Charlotte City Council

Transportation & Planning Committee

Meeting Summary for March 22, 2012

COMMITTEE AGENDA TOPICS

I. Subject: I-77 Hot Lanes
Action: For information only

II. Subject: Red Line
Action: For information only

COMMITTEE INFORMATION

Present: David Howard, John Autry, Warren Cooksey
Time: 12:00 pm – 1:30 pm

ATTACHMENTS

Agenda Package

DISCUSSION HIGHLIGHTS

David Howard called the meeting to order at 12:09 and asked everyone in the room to introduce themselves.

I. I-77 Hot Lanes

Steinman: I think the title needs to be amended to Proposed LRTP/TIP Amendments for I-77 North & I-485 South. You'll understand what I mean as we go through the presentation. I turn this over to Tim, who will explain the history of our partnership with NCDOT over the past five years to study and work toward the implementation of managed lanes around the region.

Gibbs: Managed Lanes, or fast lanes, are a dedicated system of lanes for user groups that would allow us to manage the traffic flow in those lanes especially during the peak demand periods.

Mr. Gibbs began the presentation with slide 4.

Howard: Did you take into consideration improvements that NCDOT will be making on I-85

between Charlotte and Salisbury?

Steinman: We did.

Howard: It shows there will still be a need for extra lanes?

Steinman: There is still space available for the next lanes to be built as managed lanes. The project that NCDOT is building will double the number of general purpose lanes from 2 to 4 in each direction.

Gibbs: There won't be a need upon completion of NCDOT's project, but traffic volumes will grow and it was designed so that lanes can be added at some time in the future.

Mr. Steinman took over and presented slides 14-20. No questions were asked. The presentation was turned over to Barry Moose of NCDOT to explain the scenarios that had been presented to MUMPO up to their meeting of last evening (see slide 21).

Moose: Last night, MUMPO voted to move forward a piece of what I am going to discuss this afternoon. We asked the City of Charlotte and MUMPO to support a conversion of the existing HOV lanes using part of the capacity of that lane for single occupants with a toll, but also an extension of the existing HOV lanes up to exit 28 (Catawba Ave.). That project is in the TIP and is earmarked for 2015. We knew when we identified this project it was not a long term solution to the problem in the corridor. It was a good first step, but once implemented, we would continue to have to address the issues in the North. We decided to take a broader view and are proposing 4 scenarios as an extension of the project (see slide 24).

Howard: What are the possibilities of extending to exits 33 or 36?

Moose: First, I want to clarify Scenarios 3 and 4 (see slide 24). There are issues with widening I-77 south of I-85, and these scenarios propose to drop a lane north of I-85, extending just one lane south. We are looking at this corridor more holistically. We divided the work into three components, a central section, a northern section, and a southern section. The northern section would be extended up to exit 36. The southern section would include expansion of the HOT lanes to connect with the Brookshire Freeway, which poses many engineering challenges. We are looking at both the northern and southern sections to cover some, if not all of those limits under a larger P3 arrangement.

Howard: That answers my question. Thank you, Barry.

Steinman: NCDOT is asking for an amendment from MUMPO in May. We are setting up ways to think about the possible selection of these Scenarios. One way is to say that we would recommend or you would endorse Scenarios 2, 3, or 4. If you believe those would provide more benefits than the baseline HOT lanes project of I-77 north without creating significant negative impacts. If it turns out that you don't find the benefits exceed the impacts, then we could recommend and you could stand by the HOT lanes decision made by MUMPO last year to be

implemented on I-77 north. If we believe it's important or necessary to restrict the free use of the HOT lanes to carpools of three or more, then Scenario 2 would be the one to select. If we believe that it's a good idea to accelerate the provision of capacity, then Scenario 3 would be of interest. The important thing to remember about Scenarios 3 and 4 is that financing will come from the private sector. If Scenarios 2, 3, or 4 are not recommended, then we go back to Scenario 1 and stick to the original plan.

Howard: Some of this has to do with whether or not NCDOT makes a deal with a P3.

