

# City of Charlotte

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



## Meeting Agenda

**Tuesday, September 3, 2024**

**Charlotte-Mecklenburg Government Center, Room 267**

### **Council Committee Discussions**

*Mayor Vi Lyles*  
*Mayor Pro Tem Danté Anderson*  
*Council Member Dimple Ajmera*  
*Council Member Tariq Scott Bokhari*  
*Council Member Tiawana Brown*  
*Council Member Ed Driggs*  
*Council Member Malcolm Graham*  
*Council Member Reneé Johnson*  
*Council Member LaWana Mayfield*  
*Council Member James Mitchell*  
*Council Member Marjorie Molina*  
*Council Member Victoria Watlington*

**6:00 P.M. CITY COUNCIL COMMITTEE DISCUSSIONS,  
CHARLOTTE-MECKLENBURG GOVERNMENT CENTER,  
REGULAR MEETING HOSTED FROM ROOM 267**

*This meeting will also be accessible via the Government Channel, the City's Facebook page, and the City's YouTube channel.*

**BUSINESS**

## 1. Resolution in Support of Legislation Authorizing a Sales Tax Referendum

**Action:**

**Adopt a resolution to support the coalition of local jurisdictions in Mecklenburg County to seek authorization from the North Carolina General Assembly authorizing the voters of Mecklenburg County to determine by referendum whether they will approve an additional sales tax for further investment in roadway and public transportation systems.**

**Staff Resource(s):**

Liz Babson, City Manager's Office

**Explanation**

- The City of Charlotte desires that the North Carolina General Assembly pass legislation authorizing the voters of Mecklenburg County to decide by referendum whether they will approve an additional one cent sales tax for investment in roadway and public transportation systems.
- This proposed sales tax increase would also allow the region to leverage substantial federal grant funding that is available for investment in transportation network infrastructure, which requires a percentage match of local funding to utilize.

**Background**

- The City of Charlotte is a member of the Metropolitan Transit Commission established in 1999 between the City of Charlotte and six surrounding towns and is supportive of providing a diverse roadway infrastructure and public transportation options to its residents.
- Mecklenburg County is a regional economic engine with over 1.2 M residents and one of the fastest-growing metro areas in the country, attracting new businesses, jobs, tourism, and people every day.
- Regional growth creates regional transportation needs that include managing the inevitable increase in vehicle trips, maintaining healthy air quality, reducing emissions and congestion.
- In 2021, following the Charlotte Moves Task Force which recommended a multi-modal one cent for mobility, City Council directed the City Manager to develop a funding, financing and legislative strategy to move forward a one cent sales tax.
- The City of Charlotte City has adopted the Strategic Mobility Plan (2022), and has identified strategic investment areas for multi-modal mobility improvements (2023-2024) and has reaffirmed Mobility as a Council priority in annual strategy sessions.
- On August 9, 2024, the Managers of Mecklenburg County, the City of Charlotte, and a majority of the six towns included within the County concluded meetings leading to the preparation of draft legislation enabling a countywide referendum on a one cent local sales tax to fund mobility initiatives countywide, and the ability to establish a regional transit Authority.
- Elected officials for each jurisdiction are considering resolutions supporting the advancement of the draft legislation.
- If approved, the request will be formally submitted to the North Carolina General Assembly where local government, business, and community leaders hope to gain adoption of enabling legislation to allow the voters of Mecklenburg County to determine their transportation future by making a choice for increased regional transportation infrastructure investments for both roads and transit.
- If the legislation is adopted by the NCGA, Mecklenburg County will have the authority to put the referendum on the ballot.
- Prior to a referendum, the MTC will lead a process to update the Transit System Plan that will include engagement with the broader community about expansion of our public transit network and matching projects to available resources that support the continued growth our region is experiencing.
- At the same time, City Council will continue to define a program of prioritized transportation projects within Strategic Investment Areas to be funded by the sales tax.

