AGENDA

Meeting Type	WORKSHOP
Date:	11/07/1988

City of Charlotte, City Clerk's Office

Mayor and City Council
Workshop Agenda
November 7, 1988

5:00 - 5:45 pm	Presentation by Coliseum Authority
5:45 - 6:00 pm	Dinner
6:00 - 7:00 pm	General Assembly package
7:00 - 7:30 pm	Discussion of "Discussing Community Capital Needs" report
7:30 pm	Recommend adoption of a motion to hold an executive session for the purpose of conferring with the City Attorney immediately upon conclusion of the meeting about a lawsuit entitled Southern Bell vs. City of Charlotte.

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2700 E. Independence Blvd. Charlotte, N.C. 3205
704 377-3600

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PAUL BUCK
Managing Director

November 2, 1988

Hon. Sue Myrick, Mayor
City of Charlotte
600 East Trade Street
Charlotte, NC 28202

Dear Sue:

Steve Camp and I appreciated the opportunity to meet with you and members of the City staff to discuss the enthusiastic acceptance of our new Charlotte Coliseum by all segments of the entertainment and sports world. It also allowed us to explain our real concerns, both physical and financial, should the old Coliseum remain open. This letter is now in response to your letter of October 12 requesting additional information on the use of the new Charlotte Coliseum. The following is our response to the four questions you included in that letter.

1. How many smaller events have been turned away from the Coliseum and what type events might we lose due to closing the old Coliseum?

A. To date we are not aware of any events that have been turned away for any reason and we do not anticipate losing any events with the exception of the Southern Retail Florist Show which will move to the Merchandise Mart for future shows. Since we have completed the installation of a draping system in the new Charlotte Coliseum, we can now comfortably accommodate any size event from 4,000 to 24,000. With this capability, we do not expect booking problems related to the size of our facility.

2. How many types of events will not come to the new Coliseum that would go to the old Coliseum?

A. All events that have played the old Coliseum will be playing in the new facility with the exception of the Southern Retail Florist Show, mentioned above. Family shows, concerts, meetings and athletic events are all scheduled for the new Charlotte Coliseum.

3. Is the old Coliseum in competition with the new Coliseum, i.e., what type of market study and support data do you have justifying closing the old Coliseum?

A. We do not look on the relationship between the old and new Coliseums as competitive as much as we see the continuation of the old Coliseum operation as an unwise business decision. Since operating expenses charged for use of either facility are very similar, it is very unlikely, given the choice, that a promoter would choose the old over the new and more modern facility. It has already been proven that events will choose the new Coliseum just from the prestige standpoint alone.

It is possible that, if kept in operation, there would be occasional small events staged in the old facility, but it does not seem probable that this number would surpass, at the most, two per month. These events would produce limited revenues and could not offset the added costs of a continued operation. We enclose as a part of this letter (Exhibit 1) a proposed budget reflecting what the revenues and expenses of continued operation of the old Coliseum would be.

The projected operating loss would, in our opinion, continue to increase each year the old facility is in operation. Please also note that these are operating losses only and do not include additional estimated capital costs of $2-3 million that would be required to reopen and use the old Coliseum. These known losses and additional capital costs were the main reason that all financial and usage projections made to justify to the public the feasibility of the construction of the new Charlotte Coliseum assumed that the old Coliseum would be closed. These capital dollars are needed instead to renovate and upgrade Ovens Auditorium which will continue to remain open to serve the needs of the city.

4. If the Hornets displace 41 event nights at the new Coliseum, what about the old building hosting functions during those dates? Is there a demand for dual events in Charlotte on the same night? Again, what are the data you have supporting your conclusions regarding this issue? What would the estimated operating revenues be at the old Coliseum that might offset additional capital and operating costs for the facility?

