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INFORMATION:

Continued Budget Discussions: Specially Called Meeting and Amending the Council Calendar

Staff Resource: Kim Eagle, Management & Finance Services, 704-336-3700, keagle@charlottenc.gov

At the April 17, 2015 Budget Workshop, Council requested additional meetings to discuss the FY2016 & FY2017 budgets. Staff has checked with Council calendars and space availability, and identified the following meetings and dates:

Specially Called Meeting

The Mayor has called a special meeting of the City Council for Wednesday, May 6 at 2:00 p.m. in Room 267 of the Charlotte-Mecklenburg Government Center to discuss the City Manager's May 4 Budget Recommendations.

The Mayor's "Special Meeting" Memo is attached.



Mayor's memo.pdf

Amended Council Calendar

At the May 4 Council Workshop meeting, prior to the City Manager's 7:00 p.m. Recommended Budget presentation, Council will be asked to amend the "City Council Regular and Budget Meeting Schedule" related to the following two meetings:

- Add a Budget Workshop on May 18 at 2:00 p.m. in Room 267; and
- Move the Budget Adjustments/Straw Votes meeting from May 27 to May 26 at 3:00 p.m. in Room CH-14.

Update on Assessed Values and the Revaluation Review

Staff Resources: Randy Harrington, Management & Financial Services, 704-336-5013,

rjharrington@charlottenc.gov

Robert Campbell, Management & Financial Services-Finance Office, 704-336-7905,

rcampbell@charlottenc.gov

On April 28, 2015, the City received information from the Mecklenburg County Office of the Tax Assessor regarding an update on assessed values and the revaluation review. The updates are as follows:

1. **Additional One-Time Revenues** – New property discoveries and increased bills from the Revaluation Review will result in a one-time additional revenue (on unpaid taxes from 2011-2014) to the City between \$8.1 million – \$11.3 million.
2. **City Property Tax Refunds Obligation** – The Tax Assessor now estimates that there is approximately \$16.2 million in remaining property tax refunds yet to be issued for the City from the revaluation review. To date, the City has paid approximately \$12.8

million. In other words, the revised, estimated refund obligation for the City is \$29 million. Based on original refund estimates, the City set aside \$17.1 million for refund payments. Staff is analyzing refund data to confirm what additional refund reserve is required to meet the remaining refund obligation. Preliminary review indicates that all of the one-time revenue identified above in #1 will be needed to fund the additional refund obligation.

3. **Additional Assessed Valuation for FY2016 Base Budget** – The Tax Assessor’s Office has continued to analyze and refine their estimation since providing the City initial assessed values in March. The Tax Assessor’s Office now projects an increase in City base valuation to \$91,992,101,515 (an increase of approximately \$169 million in value from the March projection). This increase translates into a \$0.6 million property tax revenue increase for the General Fund in FY2016. This additional, ongoing revenue will be applied to the City Manager’s recommended budget.

The attached memo from the Tax Assessor’s Office provides additional information.



Memo-4-27-15 FY16
Update.pdf

May 3 – City to Conduct Emergency Exercise for CityLYNX Gold Line Streetcar

Staff Resource: Tonia Wimberly, E&PM, 704-353-1931, twimberly@charlottenc.gov

On Sunday, May 3, a full-scale emergency exercise with the CityLYNX Gold Line vehicle will be conducted at the intersection of Hawthorne Lane and Elizabeth Avenue. Engineering & Property Management will work with Charlotte Area Transit System, Charlotte-Mecklenburg Police Department, Charlotte Department of Transportation, Charlotte Fire, MEDIC and outside agencies to help each group prepare for emergency situations involving the streetcar. The intersection will close for the exercise at 6 a.m. and reopen at 12 noon.

Airport Runway 18L Repairs

Staff Resource: Jack Christine, Aviation, 704-359-4932, jlchristine@cltairport.com

Repair work on Runway 18L/36R at Charlotte Douglas International Airport will take place Wednesday, April 29 – Tuesday, June 30. Crews will be rehabilitating the runway’s asphalt pavement to extend the useful life of the airstrip.

Runway 18L/36R will remain operational; however, it will be closed nightly, weather permitting, between 10 p.m. and 7 a.m. for paving by the contractor, Cedar Peaks Enterprises, Inc. The runway’s regular closure hours are 11 p.m. – 5 a.m.

As a result of the repair work, the Airport’s two other runways (18R/36L and 18C/36C) will solely be used for landings and departures between 5 a.m. – 7 a.m. and 10 p.m. – 11 p.m. through the end of June.

Runway 18R/36L is primarily used for arriving aircraft only. Residents southwest and northwest of the Airport, including those in York, Gaston and Lincoln counties, may experience additional noise due to this temporary change in operations.

