

Mayor Patrick L. McCrory

Michael D. Barnes
Nancy Carter
Warren Cooksey
Andy Dulin
Anthony Foxx

Mayor Pro Tem Susan Burgess

Patsy Kinsey
John W. Lassiter
James Mitchell, Jr.
Edwin B. Peacock III
Warren F. Turner

CITY COUNCIL WORKSHOP

Monday, October 6, 2008

Room 267

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| 5:00 p.m. | Dinner |
| 5:15 p.m. | Current State of the Economy |
| 5:45 p.m. | Economic Development: Business Symposium Follow-up |
| 6:00 p.m. | Environment: Drought Update and Revenue Stabilization Measures |
| 6:30 p.m. | Economic Development and Environment: Former Statesville Avenue Landfill Proposed Sale and Redevelopment |
| 7:30 p.m. | Citizens' Forum
Room 267 |

COUNCIL WORKSHOP AGENDA ITEM SUMMARY

TOPIC: Current State of the Economy

RESOURCES: Bob Morgan, President
Charlotte Chamber of Commerce

KEY POINTS:

- Bob Morgan will be present to discuss:
 - Job creation results for Mecklenburg County for the first three quarters of calendar 2008
 - Strategy and message points in the days of and the days after the Wachovia/Citigroup announcement
 - Challenges going forward

COUNCIL DECISION OR DIRECTION REQUESTED:

This presentation is for informational purposes only.

ATTACHMENTS:

None.

COUNCIL WORKSHOP AGENDA ITEM SUMMARY

TOPIC: Business Corridor Symposium Follow-Up

COUNCIL FOCUS AREA: Economic Development

RESOURCES: Tom Flynn, Jamie Banks

KEY POINTS:

- Staff will provide feedback from the Business Corridor Symposium held June 12, 2008.
 - Purpose of Event:
 - Engage stakeholders and the public about the Business Corridor Strategic Plan
 - Highlight projects on the corridors
 - Promote private sector investment
 - Learn about best practices of corridor revitalization
 - Target Audience:
 - Developers
 - Commercial Brokers
 - Financial Community
 - Elected Officials
 - Community Leaders
- The presentation will reflect input and feedback from the 225 Business Corridor Symposium attendees and the work of the Economic Development Office to create action steps and communication tactics to continually engage the target audience.

COUNCIL DECISION OR DIRECTION REQUESTED:

This presentation is for informational purposes only.

ATTACHMENTS:

None.

COUNCIL WORKSHOP AGENDA ITEM SUMMARY

TOPIC: Drought Update and Revenue
Stabilization Measures

COUNCIL FOCUS AREA: Environment

RESOURCES: Doug Bean, Charlotte-Mecklenburg Utilities
Key Business Executive

KEY POINTS:

- Utilities will provide an update on:
 - Drought status
 - Revenue stability considerations
- The drought situation has improved in recent months and restrictions have been reduced.
- At the request of City Council as a follow-up to last year's rate discussions, the City Manager conducted a policy and operations review of Utilities. The study was provided to Council on May 21, 2008.
- The study recommended further consideration be given to options that would result in more stable revenue for Utilities during significant weather events. A copy of the recommendation is attached.
- Revenue stabilization options include:
 - Modified rate structure
 - Drought surcharge
 - Capacity fees
 - Rate stabilization fund
- The Utilities Advisory Committee will be asked to make a recommendation on these options for consideration by the Council.

COUNCIL DECISION OR DIRECTION REQUESTED:

Council is requested to refer rate stabilization options to the Council Environment Committee for review and recommendation.

ATTACHMENTS:

Utilities Financial Policies and Operations Review – Recommendation #2
CMU Advisory Committee Members

Utilities Financial Policies and Operations Review – Recommendation #2

2. Consideration of Revenue Stability and Usage Behavior in Drastic Weather Conditions

The Rate structure as adopted by City Council for FY09 breaks down residential billing into 4 tiers.