A. It has already been shown that major events desiring to play in the New Coliseum will work around the 41 Hornets dates. They will find a date between NBA dates in order to use our new facility. Their reason for selecting a non-conflicting date rather than requesting use of any other facility is monetary since they will not elect to compete against an NBA event drawing 15,000 to 23,000 spectators.

Possible dual events raise the question of where we would find the personnel to handle both events, such as concession workers, maintenance personnel, ushers and other staffing, and security. We have serious questions about our ability to operate two events at one time unless full-time, qualified staff is available at the old Coliseum to handle these few events.

As Steve and I discussed with you at our meeting, we have listened to, and understand the concerns of a few of the businesses in the old Coliseum area of Independence Boulevard. There is nothing we, as an Authority, can do to bring back whatever business they enjoyed from the use of the old Coliseum as the City's major entertainment facility. The crowds that assisted that area by going to athletic events, ACC, Sunbelt and NCAA basketball, major concerts, the circus, Ice Capades and family shows are now going to Billy Graham Parkway -- they will not return. They, and the events they support, want to use our great new facility.

We look forward to meeting with the City Council at their November 7 workshop. If there is additional information you or any Council member desires prior to that meeting, please do not hesitate to contact me or Steve Camp.

Very truly yours,

John

John H. Maxheim

dwj

cc: City Council
Authority Members
Paul Buck
Steve Camp
Joe Grier
Wendell White
Boyd Cauble

Exhibit 1

PROPOSED BUDGET FOR CONTINUED OLD COLISEUM

REVENUES. (1)	
Rent of Building 10% (4027 X 24)	$140,616
Concessions 1.25 p.	120,810
Parking $2 per.	62,353
Misc. Revenues	10,000
	$333,779
EXPENSES:	
General and Administrative	
Salaries and Wages - Regular	$ 71,600
Retirement	10,157
Social Security	21,373
Hospital Insurance	19,800
Unemployment Insurance	1,000
Advertising	7,500
Telephone	15,000
Postage	500
Auto Allowance	960
Equipment Rental	500
Travel	3,000
Dues and Subscriptions	1,000
Miscellaneous Contractual Service	2,000
Office Supplies	2,500
Insurance	30,000
	$186,890
BUILDING RENTAL:	
Salaries and Wages	$ 36,000
Temporary Salaries	50,000
Telephone	5,000
Equipment Rental	2,500
Travel	2,000
Miscellaneous Contractual Service	2,000
Supplies	2,000
	$122,000
BUILDING MAINTENANCE:	
Salaries and Wages Regular	$104,000
Temporary Salaries	25,000
Supplies and Repairs	50,000
Utilities	40,000
Equipment Rental	5,000
Grounds	5,000
Rent	1,250
Guard Service	2,500
Professional Fees	4,000
	$236,750
CONCESSIONS:	
Salaries and Wages	$ 24,162
Goods for Resale	30,202
Supplies	2,416
	$ 56,780
PARKING:	
Salaries and Wages	$ 12,470
Supplies	3,117
	$ 15,587
TOTAL EXPENSES:	$618,007
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	($284,228)

(1) ASSUMPTIONS: 24 Annual Events
Average Attendance - 4,027
Concessions per capita - $1.25
Parking 3.1 persons per car at $2.00 per car
Miscellaneous Revenues Estimated

NOTES

MEMORANDUM

October 11, 1988

TO: Mayor and City Council

Henry W. Underhill Jr.

FROM: Henry W. Underhill, Jr.
City Attorney

SUBJECT: List of Suggestions for 1989 Legislative Program

For the past several months I have been accumulating a list of suggestions for items that would ultimately constitute the City's 1989 Legislative Program. To accomplish this, I surveyed City departments, the Mayor and Council members. I have reviewed this list with the City Manager's office, and listed below in no particular order are the items recommended by the City Manager for Council consideration. As you will observe, I have also indicated the origin of each suggestion.

