

Mayor Patrick L. McCrory

Susan Burgess
Nancy Carter
Patsy Kinsey
John W. Lassiter
Don Lochman

Mayor Pro Tem Patrick De'Angelo Cannon

James E. Mitchell, Jr.
Patrick Mumford
Greg Phipps
John H. Tabor, AIA
Warren Turner

CITY COUNCIL MEETING

Monday, June 20, 2005

CITY COUNCIL AGENDA

Monday, June 20, 2005

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**6:00 P.M. BUSINESS MEETING
MEETING CHAMBER**

POLICY

**1. FY2006 and FY2007 Operating Budget and FY2006-2010
Capital Investment Plan**

Action: Approve FY2006 Appropriations and Tax Levy Ordinance, the FY2007 Operating Resolution, the Capital Investment Plan Resolution for Fiscal Years 2006-2010, the FY2006 Pay and Benefits Resolution, and other items related to the Annual Ordinance adoption.

Committee Chair: Don Lochman

Staff Resource: Listed under explanation below by section

Policy

As required by state law, the City of Charlotte adopts an annual appropriations and tax levy ordinance and considers related actions prior to June 30 of each fiscal year.

Explanation

Council is requested to adopt the following actions:

- A. The FY2006 Appropriations and Tax Levy Ordinance (Ruffin Hall)
- B. The FY2007 Operating Resolution (Ruffin Hall)
- C. The FY2006-2010 Capital Investment Plan Resolution (Ruffin Hall)
- D. User Fee Recovery Policy and Notification of Fee Changes (Ruffin Hall)
- E. The FY2006 Pay and Benefits Plan Resolution (Tim Mayes)
- F. Arts and Outside Agencies Contracts (Ruffin Hall)
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- J. Housing Development and Support Contracts (Stanley Watkins)
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- L. Storm Water Fee Increase (Tim Richards)
- M. Public Art (Ruffin Hall)
- N. Budget Plan Resolution to Study Alternative Revenues and Expenditure Reductions for FY2007 (Ruffin Hall)

A. Adopt the FY2006 Appropriations and Tax Levy Ordinance

Budget Overview

- On May 2, 2005, the City Manager presented the recommended FY2006 & FY2007 Operating Budget and the FY2006-2010 Capital Investment Plan to the Mayor and City Council. Since March 2005, the Mayor and City Council held four budget retreats and the required public hearing to shape development of this budget.
- The total recommended budget is \$1.42 billion, with \$874.0 million for operating expenses and \$542.8 million for capital expenditures.
- The budget addresses Council's 2006 priorities and includes the following key revenues:
 - A tax rate of 42.0¢ per \$100, unchanged from the previous year.
 - An average increase in Storm Water fees of 0.34¢, from \$4.47 to \$4.81.
 - An average monthly Water and Sewer rate increase of 7.7% for residential customers.

Property Tax Rate

- The property tax rate for FY2006 is a total of 42.0¢ per \$100 of assessed valuation, the same as the current rate. The FY2006 assessed value is estimated at \$65.1 billion. The distribution of the tax rate is as follows:

General Operations	35.7¢
General Debt Payments	4.7¢
Pay-As-You-Go Capital	1.6¢
Total	42.0¢

Changes to the Recommended Budget

- The Budget Committee recommended and Council approved amending the Manager's Recommended Budget by "straw vote" on June 13th.
- Based on Council adjustments, the recommended service expansion budget funded by the proposed property tax increase is deleted from the manager's recommended budget. The service expansion budget included the following items for FY2006:

- Capital - roads, sidewalks, neighborhoods	\$7,614,837
- 62 sworn Police positions	\$4,138,000
- Street resurfacing	\$2,000,000
- Arboretum fire station land	\$1,000,000
- Code enforcement	\$ 508,343
- The budget amendment recommended by the Budget Committee includes restoring some of the items deleted from the service expansion budget. These items are funded by budget reductions made in various areas in the General Fund and one time transfers from the Risk and Debt Service Funds reserves.

Items **deleted** from the Manager's Recommended Budget include:

- | | |
|---|-----------|
| - One Economic Development business corridor position | \$62,685 |
| - Advantage Carolina | \$200,000 |
| - Neighborhood Development annexation positions | \$130,471 |
| - Finance reduction | \$12,911 |
| - Recruitment & Retention | \$400,000 |
| - Training and Employee Development | \$300,000 |
| - Charlotte Regional Partnership | \$110,539 |
| - Corporate Communications – TV studio & other | \$300,000 |
| - Council Discretionary Account | \$65,663 |

Expansion items were funded using the deletions from the Manager's Recommended budget and the following:

- | | |
|--|-------------|
| - One-time transfer from Risk Fund | \$1,000,000 |
| - Additional property tax revenue | \$486,189 |
| - Increase User Fee Recovery Policy | \$1,483,619 |
| - Use of Debt Service Fund fund balance | \$975,000 |
| - Reallocate CDBG grant funding as follows: | |
| o Reduce Neighborhood Matching grants | \$200,000 |
| o Reduce Innovative Housing (HouseCharlotte) | \$60,513 |
| o Reduce Housing Revitalization | \$423,123 |

Items **added** to the Manager's Recommended Budget include:

- | | |
|---|-------------|
| - Additional Police staff
(31 July 1 st , 17 January 1 st , 14 DARE) | \$3,243,409 |
| - Additional staffing for Code Enforcement | \$508,343 |
| - Purchase of Arboretum Fire Station Land | \$800,000 |
| - Road Planning & Design | \$975,000 |
| - After-School Programs (restore 50% funding in FY06) | \$683,636 |

Attachment 1

Ordinance

B. Approve the FY2007 Operating Plan Resolution

- The Manager's Recommended Budget includes recommendations for the next two years of operating budgets. The first year, FY2006, is listed in section A.
- A resolution is adopted at the beginning of each two-year plan. The resolution approves the FY2006 operating plan as recommended by the City Manager and as amended by Council on June 13, 2005. Adoption of the FY2007 Plan does not appropriate funds.

