*Council-Manager Memo #75*
*Wednesday, October 14, 2015*

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--Housing Diversity/City Partnership with North Carolina Housing Finance Agency
--Proximity of Housing Trust Fund Developments to Job Centers
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# INFORMATION:

**Update on Management Partners Charlotte Fire Department Report Recommendations**
*Staff Resource: Ann Wall, City Manager's Office, 704-225-3187, awall@charlottenc.gov*

In response to the recommendations in Management Partners' review of Charlotte Fire Department (CFD), CFD created launched an improvement plan in June. Item one in the plan focused on Employee Work-Team Development; this memo is an update on that process.

All CFD employees were invited to participate in one of four project teams, each based on specific recommendations from the report: workload and accountability, disciplinary policies and procedures, organizational culture and communication, training and succession planning. 59 employees are now participating. Participants attended training on September 11 that outlined expectations and gave guidelines on how to hold productive meetings.

Each work team is tasked with creating a proposal to implement each of Management Partners' recommendations within CFD. The teams are currently in the heart of their work.

CFD wants every member of the department to know how this process is working. In the coming weeks, each project team will provide a brief update on their progress that will be shared with the entire department.

**FMLA Leave for City Employees**
*Staff Resource: Sheila Simpson, Human Resources, 704-336-6004, ssimpson@charlottenc.gov*

This memo is in response to inquiries about whether the City provides maternity leave for new mothers. The City of Charlotte grants Family Medical Leave (FMLA) to eligible city employees which can be used to cover:

- an employee's medical treatment related to pregnancy;
- the birth, adoption or placement of a child, or;
- a serious health condition of an employee or an employee's covered family member.

Although FMLA grants up to 12 work weeks of unpaid leave, the City of Charlotte allows use of accrued paid leave to supplement time away from work to lessen the financial burden. At any time a need for FMLA arises, employees should contact the Human Resources staff person in their department or contact City Human Resources for assistance.

FMLA applies to both mothers and fathers.

In addition, the City of Charlotte grants Military-FMLA coverage for certain military events including activities associated with the active-duty deployment of a city employee's family member serving in the military, and/or to enable employees the ability to provide care for service members or veterans injured in the line of duty.

**Advisory Boards and Commissions Board Management Software**
*Staff Resource: Stephanie Kelly, City Clerk's Office, 704-336-4515, sckelly@charlottenc.gov*

At the September meeting of the Governance and Accountability Committee, the City Clerk's Office gave a brief overview and demonstration of the new board management software application and website. Council members and City staff, including support staff for all the advisory boards, now have immediate access to board applications, board rosters, various reports (i.e. expiring terms, vacancies, etc.) and certain demographical information of all applicants. The public also has immediate and easy access to certain information related to City advisory boards as well as an easier online board application. Attached below is the PowerPoint Presentation given at the meeting.

Clerk staff will be happy to arrange a one-on-one demonstration of the new site for all interested Council members. In addition, Clerk staff will arrange a demonstration of the new site with the Council Team staff. Please contact Khadya Hale (704-336-7494), Emily Kunze (704-336-4516) or Stephanie Kelly with any questions or for assistance with running reports.

City Clerk Final 1.pdf

**Follow-Up on *Charlotte Observer* Article - Seigle Point**
*Staff Resources: Pamela Wideman, NBS, 704-336-3488, pwideman@charlottenc.gov*

The October 13, 2015, *Charlotte Observer* included an article on the Seigle Point, a mixed-income housing community, formerly Piedmont Courts. The *Observer* article focused on 20 townhome style homeownership units. No local Housing Trust Fund dollars were used to construct these homes.

In 2004, the Charlotte Housing Authority was awarded a $20 million HOPE VI grant to redevelop Piedmont Courts. CHA subsequently changed the name to Seigle Point. Local leverage was required to win the federal HOPE VI award; therefore the City contributed $12.9 million to assist with the acquisition of land, required infrastructure improvements, and the construction of 264 new, multi-family rental housing units, serving households earning 60% ($40,320) and below the area median income.

As explained in the article, the Charlotte Housing Authority contracted with Grubb Properties who subsequently hired Carocon to develop both the townhomes and the traditional multi-family rental housing units. To date, there have been no complaints about the traditional multi-family rental housing units.

Seigle Point is located in the Belmont neighborhood, previously one of Charlotte's most distressed neighborhoods. Over the years, the City has spent considerable time, energy, and resources to address the physical and social decline that plagued this neighborhood for decades.

Due to the City's partnership in the redevelopment of Seigle Point, coupled with consistent and intentional revitalization efforts, the quality of life has significantly improved. Today, the Belmont neighborhood is an attractive place for newcomers and new investment. Over the past decade, violent crime has significantly decreased. From 2010 to 2015 as a result of market rate activity, 99 housing units were renovated and 30 new single-family homes were built. Additionally, there were 54 single-family home sales, with a 20% increase in median sales price per square foot.

## ATTACHMENTS:

City Council Follow-Up Report

14--October (1).pdf

--Community Investment Plan (CIP) Innovation Corridor Job Creation
--Housing Diversity/City Partnership with North Carolina Housing Finance Agency
--Proximity of Housing Trust Fund Developments to Job Centers

September 28 Budget Committee Summary

Budget Committee September 28 Summa

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# Boards and Commissions

New Board Management Software Application and Website

September 28, 2015

Governance & Accountability Committee
Council members Howard (Chair), Mayfield (Vice Chair), Autry, Kinsey, and Phipps

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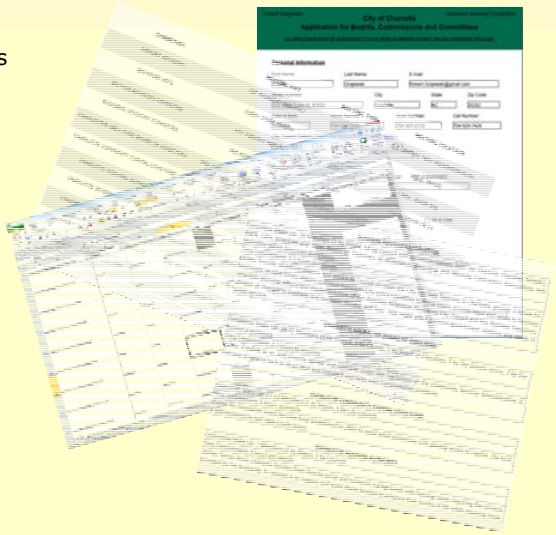
## How We Got Here

We needed a solution to simplify and streamline the appointments process

- Old, manual, paper intensive and time-consuming processes
- Data stored in many places
- Duplication of data entry
- Tracking performed in various disconnected spreadsheets
- Board data not accessible to Council, staff and public





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## Granicus Solution

- In February 2014, Granicus introduced its new web-based Boards & Commissions application.
- In 2015, with the acquisition of the Granicus Legistar application for the City's Agenda Automation solution, the Boards & Commissions software application was acquired at NO COST!
- City Clerk's Office launched the new public website on June 23, 2015.

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## Granicus' Boards & Commissions Software Application

**HIGHLIGHTS**

- New tools for managing applications, board rosters, vacancies and workflows.
- Increased transparency–public listings of board rosters, details and vacancies
- Customizable online application, with board specific questions
- Demographics dashboard and reporting
- Saves time and labor
- Generates cost-savings with a paperless strategy
- Enhanced tools for Council and staff



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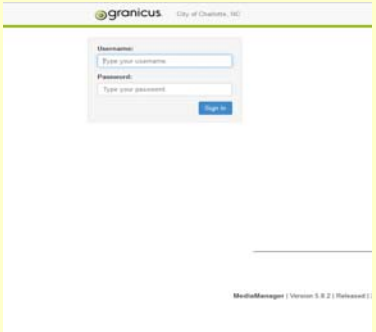
## Access New Tools and Resources

**Just Sign In!**

1. https://charlottenc.granicus.com
2. Same log in and password as iLegislate
3. Select Boards and Commissions from "Apps"



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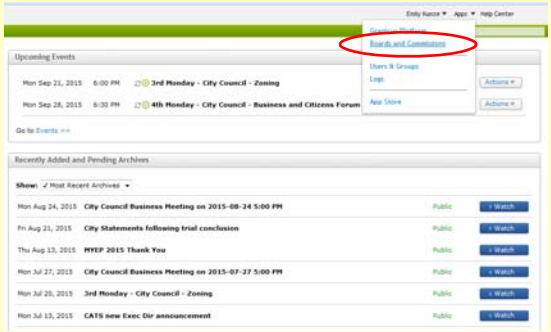

Video

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## Dashboard

The Dashboard screen is the first screen you see when you sign in.

**Enhanced Tracking & Reporting**

- Boards, Seats, Applications
- Gender
- Political Party
- Ethnicity
- Districts
- Expiring Terms
- Reports of vacancies, boards, members, demographics
- Help tools



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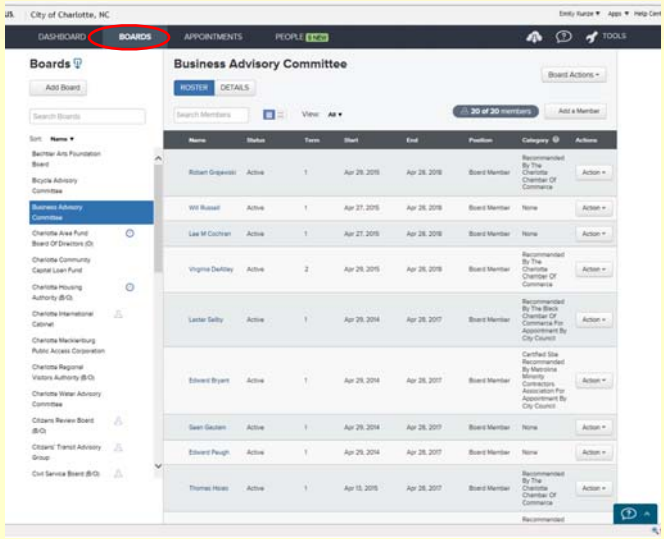
## Boards Tab

View board details, members rosters and run reports

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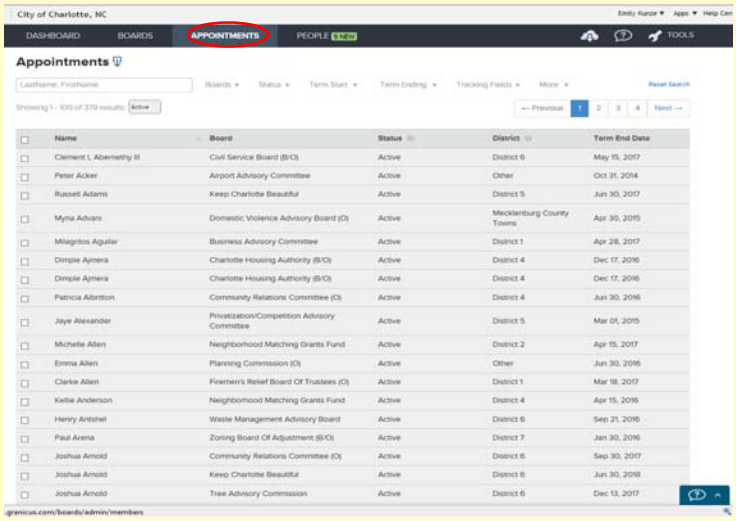
## Appointments Tab

View member details and run reports



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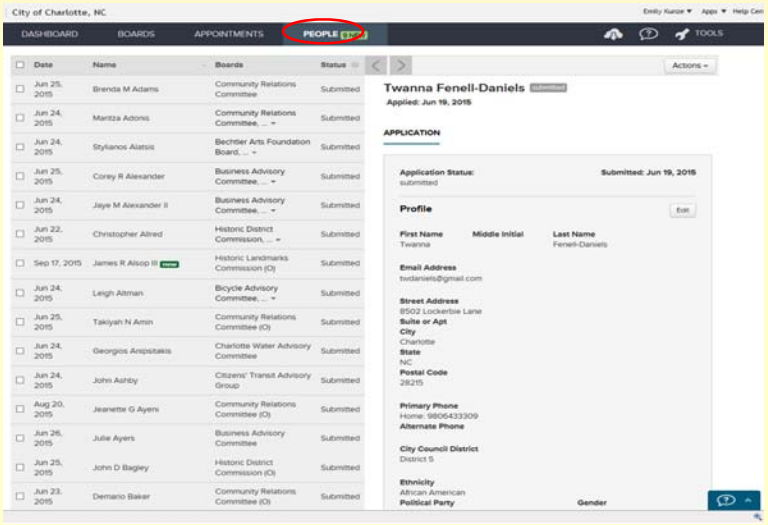
## People Tab

View applicant details and run reports

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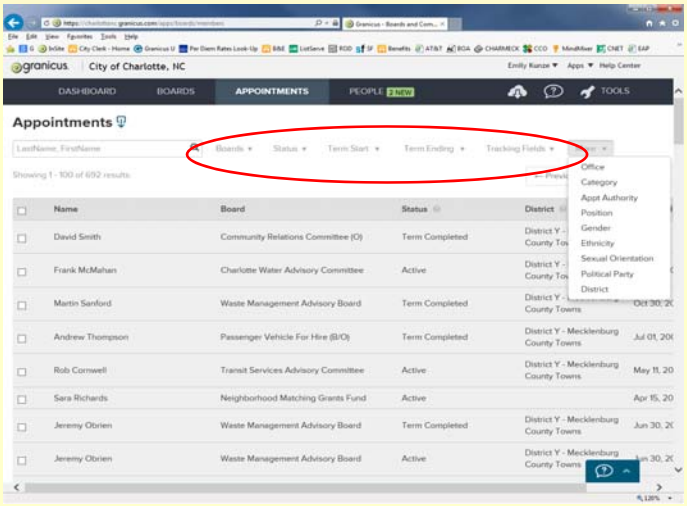
## Filtering and Sorting Data

**Features robust searching, filtering and sorting from the Appointments and People tabs.**

Filter and sort data by board, status, term dates, office, appointing authority, position, district, gender, political party and more.



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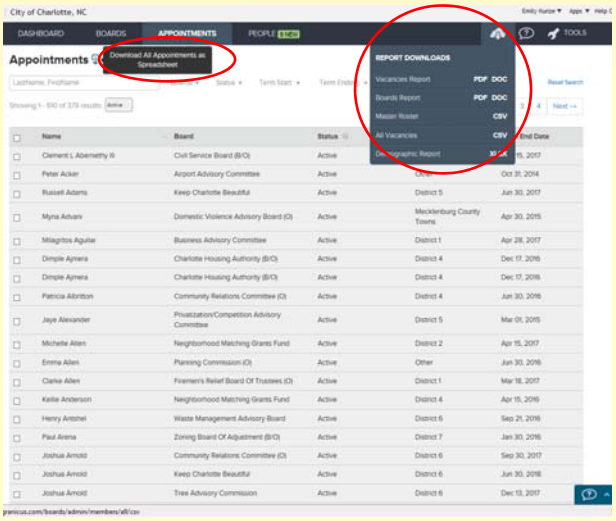
## PDF and Spreadsheet Reports




- Board Details
- Board Roster
- Download all boards
- Download all members
- Download all applicants
- Vacancies Reports
- Master Roster
- Create Board Packets
- Demographics

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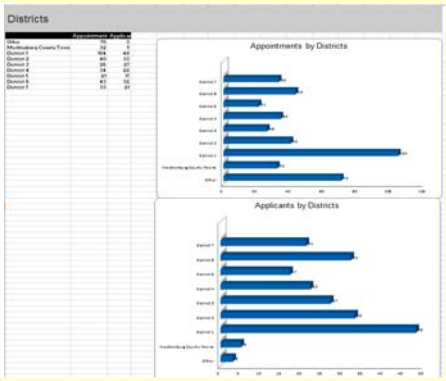
## Examples of Reports

Appointees and Applicants by Ethnicity

Appointees and Applicants by District



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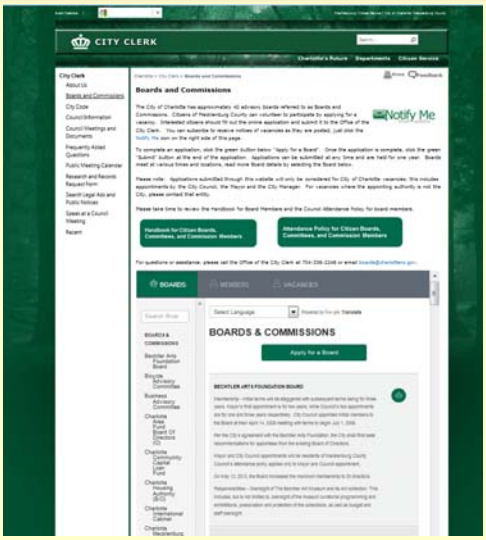
## New Public Facing Web Page



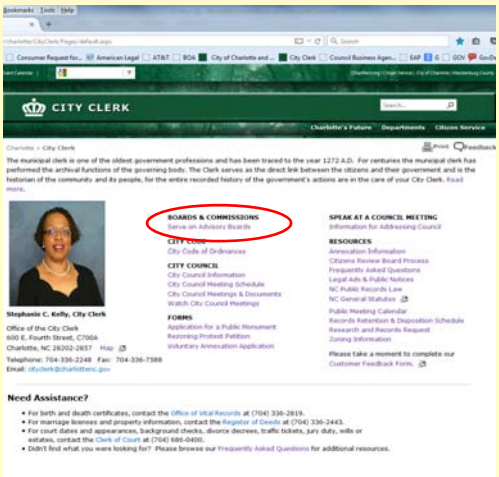

**HIGHLIGHTS**

- Detailed board and member roster information
- All board information available in one place
- Great search tools
- Very easy to apply
- Seamless integration with current website
- More data is available to the public, staff and Council

## Access the New Boards Web Page

Access the page through the City Clerk's web page.

