CHARLOTTE

Charlotte City Council

Governmental Affairs Committee

Meeting Summary for March 31, 2010

COMMITTEE AGENDA TOPICS

I. **Subject:** **Discuss and Recommend to City Council the 2010 State Legislative Package**

Action: Recommend approval of section one (legislative advocacy and preservation of authority) to the full Council. Motion passes unanimously –Carter, Burgess, Dulin.

III. **Subject:** **Next Meeting**

Action: Monday, May 3 at 3:00 p.m. in Room 280 (time change due to 4:00 p.m. budget presentation)

COMMITTEE INFORMATION

Present:	Nancy Carter, Susan Burgess and Andy Dulin
Absent:	Warren Turner and Patrick Cannon
Time:	8:00 a.m. to 9:30 a.m.

ATTACHMENTS

1. Agenda Package

DISCUSSION HIGHLIGHTS

Committee Discussion:

Council member Carter welcomed everyone to the meeting with thanks for the early start and asked those in attendance to introduce themselves.

I. Discuss and Recommend to City Council the 2010 State Legislative Package

Ron Kimble advised the Committee the purpose of today's meeting was to review the State Legislative Agenda with hopes of a recommendation to full Council. If there is a recommendation, next steps would be an April 12 dinner briefing, April 26 adoption and the Short Session opens on Wednesday, May 12. There will be a Delegation breakfast scheduled prior to the start of the Short Session. The Committee is looking at this well ahead of the April 12 Council meeting due to some scheduling issues.

The package is laid out differently than what you have seen in the past. The top section is really what we see as the agenda. We also have a watch list and a new category of opportunities. The opportunities all require funding. Following the outline is the background information for each of these items. We can walk through these and you can make revisions.

Carter: Have we gotten any feedback from our legislators regarding funding for transportation?

Kimble: Not yet. We don't have a sense that they will take this up at this time. They will just study possible changes and bring this up in the Long Session.

Mr. Kimble reminded the Committee the Short Session is primarily focused on the budget. The legislators want to get in and out and not put much else on their plates. The shortfall in the budget this year is dire, so they will need to focus on balancing the budget.

Dulin: If the Short Session starts on May 12 and they are tackling the budget, when do you expect they will finish?

Kimble: They always say they will be done by July 4.

Dulin: So, they are out in July, and then the Long Session starts in January of 2011?

Kimble: Yes.

Dulin: So, basically things are tabled for seven months.

Kimble: In the Short Session, they will look at local acts or major needs that have unanimous support. So, it is vital we discuss our needs with our Delegation so they can find a way to work them through.

Dulin: As we walk through these items, can you rate them?

Kimble: Most of these items require a good defense.

Carter: That's where the work of this Committee is important by monitoring particularly items like annexation.

Kimble: On April 8, the Task Force will be addressing the annexation debate. The question is what happens to this in the Short Session. It will likely be held over because it is not a budgetary issue.

Carter: The primary status of these items relate to the budget except annexation.

Kimble: Plus the Firefighters Retirement System and Emergency Fund for Law Enforcement Officers. Those are local bills, but they are not ours. The Firefighters and Law Enforcement Officers in Mecklenburg County are requesting your support because these require legislative changes.

Carter: As we review these, I know the Business Privilege Tax is extremely important. We can argue the impact on our budget and subsequent challenges.

Dulin: Wasn't it $17 million?

Gaskins: Yes.

Dulin: I know we lose and gain business, so what is the number now?

Gaskins: We might expect growth, so it is normal.

Dulin: So, it is not down 18%?

Greer: There is a moderating factor because we have a cap of $6 million, so if we lost 10% of businesses, we are still double the cap.

Dulin: I think it is important to understand this. I know realtors pay $50 a year and we need to be able to describe this tax.

Carter: I know the fees are different for us and the County, but this is a consistent income for us.

Kimble: The opposition comes from corporations that do business in all or most of the cities and towns in North Carolina. They say this is cumbersome and

an archaic tax. It was established in the 1800s at a time when there was effort by government to tax businesses for services provided.

Carter: What about the difficulty with internet businesses?

Kimble: We are the outlier with the tax at $17 million. The next largest is Raleigh and they are only at $7 million.

Gaskins: But, we are bigger than twice as big.

Kimble: The fixes would have made everyone else whole except Charlotte. The solution to make us not lose money reached deadlocks. We are still the only city to lose money.

Gaskins: This is a misunderstood tax. This tax was designed to help urban areas in the 1860s. There were enough people with needs for additional services for this tax to support. Most of the urban areas in North Carolina find it beneficial to track businesses using this tax. Police departments have used it to track illegal activities due to the information available. There are benefits to tracking businesses. It is one of two taxes we can impose. The problem has been the ongoing issue of people with lobbying power going to the State to get reforms and reductions.

A prior Council tried to make it more uniform and did put in a cap to keep a consistent rate. But, the General Assembly law couldn't make it uniform for everyone, so a patchwork quilt was created. This is the reason for the write-up for tax reform. They could make it uniform. It is a great tax that provides stability for urban services combined with general fund revenues. But, the differences that have been created over time have made it not clean. This is something we need to monitor and play defense. We have no replacement for this tax.

[Burgess arrives]

Carter: The argument is then really against the patchwork quilt. It is important we have the information about how to fund this tax so we can show there is a good balance and what the effect is of this tax. Citizens receive more value in services because property tax doesn't fund public safety.

Dulin: I think the objection is some think others might receive more.

Carter: It is something we should also discuss with the Chamber. Mayor Pro Tem, we discussed the Annexation item prior to this and are now going to Retention of the State's Minimum 50%.

Kimble: Again, this is another defensive item. There is enough money in the pool, but we need to make sure the State is funding their 25%, which helps us retain the 50% share.

Carter: Is that mandated?

Kimble: It is codified.

Pereira: HB 1005 and HB 148 have created new opportunities for funding requests but there has not been a funding source identified. If the matching funds program is changed there could be a detrimental impact on funding transit projects in the future.

Burgess: Is the legislation for "local share"? This is confusing.

Kimble: It was originally listed as 25%, but the real way to say it is 50% of the local share.

Burgess: Local or State?

Kimble: It is the way to conform to the Federal legislative language.

Dulin: We don't want to underestimate this; it is confusing. Can anyone then touch this that doesn't have access to local share? Does that mean it won't be there for us?

Kimble: Local share is anything that is not Federal.

Pereira: Non-federal match is how it is often referenced; that opens up the definition.

Kimble: We can change the wording to "non-federal match" in the title.

Carter: Would this include the streetcar?

Pereira: Yes.

Dulin: How is that again?

Carter: This is funding in local terms, perhaps the streetcar receives federal grants.

Burgess: The $24.9 million?

Carter: $6.6 million was for planning/design.

Pereira: $237,000 was received in 2008 and $500,000 in 2010.

Carter: What about the $6 million?

Kimble: That's in the total cost of $37 million. $24.9 was from the Feds and the rest was local.

Carter: The remainder that was local is then eligible for State match.

Burgess: Local government needs to be kept informed of the conversations so we can step up or at least make sure it is not forgotten.

Carter: It is a sensitive button.

Kimble: Senator Graham said you could ask the question, but he didn't know the outcome.

Burgess: Is this all on page six?

Kimble: Yes, we will change the title and change the language in the write-up.

