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INFORMATION:

Application for Transportation Infrastructure Finance Innovation Act (TIFIA) Loan for Charlotte Area Transit System

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On March 25, 2013 City Council approved a financing plan for the CATS Blue Line Extension. The local share of the project is \$281 million, of which \$165 million is financed through long term debt to be issued in 2015. Since that time the Metropolitan Transit Commission (MTC), CATS and Finance staff have explored options for this financing including a loan from the U.S. Department of Transportation (DOT) under the Transportation Infrastructure Financing Innovation Act (TIFIA). The federal TIFIA program provides credit assistance for qualified projects of regional and national significance. Many large-scale, surface transportation projects -highway, transit, railroad, intermodal freight, and port access- are eligible for assistance. Eligible applicants include state and local governments, transit agencies, railroad companies, special authorities, special districts, and private entities.

A TIFIA loan is directly funded from the Federal Government and provides low, long term fixed interest rates, repayment flexibility, and less interest rate risk than a traditional financing in the public markets. The City will follow statutorily required protocols for debt financing in North Carolina but can still benefit from the various elements of the program that make it less costly and risky.

Application for a TIFIA loan is a multistep process which starts with a Letter of Interest that is reviewed by the TIFIA Office for eligibility and creditworthiness. CATS and Finance staff are currently working with the City's financial advisors to complete the Letter of Interest for submission to the U.S Department of Transportation by 12/31/2014. The City anticipates receiving notification of its application status by the spring of 2015. If awarded, staff will seek Council approval to execute the loan agreement when the funding is needed.

Proceeds from Full Funding Grant Agreement as well as short term debt are currently funding the construction of the Blue Line Extension.

Charlotte-Mecklenburg Utility Department (CMUD) Billing Cycle Alignment Project

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Each month more than 250,000 water and sewer accounts are billed in 19 billing cycles. The scattered distribution of the current billing cycles evolved over years of rapid growth. Consequently, two-thirds of accounts have gaps of an average of 22 days between meter reading and billing. The [attached fact sheet](#) contains a map of the current billing cycle geography.

Starting March 2015 and finishing by May 2015, CMUD will realign the billing cycles into 17 cycles whose boundaries are more efficiently defined by thoroughfares, neighborhood

boundaries and townships. The realignment of cycle boundaries allows CMUD to significantly reduce the gap between meter reading and billing to around eight days.

Not only will the customer benefit by being able to raise and address usage questions in a more timely fashion and thereby identifying any leaks sooner, but CMUD will benefit through workload stabilization, leak write-off reductions and operational efficiency.

Customers may notice a change in their meter reading date as well as a new bill due date. However, customers will not see a high bill as a result of this project. For some customers, the new timing of bills in March and April may seem unusual. A multi-pronged communication plan will be implemented in January ahead of the project to prepare customers for the realignment and provide resources as needed.

The [attached fact sheet](#) provides additional information on the billing cycle alignment project. Staff will brief Council in early spring.

ATTACHMENTS:

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[September 22 Governance and Accountability Committee Summary](#)