1. Seek authority to enable the City to establish conservation districts and to form a conservation district commission if needed. This item was in both the 1987 and 1988 Legislative Packages, but no bill has ever been actually introduced. Attached is a memorandum from Martin Cramton that provides a brief explanation of the conservation district concept. (Charlotte-Mecklenburg Planning Commission and Councilmember Clodfelter)

2. Seek a bill that would delegate the City Council's authority to approve changes to job titles and job descriptions of City employees to the City Manager. Presently state law requires the City Council to take these actions. This request stems from an ongoing effort by the City Council to delegate routine items to the City Manager. This matter was a part of the City's 1988 Legislative Program, but was not introduced because Representative Mothershead opposed its introduction. (City Manager's office)

3. Seek an amendment to the City Charter to allow the City Manager or his designated representative to execute contracts on behalf of the City after City Council approval of the contract. At the present time, only the Mayor or in her absence the Mayor Pro Tem can execute contracts that require the approval of City Council (essentially all contracts in excess of $30,000). Under this proposal, the Mayor, the Mayor Pro Tem, the City Manager or his designated representative

would be authorized to execute Council-approved contracts. This change would reduce the Mayor's workload and would also shorten the contract execution time frame by several days. This item was also part of the 1988 Legislative Package, but was not introduced because of opposition to it by Representative Mothershead. (City Manager's office)

4. Seek authority that would enable the City to levy an admissions or seat tax. As background, an admissions tax was one of the additional revenue sources studied by the joint City-County Citizens Review Committee in 1986. In its July, 1986 final report, the joint committee chose not to recommend an admissions tax as one of its recommendations for new sources of revenue. The pertinent portion of the committee's report is attached. (Councilmember Matthews)

5. Seek an amendment to the City Charter to increase the City Manager's authority to approve contracts from $30,000 to $50,000 without Council involvement. (Purchasing and CMUD)

6. Seek an amendment to the City Charter authorizing the City Manager to approve all contracts regardless of amount where there is no payment by the City. This suggestion is principally directed to contracts for utility lines where construction is by the developer at the developer's sole expense, with the lines being turned over to the City upon completion. (CMUD)

7. Amend the City Charter with respect to fair housing so that the City's fair housing ordinance may subsequently be amended and brought into compliance with the Federal Fair Housing Amendments Act of 1988 recently passed by the Congress. The 1988 Federal Act adds handicapped persons as a new class protected against discrimination in housing and made a number of other technical changes. Currently the City is authorized to adopt ordinances prohibiting discrimination on the basis of race, color, sex, religion, or national origin in real estate transactions. As indicated, the purpose of this request is to add discrimination on the basis of handicapped status to the current list. The Department of Housing and Urban Development permits local jurisdictions to receive, investigate and resolve fair housing complaints in lieu of federal involvement if the local jurisdiction has ordinances which are substantially equivalent to the U. S. Fair Housing Act. Thus, this amendment is necessary to make our local ordinance consistent with the Federal Act in order to continue to receive deferral status from HUD. (Community Relations Committee)

8. Support legislation that would strengthen the authority of the State Alcoholic Control Board to more effectively punish chronic violators of State ABC regulations. In meetings between State ABC enforcement officials and local neighborhood leadership, one of the identified problems that has hampered enforcement efforts against bars and night clubs is the inability to close down those establishments that have large numbers of serious violations. The purpose of this request is to indicate the City Council's support to legislative efforts to deal with the problem. If the Council approves this it is my recommendation that rather than the City attempting to write this legislation, that the Legislative Delegation request assistance from the appropriate legal staff of the State ABC Board or the Attorney General's office. (Mayor Myrick and Councilmember Scarborough)

9. Seek a local act that would enable the City, in its discretion to establish a code enforcement board that would have jurisdiction over animal control violations, community improvement violations, sanitation violations and the like. Such a board could serve as an alternative to criminal district court and would be given full power to conduct hearings, to issue orders and levy fines as necessary to bring a violation into compliance. (Operations Department)