The next two items are part of the MTC agenda and you are just supporting their already adopted positions.

Burgess: So, the MTC has ranked the priority as Northeast Corridor number one and North Corridor number two?

Kimble: I don't know that they have voted on that.

Pereira: The 2006 plan had them running on parallel tracks.

Kimble: I don't know that vote has been cast yet.

Burgess: That is important to me. I think it is premature to endorse this position.

Kimble: This is their legislative lobbying position. We can get clarification as to whether this has been voted on or not.

Burgess: Are you looking for a vote today?

Kimble: Yes. This would go to Council on April 12 at dinner and then on April 26 for a vote.

Carter: Will this be discussed at the next MTC meeting?

Pereira: It is not on the agenda.

Kimble: There is a lot going on with this issue and there are different opinions that are being worked through.

Dulin: I'd like to report that I went to Huntersville for Mayor Swain's dinner and there were State Senators and State Representatives there along with the other Mayors and they were pushing hard for the North line. They are concerned that is lost in the big city and being shuffled out.

Burgess: They've gone to Washington.

Dulin: They continue to see themselves and present themselves as shovel-ready.

Carter: This will continue to be defined and expanded to include planning and design.

Dulin: They see the time we are spending on things like the Streetcar and they are concerned about that. They are concerned the Streetcar will go over things higher on the list.

Carter: I think there is a new wind blowing with a unified plan.

Kimble: The recommendation in the package doesn't set the priority. This is the lobbying position the MTC has adopted that fights for funds and that includes the North, Northeast and Streetcar. It doesn't set priorities. This is just a lobbying strategy for funding.

Carter: When was this adopted?

Kimble: Last October.

Carter: So we would be supporting bills we <u>know</u>.

Burgess: Where is the Northeast Corridor in this package?

Kimble: We don't have a page on anyone one of these items.

Burgess: What about the commuter rail line?

Kimble: There are monies for support when projects don't meet federal guidelines. But, this is the MTC's agenda.

Carter: Can we include something about the Northeast corridor?

Kimble: We can make that reference.

Burgess: I am just sure I remember a letter from the northern mayors agreeing that Northeast is the number one priority and commuter rail is number two.

Carter: That might not hold.

Kimble: I don't believe that was voted on, it is just their position. We will check on that. I know there has been a lot of discussion.

Carter: If it is true, will we delete that as priority number two and present to Council that this is a volatile issue. This is in the second paragraph of page six.

Burgess: Is it possible at the next MTC meeting these priorities will be discussed on the agenda?

Kimble: There is so much dialogue I don't think they are ready.

Pereira: The MTC has asked for next month's meeting for us to bring an update on the 2030 plan, so we are working on that.

Carter: Please let us know the decision points.

Kimble: We can scratch that listed as priority number two.

Burgess: No, that's not what I want.

Carter: That implies the listing has not happened.

Burgess: I think these two are in legislative priority.

Kimble: You want that in the legislative agenda?

Burgess: Yes, number one.

Kimble: The Northeast?

Burgess: Yes.

Carter: If we're listing it formally, make sure it is established. If not, delete it.

Kimble: Greg Gaskins is going to speak to the Charlotte Firefighters Retirement System revision.

Gaskins: This fund was established in 1947 and was actually chartered by the General Assembly. This means technical changes have to be approved by Council to get a bill created. This is a very technical change.

Dulin: I just attended the funeral for Carl McCall. Would he have received this death benefit?

Avard: No. Many older firefighters didn't choose the joint option. Mr. McCall retired in 1987 and at that time salaries were much lower, so this was a big

issue because it reduces the benefit. But, as a side note he worked after retirement and was a saver, so his family will be okay.

To reiterate, this is a technical change that really brings this into conformity by returning the contributions for retirees who choose a joint survivor benefit as to those who choose the basic benefit. Currently, it only applies to those who chose the basic benefit. In the unfortunate situation that a Firefight and their spouse were to die at the same time, the contribution would return to the State.

Kimble: Regarding the Emergency Fund, this is a local fund that was established in the 1930s that provides a $10,000 benefit to families of law enforcement officers killed in the line of duty. It was revised in the early 2000s. The current revision request is to raise the cap to $25,000 as well as provide $100 to offspring of deceased officers on their birthday. Sheriff Bailey is on board.

Dulin: In perpetuity?

Newbold: Yes.

Carter: But, there is no source of funding. Could the community contribute?

Monroe: This is a government fund. There are other organizations out there that look to support law enforcement officer's families. This fund is self-sufficient and we don't want a lot of regulations on it. For instance, there were other funding sources established for the Clark/Shelton families. This fund has existed for years and is currently holding at $2 million. It provides for the families of CMPD, Sherriff's Office, and Medic to provide immediate relief prior to other benefits kicking in.

Carter: But, there is no source to re-fund this so we would just use it until it is exhausted? I assume it is invested?

Monroe: Yes, it is invested and growing at a good rate. It will carry us well into the future because it is only a line of duty benefit.

Carter: I would never want it to be used.

Burgess: Is it paid out of the proceeds from the interest or do we dip into the $2 million?

Kimble: It is not an endowment. The proceeds used to come from tickets and violations written prior to a law change. This is the remnants and $2 million is the current level. It is unlikely that we will exhaust this as there is only a small number of people that access it.

Dulin: My question then is $100/child and $25,000 enough?

Monroe: Yes. There are several other benefits that will kick-in. This is meant to provide immediate relief. It might be used for a house payment or car payment, something needed within 30 or 45 days.

Dulin: Burial expenses could be $10,000.

Monroe: Right, this could be used for a headstone, etc. It is for immediate use.

Dulin: I wish the money would just sit there forever. The fund writes the check to the family but is there any money out of the fund to help you pay the tax?

Newbold: That would be the goal. Sometimes there is delay in the other benefits so this gives you the ability to have money within hours.

Monroe: And, it is up to $25,000. We will talk with the family about their initial needs which could be different depending on the circumstances. Then, we want to be able to say on a yearly basis, you have not been forgotten.

Dulin: I assume a counselor delivers the check and is trained to say please use this right now and please save some money for taxes. The last thing we want is to get someone in trouble.

Carter: Is there a tax withholding?

Dulin: That gets complicated.

Monroe: We'll check on the issue of is it taxable.

Carter: Do we want to discuss the entire agenda that was presented?

Kimble: We just want you to keep these on the radar screen so you can be prepared to guard them.

Legislative Watch List

Potential Shifts of Responsibility from State to Local for Maintenance of State Roads without Adequate Funding

Carter: Has the equity committee met?

Pleasant: Yes. The Joint Oversight Committee has met and there will be more information coming.

State Revenue Laws Study Committee

Gaskins: On April 7 there will be an all day meeting. We have not seen an agenda, but staff will be there to observe and pick up any handouts, for example, anything related to sales tax. If anything is going to be done, it will come out of the meeting on April 7.

Carter: Can you keep us updated electronically?

Burgess: I heard they might extend the sales tax.

Gaskins: The Committee is looking globally to meet the shortfall. The presentation was on how the sales tax is made up. There was no indication of any changes just all history. The presentation offered no suggestions, just information and no discussion.

Carter: I think the Powell Bill falls under this.

Equity Formula Potential Revisions

No discussion.