Charmeck.org → Departments → City Clerk



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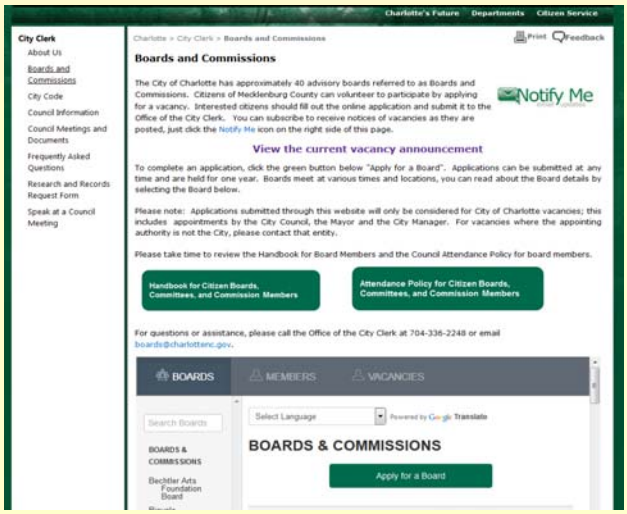
## Navigating the New Web Page

- Introduction and instructions
- Current Vacancy Notice
- Notify Me (3,227 subscribers)
- Handbook
- Attendance Policy
- New easy email address
- Very easy to apply!

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## New Features

**Boards Tab**

- Easy Search Tool
- Board Descriptions and Details
- Detailed Member Rosters

**Members Tab**

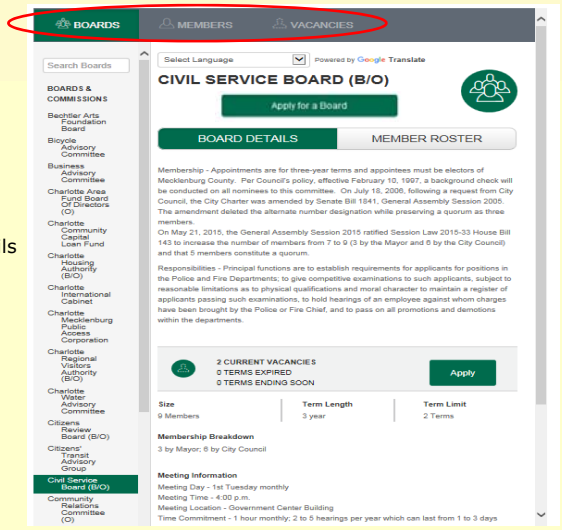
- Current board members and details

**Vacancies Tab**

- See upcoming vacancies

**Other Features**

- Translate to Spanish or French
- Easy to apply online

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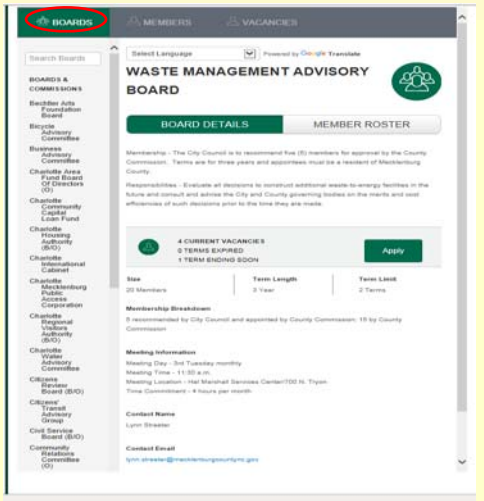
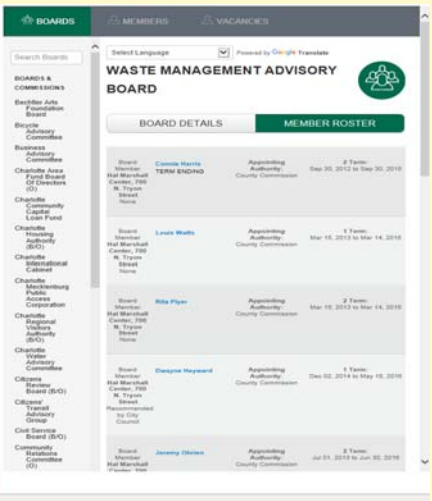
## Boards

On the Boards tab you can see a detailed view of the Board and its membership. All information in the same place: board description, size, term lengths, membership breakdown, member roster, meeting information and time commitments and staff advisor information.

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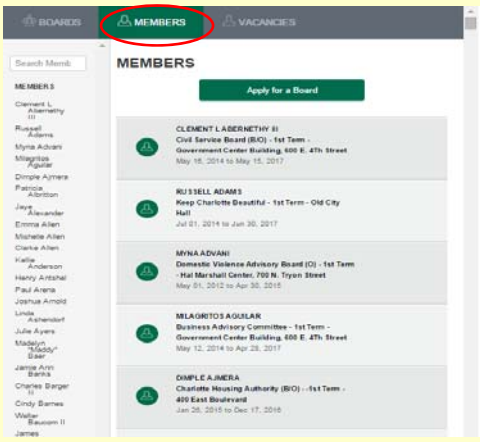
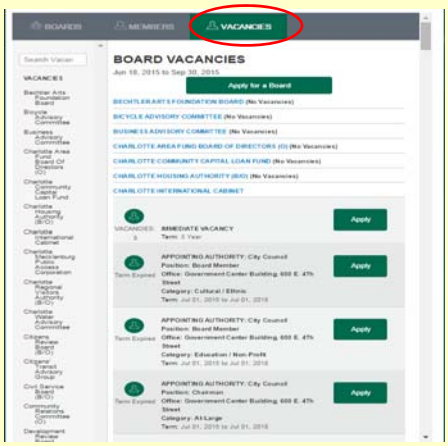
## Members and Vacancies

View all active board members; details include member name, the board he or she is serving on, current term, term dates, and historical data.

The Vacancies tab displays a list of boards and their vacancies & it is easy to apply!



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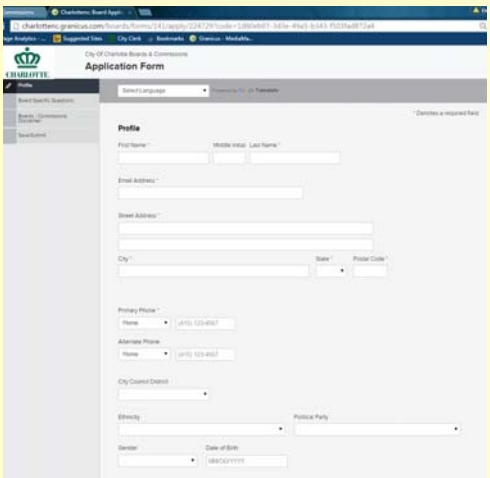
## New Online Application

- Clean format, easy to navigate
- Can apply to multiple boards at one time
- Easily translate application into Spanish or French
- System has automatic email reminders
- Ability to customize application to our needs
- Ability to add board specific questions
- Automates compilation of applicant data

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## Conclusion

- Information and a summary of this presentation will be provided in an upcoming Council-Manager Memo.
- We will offer to provide a one-on-one demonstration for all interested Councilmembers.
- We will arrange a demonstration of the new site with the Council Team.
- The City Clerk's Office is willing to answer questions and/or pull reports.
- Khadya Hale, Boards & Commissions Clerk can be reached at 704-336-7494.
- Email: boards@charlottenc.gov
- Questions???

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# City Council
# Follow-Up Report

## October 14, 2015

**October 5, 2015 – Council Workshop**

**Community Investment Plan (CIP) Innovation Corridor Job Creation**
*Staff Resource: Todd DeLong, NBS, 704-432-2989, tdelong@charlottenc.gov*

At the workshop, Council inquired about the job creation goals of the Community Investment Plan projects along N. Tryon St./Innovation Corridor.

In March 2013, the City engaged Gallis and Associates to prepare an analysis that summarizes the key benefits and economic impact of CIP and connection projects throughout the city. The Gallis report combined the North End of the Applied Innovation Corridor with other projects within the Northeast Corridor. While the report did attempt breaking down the economic impact by public investment (e.g. I-85 bridges, Cross Charlotte Trail, Applied Innovation Corridor, etc.) it did not specifically estimate the direct jobs generated by the capital investment associated with the Applied Innovation Corridor. As summarized on page 12 of the attached document, the Gallis Report estimated 567 direct jobs could be generated by $28 million invested into the Applied Innovation Corridor and $10 million invested in the UNCC Informatics program. The overwhelming majority of the approximate 570 jobs created would be the result of the investment associated with the Applied Innovation Corridor.

Michael Gallis report.pdf

**Housing Diversity/City Partnership with North Carolina Housing Finance Agency**
*Staff Resource: Pam Wideman, NBS, 704-336-3488, pwideman@charlottenc.gov*

During the workshop's CIP discussion, Council asked about the status of the City's partnership with the NC Housing Finance Agency, and what the City was doing to increase housing diversity.

*Background*
Since the implementation of the City of Charlotte's Housing Trust Fund in 2002, the City has partnered with the North Carolina Housing Finance Agency to assist affordable housing developers in securing local, state and federal funding to develop affordable housing in the City of Charlotte. Due to the excessive need for affordable housing throughout North Carolina, the award of Low-Income Housing Tax Credits is an extremely competitive process and requires a local leverage of the City's Housing Trust Fund dollars.

In order to help local affordable housing developers secure Low-Income Housing Tax Credits, each year the City of Charlotte releases a Request for Proposals to affordable housing developers to provide gap financing

from the local Housing Trust Fund. With City Council's approval of Housing Trust Fund awards, local dollars are then leveraged with state and federal dollars to secure the award of Low-Income Housing Tax Credits. This funding then makes it possible to construct new, quality affordable housing.

*Recent Actions*

In 2014, the North Carolina Housing Finance Agency made a decision to decrease funding to developers from medium and large size cities, including Charlotte, Raleigh and Greensboro. The decrease in funding accounted for approximately 8-12% of the total development cost, which Charlotte developers are no longer eligible. This decrease was an attempt by the State to recognize the shortage of funding in smaller, rural North Carolina communities and a method for dispersing more money to those communities.

However In 2015, due to the decrease in funding, the City of Charlotte revised its Housing Trust Fund allocation strategy, which enabled a significantly higher yield of Low-Income Housing Tax Credit Awards in Charlotte. The revised allocation strategy resulted in the award of four new developments in the City of Charlotte or 387 new units of affordable housing. This recent award represents a substantial increase over previous years.

The following table illustrates how the new strategy yielded a higher number of developments than previous years.

| Application Year | Number of Developments Funded |
|---|---|
| 2010 | 1 |
| 2011 | 5 |
| 2012 | 2 |
| 2013 | 1 |
| 2014 | 1 |
| 2015 | 4 |
| **Total** | **14** |

*Actions to Consider for Expanding the City's Supply of Diverse Housing*

In order to continue expanding the City's supply of affordable housing and to remain competitive in the award of Low-Income Housing Tax Credits from the North Carolina Housing Finance Agency, the City needs to continue:

- Partnering with public and private sectors to produce quality affordable housing throughout the city.
- Working with residents to better understand the importance of creating mixed-income communities.
- Addressing issues through collaboration and leveraging funds.
- Understanding the North Carolina Housing Finance Agency's criteria and providing input to achieve alignment with local goals.

**Proximity of Housing Trust Fund Developments to Job Centers**

*Staff Resource: Pam Wideman, NBS, 704-336-3488, pwideman@charlottenc.gov*

During the housing discussion, Council made a further inquiry about the proximity of Housing Trust Fund developments to job centers. A map displaying this information is attached. Transit lines are depicted on the map, though they are difficult to read.

2015HTF_bus_jobs20151008.pdf

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## Proposed General Capital Investment Plan (CIP)

# Demand Impact Analysis

## A Market-Based Approach

**March 2013**


MICHAEL GALLIS & ASSOCIATES

Kimley-Horn and Associates, Inc.

KEITH HENRICHS & ASSOCIATES, INC.
CONSULTANTS IN STRATEGIC PLANNING

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# Executive Summary

**The proposed General Capital Investment Plan's goals** are to support job growth, economic development and improve access to job centers; broaden the City's tax base; improve mobility through transportation investments; and strengthen communities. The goals of the proposed five-year General CIP program are further defined in the three interrelated themes below:

1. **Investing in Corridors**
   Promote economic development, expansion and job creation; improve linkage across the City; and provide a platform for greater social mobility and environmental enhancements.

2. **Increasing Connections**
   Provide greater access to business and job locations, while increasing the performance of the highway and arterial grid through road projects, streetcar extension and infrastructure improvements; provide greater access and mobility for residents; and improve streetscapes.

3. **Improving Communities**
   Sustain and improve neighborhood quality and property values; better connect neighborhoods to goods and services; meet quality of life needs; and address affordable housing.

In January, 2013, City Council's Economic Development Committee and the Transportation and Planning Committee asked staff to provide a report on the benefits and economic impacts of the CIP Corridor and Connection projects assigned to those committees. Over the next six weeks, an interdepartmental team worked with consultants to assess the impacts of CIP projects based on a methodology assessing real estate market conditions and development activity through 2035.

**The team used a market-based approach**, looking primarily at projects in the context of their particular submarkets. The benefits were outlined in four basic categories: social, economic, transportation and environmental. An outline of the qualitative (non-measurable) and quantitative (measurable) benefits for each Corridor and Connection was developed to form the context for measuring their impacts. While the qualitative benefits could potentially be measured for each of the four categories listed above, only the economic benefits were quantified for this study.

The methodology was based on creating a "most probable trend line" for development in each corridor, using commercial and residential real estate submarket data, population and employment projections, City of Charlotte GIS and other data sets. To confirm trend lines, the team interviewed major commercial and residential professionals, analyzed the various data sets and then created estimates of the direct impact and the potential synergy among CIP projects. The estimated effect of each CIP project on the trend line was estimated in terms of both "doing" (the additional impact created by the CIP) and "not doing" (the unrealized or lost value from the probable trend line) the proposed CIP projects.

| CIP Corridors and Connections: Economic Benefits Summary 2035 | | | | | | |
|---|---|---|---|---|---|---|
| | CIP Cost | Direct Value | Synergy | | Total Value | Jobs* |
| | | | Value | % | | |
| Northeast Corridor Total | $213,800,000 | $525,324,344 | $317,978,273 | 38% | $843,302,617 | 7,773 |
| East/Southeast Corridor Total | $67,000,000 | $59,712,214 | $63,120,091 | 51% | $122,832,305 | 1,401 |
| Airport/West Corridor Total | $43,000,000 | $471,370,103 | $471,370,103 | 50% | $942,740,205 | 6,910 |
| Cross Charlotte Trail (South) | $2,800,000 | $207,133,412 | $10,901,759 | 5% | $218,025,171 | 577 |
| Prosperity Church Road | $5,000,000 | $76,379,896 | $0 | 0% | $76,379,896 | 1,834 |
| Park South Drive | $8,300,000 | $3,624,269 | $0 | 0% | $3,624,269 | |
| TOTAL CIP | $339,900,000 | $1,343,544,997 | $863,370,225 | 39% | $2,206,914,463 | 18,495 |

* The Jobs category is "Total Jobs" which includes "Direct Jobs" and job increases due to "Synergy" impacts.

*Definitions:* **Total CIP Cost** is for just those project areas listed above, and is shown for reference. In the Demand Impact Analysis, the value of a single project on its own is referred to as the **Direct Value**, and then it has a **Synergy Value,** which is a measure of the effects the other projects will have on it. As a result, the **Total Value** of any specific project is a combination of its direct value and its synergy value.

**The total impact of the CIP investments is substantial.** The projects quantitatively measured in this analysis have a total cost of about $340 million but will have a four-fold direct value over $1.3 billion and an additional synergy value of $852 million – producing a total real estate market value of $2.2 billion and an estimated 18,495 permanent jobs by 2035. Three principal observations can be made:

- **The Northeast Corridor** is on the threshold of becoming Charlotte's "Innovation Corridor." Charlotte does not have a significant role in the national innovation economy yet, but this corridor can give the city a foothold. The corridor has the commercial space, urban neighborhoods and university resources to attract the "Creative Class." The diverse range of CIP projects could weave together with the other major investments being made in this corridor to produce the strong synergies that could transform this submarket.

- **The East/Southeast Corridor** is trying to find a new market identity that will attract development. In the inner portion of the Independence corridor, redevelopment of the Bojangles/ Ovens complex is crucial to improving market perceptions. In the outer portion, industrial or office development is less likely in what has historically been a strip retail environment. Conversion to a limited access freeway means development will take on a more nodal character in the future. Supporting neighborhoods in this area is vital to the long-term success of the corridor, and CIP infrastructure investments are designed to strengthen the amenities and quality of life to enhance the living environment.