Attachment 2

Resolution

C. Adopt the FY2006-2010 Capital Investment Plan (CIP) Resolution

- The resolution approves the five-year capital investment expenditure and financing plan totaling \$2.5 billion, a 12.0% increase compared to the current five-year capital program.
- The increase in the five-year capital program is due to a \$276.2 million increase in the CATS capital program.
- The capital program is based on property tax rate as follows:
 - 1.6¢ for the Pay-As-You-Go Fund, a decrease of 0.2¢
 - 4.7¢ for the Municipal Debt Service Fund

Municipal Debt-Funded

- The recommended FY2006-2010 General Capital Investment Plan includes \$129.8 million in debt financing, all of which is existing approved debt. Existing debt is summarized below:
 - \$82.5 million for roads
 - \$15.0 million for affordable housing
 - \$8.8 million for neighborhood improvements
 - \$23.5 million for municipal facilities

Pay-As-You-Go-Funded

- The five-year FY2006-2010 CIP includes \$164.8 million in Pay-As-You-Go and Current Revenues, an \$8.0 million, or 4.6%, decrease from the current FY2005-2010 CIP reflecting the transfer of 0.2¢ to the General Fund.
- Recommended Pay-As-You-Go five-year expenditures include:
 - \$92.0 million for the City's maintenance of effort contribution to Transit
 - \$23.7 million for Innovative Housing
 - \$20.5 million for building and roof maintenance
 - \$3.4 million for the City's local match for the HOME housing grant

Enterprise-Funded

- Storm Water totals \$198.1 million and includes these major projects:
 - \$104.6 million for neighborhood flood control projects
 - \$18.2 million for neighborhood improvements
 - \$16.2 million for transit related storm water projects
- Charlotte Area Transit System totals \$954.0 million and includes these major projects:
 - \$408.0 million for North, Northeast and US 74 Corridors development
 - \$207.0 million for a multimodal station
 - \$162.0 million for Streetcar and Center City Transitway System
- Water and Sewer totals \$580.5 million and includes these major projects:
 - \$111.0 million for the 2007 and 2009 annexations
 - \$79.0 million for Briar Creek Relief Sewer
 - \$65.0 million for water and sewer line rehabilitation
- Aviation totals \$519.3 million and includes these major projects:
 - \$82.5 million for continued expansion of air cargo operations
 - \$78.0 million for a new third parallel runway
 - \$66.3 million for concourse expansions and jetbridges

Attachment 3

Resolution

D. Adopt the User Fee Recovery Policy and Notification of Fee Changes

- The City's user fee schedule covers both regulatory and non-regulatory user fees.
- The recommendations included in the FY2006 User Fee Schedule are as follows:

Recovery Policy

- Regulatory User Fees
 - Examples of regulatory user fees include land use permits, subdivision reviews, fire permits and dance hall licenses and are calculated according to Council's cost recovery policy.
 - The City Manager's recommended budget increased the policy from 60% to 80% in FY2006 and 100% in FY2007.
 - Council amended the budget to increase the regulatory user fee cost recovery policy to 100% beginning July 1, 2005.

Carnival Permit User Fee

- On October 11, 2004 Council approved the Carnival Ordinance, regulating the operation of carnivals within the City of Charlotte.
- The ordinance excludes amusement parks operating at permanent locations and carnivals operated by governmental entities and tax exempt organizations.
- The Council action directed staff to establish a user fee for carnival permits.
 - The 100% fully allocated cost per permit is \$865.

- The new Carnival Permit Fee is incorporated into the attached User Fee Schedule.

Attachment 4

Regulatory User Fee Schedule (Non-Regulatory User Fee Schedules are included in the City Manager's recommended budget)

E. Adopt the FY2006 Employee Pay and Benefits Plan and Resolution

- The recommendations included in the FY2006 Pay and Benefits Report include the following:

Compensation

- Public Safety Pay Plan
 - Public Safety employees will receive increases of 2.5% or 7.5% during FY2006.
 - A 2.5% structural market adjustment for all steps in the Public Safety Pay Plan. Public Safety employees will receive this increase effective July 2, 2005.
 - Funding for 5% merit pay step increases in the Public Safety Pay Plan
- Broadbanding Pay Plan
 - A 3.0% merit increase budget for all eligible employees in the Broadbanding Pay Plan
 - Merit increases will range from 0% to 8% based on market position and performance level, but total merit increases in each business unit will not exceed 3.0%.
 - Funding of \$400,000 in the General Fund to address more difficult recruitment and retention issues in targeted jobs was eliminated by Council as a budget amendment. Funding for targeted retention was eliminated in enterprise funds as well.
 - A 3.0% increase to the band minimum and maximum rates in the Broadbanding pay structure. No employees will receive an increase as the result of this recommendation.