Air Quality Attainment/Conformity Policy Position

Pleasant: Air quality in the State is monitored by the Department of Natural Resources who then determines air quality emissions budgets by county versus looking at the entire non-attainment region. We are in a grace period right now. North Carolina is the only state that sub-allocates by county and that has created some unintended consequences. For instance, we can't amend the Transportation Improvement Plan (TIP) due to the grace period. Just last week there was a delay in amending the TIP to create money for I-485 because of not meeting the county level emissions budget. The state is going to revisit looking at this at a regional level versus a county level.

Carter: Do we have partners with them in the discussion?

Pleasant: We haven't done a lot of collaborating, but the new standards will show most of North Carolina is in non-attainment.

Carter: Please keep us up-to-date. Has COG been brought in?

Pleasant: They are aware of the dilemma.

Carter: Please direct us how best to help.

Avoidance of Unfunded Mandates as a Result of State Budget Shortfall

Kimble: This was just a general statement with no back-up paper. We are worried about the State budget balancing so we put that in there in case we need to pass along information.

Carter: I assume that would be very last minute.

Kimble: The Short Session starts May 12 and they plan to be finished by July 4. They will spend the majority of that working on budget balancing.

Burgess: Is someone calculating the effect this could have on local government?

Kimble: We do.

Gaskins: They are supposed to, but don't always. The proper interpretation says they should look at how it will impact cities and towns in the state. Vigilance is required. In the past they have been willing to pass things to us with huge impacts. In 1985, there was an unnamed bill they got into production regarding development costs to cities and counties in North Carolina. It was created and voted on in one day. There was no opportunity to lobby against it until was done. It makes us very nervous.

Burgess: Do we have an ally?

Kimble: There is a $500 million deficit they are going to have a difficult time balancing. We are in a new era, so anything is possible.

Carter: The League lobbies for us.

Gaskins: Charlotte, in some cases, as the largest city is kind of on its own and we find ourselves at odds with League. They represent a lot of the smaller cities. A concern with the Revenue Study Laws is what was asked for last time with the entire payment in lieu being considered. They sometimes try and match revenue to needs rather than solve one problem.

Carter: The Metro Mayors are vital here.

Kimble: And, we have been represented.

Burgess: I have served on the League even as President and I expected some of the bias, but I often saw how large cities benefited. The metro cities and small towns were united in annexation. They fought for us. I don't want us to assume that this is always large versus small. There are issues that affect all of us like gangs.

Gaskins: Eight years ago, the Local Government Commission worked with the

League on issues and it is often the case that important issues can be divided with the vast majority representing small cities. It is a tough position, but it happened with the retirement system. Our position and the League's position were not the same. We had to represent ourselves. So, there are still some cases where there are differences. The State was unwilling to reconcile and voted for the increase. The League position was to agree to the increase. I agree there are a vast majority of issues that are identical, but not always.

Dulin: We do have allies in Raleigh, our Delegation. And, we have a senior group of legislators in critical positions. They are supposed to be our allies. When does our new guy start?

Kimble: Dana Fenton starts on April 12.

Future Legislative Opportunities

Kimble: These issues are not new to you.

Burgess: Regarding Independence Boulevard, we knew nothing about the proposed Super Street.

Carter: That is not on the table.

Burgess: Was it just an idea that was floated and squashed?

Pleasant: We work with a lot of smart people who generate a lot of ideas. Barry Moose started the discussion about stretching this out. That's all it was just a discussion. No plan, no drawings. The section has already been staged for construction, with 75% of the design drawing. People forgot because we wanted an area plan that we had a design build schedule. So, the idea was floated, but the City needed to say no because we have too much invested. We recognized that the businesses and residents on that corridor have suffered already by delays and uncertainty. We don't feel comfortable investing in a recommendation that has wide ranging opinions. People want us to get something done. We need to bring the energy back. We brought the Secretary of Transportation and Mayor together to refocus the area plan and DOT plan to improve access, street connections, widen the bridge span as this will go the managed lanes ultimately. So, there is no other plan out there.

Carter: So, the bridges have been extended and there is a cut-out?

Pleasant: Yes. We have been working with a professional task force who has done a remarkable job. The plan is to have some public meetings and bring folks to see what we are talking about. On April 15 they will report out

and provide an update and on May 6 they report out on the area plan so everyone is up to speed.

Carter: The citizen's advisory group's input was respected and staff made an effort to meet all of the needs and priorities.

Stimulus Funding

Kimble: Just a status report that we are going after any funds that might be available.

Criminal Justice System Strategy

Kimble: They will not do anything radical at this point, the strategy will be do something in the future and bring this up in the Long Session.

Carter: What about the $3 million? Does the Delegation know and realize the lack of action has generated a deduction? Is there a reaction?

Monroe: They were slow to move on this especially with technology. It will take some ramping up and put forth effort to push them along especially with probation. The funding in the District Attorney's office is needed to get the other pieces in place.

Burgess: We set aside $3 million for technology, did they understand the alignment? How long will it take the State to move?

Monroe: Probably two to three years.

Burgess: We should invest that in something else.

Kimble: You discussed that at the last budget retreat.

Dulin: There are lots of opportunities to fund some low hanging fruit.

Kimble: It is just one-time money.

Dulin: Yes, but for one time anything is possible, for instance pot holes.

Burgess: We had good intentions when we set the money aside.

Dulin: The Manager's recommendation was to take some of it.

Kimble: We will make sure what we are presenting to the Delegation is just the list; we won't put the additional items in.

Dulin: One page is much simpler.

Kimble: So, we would ask that you consider recommending section one as your legislative agenda, and we will just be watching sections two and three.

Dulin: I make a motion that we approve section one (legislative advocacy and preservation of authority) and recommend this to the full Council and go to the April 12 dinner meeting for perusal and then approval on April 26.

Burgess: I will second for purposes of discussion.

Burgess: Will we be attaching the agenda that was worked on in October 2009?

Kimble: We will list the TIGGER grant, but we eliminated things that no longer apply and that's why they were extracted to this list.

Burgess: I haven't seen it.

Kimble: That was included with the last agenda.

Burgess: What about the priority?

Kimble: We didn't think they had voted on the ranking. The suggestion was to remove the reference to #1 and #2.

Burgess: I'd rather have them and show the North as #2 and Northeast as #1.

Kimble: We will make it consistent with the title of the item on the agenda.

Dulin: I like the idea of keeping it concise. One page is simple and something we can be pleased to deliver. This short and will not take away from the budget.

Burgess: In DC, we had a very effective one-page summary to work from.

Carter: When presenting this to Council we should include the information from sections two and three so they can be apprised of our discussion.

Kimble: We will re-title this "Legislative Agenda" and sections two and three as "Additional Issues."

Carter: We can keep it out for the Delegation, but it keeps Council informed.

Kimble: We will also change local share to "non-federal match."

Motion passes unanimously (Carter, Burgess, Dulin – for)

II. <u>Hot Topics</u>

Dulin: Regarding the Delegation breakfast. May 12 is a Wednesday. The

NASCAR Hall of Fame is opening Tuesday, May 11. Should the breakfast include a tour of the Hall of Fame? Could we get a CATS bus to transport folks over there or even have the breakfast there?

Kimble: We could hold it in the Convention Center or here and bus people there. It might work.

Dulin: I think that would be a good draw to get folks to attend.

Kimble: We were looking at May 4 as the date.

