

METROPOLITAN TRANSIT COMMISSION

MEETING SUMMARY

November 30, 2011

Presiding: Mayor Anthony Foxx (Charlotte)

Present: Jim Schumacher (Charlotte Assistant City Manager)
Mary Barker (CTAG Co-chair)
Rick Sanderson (TSAC Chair)
Harry Jones (Mecklenburg County Manager)
Jennifer Roberts (Chairman, Mecklenburg County Commission)
Mayor Jeff Tarte (Cornelius)
Anthony Roberts (Cornelius Town Manager)
Mayor John Woods (Davidson)
Leamon Brice (Davidson Town Manager)
Mayor Jill Swain (Huntersville)
Greg Ferguson (Huntersville Town Manager)
Ralph Messera (Matthews)
Brian Welch (Mint Hill Town Manager)
Bill Thunberg (Mooresville Representative)
Erskine Smith (Mooresville Assistant Town Manager)
Wayne Herron (Monroe City Manager)

Chief Executive Officer: Carolyn Flowers

- I. **Call to Order**
The regular meeting of the Metropolitan Transit Commission was called to order at 5:40 p.m. by MTC's Vice Chair, Mayor John Woods.
- II. **Review of Meeting Summary**
The meeting summary of October 26, 2011 was approved as written.
- III. **Transit Services Advisory Committee (TSAC) Chair's Report** **Rick Sanderson**
TSAC met on October 10 and unanimously endorsed the Countywide Transit Service Plan (CTSP). The CTSP will be presented to CTAG and MTC in upcoming months. TSAC also heard a presentation on the organizational structure of CATS as an introduction for the new members.
- IV. **Citizens Transit Advisory Group (CTAG) Chair's Report** **Mary Barker**
CTAG met on November 15 and reviewed the Red Line Task Force (RLTF) update. Four CTAG members attended an RLTF update at Central Piedmont Community College (CPC). CTAG members were excited to hear the update.
- V. **Red Line Task Force Update** **John Woods**
Mayor Woods deferred the RLTF update to the Red Line Presentation information item.

VI. Public Comments

Christopher McMillan thanked MTC members for hearing him, a visually impaired resident of Mecklenburg County. He recently relocated from the northeast. He lives 1.9 miles from the nearest bus stop. He has been approved to utilize Special Transportation Services (STS) but because of funding, he has no access to transportation. He asked MTC to support endeavors to provide funding at a level that would provide transportation for himself and anyone who needs transit in order to be productive. Mayor Woods said he would refer his comments to staff.

VII. Action Items

There were no action items on the agenda.

VIII. Information Items

a. Red Line Presentation

Katherine Henderson/ Mark Briggs

Mayor Woods reminded MTC members that the RLTF was formed about 14 months ago. They have made remarkable strides and gained momentum in planning and development. Mayor Woods suggested that the RLTF organizational model should become a model to other corridors such as the Southeast Corridor to help those corridors develop successful efforts. Mayor Woods welcomed Paul Morris, Deputy Secretary for Transit at NCDOT, who worked on the project for Greenleaf Strategies prior to assuming his post at NCDOT. Mr. Morris conveyed the good wishes of his boss, Secretary of Transportation Conti. Mr. Morris said that there has been a robust amount of work performed for the project, and appreciated MTC members' time to discuss the project's status. Every aspect of the project has materially changed over the past year. The last year has marked an extraordinary shift in how the region plans transit. The work of the RLTF was a major part in accomplishing the shift, as was the work of the planning managers and other staff involved in the four towns along the line. In addition to the business plan presentation tonight, a four-hour presentation will be provided for the towns on December 13 so they can examine the plan and the numbers. The development of this project has been followed not only across this state, but other states have heard as well and are interested. It will take members at every governmental level to analyze every detail of the plan, and develop it over three months into a consensus business plan. The state has been an active participant, but has not taken the lead. Mr. Morris said that should MTC adopt the plan, this will form the consensus for how regional rail will be developed. Mr. Morris assured MTC members of the state's commitment. He introduced presenters Mark Briggs from Parsons Brinckerhoff and Katherine Henderson with KKH Consulting.

Ms. Henderson gave an overview of the 25-mile corridor Red Line Regional Rail (RLRR) Unified Benefit District (UBD). In the long term, the project is envisioned to be a 50-mile corridor, constructed in two phases; the current project is Phase I. The project works only if every segment is developed and each jurisdiction participates. Ms. Henderson stated that she would deliver the governance piece of tonight's discussion. The project would be governed by a Joint Powers Authority (JPA), as defined under North Carolina law, which provides for a formal partnership between two or more agencies for projects of regional significance. She explained the difference between a unified and a segmented approach to project delivery. A single Unified Benefit District along the entire corridor would streamline revenue collection, project finance and delivery. The benefits of the JPA include greater attractiveness to the bond market and reduced cross-jurisdictional complexities.