Steinman: Correct. This does not follow the typical linear project process. We are setting up the opportunity for NCDOT to determine if a P3 arrangement is suitable for I-77 north. That's the action that MUMPO is being asked to take in May.

Moose: We will know if a northern or southern extension is financially feasible in a P3 environment in May.

Howard: Can only one of these Scenarios go into the plan?

Moose: At this point, we think one of these Scenarios will be best. Once we start getting more data and input, if an additional Scenario surfaces, we would evaluate it.

Howard: Is expediency an issue here?

Moose: We have an aggressive self-imposed date of June 30 to have a new conformity plan. I am here to ask for Council support in our efforts to move forward in an aggressive fashion. At the same time, we need you to stay highly engaged in what we're doing because Charlotte's Council is one of our top stakeholders.

Mr. Steinman proceeded with slide 25: I-485 Proposals.

Howard: Is State TIP Project # R-4902 approved?

Steinman: It's approved to Johnston Rd. NCDOT and the Federal Highway Administration have negotiated the extension to Rea Rd.

Howard: So the horizon year is not 2025?

Steinman: Horizon year means that no later than December 31 of that calendar year the roadway would be open to traffic. It also means that with the previous horizon year being 2015, it will not be open to traffic before January 1, 2016. NCDOT may or may not be able to build that project faster, but for the purpose of making sure there is a valid document, it's being analyzed on the assumption that it will not be open to traffic before January 1, 2016.

Mr. Steinman proceeded with slide 26 and finished the presentation with no further questions from the Committee.

II. Red Line

Hall: At our February 23 meeting, we went through the first set of policy questions. Peter will lead you through the additional questions regarding the Red Line proposal. There are still some outstanding questions, but the majority of the review period has come to a close. In the prior conversation, the deadline was March 30 for the various agencies, including the City of Charlotte, to give feedback to the State on a set of terms they could take and place into a consensus proposal. There is additional information that needs to be gathered from Norfolk Southern about the rail conversation. Because of that, the consensus proposal needs to be moved out and everyone seems to be comfortable with that. Today, the Committee might think about our next steps. Specifically, what are the terms the Committee would like to recommend to Council for feedback to the overall group and how we would go about that?

Zeiler: We'll move quickly through these questions, touching on the highlights since you have written responses in front of you.

Mr. Zeiler began reviewing the Question ASSIGNMENTS document (see attachment 1).

Howard: So, the only way the backstop issue could become a problem for Charlotte would be if the State had a problem (see question 3)?

Zeiler: It would not be a problem for us. There is no reason to believe at this time the State's AAA bond rating is currently at risk. There are a lot of variables and factors that make that prediction.

Howard: I want to make it clear that we are not the backstop in any way, which was an original concern.

Zeiler: Yes, that is correct.

Mr. Zeiler proceeded with question 4.

Howard: Would the TIF include the entire taxable base if it went beyond 3%?

Zeiler: Yes.

Mr. Zeiler proceeded with question 5.

Howard: Would CATS have two representatives or would the MTC represent in the JPA?

Katherine Henderson: The MTC would nominate the CATS JPA representatives. That's my understanding.

Howard: Isn't MTC the governing body for CATS?

Debra Campbell: Yes, but all the MTC jurisdictions will be also be on the JPA.
Howard: That's what I'm trying to figure out. Would that be four representatives for Charlotte?

Carolyn Flowers: The MTC is regional.

Howard: That's what I'm asking. We should think it through if someone from one of the towns ends up with three representatives.

Hall: I think it also depends on the specific purpose of what those representatives on the JPA are supposed to do. Many of the JPA appointments in the other towns are intended to be finance director types. If the CATS representative is intended to be the link to the operational issues, then it needs to be more of a CATS representative as opposed to a representative from the MTC. You have to go with the intent of the appointment.

Howard: So, there are particular things you'll be looking for regarding the positions?

Katherine Henderson: That was our intent. This is a ground breaking area. Each member would have a finance director type person and perhaps a citizen that has no other government affiliation. The idea is to have citizen and senior staff representation. The question came up that neither of these representatives would be accountable to voters. There are interesting nuances in terms of the appointments. But you all would have control over the Charlotte representatives, and we would have to specifically stipulate how the CATS representative would be selected.