Benefits

- Authorize the City Manager or her designee to execute the new prescription drug contract and any future contract amendments with Caremark effective July 1, 2005.
- Authorize the City Manager or her designee to take necessary steps to comply with The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (known as Medicare Part D) effective January 1, 2006.
- Increase funding for medical and dental insurance by 7%. Authorize the City Manager or her designee to establish premium rates among the two medical plans as a result of provider reports and Medicare Part D impact.
- Medical Stop-Loss Insurance
 - Authorize the City Manager or her designee to negotiate the final premium and terms with the current vendor or approve a vendor change if necessary.

Attachment 5

Resolution

F. Approve the Arts and Outside Agencies Contracts

Charlotte Regional Visitors Authority (Authority) \$6,685,311

- The Authority results from the recent merger of Visit Charlotte and the Auditorium-Convention Center-Coliseum Authority.
- City funding for the Authority is used to promote economic development in the Charlotte-Mecklenburg area by promoting the area as a destination for convention, leisure and sports-related travel.
- \$6,185,311 of the funding allocated to the Authority is derived from a portion of the proceeds of the prepared food and beverage tax and a portion of the countywide occupancy tax. This amount reflects a 6.2% increase over the \$5,823,288 allocated in FY2005.
- \$500,000 of this funding is allocated for business development activities involving organizations that sponsor or hold events, meetings or conventions in the Charlotte area and is recommended for the following reasons:
 - City Council set a priority goal for FY2006 to develop a tourism business incentive model that is better than the sporadic request for general fund assistance model that is presently used. It will replace the Authority approaching the City and the County for support of individual convention/tourism projects as they have previously.
 - This model is an outgrowth of the Marketing Advisory Committee recommendations in 2003, the Authority merger discussions in 2004 and the NASCAR Hall of Fame discussions in 2005.
- This new funding must be used for business development purposes, the Authority must report on the use of these funds by April 30 each year and the amount will need to be increased if NASCAR chooses Charlotte for the Hall of Fame. A catastrophic economic event provision is included in the CRVA contract that provides for an immediate renegotiation of this business development program.

United Family Services (Victim Assistance) \$320,561

- The Victim Assistance Program provides community counseling, education and individual assistance to adult and child victims of crime and to families of homicide victims.

Attachment 6

Arts & Science Council \$2,942,000

- The Arts & Science Council oversees community-wide cultural planning, fundraising, grant administration, technical assistance, facility review and other responsibilities to advance the cultural life of Charlotte and Mecklenburg County.

Attachment 7Children's Theatre

\$225,000

- Provides funding for maintenance of Children's Theatre's space in ImaginOn. Children's Theatre is moving from a City-owned facility to ImaginOn in Fall FY2006.
- On September 24, 2003 City Council approved funding of \$270,000 in FY2006 to support the maintenance and operations costs of 54,000 square feet to be occupied by the Children's Theatre in ImaginOn.
- Due to the fact that ImaginOn is scheduled to open in the fall of 2005, the funding is prorated to \$225,000. Operation and building maintenance costs include routine janitorial service, window and carpet cleaning, trash removal, security, pest control, routine maintenance and minor repairs and utilities.

G. Approve the Municipal Service District Contracts with Charlotte Center City Partners and University City Partners

- The municipal service districts (MSDs) were created to enhance the economic viability and quality of life in select areas. Three MSDs are located in the Center City, the fourth is located in the South End area and the fifth is located in the University City area. Revenues for these districts are generated through ad-valorem taxes paid by property owners in the districts in addition to the City's regular property tax rate.
- In FY2006, the City will contract with Charlotte Center City Partners for services in the three Center City Municipal Service Districts as well as for services in the South End Municipal Service District. The City will also contract with University City Partners for services in the University City Municipal Service District. The FY2006 contract amounts are increased 0.1% (one-tenth of one percent) over the FY2005 amounts due to slight increases in property valuations in the Tryon Street Mall and South End districts.
- The FY2006 tax rates in the five MSDs remain unchanged from the FY2005 rates.

Municipal Service Districts Summary

District	FY06 Tax Rate	FY06 Contract Amount
District 1-Center City	1.74 ¢	\$704,904
District 2-Center City	1.24 ¢	\$188,286
District 3-Center City	2.71 ¢	\$539,922
District 4-South End	6.68 ¢	\$319,965
District 5-University City	3.00 ¢	\$163,690

Attachment 8

H. Approve the FY2006 Job Training ContractsCharlotte-Mecklenburg Workforce Development Board
Job Training Contract

\$7,854,057

Source of Funds

Workforce Investment Act Grants \$7,765,557
 General Funds \$88,500

- On January 1, 2000 the Workforce Development Board (WDB) assumed the responsibility for the operation of the Job Training Program, funded by federal Welfare Investment Act (WIA) Grants.
- The City retained management oversight and continues to serve as the fiscal agent for the program. The City contracts with the WDB on an annual basis to implement WIA services in the Charlotte Mecklenburg area.
- This contract includes funding for:
 - WDB operations
 - Contract monitoring of agencies including the Employment Security Commission, Child Care Resources, Goodwill Industries and Affiliated Computer Services Inc.
 - Job readiness and other programs for 550 youth
 - JobLink Center operations which will serve 50,000 people
 - Job training for 516 adults and dislocated workers