Centerline lighting down the runway also will be replaced as part of the \$5.4 million project. The majority of the repair work is being funded through a grant from the Federal Aviation Administration.

CLT uses Runway 18L/36R for both arrivals and departures. It is a 77 year old asphalt runway that opened in 1938. It is CLT's easternmost runway. Typically, useful life for asphalt is 10 to 15 years. Runway 18L/36R was last repaved approximately 10 years ago.

Brown's Cove Remediation Agreement and Release

Staff Resources: Rob Phocas, NBS, 704-336-7558, rphocas@charlottenc.gov

Karen Weatherly, City Attorney's Office, 704-336-5878, kweatherly@charlottenc.gov

In April 2013, at a City Council dinner briefing, staff presented an overview of the history of sedimentation in Brown's Cove on Lake Wylie, and efforts that had been taken to date to pay for and remove this sedimentation. After the presentation, Council requested staff work with the various stakeholders/developers and regulatory entities to try and reach a mutually acceptable remedy. Several of the stakeholders are City departments: Aviation, Engineering & Property Management, and Charlotte Water.

Since that time, City staff has worked with Mecklenburg County staff, the Mecklenburg Soil and Water Conservation District (the District), private stakeholders, the NC Department of Environment and Natural Resources, and Brown's Cove residents to reach a solution. With the help of legal counsel hired by the Brown's Cove residents, an agreement has been reached that will allow Brown's Cove to be dredged.

In summary, the stakeholders have agreed to the following remedy in the draft Remediation Agreement and Release:

- Dredge Brown's Cove after the Brown's Cove residents obtain the necessary permits and approvals to perform the work and dispose of the material;
- Pay for the approximately \$498,000 dredging with contributions from both public and private entities that may have contributed to sedimentation in Brown's Cove. Three City departments will be contributing the following amounts: Airport - \$190,227.22; E&PM - \$42,025.51; and Charlotte Water - \$3,989.95;
- Utilize a NC Department of Environment and Natural Resources grant to reimburse the paying parties 25% of their contribution to the dredging; and
- Release stakeholders from any liability related to the dredging and sedimentation in Brown's Cove that may have occurred between January 1, 2003, and December 31, 2012.

Once approved and executed, this agreement will settle all possible claims related to sedimentation that may have occurred as a result of land-disturbing activities in Brown's Cove from January 1, 2003, to December 31, 2012. City Council will be asked to approve the agreement at an upcoming Council meeting.

Update on Courtyard by Marriott (9110 Harris Corners Parkway)

Staff Resource: Ben Krise, NBS, 704-336-2485, bkrise@charlottenc.gov

Due to multiple inspection failures, construction on the Courtyard by Marriott at 9110 Harris Corners Parkway, which began in 2012, was halted in 2013. The permits were nullified and a Non-Residential Building Code inspection was conducted on October 20, 2014 after concerns were raised regarding the safety and security of the structure. At that time, City staff was notified of pending litigation between the contractor and the hotel, Atlas Hospitality/MJM Group. Atlas/MJM has responded to all requests to secure the building and maintain the property.

A tax revaluation was conducted on the property at the owner's request, and the building value was reduced by \$3.7 million to a value of \$62,800. Due to the substantial change in the building's value and deterioration of the structure, a new Non-Residential Building Code case has been initiated to address the current violations. An inspection took place on Wednesday, April 8, and a new complaint and Notice of Hearing have been issued. Staff also has learned that the depositions are occurring over the next several weeks with arbitration scheduled for late May.

MJM Group has expressed their desire to demolish the structure and resolve all outstanding Non-Residential Building Code violations.

USDOT TIGER VII Grant Application

Staff Resource: Olaf Kinard, CATS, 704-336-2275, kkinard@charlottenc.gov

USDOT recently announced that \$500 million will be made available for transportation projects across the country under a seventh round of the USDOT's Transportation Investment Generating Economic Recovery (TIGER) competitive grant program. TIGER 2015 discretionary grants will fund capital investments in surface transportation infrastructure and will be awarded on a competitive basis to shovel ready projects that will have a significant impact on the nation, a region, or metropolitan area.

City staff has reviewed projects with available funding and will be submitting an application for a Charlotte Regional Multi-Modal Fare Collection System for the Charlotte Area Transit System (CATS) in the amount of \$13,500,000. The grant requires a 20% match which will be funded through the transit program.