- City Council received copy of the draft legislation on August 9, a Transportation and Development Committee Presentation on August 13 and Action Review presentation on August 26.
- The core elements of the draft legislation include:
  - 100 million+ annually allocated to the City of Charlotte for roadway funding
  - More than doubles our investment in transit, and increases the bus program by 50%
  - Establishes a Transit Authority governance structure
  - Prioritizes the Red Line and ensures the City of Charlotte will be reimbursed for the purchase of the O-Line.
  - The resolution is expected to be voted on all by all jurisdictions in September.

**Attachment(s)**

Resolution

Draft Legislation

Summary of Draft Legislation

[Resolution - Support for Authorizing Legislation Sept 3 2024](#)

[Draft Legislation - Authorizing Supplemental Revenue for Local Government Transportation](#)

[Draft Legislation - Summary](#)

## 2. Norfolk Southern Corridor Acquisition for CATS Red Line Commuter Rail Project

### Action:

- A. **Approve the purchase of approximately 22 miles of the O-Line railroad right-of-way, track improvements and other real property rights from Charlotte to the Mecklenburg County line, in the amount of \$74,000,000,**
- B. **Approve the purchase of approximately 1.6 acres of real property and any associated real property rights located near the Charlotte Gateway Station, in the amount of \$17,000,000,**
- C. **Authorize the City Manager, and/or his designee, to negotiate and execute all documents necessary to complete the purchases,**
- D. **Authorize the City Manager to negotiate and execute the Comprehensive Rail Agreement,**
- E. **Authorize the City Manager to negotiate and execute an escrow agreement for transitional self-insurance coverage in the amount of \$10,000,000, and**
- F. **Adopt a budget ordinance appropriating \$101,000,000 from the Municipal Debt Service Fund to the General Capital Projects Fund.**

### **Staff Resource(s):**

Brent Cagle, CATS  
Kelly Goforth, CATS  
Brad Thomas, City Attorney's Office

### **Explanation**

- The City/Charlotte Area Transit System is proposing to acquire approximately 22 miles of Norfolk Southern right-of-way (the O-Line) from Uptown Charlotte to the Mecklenburg County line (Council districts 1, 2, 4), as well as additional Norfolk Southern property for the Red Line Gateway Station in Uptown Charlotte (Council district 2). This corridor preservation would allow for the Red Line commuter rail project to be implemented in the future.
- The Red Line is part of the MTC's adopted 2030 Transit System Plan and is included in CRTPO's Comprehensive Transportation Plan. The Red Line is proposed to operate future commuter rail services along the existing Norfolk Southern O-Line, which would provide a regional connection between Uptown Charlotte and the northern towns.
- This transaction will require four separate agreements:
  - Purchase and Sale Agreement for the purchase of the O-Line corridor from Charlotte to the Mecklenburg County line
  - Purchase and Sale Agreement for purchase of real property and land rights near the Charlotte Gateway Station
  - Comprehensive Rail Agreement
  - Escrow Agreement for transitional self-insurance coverage, while more permanent coverage is secured with a Third-Party Administrator of insurer. Funds may be disbursed from escrow account only upon joint written instructions provided by Norfolk Southern and the City.
- Pending Council approval, the Agreements are anticipated to be executed by both parties with anticipated closing to occur on or before September 9, 2024.

### **Purchase and Sale Agreements:**

- The primary purchase consists of 22 miles of railroad right-of-way from Charlotte to the Mecklenburg County line, including track improvements. Norfolk Southern will retain a freight

easement in the corridor. The second purchase consists of approximately 1.6 acres of real property for the Red Line Gateway Station, with real property rights in easement/right-of-way. The City and Norfolk Southern have reached agreement on terms of the respective Purchase and Sale Agreements.

- The parties have agreed on final compensation amounts of:
  - \$74 million for approximately 22 miles of O-Line railroad right-of-way, track improvements and other real property rights, and
  - \$17 million for real property in fee simple and other land rights for the Red Line Gateway Station.