I. Approve the Human Services Contracts

- The City Manager's Recommended Budget included 50% funding for FY2006 and 0% funding for FY2007. Council amended the recommendation to include full funding for After-School and family programs in FY2006.
- The FY2006 Consolidated Action Plan, presented to Council on June 13, 2005, identifies priorities for federal and local housing and community development resources including the Community Development Block Grant (CDBG) and local Innovative Housing Funds. Human services contracts for After School Enrichment Programs are part of the projected FY2006 CDBG and Innovative Housing-funded activities.
- The contracts provide educational enrichment activities for elementary, middle, and high school students of families with low incomes who reside in the City Within A City boundaries. Council's amendment to fund the contracts for the entire year of FY2006 is funded with resources from:
 - Neighborhood matching grants (\$200,000)
 - Innovative Housing (HouseCharlotte) (\$60,513)
 - Housing Revitalization (\$423,123)

The following contracts are fully funded in FY2006 by the human/public services component of the CDBG and Innovative Housing program:

Full year funding for FY2006

Bethlehem Center Enrichment	\$199,207
Charlotte-Mecklenburg Schools After-School Enrichment	\$185,576
Greater Enrichment	\$605,854
St. Paul Enrichment Program	\$57,735
Northwest After School Coalition	\$60,000
YWCA Central Carolinas After School	\$114,546
YMCA Strengthen Families Program	\$48,699

J. Approve the FY2006 Housing Development and Support Contracts

- The FY2006 Consolidated Action Plan to be presented to Council June 13, 2005, establishes strategies to provide affordable housing and supportive services for low and moderate-income families and individuals as part of an overall community revitalization strategy.

Charlotte Mecklenburg Housing Partnership, Inc. (CMHP)

Affordable Housing Contract \$2,000,000

- This contract includes funding to address planning for future multi-family and single-family housing development by:
 - Increasing affordable homeownership opportunities. CMHP will provide 100 units of financial assistance by originating 100 first, second and third mortgages or make grants to families purchasing homes.
 - Increasing affordable rental opportunities. CMHP will provide 300 additional rental units.
 - Developing affordable housing. CMHP will begin development or place under construction an additional housing development site.
 - Continuing to manage financial procedures and maintaining a “clean opinion” on their annual financial statements.

Sources of funding

CDBG Grant:	\$1,000,000
Innovative Housing:	\$1,000,000

Charlotte Housing Authority (CHA) Relocation Contract \$1,500,000

- This contract includes funding to the CHA for the management of part of the City’s Relocation Program (households displaced due to fire and code enforcement). The CHA will provide temporary and permanent housing, moving and storage, counseling, case management and capacity building. On June 28, 2004, City Council approved a three-year commitment; FY2006 represents the second year of the commitment. The contract is a performance-based contract, therefore funding is up to \$1,500,000. The goal in FY2006 is to assist up to 120 households.

Source of funding:

CDBG Grant: \$1,500,000

Regional HIV/AIDS Consortium \$565,000

- The Consortium manages the City Housing Opportunities for Persons with HIV/AIDS (HOPWA) federal grant. The programs are projected to serve 217 clients. Responsibilities include:
 - Awarding restricted-use grants to qualified organizations in the seven-county metropolitan statistical area (MSA) to provide housing and housing-related services for people living with HIV and AIDS. Servicing the seven-county metropolitan statistical area (MSA) is a requirement for the City to receive the funds.
 - Distributing funds available through the HOPWA program is in compliance with HUD regulations.
 - Ensuring that all HOPWA funds are expended to provide maximum access to housing for eligible people affected by HIV and AIDS, including family as defined by 24 CFR Part 574.3
 - Monitoring distribution and proper expenditure of funds distributed to grantee agencies in the region

Source of funding:

HOPWA Grant: \$565,000

Crisis Assistance Ministry \$380,000

- The Ministry programs provide critical assistance to low-income families.
 - Crisis Assistance Energy Assistance (\$180,000) – These funds are used to directly pay utility companies for bills due from low-income families. This program serves approximately 1,385 families at an average of \$130 per family.
 - Crisis Assistance Emergency Rental Assistance (\$200,000) – These funds are targeted for low-income families living in specific areas of the City to address housing problems. This program assists approximately 1,450 families at an average cost of \$138 per family.

Source of funding:

Innovative Housing \$380,000

K. Approve Other Budget Items

- The budget ordinance included is the City's annual budgetary operating ordinance. Sections 1 through 11 of this Ordinance reflect the items included in the Manager's Recommended Budget as well as the Budget Committee amendment approved by the full Council June 13, 2005.
- The remaining sections of the Annual Ordinance serve to adjust the Manager's Recommended Budget for changes approved by Council through the previous actions approved on this agenda, as well as to make budgetary

corrections to the current fiscal year for technical, accounting and other “wind-up” tasks necessary prior to the fiscal year’s end.

- Sections 12 through 14 are additional actions to be effective for FY2006. Sections 15 through 45 are wind- up actions for FY2005.