The Charlotte Regional Multi-Modal Fare Collection System is a comprehensive program designed to implement a state-of-the-art fare collection and mobility payment system that not

only increases the efficiency and attractiveness of current and future transit services for all customers, but also advances key community efforts to increase financial literacy through unique partnerships with financial and non-profit institutions for customers that are unbanked or underbanked. If awarded, the grant will provide new technology features that include contactless, smartcard and mobile payment options along with traditional magnetic and cash forms of payment. These new technologies will allow CATS to expand and enhance its payment packaging efforts to create more flexible options for the public, universities, non-profit organizations, and the public while decreasing costs associated with fare collection across the system.

CATS submitted this project last year for the TIGER grant program and the project made it to the final round but eventually was not funded. Staff conducted a briefing with the staff from the Federal Transit Administration to better understand how to strengthen the application. Those suggestions are being incorporated into the application for this year. The pre-application is due May 1, 2015 and the final application is due June 6, 2015. Staff will submit an RCA for Council's approval of the grand application prior to the June 6, 2015 deadline.



CHARLOTTE

**MAYOR'S OFFICE
M E M O R A N D U M**

April 28, 2015

TO: Charlotte City Council

FROM: Mayor Dan Clodfelter

SUBJECT: Special Meeting

Pursuant to Sec. 3.02 of the Charlotte Charter, I have called a special meeting of the Charlotte City Council for Wednesday, May 6th at 2:00 p.m. in Room 267 of the Charlotte Mecklenburg Government Center, 600 E. Fourth Street, Charlotte, North Carolina. The purpose of this meeting is to conduct a workshop on the City Manager's May 4th budget recommendations.

cc: Ron Carlee, City Manager
Bob Hagemann, City Attorney
Stephanie Kelly, City Clerk
Corporate Communications



MECKLENBURG COUNTY
Office of the Assessor

Date: April 28, 2015

To: Ron Carlee, Manager, City of Charlotte
Randy Harrington, Chief Financial Officer, City of Charlotte

From: Kenneth L Joyner, RES, AAS, Assessor

CC: Dena Diorio, Manager, Mecklenburg County
Mark Foster, Assistant County Manager, Mecklenburg County

Subject: Update on Assessed Values and the Revaluation Review

As budget season continues to progress, I want to update the City of Charlotte on a few key items.

The first item of interest is on discoveries or increase bills resulting from the Revaluation Review. As you know, the Revaluation Review project required Pearson Appraisal Service to provide a new value on all parcels in Mecklenburg County. When the recommended value for a parcel increased in value, the county will bill that parcel for each year it saw an increase in value (potentially 2011-2014). The expected one-time additional revenue for the City of Charlotte is between \$8.1 million - \$11.3 million. The range in value is due to a few factors. To provide a better understand of these factors, let me first explain some additional “pending” legislation dealing with the Revaluation Review.

When the first round of bills resulting from values that were increased as part of the Revaluation Review were mailed last fall there was lots of media coverage on the fact that the legislation held a current owner that did not own the property back to 2011 responsible for all years. The date that interest begins was also widely discussed. With those facts in mind the North Carolina Senate has approved a bill to clarify the process. Under the proposed legislation, the current owner is only responsible for years that they were the January 1st owner. Prior years are billed to the previous owner. Those bills, mailed to prior year owners, will not place a lien on the property, taking away one of the more reliable collection remedies. Also all increase bills, under the Revaluation Review, will now become due this coming September 1st. Therefore any interest collected to date, on the bills mailed last year, will need to be refunded and interest charged, on bills still unpaid, would need to be removed from the bill. In addition the Senate added another change that at the taxpayer’s discretion, they can set up a payment plan for up to 60 months. If

they meet the payment plan arrangement, no interest is charged over the life of the payment plan.

Due to these bill amendments, I have broken the discoveries into 3 categories. The categories are, parcels with the same owner for all years and not under appeal, and parcels under appeal, parcels with ownership changes. Refer to the chart provided to Mr. Harrington for details. Because the amendment makes the payment plan at the discretion of the taxpayer, it will be difficult to determine the timing of these payments. It is also important to note that this is a one-time revenue source.

The second item of interest is the total amount of remaining refunds. After researching this issue we believe there is approximately \$16.2 million in remaining refunds. To date the City of Charlotte has paid approximately \$12.8 million. We expect to process and mail an additional \$6,569,415 (\$5,694,619 off the 16.2 million total with \$943,364 in interest) by June 30th, 2015.

The third and final item of interest is an update on the assessed values for FY16. Since providing the City of Charlotte their initial values in early March, CAO staff has continued to refine the process, especially looking at the potential appeal loss. Based upon our most recent analysis I estimate the FY16 estimate to be \$91,992,101,515. This is an increase of approximately \$169 million. Please refer to the detail breakout provided to Mr. Harrington for specific values.

If I can be of further assistance on this or any other property tax matter, please let me know.