

MINUTES OF MECKLENBURG COUNTY BOARD OF COMMISSIONERS

MAY 8, 2007

3:00 P.M.

**NORTH CAROLINA
MECKLENBURG COUNTY**

The Board of Commissioners of Mecklenburg County, North Carolina, met in Budget/Public Policy Session in Conference Center Room 267 of the Charlotte-Mecklenburg Government Center located at 600 East Fourth Street at 3:00 p.m. on Tuesday, May 8, 2007.

ATTENDANCE

Present: Chairman Jennifer Roberts and Commissioners
Karen Bentley, J. Daniel Bishop, Dumont Clarke
H. Parks Helms, Norman A. Mitchell, Sr.
Dan Ramirez and Valerie C. Woodard
County Manager Harry L. Jones, Sr.
Clerk to the Board Janice S. Paige

Absent: Commissioner Bill James

Commissioners Helms and Woodard were absent when the meeting was called to order and until noted in the minutes.

The meeting was called to order by Chairman Roberts, after which the following matters were addressed as noted below: 1) FY2008 Proposed Fee Changes, 2) Economic Development Update, 3) CATS-Transit Update, and 4) Diversity Management Plan Briefing.

(3) CATS-TRANSIT UPDATE

Ron Tober, Chief Executive Officer of the Charlotte Area Transit System, addressed the proposed FY2008-09 Transit Operating Program and FY2008-12 Transit Capital Investment Plan.

Commissioners Helms and Woodard entered the meeting during this time.

Mr. Tober covered the following in his presentation to the Board.

FY2008-09 Transit Operating Program

Beginning Budgetary Balance
Total Operating Program Income
Total Operating Program Expense
Net Operating Balance/Contribution to Capital
Total Capital Income
Total Capital Expense
Total Capital Reserve (Contribution/Drawdown)
Total Projected Budgetary Balance

FY2008-12 Transit Capital Investment

Income
Expense
FY2008-12 CIP
FY2008-12 Bus/Rail
FY2008-12 Rapid Transit

Debt Financing

A copy of Mr. Tober's report is on file with the Clerk to the Board.

Comments

Commissioner Helms asked if staff knew what the capital income sources would look like without the ½ cent sales tax. *The response was no, but that it would be very small unless it's replaced.*

Commissioner Helms also asked was it true that without the ½ cent sales tax staff could not anticipate continuing to receive the federal grants currently being received through at least 2012. *The response was yes that was correct. It was noted also that state grants would be significantly lower and that it would probably be a loss of about \$500,000 in grants if the ½ cent sales tax is repealed.*

Commissioner Mitchell said the community needs to be made aware and educated on what a repeal of the ½ cent sales tax would mean for the community economically.

Commissioner Bentley asked what would be the per household increase in property tax if the ½ cent sales tax revenue had to be replaced by property tax revenue. *The response was that to maintain the current level of bus service and to operate the South Corridor light rail line as planned, the City tax rate would go up by 10.5%, which per household would perhaps be about \$200-\$250.*

Commissioner Bishop asked if CATS current funding sources were fully sufficient for the funding needs of CATS out into the future or is it known that at some point and time it won't be sufficient. *The response was that the plans that have been laid out are all designed to live within that ½ cent sales tax and assuming grants would be received for rapid transit.*

Commissioner Bishop referenced an article he read about the John Locke Foundation Study, which said the cost to operate CATS' bus system was 25% higher than any other bus system in the state. *The response was that according to a recently released study by the UNC-Charlotte Urban Transportation Policy Group, CATS' cost compared to other cities, not only in N.C. but in other states with comparable size systems, was no where near what the Locke Study said. Mr. Tober said he would get copies of that report.*

Commissioner Bishop asked about additional corridors and the possibility of holding off on some of them until there's a history or some experience gained from operation of the current proposed corridor. *The response was that the cost of those additional corridors would continue to go up.*

Commissioner Helms asked whether the capital programs for 2008-2012, specifically the advancing of the N.E. Corridor, the North Corridor, and the Gateway Station, would move forward if the ½ cent sales tax is repealed. *The response was only if those funds are replaced.*

Commissioner Ramirez asked what percentage of the ½ cent sales tax goes for light rail and what percentage goes for general transportation. Also, what are the projections for other modes of transportation other than rail. *The response was that in FY2006 65% of the sales tax went towards the operation of the bus system and another 7% went towards capital expenses associated with the bus system. It was noted further that buses will always be the "backbone" of the transit system in Charlotte.*

Commissioner Clarke asked about the City of Charlotte's debt obligation and whether any of it was secured strictly or exclusively by the revenue from the ½ cent sales tax. *The response was that they are all issued in Certificates of Participation, so they have assets pledged against them. Further, that the sales tax revenues were not pledged, and the City committed or pledged to make up and cover the debt using the sales tax. If the sales tax revenue goes away the City would have to raise property taxes just to cover the debt.*

Commissioner Clarke asked what happens to the existing enhanced bus services if the ½ cent sales tax is repealed and there's not a property tax increase. *The response was that bus routes would be significantly reduced, fares would increase, Special Transportation service would be cut. Also, if the light rail line does not operate the City will have to repay the federal government and the state government roughly \$306 million that has been received from these entities.*

Commissioner Clarke said there needs to be some type of objectively prepared full disclosure document, to be made available to the public, about the consequences of a repeal.