Sections 12 through 14

- Section 12 appropriates a grant from the Governor’s Crime Commission for \$219,489 for the Community Relations Committee’s Dispute Settlement Program. The grant award was received after the Manager’s Recommended Budget was presented.
- Section 13 estimates and appropriates \$300,000 in the Public Safety Grants Fund for funding from sources such as grants and donations routinely received by the City throughout the fiscal year. Establishing this miscellaneous account will alleviate the need for relatively small, non-recurring donations on Council agendas.
- Section 14 appropriates \$208,800 for the City’s Public Art Program allocation for the FY2006 General Capital Program.

Sections 15 through 22

- Sections 15 appropriates Assets Forfeiture funds for CMPD: continues funding for one police attorney formerly grant supported (\$92,782); safety equipment for motorcycle officers (\$20,000); investigations training and miscellaneous supplies (\$38,000); continue Police Beat for another year (\$32,000); Training Academy testing expenses (\$25,000) and exercise equipment (\$14,985).
- Section 16 appropriates \$356,639.02 from the North Carolina Emergency Management Office to reimburse the Charlotte Fire Department for expenses associated with deployment of staff and supplies during emergency assistance for Hurricanes Charlie, Francis, Ivan and Jeanne in Fall 2004.
- Section 17 provides \$33,120 for the local match to a Fire Department grant for fire prevention. This funding was made available from within the Fire Department’s operating budget.
- Section 18 appropriates \$750 from a contribution from Wal-Mart to the Charlotte Fire Department for station #24, Highway 51.
- Section 19 appropriates private contributions of \$10,385 for the Community Relations Committee’s Quad State Conference and Police Community Relations Awards programs.
- Section 20 estimates and appropriates \$375,620 from state funding for City-maintained state road traffic signals.

- Section 21 appropriates the final Federal Emergency Management Agency (FEMA) reimbursement of \$1,004,786 for the Winter Storm 2002 expenses and returns \$462,594 to the General Fund to complete repayment of the \$7,500,000 loan used to address the emergency in December 2002.
- Section 22 appropriates additional amounts in the General Fund for the actual receipts in excess of the estimated revenue for various projects.

Sections 23 through 32 General Capital Projects Fund

- Section 23 estimates and appropriates \$1,610,000 from state funding for road construction under the NC Moving Ahead initiative. Three municipal agreements were approved by Council on November 22, 2004 for this program.
- Section 24 appropriates \$1 million from the Municipal Debt Service Fund's (MDSF) reserves for planning and design contracts for the Afro American Cultural Center (\$400,000) and Discovery Place (\$600,000). Council endorsed this action by approving a resolution on the June 13, 2005 Council Business agenda. Upon approval of final project funding, this amount will be returned to the MDSF reserves.
- Sections 25 and 26 appropriate \$996,800 to sidewalk construction from Street Bonds (\$700,000) and from NCDOT (\$296,800).
 - The Street Bonds were approved by the voters in November 2004 and were part of the FY2005-FY2009 CIP. Projects supported with bonds generally time their appropriations with cash flow needs. A request for approval of sidewalk construction contracts was included in the June 13th Council agenda requiring this additional allotment.
 - The NCDOT-funded projects are municipal agreements that were approved by Council on November 22, 2004. That Council action did not include ordinances. This action corrects that omission.
- Section 27 appropriates \$805,946 received during the year from developers and Mecklenburg County for installation of road signs and signals by City forces to replenish the Public-Private Participation Projects account.
- Section 28 transfers savings of \$548,520.87 from two completed projects to West Side Strategy Plan initiatives.
- Section 29 transfers \$400,000 from the Sidewalk Program (\$200,000) and the Pedestrian Safety Program (\$200,000) to consolidate funding for reconstruction of the intersection of South Boulevard and Hill Street.
- Section 30 appropriates \$330,000 in savings from participation in state highway project street bonds to the Toddville and Tom Sadler Roads and CSX Railroad intersections improvements to replace NCDOT grants that will not be realized.

- Section 31 appropriates \$168,806.25 from reimbursements to the City for work performed by City road construction contractors for private properties in conjunction with City road projects.
- Section 32 appropriates \$100,000 from the Pay-As-You-Go Fund fund balance to replenish the City's Productivity Improvements account.

Sections 33 through 50

- Sections 33 through 36 appropriate \$4,881,784.73 for Neighborhood Development programs:
 - \$2,142,630 from the sale of property at 7th and McDowell Streets dedicated to the Housing Trust Fund for Housing Development projects
 - \$1,215,286.71 from Urban Development Action Grants repayments for the relocation program
 - \$426,224.57 for the Workforce Investment (WI) Fund due to the WI Act grant's actual award being higher than originally estimated
 - \$368,909.70 to repay a portion of the City's Section 108 HUD loan from principal receipts on the City West Commons loan
 - \$190,790.71 for the Innovative Housing Program from additional program income
 - \$171,677.75 for the CDBG Housing Development Program from additional program income
 - \$139,754.55 for additional City Within a City loans from additional program income
 - \$116,930.19 to repay a portion of the City's Section 108 HUD loan from principal receipts on the Hope Haven loan for Housing Development projects
 - \$45,670.57 of additional program income from the Enterprise Community grant proceeds for Economic Development associated with Job Link
 - \$23,921 from a Sisters of Mercy grant for the Wingate Outreach Program
 - \$22,000 from Economic Development Revolving Loan Fund interest income to be returned to HUD as legally required
 - \$14,488.98 from program income for Housing Development projects
 - \$3,500 from a donation from Lowes for use in the Lead-Based Paint program
- Sections 37 and 38 adjust projects within the Aviation Operating and Capital Project Funds to reflect revised sources of funding and additional appropriations for the Discretionary Fund.
- Sections 39 through 48 appropriate federal and state grants and local match funding for CATS' South Corridor Light Rail project track work, for preliminary engineering for the North, Southeast, and West Corridors, and for the second bus garage, job access and reverse commute programs. New grants totaling \$53,245,713.80 and \$606,796 in local match funding are included. The remaining items redistribute existing funding based on revised grant participation agreements.