North Carolina has legislation enabling JPA creation. The NC Revenue Bond Act allows Joint Agencies to issue revenue bonds through three key sources: Tax Increment Financing (TIF), Special Assessment Districts, and revenues from a contract with the state. JPAs are not taxing authorities, but collect revenues from regional members and use those revenues to fund rail projects. The Red Line JPA is envisioned to be a limited-power regional entity formed for the single purpose of executing the rail plan in two phases, created by mutual consent of the seven North Corridor local jurisdictions. NC statutes specify that only local governments can be members of a JPA. The structure of the JPA Board is recommended to be 18 members: two representatives each from the four towns, the city, the two counties, CATS and the state. The JPA agreement is recommended to be for a 30 year term, to cover the full financing period. After 30 years, the agreement would be continuous unless terminated.

The JPA would not have the power to levy taxes, but it could issue bonds, allocate and spend money within the UBD on approved expenditures, and sue or be sued. Three staff positions are recommended; other JPA functions would be contracted out. Three technical advisory committees would be formed for planning, economic development and communications/public relations. The JPA agreement would explicitly protect all member jurisdictions from recourse. The JPA should allow local control of local rail-related infrastructure improvements utilizing the Adopted Station Area Plan and other requirements. The state is already playing a leadership role through scoping, planning and review and process adoption, and will review the plan concurrent with other jurisdictions.

Mr. Briggs discussed the funding and financing plan. Property owners and developers were candid and open in giving information on their development plans. The key is matching the funding with sources and project costs. In 2017 dollars, the project cost is estimated to be \$452 million, with 25 percent coming from CATS, 25 percent from the State and 50 percent coming from local sources via value capture. Operations and maintenance costs will also be financed under this plan following the same funding structure. There are two primary sources for value capture: TIF revenues in the counties, towns and cities along the corridor, and Special Assessment District revenues collected in the City of Charlotte and towns of Huntersville, Cornelius, Davidson and Mooresville. Increased rents developers could charge because of the corridor improvements would more than offset the special assessments on income-producing properties. The projected value capture potential includes only known projects. Mr. Briggs reviewed some of the potential Transit Oriented Development (TOD) projects planned along the corridor. Transit riders will use the line to commute both north and south to jobs. Mr. Briggs stated that he has been impressed with the participation of each of the towns involved. All have agreed to a unified approach on revenues. The requirement will be that revenues, at whatever level they are collected, will be allocated by contract from the jurisdictions to the JPA, which will offer availability payments based on the combined TIF and Special Assessment District revenues. The JPA will secure financing through bonds or a Public Private Partnership (P3) approach.

Mr. Briggs discussed financing options available. With the bond approach, full participation in the Special Assessment District is important. Special Assessment District revenues are important because when they are created in 2012, the assessed values will begin to support the project. Both tax increment revenues and Special Assessment District revenues are important to support the project in early years. Two national underwriters have proposed

two different approaches for the tax increment and assessment revenue bonds. Stone & Youngberg proposes an approach that utilizes tax increment and assessment revenues as a single source for bond payments. Guggenheim Securities proposes separate bond issues via early assessment bonds, with tax increment bonds as later issues. Mr. Briggs stated that both are viable approaches. Under either approach, there will be excess revenues beyond debt service and operating and maintenance (O&M) costs. Therefore, at a pre-established threshold, the JPA will evaluate reducing the split of the tax increment revenues and the special assessment level.

Mr. Briggs said that his staff will conduct workshops to provide more details on the P3 approach. The first possibility is a Design-Build-Finance-Operate-Maintain (DBFOM) model. Mr. Briggs discussed sources of funds, sponsor cash flows, and assumptions for the DBFOM scenario. Availability Payments begin after construction. Mr. Briggs discussed the finance structure for a Design-Build-Operating-Maintain (DBOM) scenario and how cash flows would work for DBOM. Both scenarios are feasible, he concluded.

Mr. Briggs discussed steps needed to move forward on the project. Each of the seven North Corridor jurisdictions would need to approve the JPA's creation. Jurisdictions would approve the TIF district and implement the tax district boundary to allocate incremental property taxes. Income producing property owners in the jurisdictions would also petition to create Special Assessment Districts.

In the first quarter of 2012, jurisdictions will have the opportunity to review the plan and recommend changes. In the second quarter of 2012, a revised consensus plan will be developed and sent to the jurisdictions for approval. If approved, the process will begin to establish a JPA and develop funding/financing mechanisms with a potential service start in 2017. Mr. Briggs encouraged anyone with any interest in the project to attend the summit on December 13 so that everyone has everything they need in January to begin the discussions that need to happen.