County Manager Jones noted that a joint meeting is being proposed between the elected officials and the MTC on May 23, which is a regularly scheduled meeting for the MTC. The subject matter will be Rapid Transit Corridors. Another joint meeting is also being proposed for June 27 in Cornelius with the topic being transit matters, including the transit sales tax.

County Manager Jones said additional details would be provided to the Board.

Chairman Roberts thanked Mr. Tober for his presentation.

No action was taken or required.

The above is not inclusive of every comment but is a summary.

(1) FY2008 PROPOSED FEE CHANGES

Budget and Management Director Hyong Yi addressed proposed fee changes for FY2008.

He informed the Board that staff plans to place the proposed fee changes for FY2008 on the Board's May 15, 2007 agenda for formal consideration.

The proposed fee changes are for Park and Recreation and the Land Use and Environmental Services Agency (LUESA).

James Alsop with Park and Recreation and Cary Saul, Director of LUESA addressed questions for their respective areas.

A copy of the proposed fee changes is on file with the Clerk to the Board.

Comments

Commissioner Ramirez asked about the Floodplain Development Fee. *It was noted that this was a new fee and that the cost for this service in the past has come out of the Storm Water fee.*

Commissioner Woodard asked about Park and Recreation fee increases. *It was noted that the fee changes for Park and Recreation were really at the outsourced facilities and that no taxpayer money is really used to operate these facilities. It was noted also that what staff was trying to do was to keep those facilities operating and competitive with the market in their respective areas.*

Commissioner Woodard also asked about the membership fee at the Charles T. Myers and Sunset golf courses. *The response was that the membership fee is designed for those that golf regularly and it really results in their getting a discount basically. It was explained that this fee doesn't prevent anyone from utilizing the facilities.*

Chairman Roberts asked were the Solid Waste fee increases based on current regulations and not pending legislation. *The response was yes.*

Chairman Roberts thanked staff for its presentation.

No action was taken or required.

The above is not inclusive of every comment but is a summary.

(2) ECONOMIC DEVELOPMENT UPDATE

Assistant to the County Manager Jaz Tunnel addressed the Board on the County's Business Investment Program.

The presentation included a review of the

- Program Background
- Summary of Grants Awarded
- Active Grants
- Current Policy
- Proposed Policy Changes which entail
 - Raise capital investment requirements
 - Increase payout percentages, but reduce grant terms
 - Pursue agreements with regional partners to eliminate local property and sales tax incentives for intra-regional relocations
 - Encourage "Green Development" through differential building permit fees
 - Increase capacity in County to manage the BIP process

A copy of the presentation is on file with the Clerk to the Board.

Comments

Chairman Roberts said she was glad to see the proposed change with respect to pursuing agreements with regional partners to eliminate local property and sales tax incentives for intra-regional relocations.

Commissioner Bishop asked why not do the investment program like an investment tax credit where you would establish your objective criteria and the Board would adopt some sort of ordinance where all businesses can get this type of opportunity. *The response from General Manager Bobbie Shields was that it's been suggested by the Chamber that this be considered, but City and County staff are not supportive of the idea. The staffs are not supportive of the idea because of what it would create. General Manager Shields said it would be an entitlement program and the Board and Council would lose the ability to review the projects, some of which may not be consistent with the vision and mission of the Board or Council.*

Chairman Roberts thanked Mr. Tunnel for his presentation.

No action was taken or required.

The above is not inclusive of every comment but is a summary.

(4) DIVERSITY MANAGEMENT PLAN BRIEFING

General Manager John McGillicuddy asked the Board if it would like to reschedule the presentation on the Diversity Management Plan in light of the time remaining.

It was the consensus of the Board to reschedule the presentation on the Diversity Management Plan.

ADJOURNMENT

Motion was made by Commissioner Bishop, seconded by Commissioner Mitchell, and carried 8-0 with Commissioners Bentley, Bishop, Clarke, Helms, Mitchell, Ramirez, Roberts, and Woodard voting yes, that there being no further business to come before the Board that the meeting be adjourned at 5:05 p.m.

Janice S. Paige, Clerk

Jennifer Roberts, Chairman