- Section 49 appropriates the remaining fund balances in Municipal Service Districts 1, 2, 3, and 4 to Charlotte Center City Partners (CCCP). The Districts' fund balances will be maintained by CCCP in their investment fund with a minimum of 8% reserve.
- Section 50 appropriates \$1,324,195 from revenues generated during the construction of the Arena back to the construction fund. The revenues include parking fees from available vacant parcels, reimbursements from electrical and other utilities for the infrastructure they require within the facility and revenue sharing from the vendor providing printing services for documents such as construction plans.

Sections 51 through 54

- These sections are technical accounting changes necessary to clarify or correct FY2005 and other prior-year budgetary ordinances.

Sections 55 through 68

- These sections give the Finance Director authority to make specific appropriations and transfers within the adopted budget.

L. Approve the Storm Water fee rates, effective July 1, 2005, for the Minor Drainage System in the City of Charlotte

- In accordance with the Inter-local Agreement on storm water services, this action will inform the County of the amount to be charged for the City's portion of the fee. The County Commission adopted their budget on June 7, 2005.
- The current long-range plan for the storm water program includes annual increases in the City's storm water fee, coupled with bond funding, in order to finance the ongoing response to new and backlogged citizen requests for service. The fee changes for FY2006 are illustrated below:

	FY2005 Monthly Fee	FY2006 Monthly Fee
Detached homes with less than 2,000 s.f. impervious area	\$3.04	\$3.27
Detached homes with 2,000 s.f. or more impervious area	\$4.47	\$4.81
Other residential or non-residential development per acre of impervious area	\$74.51	\$80.18

- In accordance with the Inter-local Agreement on storm water services, the Mecklenburg County Board of Commissioners conducted a public hearing on changes to the City's portion of the storm water fee on May 3, 2005. City Council also conducted a public hearing on storm water fees in conjunction with the FY2006 budget public hearing on May 9, 2005.
- The Charlotte-Mecklenburg Storm Water Advisory Committee reviewed the proposed FY2006 Storm Water program.

M. Approval of an extension of the Agreement with the Arts & Science Council – Charlotte-Mecklenburg, Inc. and the Public Art Commission for administration of the Art Program and approval of the FY2006 Public Art Work Plan

- On May 27, 2003 City Council adopted an ordinance pertaining to the allocation and administration of funds for public art. The ordinance directs that an amount equal to 1% of the construction costs of eligible capital projects be provided for public art.
- The agreement was updated to incorporate changes from the ordinance and approved by City Council in 2004.
- On January 10, 2005 City Council voted to improve communications between the Mayor and City Council and the Public Art Program.
- The FY2006 General Government Public Art allocation is \$210,000.
- The FY2006 Aviation Estimated Art allocation is \$150,600.
- The FY2006 Public Art Work Plan was presented to City Council on May 23, 2005.
- The attached work plan provides:
 - Description of the artwork completed, obtained or commenced in FY2005
 - Description of the CIP projects designated for inclusion of public art in the upcoming year and funding source
 - Budget for the income and expenditures for such projects
 - Description of the art plan for the upcoming year

Attachment 9

Public Art Work Plan

N. Adopt a Budget Plan Resolution to Study Alternative Revenues and Expenditure Reductions for FY2007

- The City Manager recommends Council consider the attached resolution in preparation for the FY2007 budget.
- The resolution concerns the budget plan for the second year of the two-year budget (FY2007). The resolution addresses City Council's commitment to meeting the long-term needs of the City and Council's willingness to spend the time and effort to continue addressing the problem.
- The resolution states:
 - There are structural budget issues not addressed in the FY2006 budget.
 - Significant capital infrastructure needs exist, particularly in general public infrastructure such as roads, sidewalks and neighborhood improvements.
 - Increasing service delivery needs exist, particularly in core City services such as Public Safety and Transportation.
 - Slower growth in property taxes and the loss of sales taxes impacts the General Fund's ability to meet core services and essential capital expenditures.
- If the resolution is approved, the Budget Committee will be charged with studying these issues and making recommendations to City Council for the FY2007 budget process.

Attachment 10

Memo

Resolution

BUSINESS

2. NorthLake Mall Voluntary Annexation Agreement

Action: Approve an Annexation Agreement with the Petitioners of the NorthLake Mall Annexation Setting Forth the Responsibilities and Schedule Related to Phases One through Three of the Voluntary Annexation.