- **The Airport/West Corridor** is poised to capture the value being created as Charlotte's role in the global economy is re-defined by the development of the Airport Multimodal Facility, which will make Charlotte a prominent hub for East Coast and international trading activity. The significant new commercial development will produce thousands of new jobs readily available to nearby residents on the Westside. The residential market will be strengthened by the presence of new commercial development. The proposed road projects, in combination with the new CMUD investments in water and sewer, could fundamentally change the entire character and market appeal of this submarket.

**The signature impression of the analysis is that the CIP investments could help strengthen Charlotte's competitiveness within the region and in the national and global economy.** The city is on the edge of taking its place in a whole different class of economic functions on the East Coast. But the growth trajectory Charlotte has enjoyed for decades is not necessarily inevitable. Other large cities have seen their growth arc level off, or even bend downward. As Charlotte thinks about how to position itself as a global city of the future, taking advantage of the CIP investments – in concert with other large-scale public and private investments – is vital to sustaining its growth.

### Major Conclusions

1. By 2035, the proposed Corridor and Connection projects of the CIP are estimated to generate $2.2 billion of "total value" of new commercial and residential development activity and support an estimated 18,495 permanent jobs.

2. Synergy is critical. About 39% of the total value is achieved through CIP projects being developed together to produce broader change in market conditions across a sub-market area. This synergy value will be realized only through an integrated approach.

3. The CIP captures the potential value generated by over $5 billion in other large-scale public and private investments across the city, building momentum for positive growth throughout the city.

4. The projects create specific quantitative and qualitative social, economic, transportation and environmental benefits for the City and its citizens.

5. The proposed CIP program strengthens the competitiveness of Charlotte regionally, nationally and globally.

# Overview

## Charge

In January, 2013, the Economic Development Committee and the Transportation and Planning Committee of the Charlotte City Council requested information from staff on what economic impacts could be expected from the Capital Investment Plan projects referred to their committees.

- Economic benefits were *quantified* for individual projects in the Northeast, East/Southeast and Airport/West Corridors, and for three connection projects: Cross Charlotte Trail, Prosperity Church Road Interchange and Park Drive South Extension. The quantitative impacts for these CIP projects are summarized on pages 11-19.

- The *qualitative* social, economic, transportation and environmental benefits were identified for other CIP projects that did not have a direct impact on market conditions in one of the three corridor submarkets or other three project areas in the charge from the committees, including: Sidewalks and Pedestrian Safety, Traffic Control and Bridges, Public Safety Facilities, Maintenance Facilities, Affordable Housing and the Comprehensive Neighborhood Improvement Program. The results of the qualitative analysis of these projects can be found on pages 20-22. The economic impacts of the Streetcar are being completed as a separate project and are not included in this analysis.

The analysis was conducted by an interdepartmental staff team led by Michael Gallis & Associates and assisted by Frank Warren of Kimley-Horn and Associates, Inc. The collaborative effort was carried out over an intensive six-week period to make this information available to the Committees prior to City Council's March 20, 2013, Budget Workshop.

## Demand Impact Analysis

The analysis team – staff and consultants – determined that measuring the degree to which CIP investments strengthened and improved market conditions is the most effective way to quantify the economic impacts of public investment. This approach is a "demand impact analysis."

Demand impact analysis assumes that real estate activity is a reflection of, and thereby a surrogate for, measuring economic activity. As economic activity expands, more space is required for commercial and residential uses. New business activity requires additional commercial space. Growing and more affluent populations require more housing.

An analysis of past trends in Charlotte's real estate markets reflects the trends in the economy, the strength and dynamism as well as the changing patterns of preference and submarket characteristics. Measuring commercial and residential real estate activity therefore is a means for measuring both the strength and value of the market and a means for determining how many jobs may be created.

Qualitatively, the positive or negative perception of a submarket has a significant influence on its strength as a market. Public investments can have a strong influence on changing the perceptions of a market.

- *Demand Impact Analysis* focuses on the extent to which CIP investments affect, strengthen or improve residential and commercial market conditions.
- It considers both quantitative and qualitative benefits of social, economic, infrastructure and environmental categories.
- The basic question it addresses – in this new era of limited geographic expansion and revenue growth for Charlotte – is to what extent CIP investments impact the future economic vitality and the attractiveness of the city in global, national and regional markets?

The key to this analysis is *a market-based approach.* This entails focusing on whether and to what extent the City's CIP investments will lead to better market conditions and, consequently, to positive decisions about future development in these market areas by the private sector. To measure the economic impacts, the market-based approach addresses this set of questions:

- ✓ How will CIP investments change market conditions, and create demand in a corridor?
- ✓ What impact do individual projects have in this context?
- ✓ What synergies are there among CIP projects that create greater impact?
- ✓ Will CIP investments help keep development in the city, and increase our appeal to others in the region as well as nationally and globally?

Each CIP investment is considered as to how it would strengthen market conditions in its area, creating additional demand that generates market activity and builds value – resulting in a net increase in new development and, in turn, a net increase in jobs . Three types of demand are considered:

- *Globally,* do these investments make Charlotte more attractive to business across the nation and the world? For example, the CIP projects in the Northeast would capitalize on and reinforce the investments being made at UNCC that are making Charlotte more attractive to technology start-ups on a national basis, while the CIP projects in the West Corridor aim at capturing development generated as the airport's investments become a global trade hub.

- *Regionally*, will these investments enable Charlotte to gain market share within the region and metropolitan area? Sustaining the attractiveness of the city is essential to continually regenerating the vitality of the city within the metropolitan area. The commercial activity generated by the airport's new investments could go anywhere in the region. The CIP investments are important for ensuring that a significant share of those developments occur within the city.

- Or, *locally*, do these investments simply shift demand from one part of the city to another, resulting in no net increase? In the Southeast Corridor, as Independence Boulevard is changed to a through highway, the CIP projects will provide a new framework for local commercial activity to shift more effectively to Monroe Road and Central Avenue.

## Process

To undertake this analysis, City staff organized an interdepartmental team, consisting of these ten departments:

- Aviation
- Budget & Evaluation
- CATS
- CDOT
- City Manager's Office
- CMUD
- Engineering & Property Management
- Finance
- Neighborhood & Business Services
- Planning

The analysis team held nine multi-hour work sessions over a six-week period to accomplish its assessment of economic impacts. The collaborative process involved gathering and reviewing a wide range of data, followed by active feedback and discussion among the departments commenting and advising on the consultant's findings.

*The interdepartmental analysis team reviews data with Michael Gallis.*

## Methodology

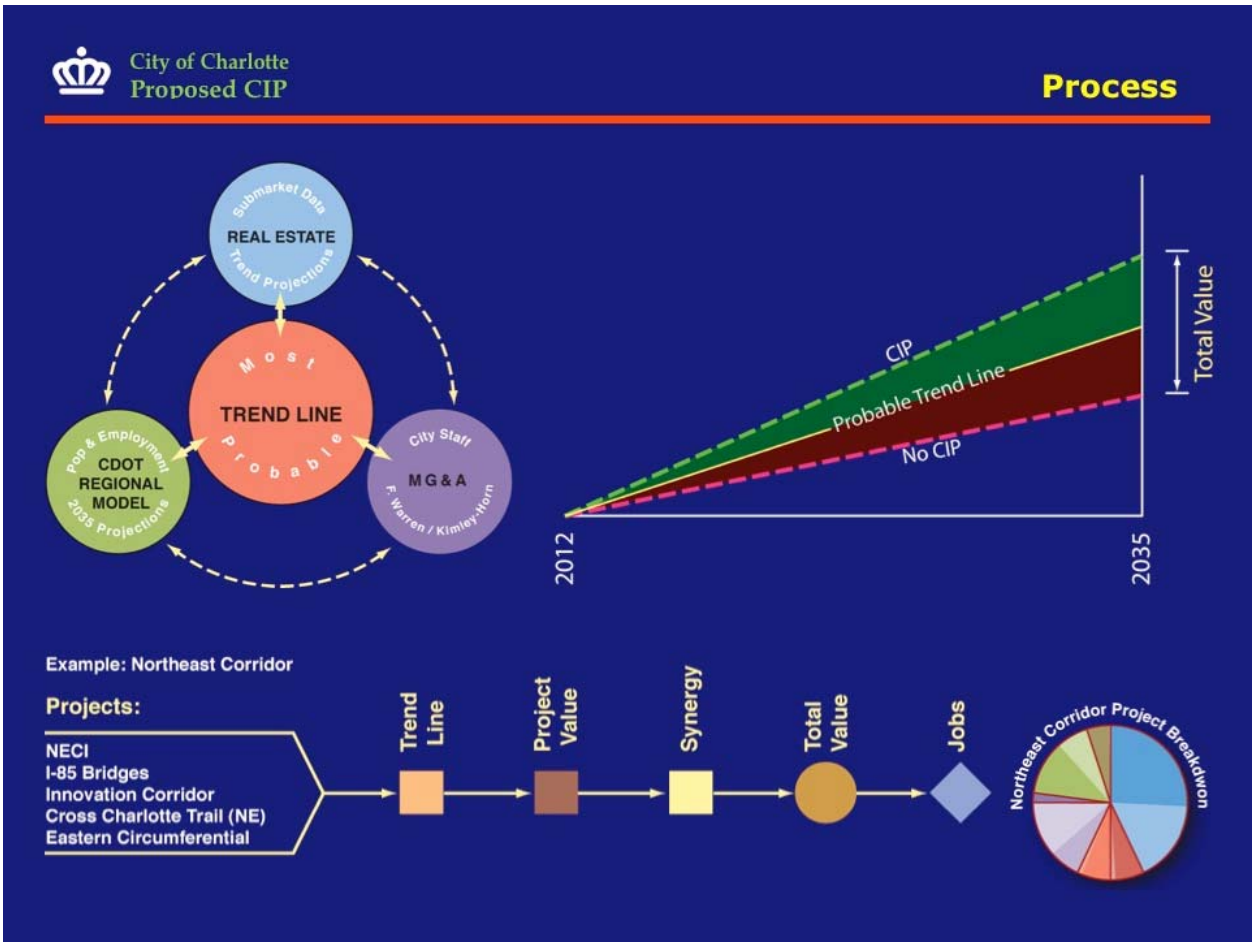
The market-based approach examined how CIP investments would strengthen or improve existing market conditions in each corridor submarket. Change in conditions was measured by an assessment of how and to what level the investment would impact perceptions and physical conditions in such a way to drive new demand.

To understand the effects of each investment on the market, CIP projects were grouped by the submarket area (corridor) they would affect. While the Charlotte market is divided into different submarket patterns by real estate companies for each of the real estate categories of office, industrial, retail and residential, for the purposes of this study each corridor is considered a submarket.

Each submarket area fulfills a different function and occupies a different niche within the Charlotte market. Understanding how each CIP investment will affect the market qualitatively and quantitatively has to be based on the nature of the market niche it occupies within the city.

The Demand Impact Analysis provided an informed understanding of the market in the three corridor submarket areas identified in the CIP – Northeast, East/Southeast and Airport/West. Any corridor or connection project located within the submarket area was considered to impact the market conditions.

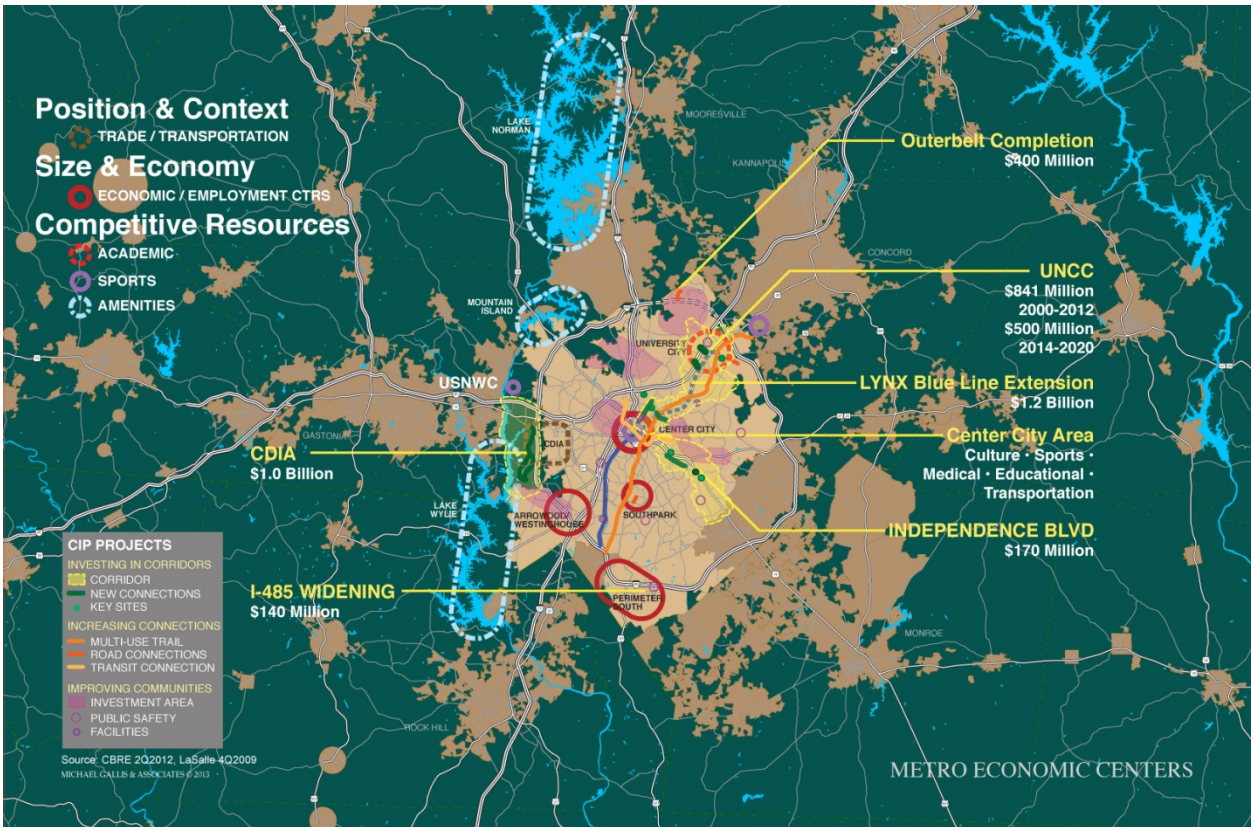
Synergy was considered as a quality generated by both corridor and connector projects taken together. As a result, two different values were ascribed to each project. First was the value of the project if completed independent of the others, and the second was the value of the project if completed in the context of all of the other projects in that submarket. The value and jobs created by the project individually was called the "Direct Value" and "Direct Jobs" and the additional value and jobs produced by it being completed in the context of the others was called the "Synergy Value" and "Synergy Jobs."




To measure economic impact, a **most probable trend line** is created from real estate market data, City employment projections and other data sets (upper left). Next, **total value** of a project (direct plus synergy) is calculated to determine by how much the CIP will increase the trend line – or, conversely, decrease it if the projects are not done (upper right**). Thus, the total value of CIP projects and the number of jobs generated is derived from the individual project value plus its synergy with other CIP projects in that market area** (bottom). The pie chart at the bottom right was used to illustrate the relative size of each project within a submarket; each project was given a different color and the dark and light tones with the pie shaped segment indicate the direct (darker tone) and the synergy value (lighter tone).

## Process Steps

1. The team began by creating the context for understanding the effects of the CIP on market conditions. The CIP investments needed to be understood within the **context of other investments** that will shape the future of the market. Since year 2000, roughly $5.5 billion in public and private dollars has and is currently being invested in just the major projects within Charlotte as shown in the map below. It was necessary to begin by understanding how the CIP investments intersected or interacted with these other investments to determine the full extent of their impacts on the market.




*CIP projects are shown in the map above in relationship to other large-scale public and private investments being made in the city.*

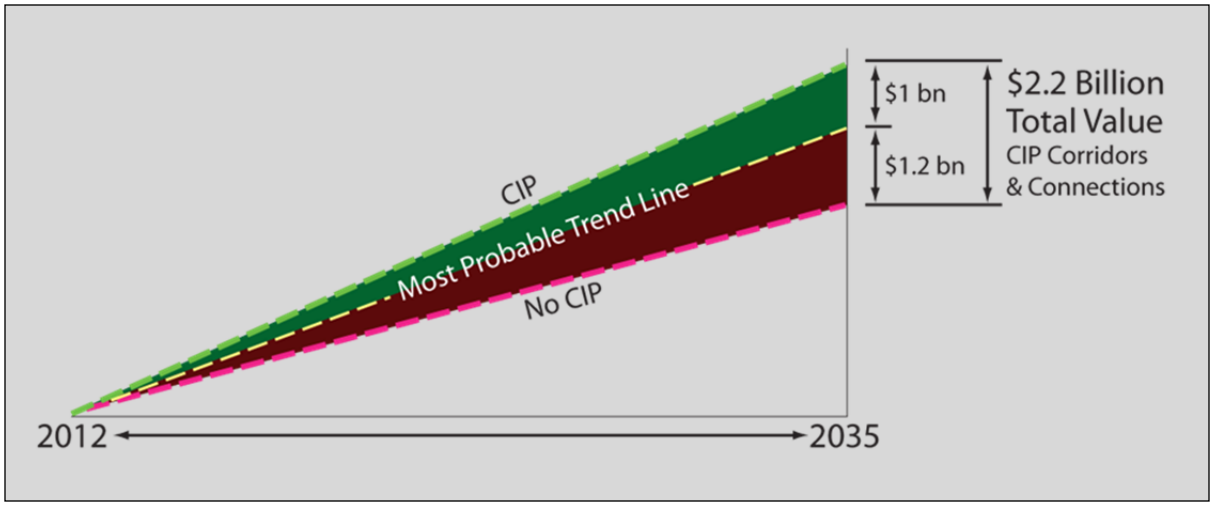
2. The second step involved determining and describing the **qualitative benefits** – social, economic, transportation/infrastructure, environmental – related to each CIP project. This step also included constructing an outline of the quantitative measures that would be used to measure each category if required. This outline was used with the analysis from Step One to complete the context necessary to begin an evaluation of the impact of the proposed General CIP on market conditions.