Carter: That's the primaries.

Kimble: We will contact the Delegation Chair to see his preference.

Burgess: Where is it easier to present the package?

Kimble: Here, but it could work at the Convention Center. We will work on logistics.

Carter: The legislators went to the Bechtler when it was new.

Kimble: They have received invitations to Hall of Fame events on May 10 and 11. But, a behind the scenes tour could be great.

Dulin: We were able to show them the Bechtler was worth the money.

Carter: Thank you all! These reviews were outstanding.

III. <u>Next Meeting</u>

Monday, May 3 at 3:00 p.m. in Room 280 (time changed due to 4:00 p.m. budget presentation)

Meeting Adjourned.

Governmental Affairs Committee

Wednesday, March 31 at 8:00 a.m.
Charlotte-Mecklenburg Government Center
Room 280

Committee Members: Nancy Carter, Chair
Warren Turner, Vice Chair
Susan Burgess
Patrick Cannon
Andy Dulin

Staff Resource: Ron Kimble

AGENDA

I. Discuss and Recommend to City Council the 2010 State Legislative Package [Attachment]

City Council to be briefed on April 12 and Cast Final Vote on April 26.

II. Next Meeting:

May 3, 2010 at 3:00 p.m. in Room 280 (time change due to budget presentation)

Distribution: Mayor/City Council, Mac McCarley, Greg Gaskins, Curt Walton, City Manager, Stephanie Kelly, Kim Eagle, Leadership Team, Bob Hagemann

CHARLOTTE

2010 State Legislative Agenda

I. LEGISLATIVE ADVOCACY/PRESERVATION OF AUTHORITY

- **Preservation of Business Privilege License Tax Authority (Fiscal)**
- **Annexation Preservation (Local Authority)**
- **Retention of State's Minimum 50% of Local Share on Transit (Transit)**
- **Metropolitan Transit Commission Legislative Agenda (Transit) (Attached)**
- **Technical Revision to Charlotte Firefighters' Retirement System on Death Benefits**
- **Amendment to the Emergency Fund for Law Enforcement Officers in Mecklenburg County**

II. LEGISLATIVE WATCH LIST

- **Potential Shifts of Responsibility from State to Local for Maintenance of State Roads Without Adequate Funding (Transportation)**
- **State Revenue Laws Study Committee (Fiscal)**
- **Equity Formula Potential Revisions (Transportation)**
- **Air Quality Attainment/Conformity Policy Position (Transportation)**
- **Avoidance of Unfunded Mandates as a Result of State Budget Shortfall (Fiscal)**

III. FUTURE LEGISLATIVE OPPORTUNITIES

- **I-485 and Independence Boulevard Funding Solutions (Transportation)**
- **Potential New Revenue Sources Long Term for Roads (Transportation)**
- **Potential New Revenue Sources Long Term for Transit (Transit)**
- **Development of Criminal Justice System Strategy Allowing for Funding and Efficiencies Tailored to Local Needs (Community Safety)**
- **Stimulus Funding for State and Local Priorities (Fiscal)**

CHARLOTTE.

2010 State Legislative Agenda

Legislative Advocacy/Preservation of Authority

Category: Fiscal

Title of Item: Business Privilege License Tax

Statewide or Local Bill: Potential Statewide Bill in Joint Legislative Committee

Purpose: Preserve business privilege license tax

Responsible Staff Person(s): Greg C. Gaskins, Finance, 704.336-5885

Background and History: Charlotte has had a Business Privilege License Tax since 1863, and it is levied on firms for the privilege of doing business within the City. This tax also gives the City the ability to track the number of businesses within its boundaries, which is an important tool in providing municipal services such as fire, police and roads to these firms and the customers they serve. It is one of two taxes the City can impose, but it is the only tax it can impose on non-property owners when they enter Charlotte to do business. This tax provided nearly $17 million to the City last year. This revenue source is a viable alternative to property tax because it spreads the tax burden more equitably.

Current Need/Problem (including potential allies or detractors): The Joint Senate and House Finance Committee is looking at revenue reform. They are going to consider the BPLT in their review. The tax can be reformed without eliminating it. Some cities do not have the upper amount capped, and some businesses claim it is hard for them to pay it because they do business in more than one location. Charlotte caps all taxes under its control at $10,000 and would treat all categories the same if allowed by the State.

Impact if Not Addressed/Adopted: If this tax was to be eliminated, it would be equivalent to a property tax increase of 2 ½ cents to replace it.

CHARLOTTE.

2010 State Legislative Agenda

Legislative Advocacy/Preservation of Authority

Category: Local Authority

Title of Item: Annexation

Statewide or Local Bill: Various Statewide bills intended to amend Article 4A Chapter 160A of the General Statutes to weaken annexation authority

Purpose: Retain annexation authority

Responsible Staff Person(s): Ron Kimble, City Manager's Office, 704.336.4169
Mac McCarley, City Attorney's Office, 704.336.4112
Jonathan Wells, Planning, 704.336.4090

Background and History: The modern era of annexation legislation in North Carolina was enacted in 1959, allowing cities and towns across the state to expand their municipal boundaries and extend their services as the communities grew and expanded. In 1959 Charlotte consisted of 35 square miles, while today it encompasses 300 square miles. In this fashion, urbanized areas receive necessary services while cities can make sound urban growth possible, and residents and property owners in the urban area share both the benefits and responsibilities of urban life. Moreover, annexation has enabled Charlotte and other NC cities to avoid problems cities elsewhere have experienced and found impossible to resolve. Examples include small urban areas surrounded by vast suburban areas that do not participate financially in meeting the urban community's service needs, and where services are offered in an inefficient and inconsistent manner.

Current annexation statutes have rigorous and exacting requirements that must be met by municipalities in order to complete annexation. Charlotte takes these requirements very seriously and has for many years dedicated the resources necessary to meet or exceed its responsibilities under these statutes.

Current Need/Problem (including potential allies or detractors): There are reportedly a limited number of instances across the state where municipalities may not have fulfilled their responsibilities under the annexation statutes. This in turn has created interest in "reforming" annexation, although virtually all the legislative proposals made to date would significantly reduce or eliminate the ability to annex. The original 1959 annexation legislation has been modified a number of times since its enactment, and today it serves as a model across the nation of how annexation should be undertaken.

Charlotte staff has worked with the NC League of Municipalities and with the annexation legislative commission to craft potential statutory changes and proposals that will maintain or enhance accountability and transparency in the annexation process while sustaining municipalities' ability to annex.

Impact if Not Addressed/Adopted: If annexation legislation is amended to make it more difficult or impossible to annex, urban areas like Charlotte will be in the tenuous position of providing municipal services and other urban benefits to residents and property owners of unincorporated areas without the ability to tax those recipients for those services. Furthermore, such services such as fire protection, street maintenance and trash collection could be delivered in an inefficient and inconsistent manner within Spheres of Influence and particularly in unincorporated areas. Finally, the lack of viable annexation authority could decrease the ability to broadly and equitably distribute the cost of these urban services.