Staff Resources: Ron Kimble, City Manager's Office
Mike Boyd, City Attorney's Office
Jonathan Wells, Planning

Policy

City Annexation Policy and State Annexation Statutes

Explanation

- Staff has worked for nearly a year with owners and developers of the NorthLake Mall on a voluntary annexation plan for the Mall and related properties.
- Mall is under construction on West W.T. Harris Blvd. west of I-77 and is scheduled for a September 2005 opening.
- This agreement will annex the subject properties in three phases (see attached map).
 - Phase One involves a small portion of the Mall, several parcels adjacent to the Mall (to be developed with commercial uses accessory to the Mall), and road right-of-way for the Northlake Center Parkway from the City limits to the southern edge of future I-485.
 - Phase Two consists of the I-485 bridge and the Northlake Center Parkway street right-of-way north of future I-485 to Alexanderana Road.
 - Phases One and Two are to occur in Summer 2005.
 - Phase Three would consist of the remainder of the Mall and annexation would become effective in late 2006 or early 2007.
- Annexation of Phases One and Two will allow the City to assume maintenance of Northlake Center Parkway, being constructed by the Mall developer.
- If the City were to involuntarily annex the Mall, it couldn't do so until at least June 30, 2007, assuming that an area including the Mall could be qualified for annexation as part of annexation studies conducted in 2006.
- Property taxes of approximately \$684,000 per year are estimated to be generated by the Mall upon full development.

Phase Three

- State annexation statutes prevent City Council from approving annexations with effective dates more than 180 days from the date the annexations are approved.

- Specifically, the Agreement involves not submitting an annexation petition for Phase Three until April 1, 2006 in order to comply with the statutory requirement that the effective date of the annexation be within 180 days of the adoption of an ordinance annexing Phase Three.
- The Agreement also spells out the roles and responsibilities of the involved parties to ensure that Phase Three will be successfully implemented.

Annexation Agreement Terms

- Mall owners will file for Phase Three voluntary annexation by April 1, 2006.
- Phase Three annexation will be effective as early as September 30, 2006 or (if prescribed additional roadway construction is completed) as early as February 28, 2007.
- Petitioners agree not to withdraw annexation petition.
- If the Mall owners default upon conditions specified in the Agreement, the City will be entitled to specified liquidated damages paid by the Mall owners equal to lost property tax revenues and City costs in undertaking an involuntary annexation of the Mall.
- If conditions are not met as prescribed in the Agreement, the Mall will be annexed involuntarily and applicants agree not to challenge the involuntary annexation.
- The Agreement is binding on owners of the Mall property to ensure the City has a reasonable opportunity to annex the Mall involuntarily.

Attachment 11

Map

Annexation Agreement

3. Set Public Hearing Date for NorthLake Mall Voluntary Annexation

Action: Adopt a resolution setting a public hearing for July 25, 2005 for a Voluntary Annexation of Property Known as “NorthLake Mall Phase One”

Staff Resources: Ron Kimble, City Manager’s Office
Mike Boyd, City Attorney’s Office
Jonathan Wells, Planning

Policy

City Annexation Policy and State Annexation Statutes

Explanation

- Voluntary annexation petition was received from several property owners for land they own in Charlotte’s extraterritorial jurisdiction.
- Petitioners are:
 - Northlake Land, LLC
 - Northlake Venture, LLC

- TRG Charlotte, LLC
- Metrolina Properties Limited Partnership
- Faison Project North LLC
- FDC Reames Road Limited Partnership
- This 49-acre property consists of a small portion of the NorthLake Mall (currently under construction on West W.T. Harris Boulevard), vacant land adjacent to the Mall, and the right-of-way of the future NorthLake Center Parkway from the City limits to the southern edge of the future I-485.
- The property shares a boundary with current City limits.
- Public hearing is required prior to City Council taking action on annexation request.
- The purpose of the requested public hearing is to obtain public input on this requested voluntary annexation.

Consistency with City Council Policies

- Consistent with voluntary annexation policies approved on March 24, 2003
- Annexation will not adversely affect the City's ability to undertake future annexations.
- Annexation will not have undue negative impact on City finances or services.
- Annexation will not result in situation where unincorporated areas will be encompassed by new City limits.

Resolution Sets Public Hearing Date

- The resolution sets Monday July 25, 2005 as the date for a public hearing on the voluntary annexation.
- City Council will be asked to take action on voluntary annexation at conclusion of public hearing on July 25th.

Attachment 12

Certificate of Sufficiency

Resolution

Map

4. Mid-Town Square Redevelopment Project



Action: Approve an economic development grant agreement, for a net present value of \$12,328,000, with Midtown Redevelopment Partners, LLC and Mecklenburg County for the redevelopment of Mid-Town Square

Staff Resource: Tom Flynn, Economic Development

Explanation

- In November 2004, City Council approved the Conceptual Business Terms and authorized the City Manager to prepare an Economic Development Grant Agreement for this project. The attached Grant Agreement meets all of the Conceptual Business Terms approved by the City Council.