**Key Terms for the Comprehensive Rail Agreement:**

- The Comprehensive Rail Agreement (CRA) defines the future rights to operate commuter rail and the terms with Norfolk Southern (NS) for shared use along the railroad corridor.
  1. Term and Assignment of Agreement:
    - 99-year term continuing thereafter until either party terminates, and
    - City can/will assign agreement to a potential future Transit Agency.
  2. Commuter Rail Service Rights:
    - Up to 42 one-way trips per day,
    - Additional service for events and holidays, which can be expanded or modified by the parties without unreasonably interference with freight service, and
    - Transit Agency to have dispatching preference over freight operations to meet service schedule.
  3. Freight Service Rights:
    - NS to retain existing rights to operate freight service (including expansion, modification, or abandonment) and construct additional tracks; however, these improvements may not unreasonably interfere with commuter rail.
  4. Compensation for Service Rights:
    - NS to pay City/Transit Agency for right to operate freight service (freight easement fee) on O-Line corridor at \$0.20 per car mile prior to commuter rail service and \$0.45 per car mile after commuter rail service, with annual adjustments.
    - Upon commencement of commuter rail service, the Transit Agency to pay NS for the right to operate commuter service (passenger rights fee) only on ½ mile segment owned by NS near the Gateway Station at \$26.68 per train mile with annual adjustments.
  5. Maintenance and Dispatching:
    - Before commuter rail service, NS to maintain corridor and provide dispatching, and
    - After commuter rail service, Transit Agency to maintain corridor. Transit Agency has option to provide dispatching itself or to contract with NS for dispatching.
  6. Liability:
    - If only freight trains are involved, NS is liable,
    - If only commuter trains are involved, Transit Agency is liable,
    - If both freight and commuter trains are involved:
      - Transit Agency is liable for damages to Transit Agency property, commuter rail passengers, employees, contractors, etc., and
      - NS is liable for damages to NS property, employees, contractors, etc.
    - Exceptions to the above include:
      - Each party is liable for its sole negligence.
    - City bears general premises liability for corridor, where movement of trains is not involved, and
    - City only holds above liabilities until corridor and associated liabilities are transferred to a future Transit Agency.
  7. Insurance:
    - Before commuter rail service or transfer of corridor to a future Transit Agency, City to

provide transitional self-coverage through an escrow account until coverage is provided by a Commercial General Liability (CGL) policy.

- After commuter rail service, Transit Agency to have liability insurance based on Federal requirements for passenger rail service.
- 8. Option to Extend into Iredell County:
  - Includes an "option right" for future expansion into Iredell County as follows:
    - The option right can/will be assigned to Transit Agency and only exercised with approval by Iredell County and Mooresville,
    - Option includes either a purchase or an operating agreement and mutually agreed upon by NS:
      - Purchase Option Price: \$17.75 million, with annual adjustments, or
      - Operating Agreement Option: Passenger Rights Fee at \$26.68 per train mile with annual adjustments.
    - Timeframe to exercise option includes 3 years to determine purchase or operating agreement with 2 additional years to finalize purchase or operating agreement.
- 9. Improvements Necessary for Commuter Rail Operation:
  - To commence commuter operations, the Red Line Commuter Rail Project shall:
    - Upgrade track for commuter service,
    - Build passing tracks necessary to maintain freight service with shared commuter service,
    - Restore diamond across the CSX tracks, and
    - Build an additional track for NS operations near the Red Line Gateway Station.

**Fiscal Note**

Funding: General Capital Investment Plan

**Attachment(s)**

Map

Budget Ordinance

[Red Line Map](#)

[Budget Ordinance](#)

## **COUNCIL COMMITTEE DISCUSSIONS**

- Updates from Council Committee Chairs

## **Closed Session (as necessary)**

## **Adjournment**