Howard: It would be interesting to know how this has been done in other cities.

Katherine Henderson: It has oftentimes been staff since this is an implementation body and not a policy body.

Cooksey: Given this discussion, I think it would be important to address whether or not the appointed authority would have removal or direction power as well. These discussions need to take place during the formation period.

Mr. Zeiler proceeded with question 7.

Howard: What would be the impact to CATs' budget?

Flowers: That can't be discerned until we know what operating parameters will be required by the owner of the alignment after discussions with Norfolk Southern as part of the engineering study.

Howard: Don't we know the proposal costs for CATS to put in a quarter of operation and maintenance?

Flowers: Yes.

Howard: What I'm hearing, is that until we know what the operating parameters are, we won't know what the full impact could be, right?

Flowers: No, we don't.

Mr. Zeiler proceeded with question 8.

Howard: I think it's important for us to make sure our friends in the northern towns understand what we are up against financially with the Blue Line, so that it's clear there is no money. I would still like for us to project out what the Blue Line is going to take and when we'll have money so that we're transparent.

Flowers: We start building reserve capacity very slowly starting in 2021. In terms of a onetime payment of $113 million, we would not have that available, so we have to build our reserves back or come up with other options in the public private sector.

Katherine Henderson: There are no expectations of $113 million lump sum. We don't show any CATS money flowing until 2018. It's handled in the understanding of how the floor money would flow.

Howard: Which doesn't happen until it's operational, right?

Katherine Henderson: That's right. It's 2018.

Howard: The real key to that is, is it needed for debt service or operations?

Dee Pereira: We would pay both from the $8.8 million. If we had to put a lump sum in at some point, it would pay for a debt service, or repayment to private partners, but it would also pay for 25% of the operation if CATS received the fares in addition.

Katherine Henderson: That's right. All we have budgeted to flow through CATS is the floor money and the fare money in installments over time.

Howard: Between now and May, would you all clear up this confusion?

Hall: That is an element that we would want to clarify as part of our feedback terms.

Mr. Zeiler proceeded with question 11.

Howard: Have you found scenarios where the tax increase grew that much?

Katherine Henderson: We are proposing a higher assessment rate than is typical, and one reason is that this project is covering operating and maintenance costs for 30 years. We are bundling capital and operating and maintenance, so all the financing mechanisms have to bear that.

Howard: I would like to know the particulars about how you have introduced the sticker shock issue to people.

Cooksey: I would like some evidence that property owners are willing to pay $.75 more per $100.

Howard: That leads to a broader conversation. Not just sticker shock but about the assessment. When you said that you are going to do some adjustments, any idea of how you are looking to adjust?

Katherine Henderson: Every jurisdiction is concerned about the level of the assessment. We decided to bring it down as low as the financial model can stand. Right now we are getting results back from the bond holders. We dropped a bunch of the rates, but we're not announcing them publicly until all the results are in and we've had a chance to talk with a number of stakeholders.

Howard: We definitely think the rate is too high, and as it comes down, I would like to know how we plan to market it to people to get their full buy in.

Katherine Henderson: Another thing we've done recently with help from legal council is to look at doing a used space classification within the assessment. We are also looking at delaying the start of the assessment until 2017, which would be closer to when the project comes online.

Howard: The special assessment districts are the only ones who should benefit from this, correct?

Katherine Henderson: Yes.

Howard: So, will this add value for those affected?

Katherine Henderson: That is the theory.

Howard: Is a TIF of $.75 to the dollar typical?

Zeiler: It's a percentage of the increment. The Council TIF policy right now for projects like the Metropolitian, First Ward, and Ballantyne are either 45% or 90% TIFS. We can provide that policy to you.

Howard: I would like to see further clarification and an outline of the conversation we just had with Katherine regarding finances and terms.

Hall: We have been making notes and suggest we bring back a draft for your consideration.

Howard: I would also like to know what the broad impact to CATS will be.