10. Seek an amendment to the City Charter to permit the City to exercise the power of eminent domain to acquire property to provide housing for low- and moderate-income persons. This measure would permit the acquisition of either vacant property for such purposes or the acquisition of existing housing units which could be rehabilitated for low- and moderate-income use. (Community Development Department)

11. Seek an amendment to the appropriate state statute that would allow the City to add the cost of relocation, except in fire damage cases, to all other costs associated with housing code enforcement under the in rem remedy process. In other words, if the City through its housing code is required to relocate a tenant from a house because of the owner's refusal or failure to correct housing code violations, the cost of relocation would be added to the cost of repair or demolition which ultimately winds up as a lien on the property. (Community Development Department)

12. Seek a local act that would enable the City, in its discretion, to establish a local housing court which would hear all housing code enforcement cases, render decisions and levy penalties for violations. Establishment of such a court could provide an alternative means of housing code enforcement. (Community Development Department)

13. Seek a local bill that would eliminate state-imposed caps on the amounts that the City can charge for business privilege license taxes on numerous business classifications. As you are probably aware, North Carolina municipalities are limited by state law as to the maximum amount of tax that can be levied against a sizeable number of businesses. For example, loan agencies pay a state license tax of $750 per year, but by law cities are limited to a license tax not in excess of $100 on such businesses. (Councilmember Clodfelter)

14. Seek a local bill clarifying the City's authority to require the reservation of public facility sites as part of the subdivision and zoning ordinance process. Under existing state law, it is clear that cities are empowered to require developers to reserve land for schools and park and recreational purposes. However, the authority of a municipality to require reservation of land for such things as fire stations, public housing sites and other similar public facilities is unclear. (Councilmember Clodfelter)

15. Seek legislation clarifying the City's authority to implement erosion and sedimentation control permits on a local basis along the lines described by Secretary Rhodes of the North Carolina Natural Resources Department at the August 22 City Council meeting. Essentially, Secretary Rhodes described a pilot process that would allow licensed professionals such as engineers to certify that an erosion control plan met ordinance standards thereby relieving the City of the responsibility of a close review of the submitted plan. It is unclear if the present statutory authority is broad enough to permit such a pilot process simply by amending the City ordinance. (Councilmember Clodfelter)

16. Seek local legislation that would permit the City to require the installation of fire sprinklers in new multi-family residential buildings of woodframe construction. At the present time, the North Carolina State Building Code does not require sprinklers in this type of construction. The City sought an identical bill in the 1987 Legislative Session and although the bill was introduced, it was not enacted. (Councilmember Clodfelter)

17. Seek a local act that would enable the City, in its discretion, to enact ordinances requiring the seller of property to disclose to the buyer at the time of the sale such things as current zoning of the property, zoning in the immediate surrounding areas, the proposed corridors of new roads in the immediate vicinity if any, the existence of any housing or

safety code violations and the like. In the alternative, the seller could be required to provide the buyer with a form indicating the telephone numbers and addresses of those agencies where such information would be available. (Councilmember Clodfelter)

18. Seek the passage of a local act to authorize the City of Charlotte or Mecklenburg County to conduct a referendum on a land transfer tax. You might recall that such a bill was introduced in the 1987 Legislative Session which would have authorized the Mecklenburg County Commission to levy a land transfer tax if approved in a special election in an amount not exceeding $1 on each $100 of consideration. Certain exemptions were provided in the bill. This bill was not enacted. (Councilmember Clodfelter)

19. Seek a local act that would empower the City to adopt and implement an impact fee system covering roads, parks, school construction, fire stations, and other like facilities. (Councilmember Clodfelter)

20. Seek or support clarifying amendments to the Local Government Finance Act that local governments in North Carolina can issue certificates of participation to finance general government facilities and public housing. Basically, certificates of participation involve the pledging of non-tax revenues to secure financing of capital improvement projects. The authority of local governments to engage in this type of financing needs clarification. (Finance Department)