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2010 State Legislative Agenda

Legislative Advocacy/Preservation of Authority

Category: Transit

Title of Item: Retention of State's Minimum 50% of Local Share on Transit Projects

Statewide or Local Bill: Statewide [136-44.20 (b); HB-148; HB-1005)]

Purpose: Preserve the State's minimum 50% share of local transit projects

Responsible Staff Person(s): Carolyn Flowers, CATS, 704.336.3855
Dee Pereira, CATS, 704.336.2166

Background and History: State Statute 136-44.20 "Department of Transportation designated agency to administer and fund public transportation programs; authority of political sub-divisions". Section (b) of the Statute authorizes the N.C. Department of Transportation (NCDOT), upon approval of the NC Board of Transportation to provide the matching share of federal public transportation assistance programs. NCDOT has traditionally provided 50% of the local share of projects that receive federal funds.

Current Need/Problem (including potential allies or detractors): In recent years, the City of Charlotte has been the recipient of the largest number of matching funds for transit capital projects awarded by NCDOT, and the only recipient of New Starts program matching funds.

HB-148 and HB-1005 have opened up opportunities for an increased number of requests from transit agencies in North Carolina to compete for matching funds from NCDOT for transit projects. However, the State has not identified a new source of revenue to satisfy requests under HB-1005; the current annual apportionment from the General Assembly for New Starts programs is inadequate for the growing program.

NCDOT's 2009 project prioritization process scores transportation projects through a data driven model. Rankings from this process are still subject to further screens before they are placed on a State Transportation Improvement Plan (STIP) list and scheduled for funding. (The City of Charlotte /CATS was not invited to participate in this process.) The City of Charlotte's concern with the process and preliminary rankings is that the Northeast Corridor Blue Line Extension's ranking on the Non-Highway list (even though it is the only New Starts program in the State that is approved for entry into Preliminary Engineering).

Impact if Not Addressed/Adopted: The two actions, i.e. HB-148 & HB-1005; and NCDOT's Strategic Prioritization Process have the potential for impacting the current distribution/share of NCDOT's limited funding from the General Assembly. Any change in NCDOT's matching funds program and annual appropriation of funds will have a detrimental impact on funding and build out schedules of Charlotte's transit projects.

CHARLOTTE.

2010 State Legislative Agenda

Legislative Advocacy/Preservation of Authority

Category: Transit

Title of Item: MTC's FY2010-11 Legislative Agenda

Statewide or Local Bill: Statewide (HB-1005—an act to allow the N.C. Department of Transportation to participate in fixed rail projects that do not include Federal funds)

Purpose: Maximize State's share of North Corridor Commuter Rail Red Line Project

Responsible Staff Person(s): Carolyn Flowers, CATS, 704.336.3855
Dee Pereira, CATS, 704.336.2166

Background and History: HB-1005, An Act to allow the Department of Transportation to participate in funding fixed rail projects that do not include Federal funds, became effective on July 1, 2009.

The North Corridor Commuter Rail Project is one of five rapid transit projects (listed as priority #2) in Charlotte Area Transit System's 2030 Transit Corridor System Plan. The project in its current form and under current rules for the New Starts/Small Starts Federal programs, does not qualify for Federal funding. However, the Red Line is a fixed guideway project that would qualify for State funding under HB-1005.

Current Need/Problem (including potential allies or detractors): The Red Line does not qualify for Federal funding under current Federal Transit Administration criteria. However, it would qualify for funds under HB-1005. A commitment from NCDOT to a reasonable financial partnership could jumpstart the implementation of the Red Line Project.

The State has not identified a new source of revenue for projects that may qualify for funding under HB-1005. NCDOT currently plans to utilize its New Starts annual appropriation to provide its share of projects that qualify under HB-1005. In such case, HB-1005 projects will compete for funds from the same "pot" as fixed guideway projects that are eligible for Federal funding, i.e. Charlotte's Northeast Corridor Blue Line Extension.

Two major transit agencies in the State are currently completing Major Investment Studies for fixed guideway rail projects and will become competitors for funds from this program. In order that HB-1005 does not result in the slowing down of fixed guideway projects in the State, NCDOT needs to identify a new source of revenue for projects eligible for funding from HB-1005; develop criteria and State share for participation in such projects and request as well as receive adequate annual appropriations from the State's General Assembly.

Impact if Not Addressed/Adopted: If the issues stated above are not addressed, there will be insufficient matching funds for New Starts and other rail projects, and until criteria for distribution of funds under HB-1005 are developed, prioritization for distribution of New Starts and non-New Starts rail project funds will be left to the discretion of the NC Board of Transportation and NCDOT. Both situations will seriously impact the advancement of the 2030 Plan.

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2010 State Legislative Agenda

Legislative Advocacy/Preservation of Authority

Category: Transit

Title of Item: MTC's FY2010-11 Legislative Agenda

Statewide or Local Bill: Statewide (N.C.G.S. Article 2B of Chapter 136)

Purpose: Revise State Maintenance Assistance Program funds allocation criteria to include all modes of transportation (including rail)

Responsible Staff Person(s): Carolyn Flowers, CATS, 704.336.3855
Dee Pereira, CATS, 704.336.2166

Background and History: In 1994, the State Maintenance Assistance Program (SMAP) was established by the General Assembly with the objective of assisting urban, regional and small urban areas in funding the non-federal share of net operating costs associated with existing and new public transportation services operated by fixed route and regional transit systems. In 1996, the NC Board of Transportation approved a formula for allocation of State Maintenance Assistance to Urban, Small Urban and Regional Transit Systems.

Current Need/Problem (including potential allies or detractors): Currently, CATS does not receive any SMAP for rail transportation which accounts for approximately 19% of ridership and 5% of revenue service hours. Since rail transportation was implemented in Charlotte in 2007, the State must be willing to change the distribution formula, in order to not discriminate in reimbursement to transit properties operating rail systems.

The second issue that must be corrected is that annual appropriations for SMAP have not increased in proportion to the growth of transit agencies in the State. In FY2010, the appropriation was 2% lower than prior year. If the State's goal is to assist transit system with meeting the growing mobility needs of the community, the General Assembly must consider increasing the annual appropriations for SMAP.

Impact if Not Addressed/Adopted:
SMAP funding has accounted for almost 12% of CATS annual operating revenue and was expected to grow with the implementing and performance factors of rail transportation. As CATS continues to increase service to the community, if SMAP funding is not fairly distributed and does not keep pace with the growth, CATS will have to fund a larger portion of service costs with sales tax revenue, which will have long-term impacts on the build out of the 2030 Plan.

CHARLOTTE.

2010 State Legislative Agenda

Legislative Advocacy/Preservation of Authority

Category: Fiscal

Title of Item: Technical Revision to Charlotte Firefighters' Retirement System (CFRS) Act on Death Benefits

Statewide or Local Bill: Local Bill

Purpose: To request a technical change to Section 21(b) of the CFRS Act to provide the same death benefit related to a return of contributions for retirees who choose a joint survivor benefit option as to those who choose a basic benefit.

Responsible Staff Person(s): Scott L. Greer, Finance, 704.336.5883
Barbara J. Avard, Finance, 704.336.4431)

Background and History: The Charlotte Firefighters' Retirement System (CFRS) was established in 1947 by a Special Act approved by the NC Legislature; therefore, only the Legislature can approve revisions to the Act. The current Act that governs the CFRS provides for the payment of any remaining contributions made by members of the retirement system, the City plus 4% accrued interest to a designated beneficiary upon a member's death.