Katherine Henderson: We can't make any more details on the operations plan until we hear from Norfolk Southern about the windows of time they want to use the property in.

Hall: We have also been talking about district boundaries associated with TIF and SAD. Those boundaries and the definition of who benefits is a critical element that we're still working on. There are also questions around Gateway Station.

Howard: We want a clear plan on the table, because that is a critical building for Charlotte.

Flowers: There are also requests from other developers for other stations along this alignment which have not been factored into the costs.

Howard: We want to know about those ahead of time.

Hall: Part of that discussion is about consistent standards for Gateway and two additional stations in Charlotte. We have veered from the set of questions we have been talking about, so we will frame additional questions to make them easier to answer.

Howard: I would like to know if there is a Plan B regarding the different levels of funding.

Katherine Henderson: Given current economic realities, the plan before you is the most feasible at the moment. That doesn't mean there is no Plan B, but we've been tasked with treating this as Plan A for now. Your question has been heard.

Howard: Thank you. If there is nothing else, this meeting is adjourned.

The meeting adjourned at 1:42.

Transportation & Planning Committee
Thursday, March 22, 2012
12:00 – 1:30 p.m.
Charlotte-Mecklenburg Government Center
Room 280

Committee Members: David Howard, Chair
Michael Barnes, Vice Chair
John Autry
Warren Cooksey
Patsy Kinsey

Staff Resource: Ruffin Hall, Assistant City Manager

AGENDA

I. Red Line - 30 minutes
Staff Resource: Ruffin Hall
Continue review of the Red Line proposal and previously identified policy questions.
Action: For information only
Attachment: 1. Red Line.pdf

II. I-77 Hot Lanes – 30 minutes
Resource: Barry Moose
NCDOT is proposing options to expand the HOT Lanes project incorporated into MUMPO's Long Range Transportation Plan. Barry Moose will present the goals and vision for faster delivery of more HOT lanes capacity. NCDOT is exploring a Public-Private Partnership as the project delivery and financing concept.
Action: For information only

Next Scheduled Meeting: Monday, April 9, 2012 – 3:30 p.m.
Future Topics – Red Line Update, Bicycle Share

Distribution: Mayor & City Council, Transportation Cabinet, Curt Walton, City Manager, Barry Moose, NCDOT, Leadership Team

Question ASSIGNMENTS
City of Charlotte - Transportation and Planning Committee
For March 22, 2012

Additional information on the Red Line proposal and Questions and Answers provided by the consultants to the general public may be found at http://redlineregionalrail.org/draft-business-finance-plan/

1. Are the growth and development assumptions reasonable in the current economic climate?

   Staff recently received the growth assumptions for the City's TOD districts and is currently reviewing.

2. How is the Tax Increment Financing and Special Assessment revenue proposal structured? Are the revenue growth assumptions reasonable?

   The local ($213 million) share of the project is financed through a combination of Tax Increment Financing (TIF) and Special Assessment Districts (SAD). The TIF would take 75% of the incremental growth in property tax values in a ½ mile radius of the stations (1/4 mile for Gateway). 25% of the incremental growth would remain with the City. The SAD would have roughly equal boundaries to the TIF districts. It would only be on income producing properties (i.e. office/retail/apartment). If a commercial property is redeveloped into for sale, owner occupied residential it would fall off the SAD rolls. In NC, the law allows property owners to vote themselves a special assessment. The vote must be approved by at least 50% of the property owners subject to the assessment that own at least 66% of the property value. The rate would be 75.00 cents per $100 of assessed value. For comparison, the City's FY12 tax rate is 43.70 cents per $100 of assessed value. Due to the existing special assessments downtown for the municipal service districts, the SAD would be capped at 75 cents, inclusive of the existing special levy for MSDs. The special assessment would be in addition to the City/County levy.

   Staff recently received parcel data that would be included in any SAD district. It is currently reviewing to determine the reasonableness of the growth assumptions.