21. Seek amendments to the state law regarding sales tax refunds to include organizations like the Convention and Visitors Bureau as an eligible organization for refunds. Under existing state law, certain governmental entities, upon application are refunded state sales and use taxes paid by the governmental entitles. However, an organization such as the Convention and Visitors Bureau, which performs quasi governmental functions is not eligible for such refunds. (Finance Department)

The following proposed bills were submitted by the Planning Director in connection with the new zoning ordinance and are the same bills which were approved by the City and the County last year for submission to the General Assembly. However, the Planning Staff is no longer supportive of items 26, 27 and 28. The Planning Staff will be recommending to the Planning Commission and City and County elected officials not to pursue these particular bills at this time. The Planning Commission has not acted on these matters to date. A brief description of all of the bills follow.

22. A bill enabling notice by publication only, rather than notice by mail to individual property owners, for the adoption of new comprehensive zoning maps or a total revision of the zoning ordinance.

23. A bill authorizing the City Council to transfer the responsibility for rezoning hearings and major planned development hearings to the Planning Commission, with the Planning Commission submitting to the City Council as recommendation for action and a summary of comments made at the hearing.

24. A bill providing clearer authority for the City to build the proposed "planned development" permit process into the zoning ordinance. This will accommodate the need to subject particular types of development to a discretionary review and approval procedure different from the existing conditional district rezoning and special use permit procedures.

25. A bill enabling the City to condition approval of a rezoning petition on the dedication of recreational space to the public.

26. A bill requiring, in the event that the City has approved a development permit subject to special conditions, that the property owner record a notice of those conditions with the Register of Deeds for the information of subsequent purchasers of the property.

27. A bill authorizing the City to create a code enforcement board as a tribunal for hearing cases regarding violations of zoning, subdivision, and other development regulations.

28. A bill authorizing the City, in the event that a person has zoning ordinance violations outstanding from the same project or other projects, to withhold permits or other approvals applied for by that person until all violations are remedied.

29. A bill authorizing the City to change the Zoning Board of Adjustment voting requirement from "four-fifths" vote to a simple majority.

The City Manager's office plans on placing this matter on your November workshop agenda for your consideration. As further information, I am also attaching the NC League of Municipalities 1989 legislative goals recently adopted at its annual meeting in Asheville. Copies of this memorandum and its attachments are

being sent to Mecklenburg County and the Chamber of Commerce for their information. In the interim, I will be happy to answer any questions concerning this subject.

HWUjr/ef
Attachments

c: O. Wendell White
Tom Finnie
Jerry Fox
Don Harrow, Chamber of Commerce

CHARLOTTE-MECKLENBURG
PLANNING COMMISSION

INTER-OFFICE COMMUNICATION

TO: Henry Underhill
Marvin Bethune
Jerry Fox
O. W. White

LEGAL DEPARTMENT DATE.
RECEIVED
THIS DATE
SEP 21 1988

FROM: September 20, 1988
Martin R. Cramton, Jr.
Planning Director

SUBJECT: Information for Legislative Action

Attached is proposed legislation to establish Conservation Districts within the City of Charlotte. The legislation is being resubmitted for consideration during the 1988-89 legislative session. The conservation district concept is being proposed as a way to further protect and enhance the visual quality and appearance of areas within the City of Charlotte and Mecklenburg County

As you may recall, conservation districts are a step below historic districts There are many well established neighborhoods in Charlotte, particularly in the inner city, that possess distinctive history and character, but for some reason, would not qualify for historic district designation and/or would not want to commit to the requirements of a historic district. Currently, the City has no mechanism by which to protect these areas. The conservation district concept is primarily intended to address these types of situations.

The overlay zone that would be used to designate conservation districts would promote compatible development in areas by requiring that all projects within a district involving new construction, additions, or demolitions be reviewed by either the Planning Commission, Historic District Commission or Conservation District Commission. City Council and County Commission would determine if a Conservation District Commission should be created.

