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AGENDA NOTES:

Agenda Item #19 – Authorization of Water Sewer Revenue Bonds

Staff Resources: Barry Gullet, Charlotte Water, 704-336-4931, bgullet@charlottenc.gov

Robert Campbell, Management & Financial Services, 704-336-7905, rcampbell@charlottenc.gov

At Monday's meeting, City Council will be asked to approve the re-authorization of a \$180 million construction period financing plan for Charlotte Water Community Investment Projects. These projects support community growth and economic development, maintenance of existing infrastructure, and regulatory requirements.

Construction Period Financing

Since 2004, the City has used construction period financing (short-term, interest-only, variable-rate notes) to pay the construction costs of Charlotte Water projects. Approximately every two years, the City exchanges the short-term construction period debt for long-term debt. At the July 27, 2015 business meeting, City Council approved the issuance of long-term debt covering projects constructed during FY2014 and FY2015.

The upcoming request to approve construction period financing will fund projects constructed in FY2016 and FY2017, with long-term debt expected to be issued in FY2018 to replace the construction period financing.

Projects to be funded were previously approved by Council as part of Charlotte Water's multi-year CIP and include:

- Dixie/Berryhill area water and sewer mains,
- Steele Creek sewer lift station replacement,
- McDowell basin trunk sewers,
- Clems Branch pump station improvements,
- Sugar Creek Wastewater Treatment Plant – Phase II, and
- McAlpine Creek Wastewater Treatment Plant improvements (final clarifier construction).

These projects support on-going growth and economic development, maintenance or replacement of aging pipes, pumps, and treatment process equipment needed to maintain service to existing customers, and to protect the environment.

Since the CIP is funded on a cash flow basis, work is already underway on some of these projects and is beginning on others. However, issuance of construction period financing is needed to continue work as planned in the most cost-effective manner. This financing is consistent with long-term financial planning and is included in estimating future water/sewer rate increases.

Rate Increase Projections

Based on updated projections, average annual rate increases are expected to be approximately 4.09% which is less than the 5.65% annual average projection expected during the FY 2016 budget preparation. Rate increase projections are lower due to more favorable financing terms and higher growth than previously predicted.

Current estimates of future annual rate increases (subject to Council approval) are as follows:

FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
4.05%	4.10%	4.11%	4.14%	4.20%	4.05%	4.0%

If Charlotte Water were to issue long term debt now to continue the financing of these projects, costs would be significantly higher for the next two years due to the need to make principal and interest payments on the full amount. With construction period financing, Charlotte Water only pays interest on the actual amounts spent until conversion to long term debt. Using long-term debt now would require a 7.8% rate increase in FY2017 instead of the 4.05% projected increase. This equates to approximately \$19.00 per year in savings for the typical customer over the next seven years.

INFORMATION:

2015 CATS Triennial Review

Staff Resource: John Muth, CATS, 704-336-3373, jmuth@charlottenc.gov

The Federal Transit Administration is required to perform reviews and evaluation of Urbanized Area Formula grant activities at least once every three years, i.e. Triennial Review. The review determines whether a grantee is administering Federal Transit Administration funded programs in accordance with federal transit law provisions. The review also provides a forward-looking assessment to CATS' risk in management and implementation of Federal Transit Administration grant programs.

FTA's site visit to the City of Charlotte's Charlotte Area Transit System occurred on August 12-14, 2015. The 2015 Triennial Review focused on CATS' compliance in 17 key areas including Financial Management & Capacity, Civil Rights & Legal, Procurement, American with Disabilities Act compliance, Safety & Security, Operations, Maintenance, Fares, and Drug and Alcohol programs. During the site visit, administrative and statutory requirements were discussed and documents were reviewed. CATS' maintenance facilities and amenities were visited to provide an overview of activities related to federally funded projects. And samples of financial and maintenance records for Federal Transit Administration-funded vehicles were examined.

The Federal Transit Administration's Preliminary Report indicated "No Deficiency" in all 17 areas under review. This is the second consecutive Triennial Review when CATS has received a "No Deficiency" report. With 17 major categories under comprehensive review, it is rare that the federal agency finds no deficiencies.

Club 935 Update

Staff Resource: Freda Lester, CMPD, 704-619-2140, llester@cmpd.org

Club 935 (935 South Summit Avenue) has been a repeat call for service location with acts of violence and property crimes attributed to the club in the surrounding business and residential areas. Complaints have ranged from loud music and litter, to gunshots and larcenies from autos. Multiple shootings at secondary locations have been linked to fights that occurred at Club 935. Currently the club owner, Adolph Shiver, is awaiting sentencing for federal money laundering charges. Sentencing is expected at the end of August 2015.

Charlotte-Mecklenburg Police Department's Metro Division and Alcoholic Beverage Control officers increased patrols in the area. Due to the numerous complaints about the safety of the area, CMPD met with Shiver in July and voiced its concerns. Additional meetings with business and residential groups were held in support to close the establishment.

Lead officers from CMPD ABC, Mecklenburg ABC, and several community groups worked together to gather information and testimony that was presented to the North Carolina Alcoholic Beverage Commission in Raleigh on Friday, August 14, 2015. The commission ruled that the liquor license would be suspended.

On Saturday August 15, 2015, Mecklenburg ABC officers pulled the permit from Club 935. The club did not open that Saturday and further operational status is unknown at this time.

August 31 – Solid Waste Services Partners with Walter G. Byers School

Staff Resource: Victoria O. Johnson, Solid Waste Services, 704-336-3410, vojohnson@charlottenc.gov

On Monday, August 31 at 10:30 a.m. Solid Waste Services will announce an educational partnership and \$25,000 donation with Waste Management for Walter G. Byers School. Waste Management, the City's new contractor for recyclables collection, provided the \$25,000 donation. The donation will be used to provide transportation to the Material Recovery Facility for the students at Walter G. Byers School to help them learn more about recycling and proper waste management. In addition, Solid Waste Services will offer presentations to students from Walter G. Byers School throughout the school year and host a six-session Life Skills Master Class for parents hosted by Solid Waste Director Victoria O. Johnson. The announcement will take place in the school's gym (1415 Hamilton Street). Council, the media, school officials, and community leaders are invited to attend.