3. How is the "backstop" for risk handled by the Joint Powers Authority and/or the State of N.C.?

   From the FAQ section of the regionalredline.org website:

   The state has backed local bond issues in the past. The state, just like all the North Corridor jurisdictions, is taking the Plan through their review process and measuring this project against the program criteria. Subject to approval by all necessary state bodies, the state would provide a

backstop for the bonds, as a cash flow loan to be paid back by future revenues, structured in such a manner that there will be no recourse to any local jurisdiction.

The NCDOT would utilize an existing reserve fund intended to provide backstop to address short-term revenue shortfalls to the project. Risks from long-term revenue shortfalls are covered by the Bond holders in their underwriting. NCDOT's contract relationship would be not be with the jurisdictions so there would be no risk of recourse associated to them from the project.

4. Are there any impacts to adopted Council policy on Tax Increment Financing Cap?

Based on current STIG agreements, there is just under $1 billion in available property tax growth available for use under existing policy. Staff is still reviewing the growth assumptions and their timing to determine the possible impact to the STIG cap. Council may chose to modify or make exceptions to the Tax Increment Financing (TIF) cap policy if the amount of the Red Line meets or exceeds the policy threshold.

5. How do the various proposed partnerships interact with the Red Line proposal and the City of Charlotte?

The Red Line proposal describes the formation of a Joint Powers Authority (JPA) to manage the budget and operation of the Red Line Rail Project. Each of the nine entities was requested to review the proposed Business and Financial Plans and submit their recommendations to the State and the State's consultants by the end of March, 2012.

On February 29, 2012, Mayor John Woods of Davidson, Chair of the Red Line Task Force (RLTF) send the following e-mail to the RLTF membership:

"At last week's meeting, the Red Line Task Force agreed to continue its ongoing Review/Analysis schedule of the Draft Business/Finance Plan, with completion by March 30. The Task Force will consider delaying the release of the Consensus Business/Finance Plan and extending the associated approval period, which was originally scheduled for approval by June 30. … NCDOT is working with Norfolk Southern to determine the scope and schedule of this study, so a new date for release of the Consensus Business/Finance Plan and associated approval period can be set."

a. Mecklenburg and Iredell Counties?

Iredell County has voted against the proposal in its current form. However, NCDOT Deputy Secretary Paul Morris has indicated that Iredell County has requested answers to specific questions, which is being handled by the State's consultants. In addition, Deputy Secretary Morris has indicated that there is a local work group that is studying the plan with assistance from the State's consultants.

Mecklenburg County has provided the State with Business Terms governing their participation in the Red Line project. The County has also indicated that their participation was dependent on Iredell County's participation and at this time, will not devote any more staff time to the proposal.

B. Questions forwarded to Towns?

City of Charlotte staff proposed the following two questions to the northern Mecklenburg towns:

1. Has the Town Board scheduled a date for voting on the Red Line Business/Finance Plan? If so, when?

2. Has the Board scheduled any future information workshops with the Consultants, or any Board Committee meetings on this subject? If so, when?

Answers to the questions are below:

Cornelius

The Cornelius Rail Task Force has met with the consultants, reviewed the proposed plan, and is preparing recommendations relevant to the plan. These recommendations will be considered by the Town Board at its Mar. 19th meeting in the form of a resolution.

No future task force meetings are scheduled at this time.

Davidson

We have not. I think working with Norfolk Southern is going to push the original time line out.

The consultants are giving our Board an update March 13. No plans after that.

Huntersville

Not yet.

Nothing for Board. Are looking for a March 26 meeting that is open to residents and developers around the stations.

C. State of North Carolina?

On February 10, 2012, the NC Jt. Legislative Task Force was briefed on the Red Line Project by NCDOT Deputy Secretary, Paul Morris. A copy of the presentation is attached. NCDOT has applied for funding for their share of the Red Line Project from

the State's Mobility Fund. In FY2012, there is approximately $ 45 million available for distribution and $58 million annually in future years from the State's Mobility Fund.