3. The third step was to create a probable trend line for each corridor submarket. This required integrating data from various sources on the **existing conditions, past evolution and future projected trend lines** in each corridor. Sources included real estate submarket data from private sources, population and employment projections from the City, existing and square footage by real estate type from City GIS, and other data sets such as current permits from LUESA, and incorporated

information derived from interviews with major residential and commercial real estate professionals to construct a final **estimated trend line**. Additionally, an estimate of what type and scale of business activity would likely occur in each corridor between 2012 and 2035 gave indication of the type, level and value of development. The trend line reflects the amount of development activity likely to occur over the 2012-2035 time frame (the period used in projections from CDOT's regional transportation model and the Blue Line Extension economic impact model). The trend line was neither a minimum nor a maximum line, but a realistic "most probable trend line."

4. This "most probable trend line" was used to create a series of **projections of square footage** that are anticipated to be developed for commercial uses (industrial, office and retail) and residential (single and multi-family) in each corridor submarket by 2035. Since the amount of commercial activity is directly related to the number of people working in the building, the square footage figures could then be used to generate computational **estimates of permanent jobs** that would be created in each corridor by 2035.

5. Since the trend line was not a minimum or a maximum line, the question of how much increase over the trend line would occur by **"doing" the CIP projects**, or decrease would occur by **"not doing" these projects** had to be answered. The answer was based on two criteria: (1) how would the General CIP investments affect the perception of the submarket within the larger market, and (2) how would the General CIP affect the physical conditions that form the framework for the commercial and residential development within each specific submarket? The amount of increase was based on an estimate of the relative level of market strength generated by the CIP. The decrease was used as an indicator of lack of investment that would reduce the strength of the market over time. Although the General CIP was not used to construct the 'most probable' trend line, the trend line does assume that future investments will be made of some type. The difference between the amount of *increase* (an estimated $1 billion), and the amount of *decrease* (an estimated $1.2 billion), represents the "total" value (an estimated $2.2 billion), as calculated by the amount of square footage of commercial in each category and the number of units of single and multi-family residential development in each specific submarket or local area resulting from the CIP.




6. Once the total amount of square footage and units was estimated, the total **value of commercial activity** was computed by applying a square foot value to each commercial type and by applying per unit values to the number of residential units. The values applied to commercial and residential

varied for each submarket. The total value created by the CIP on the real estate local market areas and corridor submarkets is estimated at $2.2 billion. The amount of commercial development by type was used to compute the number of **permanent jobs** that would be employed in the new developments in each submarket. As residential development involves primarily construction jobs it was not used to compute new permanent jobs. The number of jobs created was estimated to be over 18,000.

7. Each project within a market area affects other CIP projects planned in that area to varying degrees. While any single project would have some level of impact on market conditions, an analysis was conducted to determine the level of impact created by the entire set of CIP projects within a sub-market. The impact created by the total set of projects working together to change perception and physical characteristics was referred to as a "synergy effect." The value of a single project on its own is referred to as the **direct value**, and then it has a **synergy value,** which is a measure of the effects the other projects will have on it. As a result, the **total value** of any specific project is a combination of its direct value and its synergy value.

## Project Analysis

Pages 11-22

The Demand Impact Analysis methodology was applied to the three corridors and three connection projects reviewed by the City Council's Economic Development Committee and the Transportation and Planning Committee.

- The economic analysis and key benefits for each of the **three corridors** (Northeast, East/Southeast, Airport/West) are summarized on pages 11-16.
- The analysis and key benefits for **three connection projects** that lie outside the corridor submarket areas (Cross Charlotte Trail, Providence Church Road Interchange and Park Drive South Extension) are summarized on pages 17-19.

In addition, the qualitative benefits identified for **other General CIP projects** are summarized on pages 20-22.

# Northeast Corridor

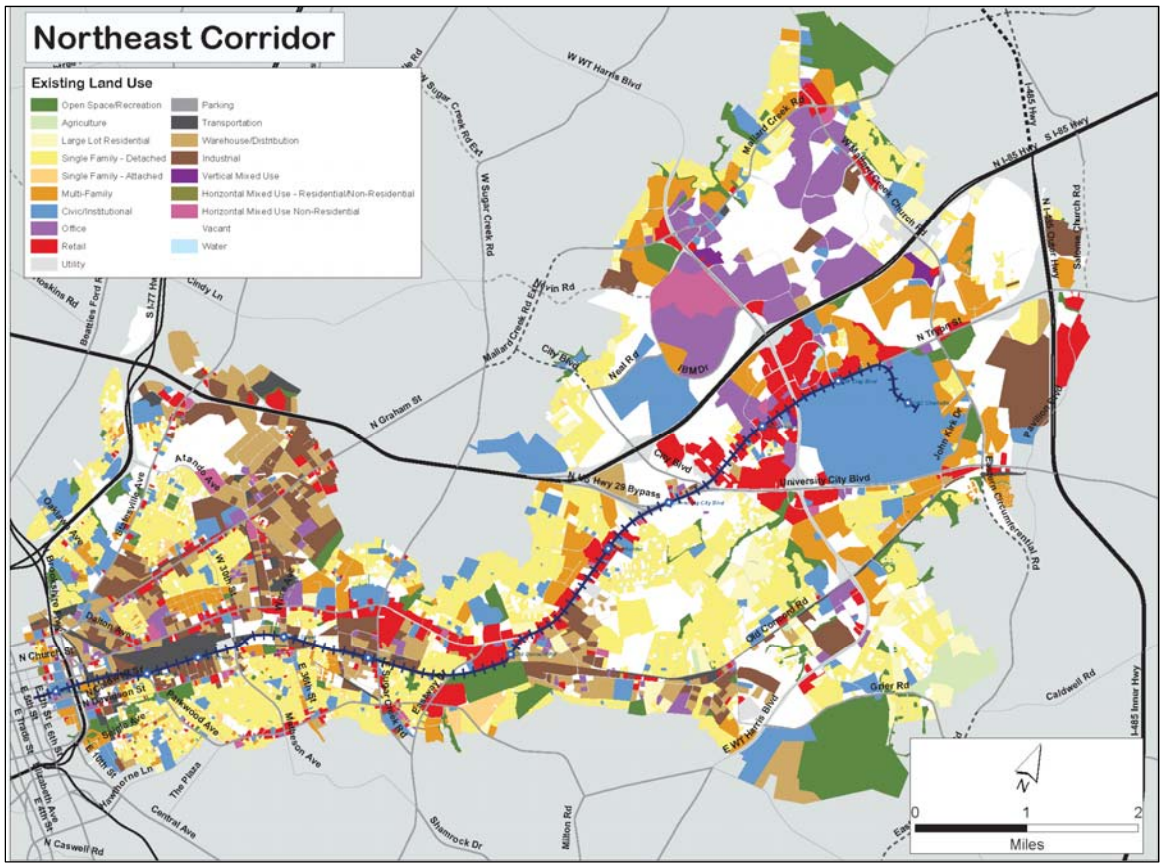
## Northeast Corridor Overview

This corridor submarket – anchored by UNCC, Center City, NoDa and connected by the Blue Line Extension – has national and Southeast-scale market change potential. This highly fragmented submarket can be transformed by the CIP investments into the more integrated pattern of development necessary to transform this area into Charlotte's "Innovation Corridor" aimed at growing and attracting businesses within the innovation and technology sector.

This submarket has an inner and outer segment that taken together can develop the additional synergies necessary to create Charlotte's "Innovation Corridor." The inner area (between Center City and Eastway Drive) has 14 million square feet of the kind of industrial space typically renovated for use by start-ups. Synergies can be developed with the urban neighborhoods like NoDa and Plaza-Midwood that attract the "creative classes." The outer area of this corridor submarket is centered on the University City area with its large inventory of office space. While this market leveled off after its early growth, the two I-85 bridges will create new connectivity between the retail, research facilities and office space, and the expansion of UNCC facilities and the Informatics program could re-energize this entire submarket.

Completion of the Eastern Circumferential will improve metropolitan access. NECI and the Cross Charlotte Trail extend the entire length of the corridor and will provide new access and powerful amenities that could have significant effects on the desirability of this submarket.

If Charlotte is to be a factor in the innovation economy, this is the corridor where it will take place. The *totality* of the proposed investments is key to creating substantial additional value.

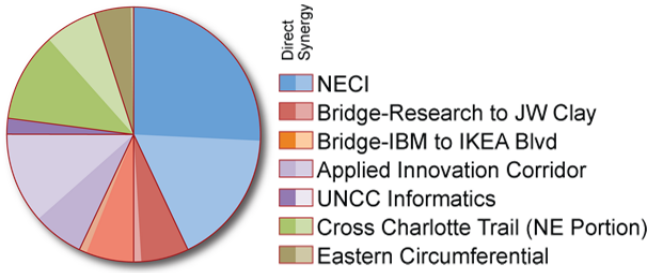


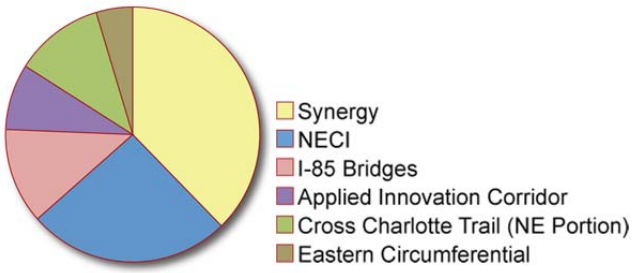
## Northeast Key Benefits

- **Social**
  - Increases entrepreneurial and employment opportunities for area residents.
  - Improves the livability and desirability of the area.
  - Synergies with investments in Double Oaks and implementing area plans.
- **Economic**
  - Changed market conditions attract technology and innovative companies.
  - High quality jobs in technology, biosciences, health care and energy industries.
  - Synergy with Center City Vision 2020 of Graham Street as entrepreneurial corridor.
- **Transportation/Infrastructure**
  - Improves local and metro access between key employment nodes.
  - Improves mobility for residents.
  - Synergy with Blue Line Extension, increasing density and business activity on the corridor.
- **Environmental**
  - Greenway creates continuous environmental corridor.
  - Streetscapes create a new amenity.
  - Improves conditions at Old Statesville landfill.
  - Synergies possible with storm water and water supply capacity improvements in the area.

## Northeast Corridor Project Breakout 2035

| | CIP Cost | Direct Value | Synergy $ | Synergy % | Total Value | Jobs* |
|---|---|---|---|---|---|---|
| NE Corridor Infrastructure (NECI) | $102,500,000 | $217,390,188 | $144,926,792 | 40% | $362,316,980 | 1,866 |
| I-85 Bridges | | | | | | 1,244 |
| Research to JW Clay | $15,000,000 | $51,216,853 | $8,117,476 | 14% | $59,334,329 | |
| IBM to IKEA Blvd | $14,500,000 | $51,216,853 | $8,117,476 | 14% | $59,334,329 | |
| Applied Innovation Corridor | | | | | | 567 |
| Applied Innovation Corridor | $28,000,000 | $54,536,877 | $97,257,594 | 64% | $151,794,471 | |
| UNCC Informatics | $10,000,000 | $16,022,750 | $843,303 | 5% | $16,866,052 | |
| Cross Charlotte Trail (NE) | $32,200,000 | $95,742,409 | $55,748,917 | 37% | $151,491,325 | 583 |
| Eastern Circumferential | $11,600,000 | $39,198,414 | $2,966,716 | 7% | $42,165,131 | 350 |
| | $213,800,000 | $525,324,344 | $317,978,273 | 38% | $843,302,617 | 4,610* |
| | | | | | Synergy Jobs | 3,164 |
| * Direct Jobs only | | | | | Total Jobs | 7,773 |



# East/Southeast Corridor

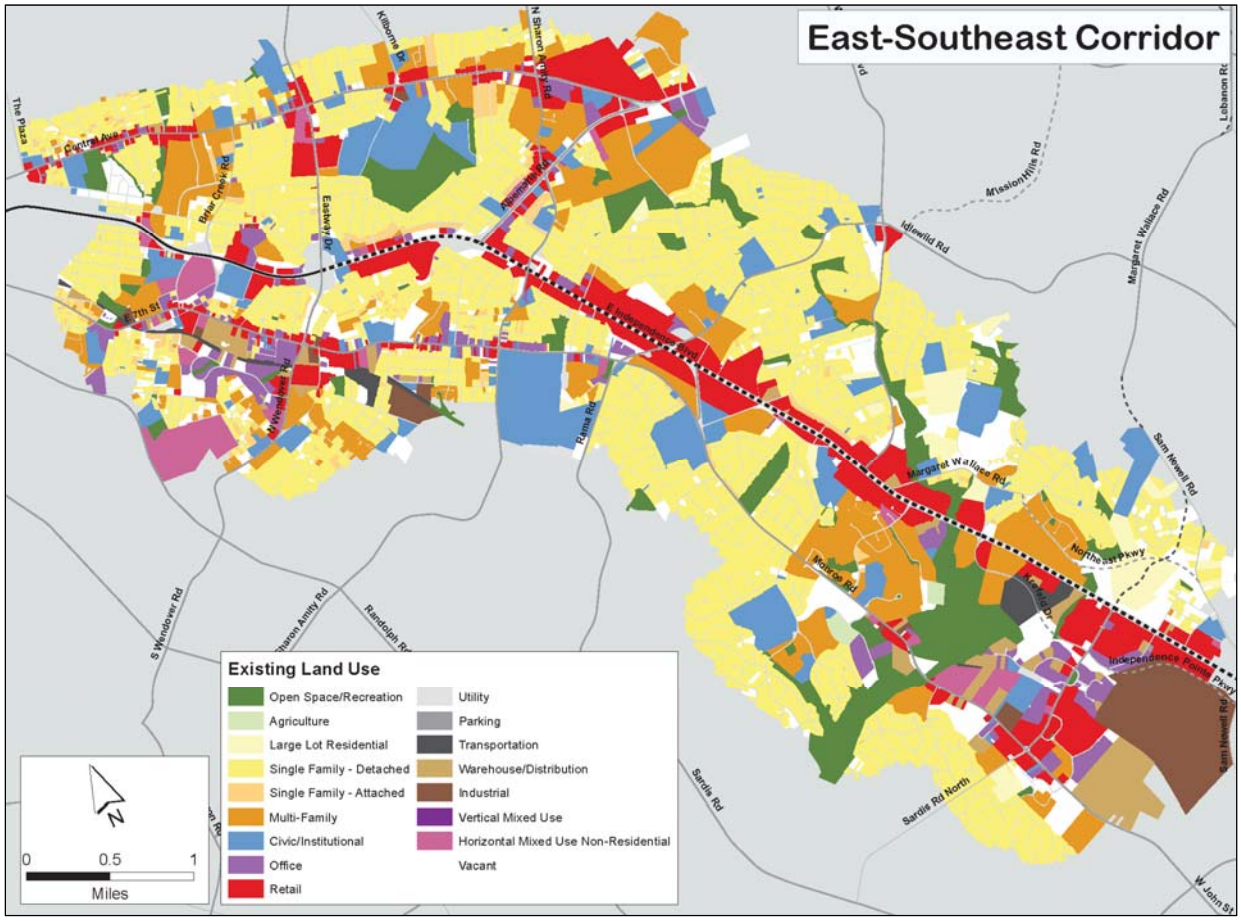
## East/Southeast Corridor Overview

This corridor submarket has three primary parallel roads – Independence Boulevard, Monroe Road and Central Avenue – that form the framework for development. It has an "inner" and "outer" segment divided by Albemarle Road. The corridor has seen declines and is struggling for identity as Independence slowly transitions from a strip commercial highway to a grade separated, high-volume traffic corridor.

Redeveloping the Bojangles/Ovens complex could create a new gateway experience that is important to generating a new perception and strengthened market identity of the area. Creating a higher level of visibility from Independence and Monroe Road will signal that the City wants to improve this corridor and make a difference. Bojangles/Ovens, together with the Monroe Road improvements and public/ private partnerships, should have a synergistic effect that should help all other CIP projects reposition this submarket.

Beyond Albemarle Road, the conversion to a limited access freeway will eventually transform what has been a strip retail environment to one in which development is more concentrated in nodes at access points. Retail will still likely be the predominant form of commercial development along Independence, but neighborhood retail should shift to mixed use developments along Monroe Road and Central Avenue.

