATTACHED: [January 29, 2014 Council-Manager Memo](#)

Community Meetings on Illegal Dumping

Staff Resource: Barry Gullet, CMUD, 704-336-4962, bgullet@charlottenc.gov

In the wake of the recent illegal sewer dumping incidents, the Charlotte-Mecklenburg Utility Department (CMUD) developed a plan to continue to engage with treatment plant neighbors on the issue. Residents and business owners have been invited to attend community meetings in which CMUD leadership will provide insight on the illegal dumping incidents and the direct impacts to the neighborhood creeks. The meeting will also serve as an invitation for continued dialogue between the utility and the neighbors of those treatment plant facilities. Two meetings have been scheduled in each area. Details are listed below. Letters to approximately 2,500 residents and businesses were mailed on Tuesday, March 4, 2014.

Mallard Creek Area

Monday March 10, 2014

University Hills Baptist Church
1500 Suther Road
Charlotte, NC 28213
7:00 pm

Tuesday March 18, 2014

Back Creek Presbyterian Church
1821 Back Creek Church Road
Charlotte, NC 28213
7:00 pm

Sugar Creek Area

Tuesday March 11, 2014

Grace United Methodist Church
737 East Woodlawn Road
Charlotte, NC 28209
7:00 pm

Thursday March 20, 2014

Grace United Methodist Church
737 East Woodlawn Road
Charlotte, NC 28209
7:00 pm

Attachment:

[February 17 Budget Committee Summary](#)