D. Status of State Negotiations with Norfolk Southern?

Attached are copies of the following communications:

1. February 21 , 2012 letter to NCDOT Deputy Secretary Paul Morris from John Edwards, Norfolk Southern's General Director – Passenger Policy
2. February 21, 2012 response from NCDOT Deputy Secretary, Paul Morris
3. March 14, 2012 e-mail from Norfolk Southern's John Edwards, to the members of the Red Line Task Force

NCDOT - In summary, Deputy Secretary Morris addresses the questions posed by Norfolk Southern and maintains support for the Red Line Regional Rail Project. He has reiterated the State's stance as one of nine governmental participants and reiterated that this will be a difficult endeavor, but will strive to see the project come to fruition. NCDOT's role is to provide technical assistance and serve as point of contact with Norfolk Southern to help the local governments develop and implement their process.

Norfolk Southern - In summary, Mr. Edwards communications indicate that Norfolk Southern are unable to support the proposed plan for the Red Line Rail project and has offered to meet later in the spring or summer should the Red Line Task Force decide to proceed with an infrastructure and operations study. The meetings would formulate a study outline, precepts for the study, determination as to the human and financial resources to devote to the conduct of the study. After the parties have formulated the foundations for such a study, the study itself would take an additional several months or more to be performed – possibly a multi-year effort which may be fairly expensive for the communities to undertake.

From the minutes of the February 22 Red Line Task Force:

Norfolk Southern Railroad (NSRR)
Deputy Secretary Morris updated the task force on his communication with Norfolk Southern over the past couple months. He described NCDOT's understanding of the communications with John Edwards of NSRR indicate he is willing to work with NCDOT on the project. Mr. Edwards stated in a letter to NCDOT that the project infrastructure and operational assumptions are no longer valid and need to be reanalyzed. NCDOT will continue to work with Norfolk Southern on developing an appropriate solution. CATS may need to provide additional technical resources to work with the State. The infrastructure and operations study would be completed in the spring and summer of 2012. NCDOT recommends that the group formally invites Norfolk Southern to meet with the whole task force. Mayor Swain stated that the task force appreciates that Norfolk Southern is providing input and taking part in the discussion.

6. How does the proposed Joint Powers Authority interact with the Metropolitan Transit Commission (MTC) from governance, legal and policy perspectives? And why could the MTC not double as the JPA?

   From the FAQ section of the regionalredline.org website:

   The MTC will be responsible for approving CATS's participation in the Red Line project, and would retain all of its normal policy functions. The MTC would also select the two CATS representatives to the 18-member JPA Board of Directors. In contrast to the MTC, the Red Line JPA is not a policy body; rather, it is a project implementation body formed for the single purpose of implementing the Red Line Regional Rail project

   Staff's review indicates that the MTC could double as the JPA if the original parties (and any necessary additional parties) agreed to have it do so. However, this would require the powers of the current MTC, which do not include the ability to contract or issue debt or otherwise act as an independent legal entity, to be meshed with the legal powers contemplated for the proposed JPA, which do include those powers. The interlocal agreement that created and governs the MTC would require extensive revision.

   The decisions regarding how to structure the responsibilities and interaction between the MTC and a JPA would have to take into account the restrictions and requirements that flow from the original legislation that authorized the transit sales tax. That legislation requires the county that levies the tax to develop a financial plan that provides for equitable allocation of the net tax proceeds. That financial plan would have to be incorporated into the structure of responsibilities between the MTC and a JPA.

7. What are the impacts on operating and maintenance costs for the additional freight and passenger trips on the line?

   Determining the impacts, if any, on the commuter rail operating and maintenance costs requires knowing what the overall joint operations plan for passenger and freight traffic would be. That joint operations plan will need to be developed with NSR in conjunction with the proposed engineering study. The plan will also need to identify maintenance responsibilities between the parties.

8. Are there any potential cost implications for the grade separations that may be required under the new engineering study with Norfolk Southern?

   The proposed commuter rail operations do not generate the need for any new grade separations along the corridor. More specifics about a joint passenger/freight rail operating plan would need to be developed with Norfolk Southern to determine if any new grade separations would be needed. Generally, the addition of several daily short-length freight trains

focused on serving area industries should not create the need for new grade separations. If NSR introduced longer length trains like those NSR currently operates in the North Carolina Railroad corridor, those traffic impacts would need to be studied.