The proposed streetscapes, bikeways, sidewalks and other neighborhood connections should enhance the existing residential values and new development. Improving the quality and amenities supporting residential in the area should produce synergies with public and private redevelopment to encourage the private sector to make other investments in this corridor.

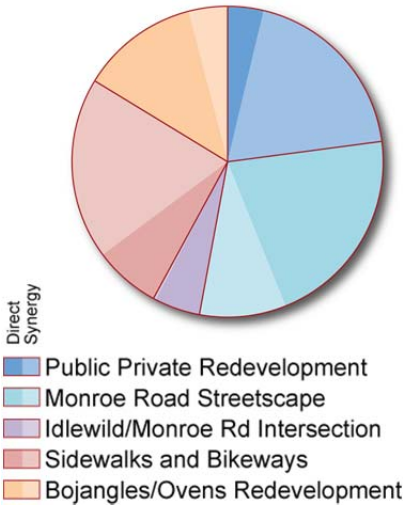


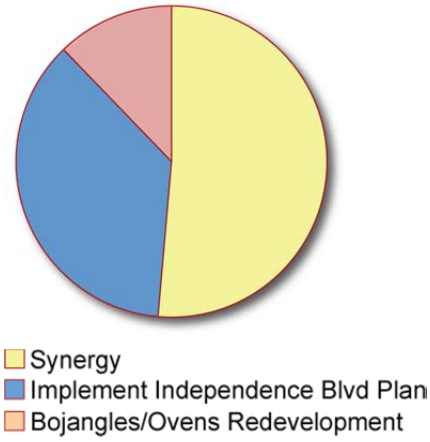
## East/Southeast Key Benefits

- **Social**
  - Creates a catalyst for revitalizing the area through redesign of the Bojangles/Ovens Complex.
  - Provides a community focus and strengthens the community fabric through higher density residential and commercial development along Monroe Road.
  - Improves neighborhood amenities and shopping.
- **Economic**
  - Creates three parallel economic corridors: Independence serves large-scale, highway-oriented businesses; Monroe and Central serve local neighborhood and economic activity.
  - Improves market conditions to support economic viability of the three corridors.
- **Transportation/Infrastructure**
  - Improves performance of Independence Boulevard and the connections to neighborhoods.
  - Creates a network of pedestrian and bicycle paths throughout neighborhoods.
- **Environmental**
  - Supports reuse/redevelopment of unutilized or underutilized brownfield parcels.
  - Increases greenways, green nodes and parks.

## East/Southeast Corridor Project Breakout 2035

| | CIP Cost | Direct Value | Synergy $ | Synergy % | Total Value | Jobs* |
|---|---|---|---|---|---|---|
| Implement Independence Plan | | | | | | 445 |
| Public Private Redevelopment | $20,000,000 | $4,596,430 | $23,536,338 | 84% | $28,132,768 | |
| Monroe Road Streetscape | $10,000,000 | $25,794,784 | $11,054,907 | 30% | $36,849,691 | |
| Idlewild/Monroe Road Interscn | $4,000,000 | $5,834,534 | $307,081 | 5% | $6,141,615 | |
| Sidewalks and Bikeways | $8,000,000 | $8,479,599 | $23,219,476 | 73% | $31,699,075 | |
| Bojangles/Ovens Redevelopment | $25,000,000 | $15,006,866 | $5,002,289 | 25% | $20,009,155 | 263 |
| TOTAL | $67,000,000 | $59,712,214 | $63,120,091 | 51% | $122,832,305 | 708* |
| | | | | | Synergy Jobs | 693 |
| * Direct Jobs only | | | | | Total Jobs | 1,401 |



# Airport/West Corridor

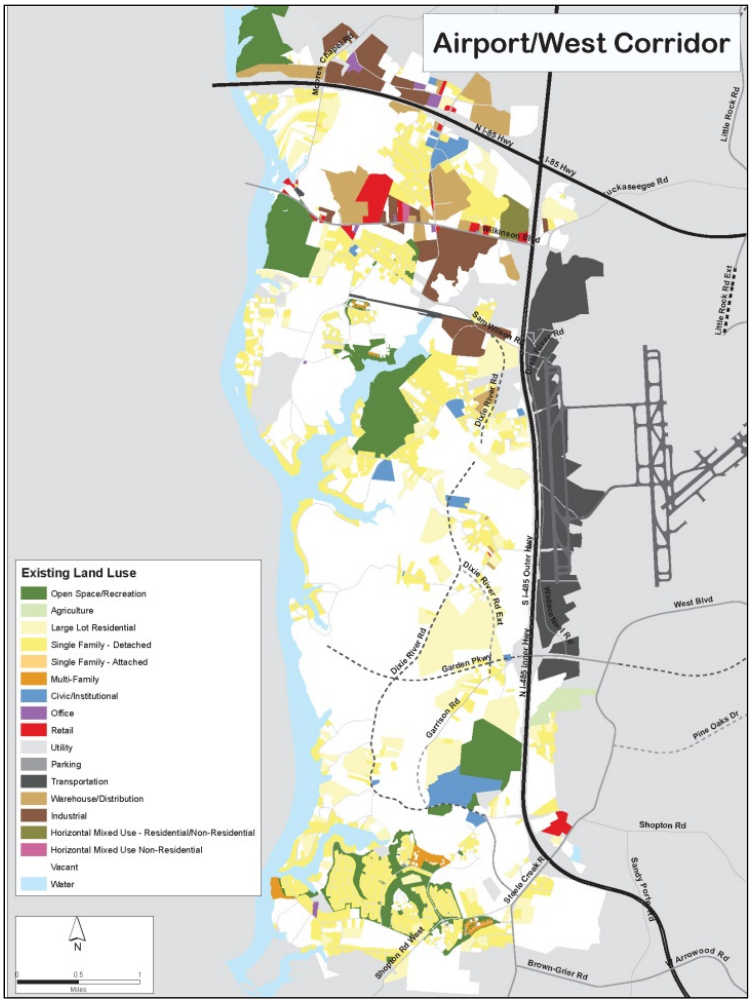
## Airport/West Corridor Overview

This corridor area, bounded by I-485 and Charlotte-Douglas International Airport to the east, and the Catawba River to the west, is a "new frontier" with global and national scale market potential.

The principal economic driver for new development is the transformation of the airport from air facility to an integrated multi-modal global trade hub serving goods arriving from every major trading bloc through Southeast ports from Norfolk to Miami. This development, which is separate from the CIP, will elevate Charlotte's position in the global economy.

Charlotte can harness this economic engine by providing the infrastructure to support new commercial development in this corridor submarket, including the new Tanger Mall and other developments in Southwest Charlotte. The new development activity has the potential to provide hundreds of jobs for residents of Charlotte and nearby Westside areas.

The proposed General CIP projects – major improvements to Garrison Road and Dixie River Road – are equally synergistic and should strengthen the spine of this area by facilitating traffic flows for both new housing and for employment centers. Furthermore, CMUD is planning new water and sewer infrastructure for this submarket including the rural Dixie/Berryhill neighborhood to the west of the airport. Together, these investments should have a major impact on the market for commercial and residential development in this submarket.




The presence of the Airport multi-modal hub should not be taken for granted as a boon to Charlotte alone. This will have regional economic impacts and support businesses and new residential development, which would be pushed to locate beyond Charlotte's borders without the public improvements being proposed for this corridor.

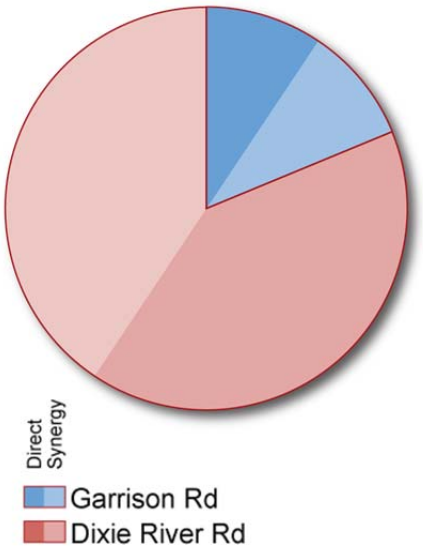
These investments are vital for the City to capture and maximize the new market forces and development potential that will change the position of Charlotte in the national and global marketplace.

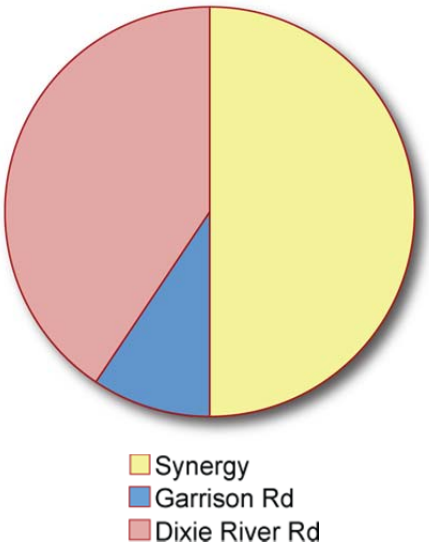
## Airport/West Key Benefits

- **Social**
  - Provides easy access to a larger and more diverse job market for residents of West Charlotte and areas immediately north.
  - Supports both Westside and regional housing markets.
- **Economic**
  - Leverages new market conditions for attracting global and national scale business.
  - Facilitates large-scale commercial development west of the airport.
  - Creates significant new jobs within the city, and strengthens the City tax base.
- **Transportation/Infrastructure**
  - Improves traffic flows in the area to the west of the airport.
  - Provides alternative routes for local traffic and truck traffic.
  - Synergies with investments in the Airport Multimodal Facility and in private developments.
- **Environmental**
  - Makes riverfront and stream improvements, and streetscape improvements.
  - Creates potential to create a sustainable development in the entire along the Catawba River.
  - The area could be designed as a "green district," an environmentally integrated area.

## Airport/West Corridor Project Breakout 2035

| | CIP Cost | Direct Value | Synergy $ | Synergy % | Total Value | Jobs* |
|---|---|---|---|---|---|---|
| Garrison Road | $30,000,000 | $88,495,940 | $88,495,940 | 50% | $176,991,880 | 864 |
| Dixie River Road | $13,000,000 | $382,874,163 | $382,874,163 | 50% | $765,748,326 | 2,591 |
| Total | $43,000,000 | $471,370,103 | $471,370,103 | 50% | $942,740,206 | 3,455* |
| | | | | | Synergy Jobs | 3,455 |
| * Direct Jobs only | | | | | Total Jobs | 6,910 |



# Cross-Charlotte Trail (Southern Portion)

## Overview

The Cross Charlotte Trail is a green corridor that will help tie the very successful Little Sugar Creek Greenway with a series of urban and suburban trails. For the purposes of determining its impact on submarkets, it has been divided into two almost equal sections – Northeast and South – as each section has an impact on a different submarket. While the Northeast portion of the Trail (north of Center City) is part of the Northeast Corridor and would develop significant synergies with the multiple General CIP projects that impact that submarket, the Southern portion is not in close proximity with any other General CIP projects in its submarket.

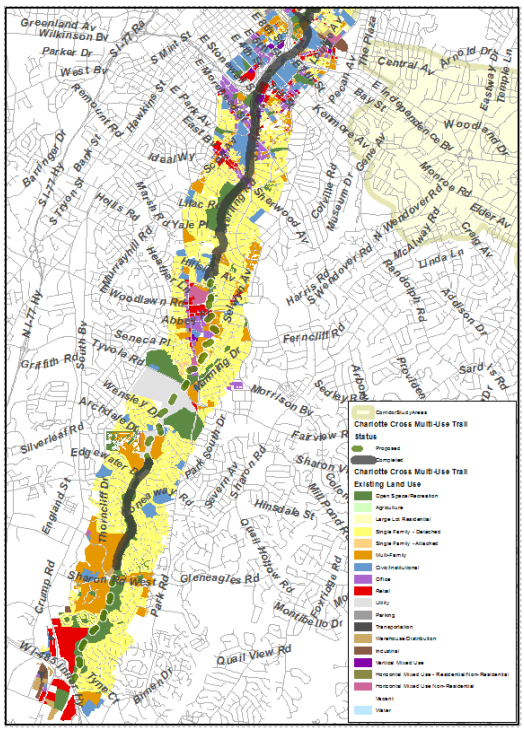
The area of market impact was considered as the area within ½ mile of the centerline of the trail. Within this land envelope there was limited vacant land available for new development. To assess the economic impacts, the same methodology was used for the commercial development as used in the other submarkets. For residential, the anticipated change in value was based on the change in tax values seen along the existing trail segments relative to similar areas without the trail. The General CIP synergy is generated by its relationship to the Northeast portion of the trail. It is expected that the two parts will interact, especially in the Center City area, and form a continuous trail connecting two corridor submarkets, the Northeast and Southwest, across the entire city.

## Cross Charlotte Trail (Southern Portion) Economic Benefits Summary 2035

| | CIP Cost | Direct Value | Synergy $ | Synergy % | Total Value | Jobs* |
|---|---|---|---|---|---|---|
| Cross Charlotte Trail (Southern) | $2,800,000 | $207,133,412 | $10,901,759 | 5% | $218,035,171 | 577 |

* Jobs category is "Total Jobs" and includes "Direct Jobs" and job increases due to Synergy impacts.

## Existing Land Use (Southern Portion)




## Key Benefits

**Social**

- Increased access to and amenities for neighbor hoods and job centers.

**Economic**

- Strengthens market conditions and increases residential real estate values.
- Creates a "car-light" lifestyle option that appeals to a broad array of existing and future residents, particularly Generation Y and Millenials.

**Transportation/Infrastructure**

- Builds upon connection with the Northeast portion of the Cross Charlotte Trail.
- Provides a new transportation, pedestrian/bicycle corridor across the city that helps minimize vehicle miles of travel.

**Environmental**

- Creates a new green corridor across the entire City.
- Provides for stream restoration.

# Prosperity Church Road Interchange

## Project Overview

This project will provide a new access road from the new I-485 beltway interchange and thereby expand access to land for increased commercial development. It will construct the Northwest Arc to complete the northwestern leg of the I-485/Prosperity Church Road interchange as envisioned in the area plan. The third intersection access road will result in more frontage property with greater visibility and accessibility that will attract additional retail and office development and new jobs. Without the access road, the property east of Loganville Drive behind the strip of property that represents the road frontage would become "back property" with a lower development potential and value.

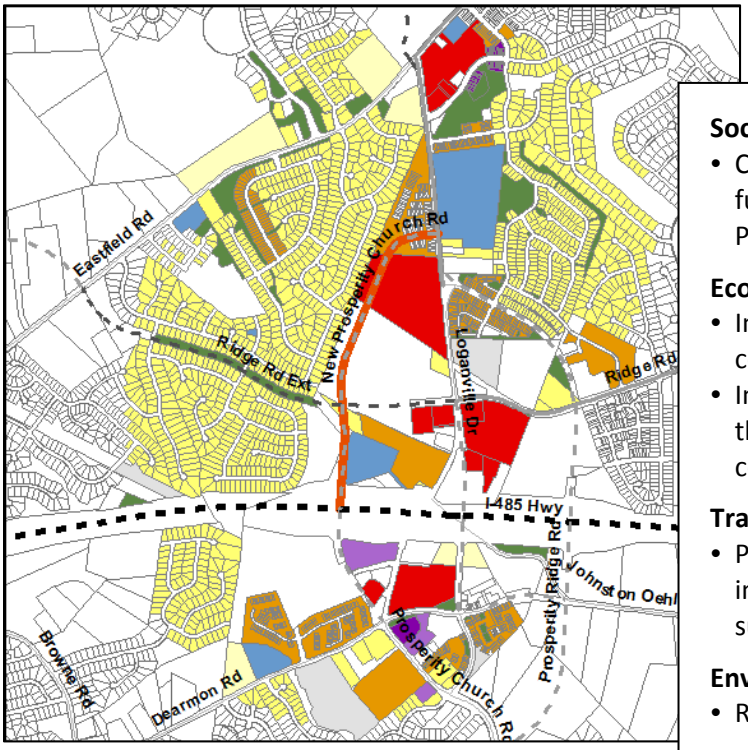
Adding an arc road creates additional access and additional frontage that strengthens the commercial market conditions in the area. There is no CIP synergy (other than with I-485) because there are no other CIP projects in this local area. It is anticipated that the expansion of the interchange area and new access road would result in a greater amount of retail, office and medical developments concentrating around this important interchange. The Whitehall commercial development at I-485 and Tryon in Southwest Charlotte is used to provide an indication of the type of development analogous to the potential at this interchange.

## Prosperity Church Road Interchange Economic Benefits Summary 2035

| | CIP Cost | Direct Value | Synergy $ | Synergy % | Total Value | Jobs* |
|---|---|---|---|---|---|---|
| Prosperity Church Road Interchange | $5,000,000 | $76,379,896 | $0 | 0% | $76,379,896 | 1,834 |

* Jobs category is "Total Jobs"

## Existing Land Use




## Key Benefits

**Social**

- Creates a stronger town center to function as a focus for the growing Prosperity community.

**Economic**

- Increases market visibility and access for commercial developments.
- Improves sidewalk and pedestrian access throughout the town center and community.

**Transportation/Infrastructure**

- Prevents failure of the intersection and increases access to town center and surrounding community.