At a previous City Council meeting the concept of a Community Appearance Commission was raised. In researching these concepts, we found that Raleigh has a Community Appearance Commission and is in the process of establishing conservation districts. Both Raleigh's and Charlotte's conservation districts

are similar in scope. Raleigh also links the conservation district designation process very closely with their neighborhood planning process.

To be eligible for the designation, the area must have an accepted neighborhood plan or study that calls for the creation of a district. Also, Raleigh is proposing two types of conservation districts. On one level, the Planning Commission would have primary review responsibility of any proposed projects within the area. With the second type, the Conservation District Commission would have review responsibility.

In terms of the Community Appearance Commission, approximately, eight other cities in North Carolina have them. The duties and responsibilities of the commissions vary depending upon the wishes of the local government In Raleigh, the commission functions principally to develop regulations and programs that will enhance and improve the overall design, and aesthetic appearance of the City, (Sign Ordinance, Tree Ordinance, etc). In other cities like Chapel Hill, the Commission has strong regulatory and site plan review responsibilities. Also attached is both the state enabling legislation and Raleigh's City Ordinance governing the establishment of community appearance commissions.

The Community Appearance Commission concept is something that the city may want to pursue in the future. I hope the information provided on conservation districts is sufficient to be carried forth to the General Assembly. If you have further questions or need additional information please contact Dave Howard.

MRC/DC:sls

Category "D"

Tax Categories:

- Admissions Tax
- Business/Privilege License Increases
- Impact Fees
- Occupancy Tax Increase
- State Alcohol Beverage Excise Tax
- State Revenue Sharing
- State Shared ABC Tax
- User Fees
- Utility Franchise Tax

Summary Observations/Comments:

- These tax categories were examined preliminarily by the Committee but for a variety of reasons (such as the relatively low dollar volume of revenues to be generated) the Committee has chosen not to include them at this time.

- Because of the fact that a preliminary analysis of these taxes indicated that they did not warrant being pursued at this time, it would be inappropriate to comment on their comparative strengths and weaknesses. Many of the tax categories in Category "D" received high marks in one or more criteria, e.g., business privilege license tax increase received a strong rating under "Economy of Collection". By the same token, several of the tax categories received exceptionally low marks in one or more criteria, e.g., alcohol tax increases received a low (poor) rating under "economic development competitiveness". Viewed as a whole, these categories rated generally lower than those in categories "A", "B" and "C" and generated potentially fewer dollars.

- The Committee would like to single out two of the tax categories within Category "D" for further, in-depth considerations:

  1. Business Privilege License Tax Increase

     - Would be highly economical to collect given that only a straight-forward change in rates (not changed comprehensively since the 1940's) would be necessary.

     - Would likely be locally accepted if assessed equitably and implemented in an orderly manner.

  2. User Fees

     - Would not need legislative approval

     - Would likely be locally accepted because such fees would tend to be viewed as placing the financial responsibility on those who are requesting the expenditure of public funds.

APPROVED 10/4/88

Proposed 1989 Municipal Legislative Goals and Policy (Recommended by League Board of Directors, 7/28)

Finance, Administration and Intergovernmental Relations

Tax Policy

- The League will seek authorization of a Local Government Finance Study Committee to study the full range of local finance, budgetary and fiscal management issues and practices.