After retirement, the statute limits this distribution only to retirees who choose a basic benefit where a spouse does not receive additional pension benefits after the retiree's death. In many cases, retirees choose to take lower benefits so that their pension payments will extend beyond death to cover spouses. If this option is chosen and the retiree and spouse die before all the contributions are paid out, the remaining contributions are not paid back to a designated beneficiary. Retiree pension benefits are paid from a combination of sources including employee contributions, City contributions and investment earnings.

Current Need/Problem (including potential allies or detractors): At its October 22, 2009 quarterly meeting, the Board of Trustees of the CFRS approved a revision to Section 21 of the Special Act to provide the same death benefit related to the return of contributions for retirees who choose a joint survivor benefit as to those who choose a basic benefit.

While this situation rarely occurs, the Board felt it was a matter of fairness to endorse the proposed change. Based on actuarial analysis, this change will not increase the costs of the system to either the City or to members of the retirement system.

Impact if Not Addressed/Adopted: A situation of unfair treatment of death benefits for retirees who choose different benefit options will exist in the event of the death of retirees.

CHARLOTTE.

2010 State Legislative Agenda

Legislative Advocacy/Preservation of Authority

Category: Community Safety

Title of Item: Amendment of Session Law Chapter 446 of the Public Local Laws of the Emergency Fund for Law Enforcement Officers in Mecklenburg County

Statewide or Local Bill: Local

Purpose: Raise benefit level for death or permanent disability from $10,000 to $25,000. Raise scholarship cap to $25,000. Add specific language that allows the Pension Board to send $100 to surviving minors on their birthday.

Responsible Staff Person(s): Chief Rodney Monroe, CMPD, 704.336.2337
Mark Newbold, CMPD, 704.336.4977

Background and History: Fund was created by special legislation in 1931 to provide emergency funds for law enforcement officers in Mecklenburg County who were killed or permanently injured in the line of duty. The source of the fund was a tax of $1 placed on "Bills of Cost" in criminal cases where there was a conviction or guilty plea. This tax is no longer collected as all fines go to the local school board. Currently, there is approximately $2 million in the fund due to the sound investment of the funds derived from the original tax.

Current Need/Problem: When an officer is killed or severely injured his or her family will incur instantaneous expenses not immediately covered by traditional death and injury benefits. The purpose of this fund is to provide the family (usually within 24 hours) emergency funds so that they can pay for items such as rent / mortgage payments, travel expenses, and food and lodging for family members and friends. The Board believes it is appropriate to increase the cap on benefits from $10,000 to $25,000 due to the overall increase in expenses incurred by a family. In addition to increasing the cap on the level of funds, the Board would like specific authority to send $100 to surviving children of an officer killed in the line of duty on the deceased officer's birthday.

Impact if Not Addressed/Adopted: Raising the cap gives surviving family members greater flexibility to meet immediate expenses, until other state, federal and private survival benefits become available.

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2010 State Legislative Agenda

Legislative Watch

Category: Transportation

Title of Item: Potential Shifts of Responsibility from State to Local for Maintenance of State Roads without Adequate Funding

Statewide or Local Bill: Statewide

Purpose: Monitor legislation to shift maintenance funding from the state to local municipalities

Responsible Staff Person(s): Danny Pleasant, CDOT, 704.336.3879

Background and History: In March 2009, Senators Bob Rucho and Daniel Clodfelter introduced Senate Bill 758, which would have transferred state-maintained secondary roads to the counties. The bill appeared to be an unfunded mandate since there was no clear mechanism proposed for funding maintenance of State roads transferred to the counties. It also would complicate decision-making about roadways within municipalities since it would add another governance layer (counties) to roadway systems currently maintained by the state and municipalities. The bill appears to have died in the Appropriation Committee last year.

At about the same time, Representative Nelson Cole and Senator Clark Jenkins introduced House Bill 881 and Senate Bill 1001. These bills would have transferred state-maintained secondary roads to municipalities and changed Powell Bill language about state fund distribution from “shall distribute” to “may distribute.” Fortunately, the House Bill was amended and passed as a mechanism authorizing counties to preserve transportation corridors as authorized for cities and NCDOT. It also authorized NCDOT to provide materials to cities on a cost reimbursement basis (which was occurring anyway.) The language most threatening to cities dropped out of the bill before it passed.

Current Need/Problem (including potential allies or detractors): Currently, the City is grappling with the lack of adequate funding for maintenance of existing city roads. The prospect of additional maintenance responsibilities further amplifies the funding shortfall. The City of Charlotte’s current shortfall for maintenance of City streets is estimated at $50 million over the next five years.

Impact if Not Addressed/Adopted: Legislation authorizing a shift in maintenance responsibilities from the state to municipalities without providing a funding mechanism would hamper our abilities to fund our local maintenance program.

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2010 State Legislative Agenda

Legislative Watch

Category: Fiscal

Title of Item: Revenue Laws Study Committee

Statewide or Local Bill: Statewide

Purpose: Reform Revenue Laws and get State funding proportional to needs of large urban municipalities

Responsible Staff Person(s): Greg C. Gaskins, Finance, 704.336.5885

Background and History: The State has a revenue shortfall estimated at $500 million dollars. The Revenue Laws Study Committee is looking at Revenue law changes that are to tax the "new economy" Sometimes thought of as the service based economy. It is supposed to be looking at a broader base and lower rates. Some of the ideas being floated could be harmful to local governments by reducing their authority, removing the ability to collect business privilege license taxes for example, or adding duties to local governments without adding revenue sources. An example is giving localities the responsibility of maintaining State roads.

Current Need/Problem (including potential allies or detractors): The State is short of revenues to meet its' needs. The current tax structure is over 50 years old and does not match current economic realities. There is also a need to recognize the increased responsibilities that fall on very large urban areas like Charlotte. These responsibilities were unknown when the current system was developed.

Impact if Not Addressed/Adopted: Charlotte is also finding it difficult to meet its' needs and has a tax structure as old as that of the State. Real revenue reform would include the needs and responsibilities of the cities, counties and the State. The goal should be a system that fairly distributes the responsibilities and the revenues to all entities.

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2010 State Legislative Agenda

Legislative Watch

Category : Transportation

Title of Item: Equity Formula Potential Revisions

Statewide or Local Bill: Statewide

Purpose: Monitor activities of the Legislature's Review of the Equity Formula

Responsible Staff Person(s): Danny Pleasant, CDOT, 704.336.3879

Background and History: Representative Becky Carney introduced House Bill 237, Equity Formula Study Commission, in the 2009 legislative session. It was paired with Senate Bill 635. The intent was to establish a legislative commission to evaluate and recommend adjustments that might be needed to the formula used to distribute various types of highway dollars across the state. The bill was referred to committee, where no further action was taken. These issues are being addressed through the General Assembly's Joint Legislative Oversight Committee on Transportation.

Current Need/Problem (including potential allies or detractors): The Charlotte region, like several of the state's largest regions, is grappling with the lack of adequate funding for both existing and future transportation needs. The Mecklenburg Union MPO (MUMPO) is about to adopt its 2035 Long Range Transportation Plan (LRTP). The LRTP assumes that funding will be available for only 31% of the roadway projects nominated for the LRTP, leaving an unfunded gap of $6.3 Billion.

Impact if Not Addressed/Adopted: Any recommended modifications to the equity formula will affect funding that the Charlotte region and other large metropolitan areas in the state could receive.