**Environmental**

- Reduces emissions due to congestion.

# Park South Drive Extension

## Project Overview

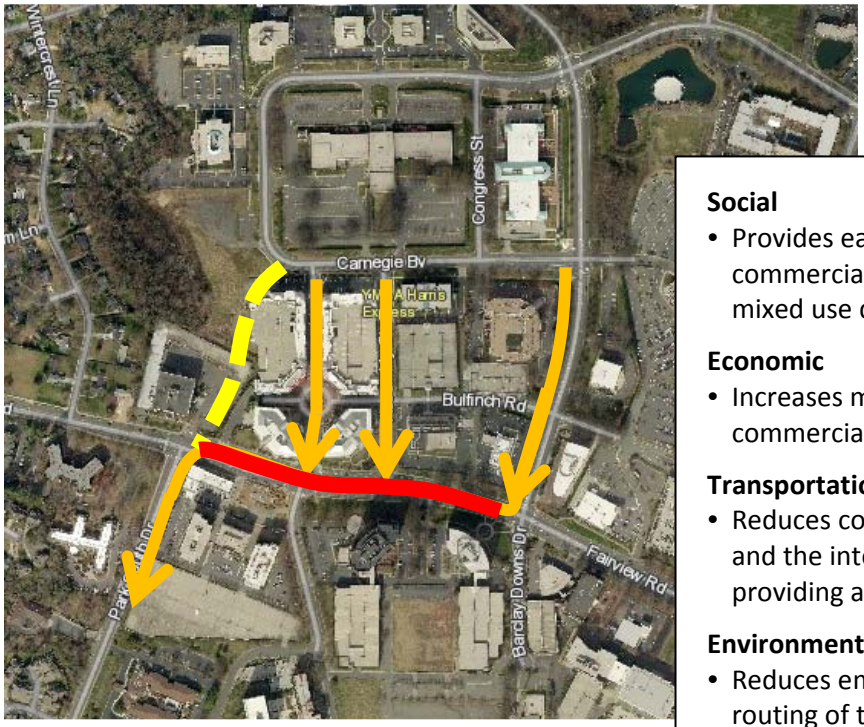
This project will extend Park South Drive as a two-lane street from Fairview Road, near Piedmont Row, to a new roundabout at Carnegie Boulevard. While this analysis focused on the economic value created by a short road segment, it would create a much more important and significant improvement in circulation and traffic patterns by improving access to Carnegie and reducing traffic bottlenecks and delays at other signalized intersections along Fairview Road.

The plans for new and redevelopment projects underway are not used in this analysis since they were committed prior to the CIP. However, this CIP project would have an economic effect by adding an increment of value to the new and existing commercial and residential developments. It was estimated that a one-half to two percent increase in property values would be created by improving the local traffic patterns. The value increment this road project could create is due to increased accessibility and visibility of properties along the segment and in the Carnegie area. It would also provide better access to and from SouthPark.

## Park South Drive Extension Economic Benefits Summary 2035

| | CIP Cost | Direct Value | Synergy $ | Synergy % | Total Value | Jobs |
|---|---|---|---|---|---|---|
| Park South Drive Extension | $8,300,000 | $3,624,269 | $0 | 0% | $3,624,269 | |

## Aerial View




## Key Benefits

**Social**
- Provides easier access to existing commercial and new multi-family and mixed use developments in the area.

**Economic**
- Increases market access to existing commercial and planned developments.

**Transportation/Infrastructure**
- Reduces congestion on Fairview Road and the internal street network by providing a new access route.

**Environmental**
- Reduces emissions through more direct routing of traffic patterns in the SouthPark area.

# Other CIP Projects

The *qualitative* social, economic, infrastructure and environmental benefits were identified for other General CIP projects that did not have a direct impact on market conditions in one of the three corridor submarkets or other three project areas in the charge from the committees, including: Sidewalks and Pedestrian Safety, Traffic Control and Bridges, Public Safety Facilities, Maintenance Facilities, Affordable Housing and the Comprehensive Neighborhood Improvement Program. The economic impacts of the Streetcar are being completed as a separate project and are not included in this analysis. The following section presents the results of the qualitative analysis of the aforementioned projects.

## Sidewalks and Pedestrian Safety

These improvements will enhance neighborhood quality, increase transportation choices and create a more walkable city. Improvements include new sidewalk, pedestrian refuge islands and improved crossings.

- **Social**
  - Provides safer means of pedestrian travel.
  - Improves walkability of neighborhoods.
  - Enables people of all ages and incomes to live healthier and more active lifestyles and provides "aging in place" opportunities.
  - Enables residents to live a car-light lifestyle which has transportation and economic benefits.
- **Economic**
  - Neighborhoods and employment areas that are considered highly "walkable" often receive a premium in property value and resale levels.
- **Transportation/Infrastructure**
  - A walkable Charlotte is a key component to supporting the City's significant transit investment.
- **Environmental**
  - Encourages walking for short trips.
  - Reduces car starts and vehicle miles of travel.

## Traffic Control and Bridges

These projects will improve traffic performance by updating the City's 720 signalized intersections and coordinating and synchronizing traffic flows throughout the city's transportation system. Project funding will also ensure that the City can inspect, repair and replace as needed the 168 bridges for which it is currently responsible.

- **Social**
  - Improves public safety.
- **Economic**
  - Improves market access to city businesses and institutions.
- **Transportation/Infrastructure**
  - Improves traffic flows, reduces congestion and improves system efficiency.

*Traffic Control and Bridges (continued)*

- Reduces possibility of bridge failures.
- Improves traffic safety.

- **Environmental**
  - Achieves reductions in pollution and wasted fuel.

## Public Safety Facilities

These facilities will form an important anchor in each community and neighborhood and will have important effects on the residential and commercial conditions in the area. While the impacts on market conditions are difficult to determine, they would have an impact by providing visible evidence of security and stability in neighborhoods.

- **Social**
  - Strengthening safety and security of neighborhoods.
  - Adds a new dimension of neighborhood community use facility.
  - Synergies with corridor economic strategies.
- **Economic**
  - Provide more secure context for neighborhood businesses.
  - Strengthen neighborhood property values.
  - Synergies with the Applied Innovation Corridor and neighborhoods within the Northeast and East/Southeast Corridors.

## Maintenance Facilities

These are functional investments that are needed to sustain the quality of the City's infrastructure, which influences the perception of the city as a desirable place to live and work.

- **Social**
  - Commitment to maintaining the quality of City services.
- **Economic**
  - Necessary for maintaining the quality of the context within which to do business.
  - Opens up the old Sweden Road site in the South Boulevard Corridor for redevelopment.
- **Environmental**
  - Helps meet environmental regulations governing City services.

## Affordable Housing

This will help ensure that a broad range of housing choices and affordability is maintained in the city.

- **Social**
  - Maintains diversity and cross-section of city neighborhoods, housing stock and populations.
- **Economic**
  - Helps maintain a diverse workforce within the city.
  - Keeps provision of services to residents more manageable and cost-effective than dispersed housing on the fringes of the city.
- **Transportation/Infrastructure**
  - Increases use of transit.
  - Creates greater proximity between resident and job locations.

## Comprehensive Neighborhood Improvement Program (CNIP)

The CNIP enhances the opportunity for collaboration with public/private partnerships, leverages multiple investments in neighborhoods and catalyzes positive changes occurring in neighborhoods.

- **Social**
  - Improves the quality and desirability of neighborhoods.
  - Prevents deterioration of neighborhoods.
  - Provides stronger connections between neighborhoods to form larger communities.
  - Synergies exist with schools and parks, and programs such as Project L.I.F.T.
- **Economic**
  - Maintains consumer base.
  - Helps position Charlotte to be attractive to all income levels throughout the city.
  - Improves Charlotte's competitiveness with adjacent communities.
  - Synergies with corridor economic strategies.
- **Transportation/Infrastructure**
  - Targets specific investments that have transportation, economic and social benefits.
  - Synergies with water and sewer investments and with storm water investments.
- **Environmental**
  - Opportunities for increased environmental amenities such as streetscapes.
  - Encourages "green wrapping" or coordinating environmental treatments with other scheduled public investments in an area.

## Conclusion

This report summarizes the key benefits and economic impacts of specific General CIP projects referred by the Charlotte City Council's Economic Development Committee and Transportation and Planning Committee in January, 2013, including:

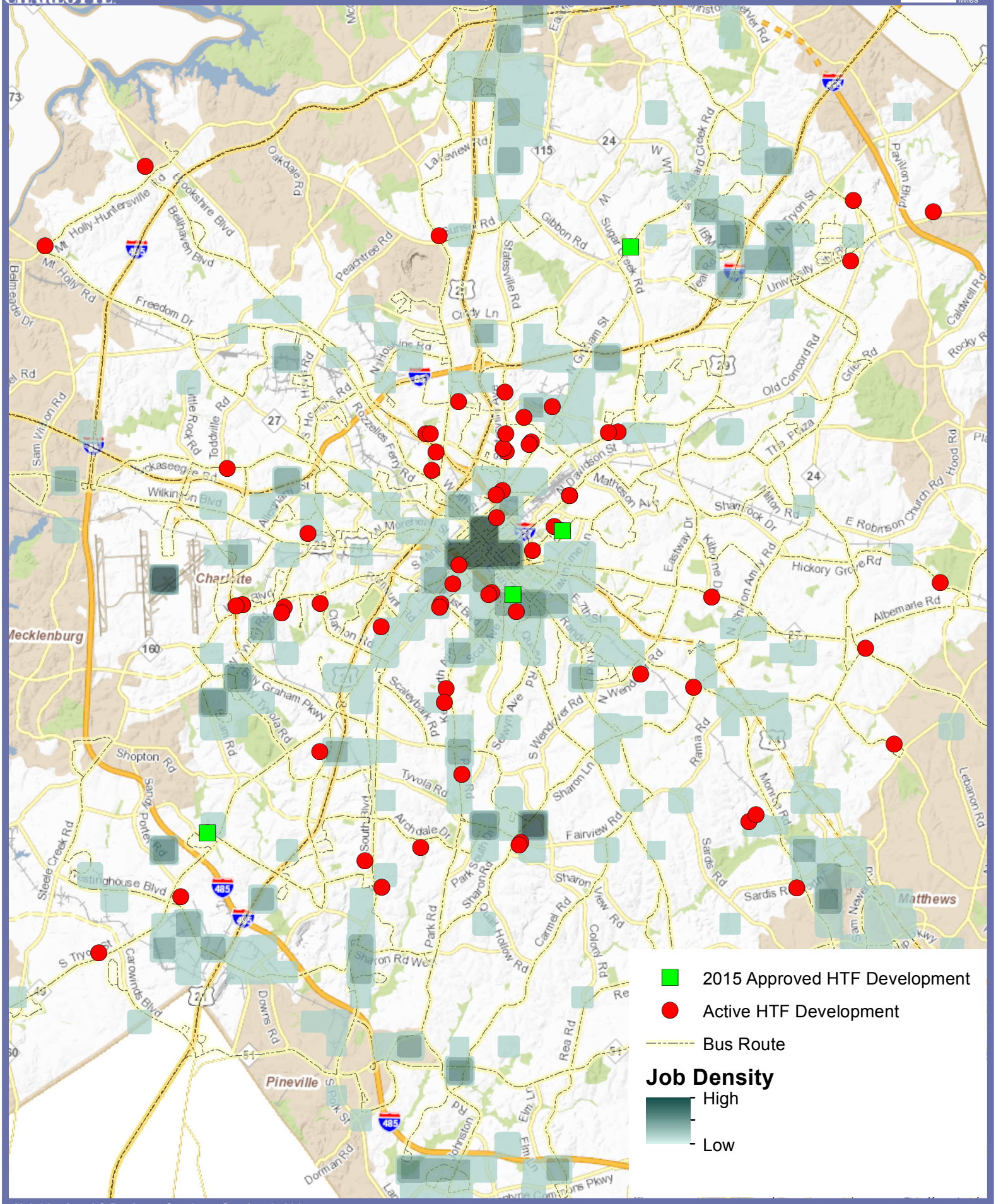
- Northeast Corridor *(pages 11-12)*
- East/Southeast Corridor *(pages 13-14)*
- Airport/West Corridor *(pages 15-16)*
- Cross Charlotte Trail *(page 17)*
- Prosperity Church Road Interchange *(page 18)*
- Park Drive South Extension *(page 19)*

Between 2012 and 2035, the CIP projects listed above – which are expected to cost about $340 million – could generate $2.2 billion of total real estate market value in new commercial and residential activity, and support an estimated 18,495 permanent jobs. Synergy is critical – about 39% of the total value is achieved through CIP projects being developed together to produce broader change in market conditions across a sub-market area. Individual projects have value, but the value is increased through an integrated approach with the other CIP projects.

The same principle applies to the CIP's interaction with more than $5 billion in other large scale public and private non-CIP investments being made across the city. Together with these other investments, the General CIP program builds momentum for positive growth in the city and strengthens the competitiveness of Charlotte regionally, nationally and globally.

# Housing Trust Fund Developments

## Job Density and Bus Route



# Budget Committee

Meeting Summary for June 29, 2015
Page 1

## COMMITTEE AGENDA TOPICS

**I. Subject: Compensation Plan for Non-Exempt Employees**

**II. Subject: Threshold ($) for Agenda Item Placement**

**III. Subject: Storm Water Ordinance**

**IV. Subject: Follow Up from FY2016 Budget Process & Committee Work Plan**

## COMMITTEE INFORMATION

Present: CM Phipps, CM Driggs, CM Lyles, CM Mayfield

Time: 2:00 p.m. – 3:30 p.m.

## ATTACHMENTS

i. Non Exempt Pay Plan
1. Council Business Agenda Categories
2. Storm Water Presentation
3. City General Fund Contribution to Storm Water Services White Paper
4. Storm Water RCA from July 27, 2015 Council Business Agenda
5. Storm Water Advisory Committee Letter
6. Budget Committee Work Plan
7. Council Budget Related Meetings

## DISCUSSION HIGHLIGHTS

**Committee Discussion:**

Committee Chair Phipps called the meeting to order and asked everyone in the room to introduce themselves. He then turned the meeting over to Kim Eagle, Director of Strategy & Budget

**I. Compensation Plan for Non Exempt Employees**

Dr. Eagle reviewed the Non Exempt Pay Plan presentation (copy attached). City Human

Resources conducted a pay study at the direction of the City Manager. The purpose of the study was to understand how local municipalities and private sector businesses structure pay for non-exempt employees. Human Resources is recommending an "open range" or "traditional range" pay plan which will be easily understood by employees and will provide flexibility for supervisors. Victoria Johnson, Director of Solid Waste Services, spoke to challenges of operationalizing the current pay plan with non-exempt workforce.

Lyles: I believe the police used to be on broad band plan, correct?

DeLane Huneycutt: We had steps until 1994, and then we put everyone on broad banding except for the public safety pay plan because there was a mayor's compensation committee at the time that they should remain on steps. We did change their steps from five percent steps all the way through to five percent steps at the beginning until they get to midpoint and then two and a half on up.

Lyles: It's difficult in talking about these types of issues when the employees don't understand how they're paid. It makes it extremely difficult to retain and recruit. Addressing the goals of clarity and being able to explain to people why their pay is what it is will be really good objectives for us to accomplish.

Griggs: Do you have any idea of the magnitude of total salaries as a result of adopting the plan?

Eagle: We're working through those numbers as we speak. It's too early to quote a number. There will be some assumptions we'll have to make as we develop that proposal.

Griggs: I like the idea of addressing the issue. This is a better approach than defining a minimum dollar amount. This is a little more dynamic. One concern I have is that we want to have the ability to reward high performers and not bring everyone else up to the point where there isn't enough difference between employees. In any given job there are people with more hustle and better attendance records and there should be an incentive structure built in.

Lyles: I am often confused by this idea of living wage and how people are defining it. I'm not sure I understand what a living wage analysis is for the City. It should be something that's appropriate for where we are. I wonder if this is the terms we should be using for this kind of analysis.

Huneycutt: The living wage analysis will be a white paper that will cover a lot of subjects like what the minimum cost for food stamps, for section 8 housing. We're going to discuss in the white paper all the different methodologies we can find, but really our pay is based on the competitive rate for labor.

Lyles: Then why would we do a living wage analysis if we have something that is market and appropriate for our workforce?

Griggs: I would suggest that because there's so much discussion of the living wage, it would be good to give some context to our living wage conversation. I think it would be hard to have a

living wage benchmark that we adopt.

Carlee: The white paper is intended to explain all of this confusion and the different terms people are using. I've asked to staff to lay out what the different pieces are so you can see them. Our recommended pay plan will principally be market driven.

Mayfield: With the white paper, will we also be doing a comparison with the upward mobility study? That should be our benchmark when we're talking about the cost of living in Charlotte.

Lyles: I would actually do an upward mobility analysis for Charlotte and Mecklenburg and how it works and correlates.

Carlee: We want to give you some background in terms of what the issues may be in terms of living wages. The white paper will lay out what all of the issues are and you'll be able to see what makes sense for Charlotte in the Charlotte context.

## II. Threshold ($) for Agenda Item Placement

Dr. Eagle introduced the Council Agenda categories (copy attached).