Discussion: Mr. Thunberg asked whether homeowners in Mooresville would pay higher taxes on their residences as a result of the financing mechanisms. Mr. Briggs said they would not. The only type of housing included in the assessment district is apartments, income-generating properties. Mayor Woods stated that there will be an exciting process in 2012, a period of tearing the plan apart and rebuilding it to form a consensus plan that incorporates all parties' comments. After the December 13 meeting, there will be multiple meetings at the town and municipal levels. The first and fourth week of the next three months will be dedicated to public and staff meetings to engage questions and answers. The RLTF hopes to have a formal process in place soon so that comments can be delivered to a central source and a disciplined approach developed to answer the questions. There is a limited amount of time to "scrub" the plan and come to consensus. The process will be further defined at the December 13 meeting. Mayor Woods stated that the point of tonight's discussion was to present the plan to MTC members and field questions from MTC and the staff. The public process will begin on December 13.

Mr. Morris complimented Ms. Henderson and Mr. Briggs on an extraordinary amount of work. He clarified that the plan has been in development for a year, the object of hundreds or thousands of work hours by many people. While it needs refinement, a lot of work has

already been accomplished on the plan. The state will also review the plan and conduct meetings; he encouraged MTC's participation in those meetings. Mayor Foxx stated that the amount of work involved developing a solution of this vision is incredible. Mayor Foxx asked whether there were questions on the presentation. Mayor Woods said that they would like to ask MTC to approve referral of the plan to the member jurisdictions at the December 13 summit meeting in Mooresville.

Following discussion on the December 13 summit and December 14 LNTC meeting, Mr. Morris noted that the December 13 summit will be hosted by the LNTC. After the summit, the team would like the RLTF's guidance before the end of the year to prepare for jurisdictional activity meetings at the beginning of next year. CATS staff noted that the December 14 RLTF meeting has already been posted.

Resolution: Mayor Foxx asked whether MTC could refer the Red Line project's Draft Business/Finance Plan now rather than waiting until December to send the plan to member jurisdictions. Mayor Swain motioned to move forward with the referral now; Commissioner Roberts seconded. The vote was unanimous in favor of referral.

IX. Chief Executive Officer's Report

Carolyn Flowers

Under the CEO's report, Ms. Flowers discussed the following:

a. Financial Report:

Ms. Flowers reminded MTC members that CATS has been challenged in the last few years by reduced sales tax receipts. However, September sales tax receipts were \$944,000 higher than budgeted and July was also strong. CATS hopes the trend continues. CATS has continued to experience challenges in the mid-year budget to provide STS services. CATS staff is adding funds to STS in the mid-year budget, but it will probably only allow service at the federal ADA-required level of up to $\frac{3}{4}$ mile from existing bus stops. October ridership was about 6.4 percent higher than last year. Year- to-date ridership is also about 6 percent higher than the prior year.

b. Labor Contract Status:

The contract with bus operators has still not been ratified. Staff anticipates another vote this Saturday.

c. Transportation Reauthorization:

Transportation Reauthorization is a key issue for MTC's federal legislative agenda. House Transportation and Infrastructure Committee Chairman John Mica indicated today that the committee will wait till January or February of 2012 to move on transportation reauthorization. The program's current extension expires next March. CATS will continue to advocate and lobby for reauthorization. This is the funding source for CATS' formula funding for preventative maintenance, as well as funding for New Starts and Small Starts for our capital programs.

d. LYNX Blue Line Extension (BLE) Update:

CATS staff will travel to Raleigh on December 1. They will meet with the North Carolina Board of Transportation to request the State Full Funding Grant Authorization (FFGA) for a 25 percent share of the BLE project cost.

e. Red Line Update:

The Lake Norman Transportation Commission (LNTC) will host a special Red Line Rail Report summit on December 13 from 10:00 a.m. until 2:00 p.m. at the Charles Mack Citizen Center in Mooresville. The RLTF project update is primarily for council members at each of the participating municipalities, as well as the counties. Information on the meeting was sent to the City Council today as part of the Charlotte Council-Manager memo.

X. Other Business

Mayor Foxx noted that the only item on the December 14 MTC agenda is the transfer of the chair. Mayor Swain said that she would be happy to host the December RLTF meeting in Huntersville if the December MTC meeting is cancelled. Mayor Foxx suggested that MTC members postpone the transfer of the MTC chairmanship to January, cancel the MTC meeting on December 14 and move the RLTF meeting to Huntersville.

Resolution: Mayor Swain moved to cancel the MTC meeting on December 14 and move the December 14 RLTF meeting to Huntersville. Commissioner Roberts seconded the motion, which passed unanimously.

Commissioner Roberts commented that if she is replaced as Chair of the Mecklenburg County Board of Commissioners, she wanted MTC members to know that she has enjoyed working on the MTC and will be in touch with MTC members. Mayor Swain noted that Commissioner Roberts has been incredibly committed and supportive, and Huntersville values all her work and efforts. Mayor Foxx noted that this is Jim Schumacher's final meeting before his retirement, and thanked him for his service to the City.

XI. Adjourn

The meeting was adjourned at 7:35 p.m. by Mayor Foxx.

NEXT MTC MEETING: WEDNESDAY, JANUARY 25, 2012, 5:30 P.M.