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2010 State Legislative Agenda

Legislative Watch

Category : Transportation

Title of Item: Air Quality Attainment/Conformity Policy Position

Statewide or Local Bill: Statewide

Purpose: To ensure large municipal areas are not disproportionately penalized under current state air conformity standards

Responsible Staff Person(s): Danny Pleasant, CDOT, 704.336.3879

Background and History: The Charlotte metropolitan area has struggled for several years with air quality non-attainment related to ozone. From a transportation planning perspective, our non-attainment status threatens the region's ability to receive and spend federal highway and transit capital dollars in non-attainment areas. Metropolitan Planning Organizations are required by federal regulation to produce long-range transportation plans at least every four years. An air quality conformity analysis must demonstrate that emissions from motor vehicles will not hinder metropolitan areas from reaching clean air standards in future years. The test, called "conformity," requires measuring against emissions targets or budgets allocated for each air quality non-attainment area.

The North Carolina Department of Environment and Natural Resources (NCDENR) is charged with setting emissions budgets in North Carolina, in cooperation with the U.S. Environmental Protection Agency (EPA). Rather than NCDENR establishing a region-wide emissions target for the entire non-attainment area, they sub-allocate the non-attainment area emissions budget by county. North Carolina is the only state where this is done. This practice caused a problem for the Charlotte region in 2008-2009. In preparing the regional "conformity report," the MPOs in our region were not able to demonstrate that they could meet county-level budgets, even though the non-attainment area had what can be described as a budget surplus. Because each county was evaluated separately, and some counties failed to demonstrate conformity, all the counties in the region failed. As a result, the region went into a so called "grace period," which prevented the MPOs from amending their Transportation Improvement Programs to add additional projects as funding became available in 2009.

While there currently are no bills pending, we believe the legislature should require NCDENR to explain why the agency does not establish emissions budgets for whole non-attainment areas, instead of by county.

Current Need/Problem (including potential allies or detractors): Sub-allocating budgets by county has the unintended consequence of encouraging urban sprawl since counties like Mecklenburg County that house the regions' central cities may be disproportionately penalized because they are more populated, contain more jobs, and generate more travel. The EPA has

recognized urban sprawl as harmful to the environment, yet NCDENR, as the state's environmental agency, is imposing a practice that rewards pushing development outwardly.

Impact if Not Addressed/Adopted: The current practice may have the unintended consequence of rewarding and encouraging urban sprawl. A potential non-conformity status could inhibit the Mecklenburg Union Metropolitan Organization from amending its Transportation Improvement Program and adding projects as funding becomes available.

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2010 State Legislative Agenda

Legislative Opportunities

Category : Transportation

Title of Item: I-485 and Independence Boulevard Funding Solutions

Statewide or Local Bill: Local

Purpose: To seek additional funding for planned Independence Boulevard expressway and six-mile segment from Conference Drive to I-485.

Responsible Staff Person(s): Danny Pleasant, CDOT, 704.336.3879

Background and History: For many years, Charlotte and the surrounding region have pursued funding for 1-485 and Independence Boulevard, two regionally significant projects. This year, the North Carolina Department of Transportation and the Governor's Office found a way to finance construction of the northeast segment of I-485 -- "the missing link." A public-private design-build-finance approach will be used to advance the project to construction in 2012, which is 3 to 5 years faster than expected.

On the other hand, the inflow of funding for Independence Boulevard has been slow. Construction funding has been secured for the segment between Sharon Amity Road and Conference Drive, but no funding has been identified to complete the remaining six miles to I-485. Planned improvements to Independence Boulevard include converting it into a hybrid expressway with interchanges as major cross streets, adding general purpose and managed lanes, and accommodating either light rail or bus rapid transit.

Current Need/Problem (including potential allies or detractors): The current equity formula allocation to the region is insufficient to handle a complex project of this magnitude. Legislative intervention will be necessary to find a way to finance the remaining segments.

Impact if Not Addressed/Adopted: The funding gap would inhibit NCDOT's ability to finish the project in less than 40 to 50 years.

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2010 State Legislative Agenda

Legislative Opportunities

Category: Transportation

Title of Item: Potential New Revenue Sources Long Term for Roads

Statewide or Local Bill: Statewide

Purpose: To explore new funding options for long-term road needs

Responsible Staff Person(s): Danny Pleasant (704) 336.3879

Background and History: Federal and state motor fuel tax revenues are diminishing. Motor vehicles are becoming more fuel efficient and the growth trend in vehicle miles traveled per person is flattening. Travel actually declined over the past two years in response to the weakened economy. Sales of motor fuels will continue to decline as hybrid and electric vehicles become a larger percentage of the vehicle fleet. These are positive trends from an environmental and congestion viewpoint, but declining fuel sales will hurt the ability to build, maintain and operate needed transportation infrastructure.

Alternative funding sources, not necessarily connected to motor fuel sales, will be needed over the long term. Options may include a general sales tax for roads, increased vehicle registration fees, tolling, and ultimately some sort of vehicle miles traveled fee. All of these options have been studied. The legislature will need to grapple with how the state and local governments will fund infrastructure both short and long term. Local governments, especially in fast growing urban areas, would benefit from more local option funding choices. As a more immediate fix, the legislature should consider increasing the motor fuel tax or changing to a sales tax on motor fuels to stem the decline in transportation revenues

Current Need/Problem (including potential allies or detractors): The Mecklenburg Union MPO (MUMPO) is about to adopt its 2035 Long Range Transportation Plan (LRTP). The LRTP assumes that funding will be available for only 31% of the roadway projects nominated for the LRTP, leaving an unfunded gap of $6.3 Billion.

Impact if Not Addressed/Adopted: The revenue generated by federal and state motor fuel tax will continue to diminish, and the gap in funds needed for state and local transportation projects will continue to grow.

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2010 State Legislative Agenda

Legislative Opportunities

Category: Transit

Title of Item: Potential New Revenue Source Long Term For Transit

Statewide or Local Bill: Statewide (House Bill 148 An Act to establish a congestion relief and Intermodal Transportation 21st Century Fund)

Purpose: Include Mecklenburg County in the authority to levy an additional ½ percent Sales & Use Tax for transit

Responsible Staff Person(s): Carolyn Flowers, CATS, 704.336.3855
Dee Pereira, CATS, 704.336.2166

Background and History: Article 43 of House Bill 1231 (S.L. 1997-417) authorized a Local Government Sales and Use Tax for Public Transportation in Mecklenburg County. The County voters approved the tax in November 1998.

In 2009, Article 43 was amended under House Bill 148, S.L. 2009-527. The amendment included authorization for Local Government Sales & Use Taxes for public transportation for all other counties in North Carolina, but did not include an additional ½ percent Sales and Use Tax for Mecklenburg County.

In November 2006, the Metropolitan Commission adopted the 2030 Transit Corridor System Plan (2030 Plan), which leverages the current ½ percent Sales and Use Tax toward building rapid transit in five designated corridors within Mecklenburg County. The 2030 Plan cost was based on estimates following the completion of conceptual engineering and environmental analyses in all the corridors.

Since 2006, two of the five corridors, i.e. the Northeast Corridor Blue Line Extension (BLE) and the North Corridor Commuter Rail Red Line projects have advanced to various stages of Preliminary Engineering and Final Design. The more detailed studies have further defined the scope of the projects and provided more refined cost estimates for these projects.