Lyles: I read the attachment and the question I had was, what was the question? It said Council Member Smith requested information on the parameters. Are we being asked to do something differently?

Griggs: This came out of a couple of occasions where we had very large dollar amounts in consent, and he felt that when it's that magnitude it would look good if we looked at it. Sometimes it's scenarios that are more controversial even though there's no disagreement on Council. It's just a question of if it is appropriate to have a small list of items that warrant our additional attention.

Lyles: How do you decide what the threshold is? Is it the dollar amount? It is the controversial issues? I'm not quite sure what we're trying to get at.

Griggs: I think it would be a dollar amount. And the ability of Council to pull any item they want for any reason they want is unchanged. If we have this laundry list concept of consent agenda items having something in there for $20 million could seem inappropriate. We take those items and give them the benefit of a moment's consideration.

Lyles: If we're approving something in line with Council policy, it's been approved in the budget and money has been allocated, and then we're implementing contracts, and you still have the ability to pull it if you want to, I don't understand what we're accomplishing by pulling something over a certain threshold off of the consent agenda.

Phipps: What gave me some comfort is in knowing that there is a deliberate process that occurs when things get placed on the consent agenda by staff. I think what Mr. Smith was trying to get at is that when we have these large multi-million dollar contracts, the viewing public may not

appreciate that these items have been reviewed prior to appearing on the consent agenda. Maybe if the public knew there was some vetting that went in to the process that might help.

Griggs: We wanted to establish a general principle where Council should specifically look at items above a certain threshold.

Lyles: I think this is fixable without having a rule. We have the ability for any Council Member to pull anything.

Griggs: Kenny and I both found in the interest of transparency that the idea of pushing a $20 million item in consent and they don't even come up in conversation.

Phipps: The question is whether there is an appetite for establishing a threshold of whether we would pull something from consent. So far I have seen any strongly in favor or against.

Eagle: Cost is one factor staff takes into consideration when deciding where to put things on the agenda. We can carry this feedback to those groups to make sure we're extra diligent and mindful of that concern.

## III. Storm Water Ordinance

Jennifer Smith, Engineering and Property Management Storm Water Division Manager, and Bill Parks, Strategy & Budget Capital Coordinator, reviewed presentation on Storm Water fees on public rights of Way (copy attached). The current storm water fee practice, which does not charge a fee on impervious surface in the public right of way, is not in alignment with the storm water fee ordinance.

Phipps: At the time that the prior Council capped the fee, were they not aware that what they were doing was contrary to the ordinance at that time? What was the thought process behind not adjusting for the disparity between the practice and the ordinance?

Jennifer Smith: I don't think they looked at the ordinance. It could have been that it wasn't shared by staff.

Phipps: This was not discussed in any workshops when we talked extensively about water related issues.

Eagle: We did have this included in the information that went out prior to public hearing, and there was no comment then. But in July we did receive the letter (copy attached) from the Storm Water Advisory committee recommending no revision to the ordinance, representing increased funding.

Jennifer Smith: There was a lot of discussion at the Storm Water Advisory Committee about this. The message was that everyone else was being charged for their amount of impervious surface.

Lyles: Did the Storm Water Advisory Committee have any conversation about why we were

adding impervious surface, like the connection between roads and development? Or was the conversation that everyone ought to pay? One of the reasons we're in this situation is due to our rapid growth and development and the amount of pavement being added across the city to accommodate the growth. So, what is the principle aside "everybody should pay"? Who is the everybody and for what purpose?

Jennifer Smith: We shared with them that even with a lot of the general CIP projects, the road projects that are being constructed, a lot of the storm drainage infrastructure is being paid for through the general fund investment. Their counterpoint was that we have to maintain it from this point out.

Lyles: What is our philosophy on who pays and when for maintenance of systems where we knew that we'd be required to maintain them over 20 years and how do we do that? The question is being put to us in a way that says, "The city's not paying for the city streets." I think there's a little more depth to this discussion. Are we trying to get just a quick fix answer or are we trying to develop a philosophy that will take us over a longer period of time and what would be the principles there of? I'd rather hear what our options are.

Griggs: I have the same type of concerns. We make a decision as Council on what is the level of funding for Storm Water and through that process we set pricing fees. And now we come up against this where there is a discrepancy between the ordinance and the practice. I'd say sure let's fix the ordinance. And let's say for example that the City pays, I'd want to reduce the storm water fees on a revenue neutral basis. The storm water fee is being paid by the same people. It's being paid by the public. The level of funding is one thing. How we source the funding between the general fund and the fees is another thing. I'd resist that we put in an extra $9 million for storm water however deserving, based on trying to rectify this technicality. I think the funding decision was made last year quite deliberately including big increases for Tier 3 and Tier 4, and if we were going to say we should pay an extra however much in the general fund and we should raise taxes by a penny to fund that, I'd want to see the public get the benefit of revenue neutral reduction in their storm water fee. Separately we have a conversation about what the funding level should be and how to address the backlog. It feels like we're comingling a couple of issues here.

Lyles: How does the budget handle this issue now?

Eagle: Currently the FY16 budget has the $5.7 million in funding.

Carlee: My recommendation would be that the budget is consistent with Council directive but is inconsistent with the Council ordinance.

Lyles: The technical fix would be to fix the ordinance now. We wouldn't be making any changes to funding level now, correct? If we're going to say that we should change it to where the Storm Water Advisory Committee says we're going to pay for now, that would mean we have a reconsideration of that by January?

Carlee: I think if you change the ordinance such that we are not obligated to pay the rate, that then leaves wiggle room for you to say you could later pay whatever you wanted to. If you wanted to

actually pay the rate, or 50% or 75%, then you would have the flexibility to do that on a year to year basis, consistent with budget direction. In full disclosure, I think there are others on Council and who are would disagree with this. And there are those on Storm Water Advisory Committee who think we should just pay for our streets. I would just like to see reconciliation so that when I'm not bringing you budgets that are in violation of your agreement and reflect consistency.

Griggs: I could see an argument for leaving the ordinance just as it is now and consider rewriting it in our next budget cycle so that we find the funding level. I asked that we take the revenue neutral case and say that the City pay for its streets and base property tax and reduce storm water fees. In that situation there are winners and losers. I'd be interested in hearing about how many businesses, residences etcetera are impacted by the fee. We know that homes with larger footprints are now paying more. They are presumably also the higher value homes. Where does this change in fees and taxes wind up getting paid?

Mayfield: We're trying to build up. What is our plan now given that we're building up and more compact with less impervious are? Are we having any discussion about the plan 25 years from now?

Jennifer Smith: The size of the storm drain pipe is generally based on the impervious surface. Unlike your water supply where as you build up your water pipes have to get bigger due to more people, our storm water pipes don't have to get bigger as we build up.

Mayfield: Are we anticipating loss because we are building differently with less impervious surface per person? Will this financial model we're looking at be a viable model 15 years from now?

Jennifer Smith: The majority of pipes we put in were put in a long time ago. As a new site is developing and they're putting in less impervious, the pipes that they're putting in are sized to meet their development needs. A lot of the money we're asking for now is to fix the too-small pipes that are out there right now.

Griggs: We always have the possibility of setting fees to where we think they ought to be to deliver the service. So the main consequence is that some people wind up paying relatively more for big houses and people with small houses pay less. I raised the question whether impervious surface was the right measure and I was roundly shot down during the last budget process. What it means is that people in apartments pay less but they are also contributing less to the storm water problem than people out in the suburbs with the large houses. We can always index our prices on storm water fees to get to a revenue neutral.

Jennifer Smith: If there's less and less impervious out there, are we adjusting so that we don't have these high costs in the future.

Lyles: Are we looking for a decision which provides maximum flexibility for the upcoming budget discussions or are we just going to live as-is until we make longer term decisions? Are there consequences to living as-is?

Phipps: When this came to us, it seemed like it was just a rudimentary change in the language of the ordinance, but it has more ramifications than it seemed. I'm disappointed that there wasn't more consideration and discussion when this policy first came up back in the day. Did they have a Storm Water Advisory Committee back in the day? Why didn't they voice these concerns then? We're now dealing with a cumulative effect.

Griggs: I think it's commendable that the committee would like to garner $9 million for Storm Water, but it's been like this for 17 years.

Carlee: We went through the budget and Council adopted the budget based on prior Council policy. We brought you the ordinance amendment in order to reconcile the ordinance with Council policy and practice.

Griggs: My answer is sure lets change the ordinance and adjust the storm water fees.

Lyles: Are we actually say go back to Council and recommend changing the language knowing that this is an issue that needs to be changed long term? Are you looking for a recommendation today and what would we say? For example, we would recommend that we ought to change the language so that we would be in compliance over this budget year, and we recognize that there are multiple options to be examined, but we feel that compliance would be the best option for right now. This will be a huge budget issue that we should talk about early in the process, i.e. at the Budget Retreat. Is it about fixing it now so that we have that decision for the future? I'm going to make a motion that we do that.

Phipps: I believe that keeps with the integrity of the process.

Lyles: I think we should say we recognize this discussion and that as soon as possible when Council makes its priorities for budget we determine a storm water fee structure.

Griggs: ***Committee recommends to Council to make an amendment to the ordinance and we put as a priority in our budget deliberations process the question of the policy related to storm water fees.***

Mayfield: I'm a yes.

Phipps: I believe that's unanimous.

## IV. Follow Up from FY2016 Budget Process & Committee Work Plan

Dr. Kim Eagle introduced a draft work plan for the Budget Committee (copy attached), highlighting upcoming items for October and future Budget Committee meetings. After discussion, the committee determined that the Community Safety Strategic Needs and Take Home Vehicle policy should be removed from the list. They also determined that City funding of State/County responsibility should be moved to January and framed in terms of education related funding, and that Water Meters be put in the context of all capital projects.

Dr. Kim Eagle provided a summary of steps in Budget Process (copy attached), taking in to account feedback on steps from the prior budget year.

Phipps: The straw vote process didn't work too well last time. I think we ought to find a way to lump a lot of different things that are related together. Maybe that was an anomaly.

Lyles: I don't think this was an anomaly. I think it will be more consistent with what we have moving forward. I think we ought to plan on being flexible. It's hard to recommend a straw vote when you don't know what your complexity is.

Eagle: We're working on the calendar now, with optional workshop dates.

Griggs: I think my recommendation would be to focus on the decision items, develop some different scenarios and different paths to choices people could make.

Meeting adjourned at 3:30 p.m.

CHARLOTTE.
MANAGEMENT & FINANCIAL SERVICES

# Non Exempt Pay Plan Proposal

Council Budget Committee

September 28, 2015

CHARLOTTE.

## Pay Plan Study Background

- Council concerns related to living wage for lower paid employees
- Pay plan for entry-level workers in labor, trades and administration reviewed (non-exempt classification)
- Feedback from employees concerning pay

1

## Exempt and Non-Exempt Categories

- Exempt - Employees not eligible for overtime
  - Traditionally salaried
- Non Exempt – Employees eligible for overtime
  - Traditionally hourly (labor, trades, administration)
- Fair Labor Standards Act (FLSA)
  - Defines exempt employees using various duties tests
  - Salary threshold for exempt employees = $23,660 annually
  - Proposed update to FLSA includes increasing salary threshold to approximately $50,440 annually

2

## Public Safety Pay Plan (PSPP)

- Includes the positions of Police Officer, Police Sergeant, Firefighter I, II, and Engineer, and Fire Captain
- Step plan structure; increase on merit date
- Market adjustment to the steps each year as funding allows
- Additional incentives for 2 or 4 year degree; foreign language; and Fire HazMat, Dive or Search and Rescue

3

## Broadbanding Pay Plan

- Market rates are established based on extensive data gathered directly from other employers and survey sources
  - Based on median of actual wages paid in recruitment area for comparable work
  - Comparable to mid-point in a traditional range pay plan
- Emphasis on pay based on two factors: performance and position relative to market
- Employees receive merit increase, if funded, on their annual merit date

4

## Pay Plan Feedback

- Study included surveys, interviews, and focus groups
  - Local municipalities, private sector, staff
- Department Directors expressed challenges with Broadbanding pay plan for non-exempt employees
  - Does not address recruitment and retention adequately – no clear career path nor focus on pay range based on skill level
  - Difficult for employees to reach market rate due to structure
  - Has rules that can be applied inconsistently causing pay inequities

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# Pay Plan Study Findings

| Challenges Identified in Focus Groups and Surveys | Proposed Solutions |
|---|---|
| Employees never make it to "market rate" | Gravitate employees towards 100% of market (midpoint), with goal of employees reaching market in 5 to 7 years |
| Employees don't understand broadbanding | Restructure to be easily understood by employees with flexibility for management |
| Employees desire cost of living, performance pay, and skill pay | Market increases and performance pay<br>Recognition for skill attainment<br>- Promotions – base pay increase<br>- Reclassifications – base pay increase<br>- Certifications/trainings – lump sum payment |
| Pay inequities exist within divisions and departments | Employees treated consistently across organization, pay scale based on years in position and performance |
| No clear career-paths for promotion | Defined pay scales and promotion pay increases |

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# Next Steps

- Return to a future Budget Committee meeting with full Non-Exempt Pay Plan Proposal
  - Living Wage Analysis
  - Transition/Implementation Plan
    - Costing
    - Timeline

7

# Referral to Budget Committee: Council Business Agenda Categories

## Background

At the July 28th Council Business Agenda, Council member Smith requested information on the parameters by which Agenda items are placed in the three primary decision-making sections: Policy, Business, and Consent. This item was then referred to the Budget Committee.

## Overview of Council Business Agenda Sections

The following lists the typical sections included in the Council Business Agenda; the last three sections are the primary decision-making categories referred to the Budget Committee for further discussion:

- Awards & Recognitions (informational)
- Public Hearing (informational)
- Policy (decision-making)
- Business (decision-making)
- Consent (decision-making)

## Description of Decision-Making Sections within the Council Business Agenda

The placement of Agenda items in the three primary decision-making categories (Policy, Business, Consent) is typically determined based on the type of item, rather than a dollar threshold. However, non-standard items for which staff anticipates or requests special Council discussion (which often involve sizeable financial investment) are often placed on the Business Agenda.

The following table provides a description and examples of the three primary decision-making agenda sections that guide the placement of items:

| Category | Description | Example |
|---|---|---|
| Policy | An item developed from a Council Committee recommendation that is brought back to full Council | • recommendation from HAND Committee on Housing Policy<br>• change to City Code/Ordinance<br>• adoption of annual Operating and Capital Budget |
| Business | A non-routine item that may require Council and/or staff to expound upon the item | • regional agreements<br>• incentive grants<br>• nominations to Board and Commissions<br>• Mayor and Council topics |
| Consent | A routine item associated with City operations, typically included in the adopted operating or capital budget | • equipment purchasing<br>• departmental grant awards<br>• professional services contracts |

As part of the Council Business Meeting process, Council may pull any Consent item at the dais for further information and deliberation, which then requires a separate vote on the item. If Council is interested in pulling an item for discussion and deliberation, without requiring a separate vote, that option, along with any other options to enhance the Council Business Meeting, may certainly be explored.

Charlotte-Mecklenburg STORM WATER Services

# Stormwater Ordinance Revisions

Budget Committee Meeting
September 28, 2015
Date

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## Background

- All rate payers are charged in accordance with their impervious surface and its impacts on stormwater runoff and surface water quality
- Ordinance allows fee exemptions for:
  - Undeveloped land
  - Public street rights-of-way maintained by the state
  - Railroad tracks

1

## Background

- It is uncommon for large NC cities to pay a stormwater fee based on impervious surface for public street rights-of-way (including sidewalks)
- The six surrounding towns in Mecklenburg County do not pay municipal stormwater fees based on impervious surface
- Charlotte and all six towns do pay County stormwater fees based on impervious surface for public street rights-of-way

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## History of Payments from General Fund

- FY1994: $2.5 million annual contribution and dedicated one cent of the property tax rate
- FY1995: $2.5 million annual contribution split
  - $2.0 million General Fund
  - $0.5 million Powell Bill
- FY1997: Annual contribution rose proportionately with the percentage of annual stormwater fee increases, but did not rise to reflect increases in impervious area
- FY1998 – FY2001: Began phasing out dedicated property tax (25% annually)

3

## History of Payments from General Fund

- FY2007: General Fund and Powell Bill contributions capped at $5.68 million
  - $4.54 million General Fund
  - $1.14 million Powell Bill
- Between 1993 and 2014, the General Fund and Powell Bill combined contributions to the stormwater program have totaled **$111.7 million**
- FY2016: contribution remains capped at $5.7 million

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## Fiscal Implications

- Stormwater fee for Charlotte's public street rights-of-way and government facilities would total $14.9 million
  - Approx. $14.47 million for street rights-of-way
  - Approx. $0.42 million for facilities
- Equivalent property tax rate for $14.9 million is 1.68 cents per $100 valuation
- Current FY2016 budgeted contribution is $5.7 million
- Equivalent property tax rate for remaining $9.2 million is 1.04 cents per $100 valuation

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## Public Input Process

- May 11, 2015 a Public Hearing was held
  - No comments received
- July 2015, Council received a letter from the Storm Water Advisory Committee
  - Recommends not revising the Ordinance
  - Continue to pay some portion for Charlotte's public street rights-of-way
  - Goal of increasing the rate paid until it is the same rate as other private and public fee payers.
  - Corrective action can span several years given that the payment gap grew over many years

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## Next Steps

- Committee recommendation for full Council
- Storm Water Services will be reviewing the fee credit manual and may bring back additional changes to Section 18-40 in the spring/summer 2016

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## Proposed Revisions

**Sec. 18-39 – Stormwater service charges**

(a) Pursuant to an interlocal agreement entitled "Agreement for Operation of a Single Storm Water System within Mecklenburg County," which became effective January 1, 1994, the city manager shall request the county to set and revise, from time to time, the service rate charge ~~in accordance with the "Storm Water Rate Methodology," dated May 13, 1996, a copy of which is on file in the office of the city clerk, or any subsequent methodology~~ agreed to and adopted by both governing bodies. Upon the expiration or termination of such interlocal agreement, the city council shall establish the service rate charge and base rate charge.