9. How long before we could consider any CATS funding for the Red Line based on the current financial model? 30 years? Just design?

   Jeffrey Parker & Associates, Inc., one of the leading independent advisors in the United States on finance and public-private partnerships for infrastructure, specializing in highway, mass transit and intermodal facilities has developed CATS long term financial plan. The most recent version of the plan which extends from 2010-2035, indicates that currently CATS has no capacity to fund its share of any major project beyond the Blue Line Extension light rail project. That being said, small reserves are projected starting in 2021.

   CATS long term financial plan is revised on a regular basis. If future growth in CATS revenues exceeds current projections, CATS may have additional capacity to fund major projects in the future.

10. What is the reconciliation of statements between City staff and the consultant regarding the potential impacts to City credit if the State loses the AAA bond rating?

    At this time there is no cause for concern that the State's AAA credit is at risk. If at some point in the future the State had a lower credit rating than the City, this could impact the City as rating agencies may view negatively the entity providing the backstop having a lower credit rating than the entity benefiting from the credit enhancement.

    The overall form and structure of the State backstop will likely be a key credit consideration for the rating agencies. Staff agrees that, as currently presented, the utilization of the backstop would not automatically impact the City's credit. However, rating agencies will likely consider several factors when analyzing the backstop, including:

    - Implications for the project if use of the backstop is only for short duration or systemic;
    - Difference between the backstop coming in the form of a loan and not full liquidity;
    - Current funding level of the State reserve fund used for the backstop and that fund's commitments to other projects; and
    - Vulnerability of the reserve fund to be appropriated for other uses

11. What is the experience in other cities dealing with the "sticker shock" from the large tax increase from the Special Assessment District?

    Staff has asked the consulting team to provide information on this question.

12. What is the amount of the increase for the Special Assessment District in the Gateway Station area? How does that relate to MSD 1 and MSD 2?

    Staff has met with the consultant and verified the figures. The following chart as included in the February 23rd TAP meeting, is correct.

CGS Tax Rate	City	County	MSD 1	MSD 2	SAD	Total
Tax Rate (Current)	43.70¢	81.66¢	1.68¢	2.33¢		129.37¢
Tax Rate (With SAD)	43.70¢	81.66¢	1.68¢	2.33¢	70.99¢	200.36¢

Norfolk Southern Corporation
Strategic Planning
Three Commercial Place
Norfolk, VA 23510

John V. Edwards
General Director Passenger Policy
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757-533-4884 – Fax
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February 21, 2012

Via email only

Paul F. Morris
Deputy Secretary for Transit
North Carolina Department of Transportation
1501 Mail Service Center
Transportation Building
Raleigh, NC 27699-1501

Re: Proposed Red Line Commuter Project

Dear Paul

We have followed with interest and concern the recent campaign to introduce "Red Line" commuter service on the Norfolk Southern-owned rail line between Charlotte and Mooresville. Norfolk Southern stands ready to study with NCDOT and CATS the introduction of commuter rail service on the Norfolk Southern O Line. Although I cannot now anticipate the eventual conclusions of such a study, Norfolk Southern commits to ensuring that any new study is based upon realistic operating, financial and regulatory assumptions.

Having said that, Norfolk Southern cannot support the current "Red Line" plan proposed by NCDOT for use of Norfolk Southern's property. The "Red Line" plan is fatally flawed and based upon assumptions about the projected freight use of the O Line that are no longer valid. For those reasons, the current proposal is not feasible and does not constitute a starting point for further discussions. The JPA development process, therefore, is premature and will not lead to an accelerated construction schedule.

If NCDOT wishes to pursue some form of commuter rail on Norfolk Southern's "O" Line, Norfolk Southern will be ready to begin the study based upon updated freight operating assumptions, and the correct financial, tax, liability and regulatory models. This process is not short or easy. It will be an expensive process for NCDOT. But we will work with you to ensure that together we get it right.