Current Need/Problem (including potential allies or detractors): The economic recession has resulted in a projected shortfall in local sales tax revenues of about $350 million over the next 10 years. This reduced local revenue along with other factors like updated project definition and costs, changes in Federal funding criteria have made the 2030 Plan unachievable under the 2006 schedule and funding.

The ½ percent Sales and Use Tax that was authorized for Mecklenburg County by HB-1231, S.L. 1997-417 is unable to sustain the current need for advancing the 2030 Plan. The Charlotte-Mecklenburg region needs an additional source of income in order to advance the 2030 Plan on a reasonable and foreseeable schedule.

The State Senate amendment of the State House version of HB-148 excluded authorization for Mecklenburg County to receive an additional ½ percent Sales and Use Tax.

Impact if Not Addressed/Adopted: The decline in the sales tax since 2009, has resulted in a 10 year gap (vs. the 2030 Plan) of about $350 million. The Blue Line Extension (BLE) has been authorized by the Federal Transit Administration (FTA) to proceed through the Preliminary Engineering phase. With this authority from FTA, the City has been able to obtain Federal earmarks of $39.55 million for the project. The local share of $39.55 million is funded 50/50 by NCDOT and the ½ percent Sales and Use Tax.

However, with the regression of sales tax revenues to 2005 levels, the Metropolitan Transit Commission will have to update the implementation schedule adopted in 2006 by extending out the current schedules for build out of the BLE and the Red Line. Other corridor projects in the 2030 System Plan will also be delayed.

Without authority to levy an additional ½ percent Sales and Use Tax, effective 2012, the BLE and Red Line projects cannot be completed sooner, inhibiting the ability to build on the success of the LYNX Blue Line. Also without the additional revenue, a new implementation schedule cannot be developed for projects in the remaining transit corridors.

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2010 State Legislative Agenda

Legislative Opportunities

Category: Community Safety

Title of Item: Development of a Criminal Justice System Strategy for Funding and Efficiencies Tailored to Local Needs

Statewide or Local Bill: Local

Purpose: Seek additional funding for criminal justice system. Receive allocations based on proportion of state crime problem. Seek increased discretion on how funds are are used locally.

Responsible Staff Person(s): Chief Rodney Monroe, CMPD, 704.336.3879

Background and History: State funding for the criminal justice system is administered by the Administrative Office of the Courts. Its funding formula does not account for the unique needs of the state's urban areas. Consequently, funding has never kept pace with the population or the proportion of statewide crime in urban areas. As crime increased in Charlotte-Mecklenburg, both the City of Charlotte and Mecklenburg County began supplementing state funding to add personnel and equipment to the District Attorney's Office and Mecklenburg County Courts. The City currently funds two assistant district attorneys and three legal assistants for the District Attorney's Property Crimes Unit and five office assistants. In the past, the Charlotte-Mecklenburg Police Department has used some of its grant funding for additional assistant district attorney positions. The City and County believe that the state should take responsibility for adequate funding for the criminal justice system.

Current Need/Problem (including potential allies or detractors): The citizens of Charlotte have made it clear that they believe the criminal justice system, as currently funded, does not serve their interests. The District Attorney lacks the resources to prosecute the volume of cases that come into the system, and as a result, far too many cases are either dismissed or plea bargained to lesser charges. The courts move cases slowly, and there is not adequate jail/prison space for those offenders who do get active time. Probation/Parole Office has inadequate resources to handle the volume of offenders under its supervision. Many offenders reoffend with no consequences.

The information systems used by the district attorney and courts are inadequate and make very limited used of modern technology. For example, the case management system developed by the state is inadequate for the needs of a jurisdiction with the volume of cases handled by a major urban area. The case management system in Charlotte consists of file folders and paper clips. The information systems of the various components of the criminal justice system do not interface, making information sharing more difficult. The community is united in its desire for a more effective and efficient criminal justice system.

Impact if Not Addressed/Adopted: If the local criminal justice system does not receive funding commensurate with its share of population and crime, it will fall further behind in handling its case volume and bringing offenders to justice. It will make it much more difficult to take chronic offenders off the streets and to sustain the crime reductions that police and the community have fought to achieve.

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2010 State Legislative Agenda

Legislative Opportunities

Category: Fiscal

Title of Item: Stimulus Funding for State and Local Priorities

Statewide or Local Bill: N/A

Purpose: Information

Responsible Staff Person(s): Ron Kimble, City Manager's Office, 704 336-4169

Background and History: As of March, 2010, the City of Charlotte has received 10 ARRA grants from the Federal Government totaling $48.73M and 6 ARRA grants from the State of North Carolina totaling $12.51M.

Program		Est Amt for Charlotte	Est FTEs	Purpose
Public Safety				
Fed	COPS	$8.5 M(3Yrs)	50	50 officers
Fed	Byrne JAG Formula	$3.2 M	10.5	Electronic case papering; overtime; youth programs; equip for vehicles
Fed	Byrne JAG Discretionary	$483,825	4	4 crime analysts
St	NC GangNet-Replication	$335,135	3	Replication of GangNet Program in Western NC - 3 positions
Community Development & Job Training				
Fed	Com Dev Block Grant	$1.26 M	27	Infrastructure, rehab, property acquisition, business loans/grants
Fed	Lead Base Paint	$3 M	15	Rehabilitation of 250-300 homes over 3 years
Fed	Homeless Prevention	$1.9 M	5	Rental assistance; utility payments; moving assistance; housing relocation; etc.
St	Job Training - adult	$2.5 M		Training at community college and other training providers; 290 adults trained
St	Youth Emp Tr & Sum Jobs	$1.9 M	96.5	81 youth trained to date; 386 placed in pt summer jobs
Environment				
St	NC Clean Water	$2.5 M	10	Muddy Cr/Campbell Cr restoration; Revolution Pk water reuse; Wilora Lake restor.
Energy				
Fed	Energy Efficiency/ Conserv. Block Grant	$250,000 Total $6.7 M	97	Energy audits of city facilities, GHG inventories/ action plans, Implementation of Energy Strategy
Fed	Altern fuel vehicles	TBD	TBD	Purchase of 5 diesel fueled hybrid Aviation buses thru COG
St	NC Air Quality Diesel Emiss. Reduct.	$80,000	TBD	Retrofit 5 Aviation vehicles
St	St. Energy Program- Interns	TBD	TBD	To hire 4-6 energy interns/ fellows
Transportation				
St	NCDOT Highway Investment	$5.2 M	TBD	Upgrade expand traffic signal system; Shasta Ln sidewalk; pedestrian signals
Fed	Transit	$20.7 M	581	Renovation of N Davidson St. Bus Garage
Fed	TIGGER Grant	$3 M	3	Purchase up to 6 hybrid buses - to be received in FY2012
	Total	**$61.24 M**	**899**	

indicates funding announced

***Jobs created/retained are reported by federal formula outlined by each federal/state agency**

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Current Need/Problem (including potential allies or detractors): The City will continue to explore/seek the opportunities where future ARRA monies could become available. This could happen when additional ARRA funds are made available through new regulations that are promulgated, or by redistribution of ARRA funds not spent by other jurisdictions within the guidelines/timeframes of the awards.

Impact if Not Addressed/Adopted: The City of Charlotte would forego the potential use of these funds for City priorities if we are not vigilant.