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## Proposed Revisions

**Sec. 18-40. - Exemptions and credits applicable to service charges.**

(a) Except as provided in this section, no public or private property shall be exempt from stormwater service charges or receive a credit or offset against such service charges. No exemption or reduction in stormwater service charges shall be granted based on the age, tax or economic status, race, or religion of the customer, or other condition unrelated to the cost of providing stormwater services and facilities.

- (b) The following exemptions from stormwater service charges shall be allowed:
- (1) Undeveloped land.
- (2) Public road rights-of-way which have been conveyed to and accepted for maintenance by <u>the city and</u> the state and are available for use in common by the general public for motor vehicle transportation, but this exemption shall not apply to any other uses of developed land for public purposes, such as, but not limited to, ~~public street rights-of-way conveyed to and accepted for maintenance by the city,~~ offices, airports, maintenance yards, water and wastewater treatment plants and water reservoirs, parking lots or garages, parks, recreation facilities, libraries,

## City General Fund Contribution to Storm Water Services

The stormwater program is based on the premise that all rate payers are charged in accordance with their impervious surface and its impacts on stormwater runoff and surface water quality. When the program began in 1993, the City ordinance created certain categories which were exempt from paying a stormwater fee. Although state roads have been *exempt* from paying a fee since the program began, the City's public street rights-of-way were *not exempt* in the ordinance. However, since the beginning of the stormwater program, the City's General Fund has paid a contribution to the program in lieu of paying a fee specifically based on City street impervious area.

- In FY1994, Council approved a $2.5 million annual contribution to Storm Water Services for City maintained streets and general government facilities and also dedicated one cent of the property tax rate to Storm Water Services.
- In FY1995, the $2.5 million annual contribution was split between General Fund and Powell Bill ($2.0 million and $500,000 respectively).
- Beginning in FY1997, the annual General Fund and Powell Bill contribution rose proportionately with the percentage of annual stormwater fee increases, but did not rise to reflect increases in impervious area.
- In FY1998, the City began phasing out dedicated property tax revenues at a rate of 25% annually through FY2001.
- In FY 2007, City Council capped future General Fund and Powell Bill contributions to the stormwater program at $5.68 million ($4.54 million General Fund, $1.14 million Powell Bill).
- Between 1993 and 2014, the General Fund and Powell Bill combined contributions to the stormwater program have totaled $111.7 million.
- The FY2015 Adopted Budget is $5.7 million, consistent with the cap adopted by Council in FY2007.

In addition to the $5.7 million contribution, the City's general fund also invests in stormwater system improvements through neighborhood improvement projects, transportation improvement projects, and transit projects. The City's general capital contribution to stormwater system improvements through these projects allows Storm Water Services to direct more stormwater fee revenue to the maintenance and repair of existing systems.

If the City's contribution to the stormwater program from the General Fund and Powell Bill were based on actual impervious surface of all City-maintained streets and general government facilities, the FY2016 contribution would total $14.9 million, equivalent to a property tax rate of approximately 1.68 cents per $100 valuation. This would require a $9.2 million increase over the FY2016 contribution of $5.7 million. This increase amount equates to 1.04 cents on the property tax rate.

It is uncommon for large NC cities to pay a stormwater fee based on impervious surface for public street rights-of-way. Raleigh, Durham, and Winston Salem do not pay stormwater fees for city-maintained streets. The surrounding Mecklenburg towns also do not pay such a stormwater fee. However, all six Mecklenburg towns, including Charlotte, do pay County stormwater fees for their city street impervious surfaces. The City's payment to the County for the major stormwater system utility is budgeted at $1.6 million in FY2016.

**Ordinance Correction Recommended**

Staff recommends that City Council amend the stormwater ordinance to include an exemption for public rights-of-way within the City. This technical modification to the ordinance will make it consistent with the long-standing 20 year practice of not including City-maintained streets in the City's stormwater fee payment.

A Public Hearing on the ordinance amendment to exempt City-maintained streets from the City's stormwater fees, was held by City Council on May 11th. There were no comments from the public during the Public Hearing.

The FY2016 budget for Stormwater Services is consistent with the above described long-standing practice and does not include revenue from fee payment from the City for City-maintained streets. In order to allow time for the Stormwater Advisory Committee to discuss the ordinance change more thoroughly, the item will appear on Council's business agenda on July 27.

The City's $5.7 million annual General Fund contribution to the stormwater program includes payment of $417,706 in stormwater fees for impervious surfaces of City-owned general government facilities.

# City of Charlotte

Charlotte-Mecklenburg
Government Center
600 East 4th Street
Charlotte, NC 28202

## Legislation Text

**File #:** 15-785 **Agenda #:** 15.

## Amend Stormwater Ordinance

**Action:**

**Amend Chapter 18 - Stormwater Ordinance to exempt the City from paying a stormwater fee for public street rights-of-way.**

**Staff Resource(s):**
Kim Eagle, Management & Financial Services
Daryl Hammock, Engineering & Property Management

**Explanation**

- On May 11, 2015, a public hearing was held on the Stormwater Ordinance. There were no comments.
- The City ordinance exempts certain categories of property from paying a stormwater fee.
- Although state roads have been exempt from paying a fee since the program began, the City's public street rights-of-way were not exempt.
- Early in the program, the City's general fund paid a contribution to the program in lieu of paying a fee specifically based on City street impervious area.
- The general fund contribution rose proportionately with the percentage of annual fee increases, but did not rise to reflect increases in impervious area.
- In Fiscal Year 2007, the City Council capped future contributions from the City's general fund to the stormwater enterprise fund at the Fiscal Year 2006 level of approximately $5.7 million.
- The City's general fund often invests in stormwater system improvements through neighborhood and transportation improvement and transit projects.
- Most large NC cities do not pay a stormwater fee based on impervious surface for public street rights-of-way.
- The surrounding Mecklenburg towns do not pay a stormwater fee.
- The amendment would allow an exemption for public rights-of-way within the City, which will result in the ordinance being consistent with the current practice of how it collects stormwater fees.
- This ordinance change will not affect the payment amount from the General Fund to Storm Water Services.

**Background**

- Under North Carolina law for public enterprises, cities are authorized to set and collect fees to fund storm drainage maintenance and replacement, and to comply with Federal Clean Water Act requirements.
- The City and Mecklenburg County together established a combined stormwater utility in January 1993 and began assessing fees to most public and private property.

**Fiscal Note**

**File #:** 15-785 **Agenda #:** 15.

Funding: Not Applicable

**Attachment**
Amended Stormwater Ordinance

## Sec. 18-39. - Stormwater service charges

(a) Pursuant to an interlocal agreement entitled "Agreement for Operation of a Single Storm Water System within Mecklenburg County," which became effective January 1, 1994, the city manager shall request the county to set and revise, from time to time, the service rate charge ~~in accordance with the "Storm Water Rate Methodology," dated May 13, 1996, a copy of which is on file in the office of the city clerk, or any subsequent methodology~~ agreed to and adopted by both governing bodies. Upon the expiration or termination of such interlocal agreement, the city council shall establish the service rate charge and base rate charge.

(b) Payment will be applied to a customer's bill in the following order:

(1) Civil penalties assessed pursuant to this chapter;

(2) Delinquent fees for water and/or sewer;

(3) Stormwater; and

(4) Water and/or sewer.

(Code 1985, § 18-4)

## Sec. 18-40. - Exemptions and credits applicable to service charges

(a) Except as provided in this section, no public or private property shall be exempt from stormwater service charges or receive a credit or offset against such service charges. No exemption or reduction in stormwater service charges shall be granted based on the age, tax or economic status, race, or religion of the customer, or other condition unrelated to the cost of providing stormwater services and facilities.

(b) The following exemptions from stormwater service charges shall be allowed:

(1) Undeveloped land.

(2) Public road rights-of-way which have been conveyed to and accepted for maintenance by the city and the state and are available for use in common by the general public for motor vehicle transportation, but this exemption shall not apply to any other uses of developed land for public purposes, such as, but not limited to, ~~public street rights-of-way conveyed to and accepted for maintenance by the city,~~ offices, airports, maintenance yards, water and wastewater treatment plants and water reservoirs, parking lots or garages, parks, recreation facilities, libraries, schools, colleges, universities, social service centers, public housing, hospitals, convalescent centers, and other developed land used for public purposes. This exemption also shall not apply to internal site roadways within such public facilities; to private roads or drives; or to internal roads, drives, and parking areas in privately owned properties.

(3) Railroad tracks, but this exemption shall not apply to railroad stations, maintenance buildings, or other developed land used for railroad purposes.

Charlotte-Mecklenburg STORM WATER Services

700 North Tryon Street
Charlotte, NC 28202
Fax 704.336.4391

June 25, 2015

Mayor of Charlotte and Charlotte City Council
Charlotte-Mecklenburg Government Center
600 East Fourth Street
Charlotte, NC, 28202

Re: City of Charlotte Proposed Stormwater Ordinance Revisions

Dear Mayor and City Council:

The Charlotte-Mecklenburg Storm Water Advisory Committee (SWAC) reviewed the proposed Stormwater Ordinance revisions at the June 18 SWAC meeting and offer the following comments.

The stormwater program is based on the premise that all rate payers are charged in accordance with their impervious surface and its impacts on stormwater runoff and surface water quality. The City is proposing that City Council revise the stormwater ordinance to include an exemption for public rights-of-way within the City. SWAC objects to this change for many reasons, but the primary reasons for our objection include:

- Roads produce stormwater runoff and impact surface water quality and the drainage system. The City should pay the costs of storm drain maintenance and replacement associated with the city's road system.

- There is already a significant and growing backlog of stormwater repair work, so a reduction or elimination of the city contribution would be a negative effect on the stormwater program.

- The City's General Fund invests in new transportation and neighborhood infrastructure. The General Fund is not used to maintain the resulting storm drain infrastructure. Maintenance is where the main need is, and will be in the future for the life of these new investments.

- The stormwater fee in Charlotte is higher than some peer cities, as documented by the independent review of the stormwater program. Having the city pay for its streets will help keep this rate as low as possible.

Average Residential Fee (Raftelis Financial Consultants, 2015)

SWAC recommends not revising the Ordinance, but acknowledges that the City likely cannot pay the full amount in the first year, based on the current impervious area based rate. The City should continue to pay some portion for city road impervious surfaces with the goal of increasing the rate paid until it is the same rate as other private and public fee payers. The corrective action can span several years given that the payment gap grew over many years.

On behalf of the SWAC, I would like to thank you for the opportunity to provide advice, guidance and general oversight on Storm Water Services programs.

Respectfully submitted,

Jamey Baysinger, Chairman
Charlotte-Mecklenburg Storm Water Advisory Committee

Cc: SWAC Members
Ron Carlee, City Manager
Jennifer Smith, Charlotte Storm Water Services

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Attachment 6

# Budget Committee Work Plan

| Meeting Date | Item | Description |
|---|---|---|
| Monday, September 28; 2:00 – 3:30 pm – Room 280 | Storm Water Ordinance (referred on July 28) | Review of funding approaches - General Fund/property tax base for large projects, etc. |
| | Threshold for Agenda Placement (referred on July 28) | Discuss placement of items on Council Business Agenda (Consent vs. Business) |
| | Pay Plan for Non-exempt Employees | Overview of current process and reasons for modification to City pay plan for non-exempt City employees |
| | Follow up from FY2016 Budget Process and Committee Work Plan | Discuss items from FY2016 Budget process & provide a list of future Committee topics |
| Monday, October 26; 2:00 – 3:30 pm – Room CH-14 | City funding of State & County responsibilities (e.g. District Attorney's Office) | Update of City funds used toward State & County responsibilities |
| | Solid Waste Services Service Delivery and Cost Model (primary referral is to Environment Committee) | Process status update |
| | Fund Balance Policy | Update on City Fund Balance Policy and impact of potential modifications |
| | Water Meter Upgrade | Status update on project |
| Future Committee Items | Asset Sales and Facility Sales and Lease Back Opportunities | Discuss pros and cons related to the opportunities associated with leveraging and selling current assets |
| | Community Investment Plan Update | Discuss current outlook of Community Investment Plan |

| Meeting Date | Item | Description |
|---|---|---|
| | Take Home Vehicle Policy | Discuss current City policy related to take home vehicles |
| | Pay Plan for non-exempt employees (2) Discuss potential changes associated with revised City pay plan for non-exempt City employees | Discuss proposed modifications to City pay plan for non-exempt City employees |
| | Charlotte Water Assessment of Capital Funding Model | Overview of capital funding model used by Charlotte Water |
| | Storm Water Capital Program | Overview of current Storm Water Capital Program |
| | Cost Allocation Plan & Overhead Process | Describe current budget process related to cost allocation & overhead |
| | Community Safety strategic needs including Fire companies, in-fill Fire stations, Police patrol services and Police stations location planning (primary referral to the Community Safety Committee) | Community Safety Committee to discuss and determine relative priority within each area, not funding recommendation. Budget Committee to discuss funding. |

# Council Budget Related Meetings

| Meeting | Purpose / Description | Desired Outcomes |
|---|---|---|
| ***City Council Budget Committee*** | ▪ Recommend an annual calendar and process for review and approval of the budget<br>▪ Review major budgetary issues and options prior to Council's budget workshops<br>▪ Provide feedback to the City Manager regarding the agenda and agenda items to be addressed at budget workshops<br>▪ Make recommendations on referred items from Council at the budget adjustments meeting prior to straw votes<br>▪ Make recommendations on referred items throughout the year to the full City Council | • Provide input and feedback to help guide budget process<br>• To generate Council Annual Retreat and Budget Workshop topics for full Council<br>• Gather areas of interest during budget process |
| ***City Council Annual Retreat*** | ▪ Serves to determine the Mayor and Council's strategic priorities for the upcoming fiscal year<br>▪ Two to three days in late January/early February<br>▪ Staff provides a "Budget Outlook" report which includes; an economic update, current year operating projections, a four year look ahead of operating expenditures, a community investment plan overview, as well as key challenges in the upcoming budget process | • Provide framework for budget process<br>• Provides staff with questions and priorities<br>• Vet topics |
| ***City Council Budget Workshops*** | • This series of three hour workshops, conducted by Council, provide for detailed discussions of the budget issues and decisions that characterize the development of the budget plan. Staff is available to share pertinent information during these sessions as Council works to identify and confirm areas of focus, confirm operating and capital investment policies, review projected revenues and expense information, and review program and service delivery priorities. | • Provide direction and guidance for Manager's Recommended Budget<br>• Set policy related to budget |

| Meeting | Purpose / Description | Desired Outcomes |
|---|---|---|
| ***City Manager Presents Recommended Budget to Council*** | • Provides Council with a detailed overview of the Manager's recommended budget. This provides a forum for the Manager to share the fine points of the budget and for Council to ask initial questions as the budget process moves into the review stage. | • Delivery of Manager's Recommended Budget for consideration |
| ***City Council holds Public Hearing on Recommended Budget*** | • As required by State law (Local Government Budget and Fiscal Control Act), provides an opportunity for citizens to comment on the published budget plan. Notice of the public hearing and the Council discussion process are included in local newspapers as inserts in City mailings, on the City's website, and on the Government Channel. | • Public input |
| ***City Council Budget Adjustment Meetings*** | • Provides the opportunity for preliminary Council decisions regarding the Manager's Recommended Budget. By Council practice, each Council member has the opportunity to add or subtract any item or amount from the recommended budget. Council has traditionally required of themselves that the adjustments result in a balanced budget. Those items receiving five or more votes from Council members are then voted on at the Straw Votes session. | • Provides the opportunity for Mayor and Council to bring forth items contained in the Manager's Recommended Budget, which Council:<br>o Desires to view in more detail<br>o May wish to amend<br>• Definitively narrow focus to specific parts of budget by voting on amendments |
| ***City Council Budget Adjustment Straw Votes Meeting*** | • Provides the opportunity for Council to vote on each of the items that moved from the adjustments session. Each of these items receiving six or more straw votes will be incorporated into the budget ordinance that will be part of the budget adoption agenda item. | • Make definitive changes to Manager's Recommended Budget by voting on individual items or a group of items<br>• Approved changes incorporated in Budget Adoption Council Action and Budget Ordinance |

| Meeting | Purpose / Description | Desired Outcomes |
|---|---|---|
| ***Budget Adoption*** | • Local governments are required by North Carolina State law to have an adopted budget ordinance by fiscal year-end (June 30) specifying the budget plan | • Budget adoption |