FY09 Rates	Range	Rate	% of Customers	% of Billed Usage
Tier 1	1-4 ccf	\$1.38	27%	32%
Tier 2	5 -8 ccf	\$1.56	29%	19%
Tier 3	9 – 16 ccf	\$2.56	24%	11%
Tier 4	>16 ccf	\$5.05	12%	9%
Non Residential		\$1.94	8%	29%

The City has changed the Tier rate structure three times since its inception in 1995. One of the effects of these changes to lower the amount of water usage that triggers the highest tier. As shown in the chart below the highest priced tier began at 41 ccf in 1995 and now the highest tier starts at 16 ccf. The following chart details the changes over the last 14 years.

Tier changes	1995 (Inception)	2002	2005	2009
Tier 1	1 – 18 ccf	1 – 16 ccf	1 – 11 ccf	1 – 4 ccf
Tier 2	19 – 40 ccf	17 – 32 ccf	12 – 22 ccf	5 – 8 ccf
Tier 3	>40 ccf	>32 ccf	>22 ccf	9 – 16 ccf
Tier 4				>16 ccf

The 2009 Tier structure significantly modified Tier 1 to provide the lowest rate to the users who may only use water for life necessities: cooking, sanitation, bathing etc. The new Tier 4 charges much higher rates for residences that use large amounts of water, primarily for irrigation. The tiered rate structure in effect for FY09 is intended to provide a balance of equity and conservation objectives.

The City Council may wish to consider different rate structures and options based on different water management philosophies. The following concepts are only two examples:

- High base rate. Applying a high base rate to all users would tend to stabilize the fluctuations Utilities has experienced in times of drought and water usage restrictions. It would also negatively affect low income users that only use water for basic necessities.
- Drought surcharge. Some utilities in the Southeast are considering rate structures that include a drought surcharge. In times of lower water usage due to City imposed restrictions, the surcharge would automatically be implemented in recognition of the fiscal impacts of lower overall consumption. The surcharge could be tailored to only affect higher tiers users and could change depending on the phase of drought imposed.

CMU Advisory 2008

Charles E. Teal, Chair
Saussy Burbank

David A. Jarrett, Vice Chair
Rhein/Medall Interests

George Beckwith
National Gypsum Company

Robert E. Linkner
HDR, Inc.

Erica Van Tassel
Kimley Horn and Associates, Inc.

Marco Varela
CITI-LLC

Keva Walton
Charlotte Chamber of Commerce

COUNCIL WORKSHOP AGENDA ITEM SUMMARY

TOPIC: Former Statesville Avenue Landfill Proposed Sale and Redevelopment

COUNCIL FOCUS AREA: Economic Development and Environment

RESOURCES: Eric Johnson, J.R. Steigerwald, David Wolfe, Engineering and Property Management
Rob Phocas, City Attorney's Office
Tom Warshauer, Economic Development
Melony McCullough, Alysia Osborne, Planning

KEY POINTS:

- The former landfill is located in the southeast quadrant of I-77 and I-85.
- It contains ~155 acres, is zoned I-2 and has been dormant since the late 1970's.
- In early 2007, adjacent property owners inquired about purchase to expand their businesses.
- Staff recommended finding a buyer to develop and eliminate liability.
- Following a workshop briefing on June 4, 2007, City Council approved a Request for Qualifications process for sale of the property.
- Council approved objectives for the sale are as follows:
 - Relieve the City of environmental liability
 - Return the site to a productive use through job creation opportunities and
 - Generate revenue from sale if possible.
- Staff reviews of RFQ responses, interviews and due diligence were performed at the end of 3rd quarter 2007 through the end of 2nd quarter 2008.
- Staff is ready to recommend sale of the property to the firm Environmental Liability Transfer (ELT). Staff will present details of the sale including:
 - Origin of the sale;
 - Landfill sale requirements;
 - Redevelopment requirements;
 - Key elements of the sale;
 - Benefits for the City;
 - Anticipated project impact.

COUNCIL DECISION OR DIRECTION REQUESTED:

At the November 10 City Council meeting, staff will request approval for the City Manager to negotiate a contract and purchase agreement with ELT.

ATTACHMENTS:

None.