Sincerely,

John V. Edwards

cc: Distribution List

Distribution List

The Honorable John Woods, Mayor of Davidson, Chair
The Honorable Jeff Tarte, Mayor of Cornelius
The Honorable Jill Swain, Mayor of Huntersville
The Honorable Anthony Foxx, Mayor of Charlotte
The Honorable Harold Cogdell Jr, Mecklenburg County Commissioner, Chair
The Honorable Bill Thunberg, Lake Norman Transportation Commission
The Honorable Miles Atkins, Mayor of Mooresville
Carolyn Flowers, CATS Chief Executive Officer

STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION

BEVERLY EAVES PERDUE
GOVERNOR

1501 MAIL SERVICE CENTER, RALEIGH, N.C. 27699-1501

EUGENE A. CONTI, JR.
SECRETARY

February 21, 2012

Mr. John V. Edwards
General Director Passenger Policy
Norfolk Southern
Strategic Planning
Three Commercial Place
Norfolk, VA. 23510

Subject: Proposed Red Line Commuter Project

Dear John:

Thank you for your letter regarding the Red Line Regional Rail Project. It is wonderful to have Norfolk Southern taking an active role in this project.

The Red Line Regional Rail Project is a local government-initiated/led effort, with NCDOT being only one of nine governmental participants to the project. All members are equally important and carry equal standing. Officially, the Red Line Task Force includes: City of Charlotte; Towns of Mooresville, Davidson, Cornelius and Huntersville; Mecklenburg County and Iredell County (unofficially) and the Charlotte Area Transit System.

NCDOT's role is to provide technical assistance and serve as point of contact with Norfolk Southern to help the local governments develop and implement their process.

If and when the project comes to fruition, NCDOT would potentially be one of the funding partners.

I will forward this letter to all Task Force members. It will be my recommendation going forward that the Task Force follow through on its January meeting offer to you to schedule a meeting so that Norfolk Southern will have the opportunity to share any new or updated information with the Task Force and the Task Force might do likewise.

PHONE 919-707-2800 FAX 919-733-9150

It is exciting to see so many different entities work together with strong private sector industries to investigate a proposal for the future. We at NCDOT will continue to offer technical expertise and support to this process and look forward to working with all involved.

Sincerely,

Paul F. Morris / EBV

Paul F. Morris, FASLA
Deputy Secretary for Transit

PFM/tv

cc: The Honorable John Woods, Mayor of Davidson, Chair
The Honorable Jeff Tarte, Mayor of Cornelius
The Honorable Jill Swain, Mayor of Huntersville
The Honorable Anthony Foxx, Mayor of Charlotte
The Honorable Harold Cogdell Jr., Mecklenburg County Commissioner, Chair
The Honorable Bill Thunberg, Lake Norman Transportation Commission
The Honorable Miles Atkins, Mayor of Mooresville
Carolyn Flowers, CATS Chief Executive Officer

John Edwards, Norfolk Southern – Response on 03-14-2012

Thank you for the opportunity to review and comment on the Minutes for the latest Red Line Task Force meeting. This also serves to respond to the email of March 7 from Paul Morris and Mayor Woods.

In review of those minutes, I noted a report asserting that an infrastructure and operations study would be completed in the spring and summer of 2012. Unfortunately, that is simply not logistically possible. As I noted in my email of February 22, 2012 to the Task Force, Norfolk Southern would be pleased to meet later this spring or summer should the Red Line Task Force decide to proceed with such an infrastructure and operations study. Any study conducted by Norfolk Southern to introduce commuter rail to the O Line would involve a significant effort from all sides, i.e., formulating a study outline, precepts for that study, determination as to the human and financial resources to devote to the conduct of the study, etc. After we have formulated the foundations for such a study, the study itself would take an additional several months or more to be performed. Often this type of study is a multi-year effort. It certainly is not one to begin lightly, and such a study can be fairly expensive for the communities to undertake. Once all involved know what the acceptable infrastructure, operational plan, and capital and operational costs might be, it is then that we can turn to determining whether a proposal for the commuter service along this corridor may be acceptable to Norfolk Southern and the affected communities.

I hope this provides further clarification.

John Edwards