Key Terms

1. The Grant is for an estimated ten-year period, the total amount of which will not exceed the net present value of \$12,328,000.
 - a. Grant payments for Phase I (Target/Home Depot) begin the calendar year following the date of issuance of a certificate of occupancy (expected to be mid 2007).
 - b. Grant payments for Phase II are not made unless the developer commences construction on certain agreed upon portions of Phase II within 42 calendar months after acquiring the Phase II land from Home Depot. (Phase II is expected, however, to follow Phase I by approximately 6 months).
2. Grant payments in any one-year will not exceed 90% of the incremental increase in property taxes over the base tax year (fiscal year 2006) collected from the project in each subsequent fiscal year.
 - a. City and County share of this payment is based on the pro-rata share of the property tax rates for the fiscal year in which the payment is made.
 - b. Grant payment is made after the taxes are collected.
3. The owners of the Phase I improvements will cause \$6 million to be contributed towards the parking deck on the north side of Independence Boulevard (Phase I).
4. City and County will participate in excess profits above an agreed upon sale price determined by a financial formula if Phase II (excluding the residential condominium portion) is sold prior to payment of the full Grant amount.
 - a. Grant payments allocable to the South Parcel end if City and County participate in excess profits from the sale of Phase II (excluding the residential condominium portion)
 - b. In calculating the profits from the sale, any profits in excess of 15% on the condominium portion of the project will be added into the calculation.
5. A “reopener” clause is included that provides for a recalculation of the grant payments if Phase II (excluding the residential condominiums) is refinanced at any time prior to payment of the full Grant amount, excluding the refinancing of the construction loan to a permanent loan. The grant payment cannot increase as a result of this recalculation.
6. If the Home Design Center store closes, Home Depot will use their best efforts to re-lease or sell the store. If the store remains vacant after 12 months, the Developer or a nationally recognized brokerage firm will become the non-exclusive agent to re-lease or sell the store. Home Depot will make up any shortfall in the property tax collections due to the store being closed.
7. At the end of each year following stabilization of improvements constructed on Phase II, the developer shall provide the City and County an accounting of the project’s actual returns to the developer. Should this return exceed 12% then the City and County shall participate in returns from the project. (The return, measured from project stabilization, will be calculated by the project’s

net operating income before debt service divided by the project's total cost, and will be cumulative.) The participation payment to the City and County will equal 25% of the excess return above the 12% target. The City and County will share this payment based on the ratio of City and County payments made at the time the participation payment is made.

8. The Developer shall adopt the Bovis Lead Lease Services Historically Underutilized Business Policies, or a substantially equivalent plan approved by the City and County. The Developer shall establish goals for SBE and SMWBE participation in construction and operation of the project, and the City and County have the right to approve such goals.
9. The project will include 10% of its condominium units that are affordable to families earning 80% of the median income in Charlotte.
10. The City will construct certain off-site road improvements including:
 - a. Realignment of Independence Boulevard.
 - b. Intersection improvements at Independence Boulevard and Kings Drive.
 - c. Reconstruction of Independence Boulevard bridge over Little Sugar Creek.
 - d. Realignment of Baxter Street to "Main Street".
 - e. Construction of a new Baxter Street bridge over Little Sugar Creek, connecting to Kenilworth Avenue.
11. The County will "uncap" Little Sugar Creek and construct a greenway along the entire western border of the project.

County Commission approved this agreement on June 7, 2005.

Attachment 13

Economic Development Grant Agreement

5. Transit Projects Certificates of Participation

Action: Adopt a resolution authorizing the negotiation of an amendment to the installment purchase contract to sell up to \$200 million Certificates of Participation (COPS) for Transit Projects, appoint a financing team, set a public hearing and direct the publication of notice for the public hearing.

Staff Resources: Greg Gaskins, Finance
Ronald Tober, CATS

Explanation

- This is the first action of two that authorizes the City to issue debt instruments for Transit system projects including short term financing to provide cash flow for ongoing construction of the South Corridor Light Rail project in anticipation of state and federal grant funds.

- The second action will occur on July 25, 2005 and will authorize the sale of COPS.
- The resolution accomplishes the following steps:
 - Authorizes the negotiation of changes to the 2003 Installment Purchase Contract used in financing Transit projects and application to the Local Government Commission for the sale of up to \$200 million in COPS
 - Sets a financing team (underwriter, attorneys, bankers)
 - Authorizes the City to apply for approval from the Local Government Commission
 - Schedules a public hearing for July 25, 2005
 - Directs the City Clerk to publish notice of the public hearing

Funding

Public Transit Fund

Attachment 14

Resolution

6. Nominations to Boards and Commissions

Action: Nominate citizens to serve as specified.

A. AIRPORT ADVISORY COMMITTEE

Two, three-year appointments beginning August 1, 2005. Frank Gilreath, Jr. (Open Category) and Joel Randolph (West Side Resident) are not eligible to be reappointed.

Attachment 15

Applications

B. CHARLOTTE REGIONAL VISITORS AUTHORITY

One appointment beginning immediately and ending June 2006. Clyde Gilfillan has resigned. Applicant must be a restaurant representative.

Attachment 16

Applications

C. DOMESTIC VIOLENCE ADVISORY BOARD

One appointment for a three-year term beginning September 22, 2005. Christy Mann is eligible and wants to be reappointed.

Attachment 17

Applications

D. HISTORIC LANDMARKS COMMISSION

Two appointments for three-year terms beginning July 17, 2005. Amy Gray and Valerie Lewis are eligible and both want to be reappointed.

Attachment 18

Applications

E. TRANSIT SERVICES ADVISORY COMMITTEE

One unexpired term beginning immediately and ending January 31, 2008. Lisa McCarthy has moved out of state. Applicant must be an express service passenger.

Attachment 19

Applications

F. TREE ADVISORY COMMITTEE

One unexpired term beginning immediately and ending December 13, 2005, and the next full three-year term. Mark Shawl has resigned.

Attachment 20

Applications