- The League will support modifications in the local government tax structure which will establish a comprehensive, long range fiscal framework providing sufficient capacity for municipalities to meet the needs of their citizens now and in the future, including equitable reforms in the property tax structure The League will resist modifications which do not observe basic tax equity principles or which erode existing revenue sources and are inconsistent with such a sound fiscal framework

- The League will seek new revenue sources to offset diminished financial assistance from the federal government and to balance the revenues derived from the property tax The League seeks an array of local option taxes, such as an occupancy tax a local income or payroll tax, a real estate transfer tax and an admissions tax, the proceeds of which may be used for any public purpose

- The League will oppose proposals to abolish the local property tax

- The League will oppose additional exemptions and preferential classifications in the property tax base, including repeal of the intangibles tax If revenue sources are repealed, lost revenues must be replaced under a hold harmless formula which will replace revenue to all municipalities on a dollar for dollar basis with an adequate growth factor

- The League will oppose consolidation of the state and local sales taxes

- The League will seek state grants for local functions or activities which have been mandated by the state, or which have been requested by state agencies and reviewed and approved by the League Board of Directors

- The League will seek statewide legislation to authorize municipalities to levy up to a $10 motor vehicle tax and clarify collection of revenues The League supports the concept of collection of this tax along with the property tax

- The League will support legislation which will improve procedures for collection of property taxes on motor vehicles and preserve the character of the tax

- The League will seek a portion of the revenues from the 1987 spiritous liquor tax increase, since they were intended for local governments to complete funding of the special law enforcement retirement benefits, with allocations based on the number of officers employed

- The League will not oppose taxation of residential property occupied by the owner and located in a commercially zoned area at a lower residential use value if reasonable roll back provisions similar to agricultural use value taxation are included and provided that the tax advantage will not be available to the property owner or other party with a legal interest who petition for rezoning to commercial use

- The League will support a reasonable increase in the interest rate on delinquent property taxes, a change to an earlier date of the time when property taxes become delinquent, and authority for governing boards to use prepayment discounts until the delinquent date

- In the absence of full reimbursement for any tax repeal the League will seek new revenue sources to replace the repealed revenue source

Municipal Personnel

- The League supports the right of municipalities to make basic employment decisions, and will oppose any law or regulation which either directly or indirectly affects municipal employees' salaries, benefits or conditions of work or which adversely affects the prerogative of each elected municipal governing body to make independent policy and budgetary decisions regarding municipal employees

- The League will oppose efforts to modify the law which prohibits a municipality from recognizing or entering into contracts with labor unions or other employee organizations

Retirement

- The League will oppose legislation which would provide unreduced retirement benefits for some classes of employees with a minimum length of service less than that required of other employees The League will oppose legislation to reduce the minimum length of service required for retirement with unreduced benefits.

- The League will support legislation which will provide reasonable cost of living increases for retirees and enhanced levels of benefits if they can be funded from actuarial gains in the local retirement system

- The League will seek legislation to coordinate the various retirement benefits of law enforcement officers in a rational and equitable manner The League will support state administration of law enforcement officer retirement benefits

- The League will seek legislation to increase local government representation on the Retirement System Board of Trustees and to allow all members to vote on all state and local retirement matters

General Administration

- The League will seek legislation to authorize leasing of municipal property for 20 years under the lease statute procedures

- The League will seek legislation to make a reasonable increase in the general ordinance violation penalty

- The League will seek statewide legislation to authorize municipal minority and women business enterprise programs

- The League will seek a reasonable increase in the dollar amount for municipal force account construction work

- The League will seek legislation to clarify the application of the public bid statutes to expenditure of public money under a contract with a developer to install an oversized line

- The League will seek legislation to repeal the statute which requires multiple specifications and contracts for construction projects

- The League will seek legislation providing authority for installment capital financing in construction projects

- The League will support legislation which would authorize the establishment and operation of a lease/purchase pool program for local capital needs

- The League will seek legislation to clarify the statutes on regular and special meetings to provide for weather-related and other cancellations

- The League will oppose legislation to impose additional statutory requirements concerning paid advertising of meetings, election deadlines or other matters The League encourages efforts by municipalities to provide full public notice on matters of public concern and encourages print, broadcast and other media to fulfill their public interest obligations

- The League will seek legislation making various technical amendments to statutes affecting municipalities

- The League will support legislation to strengthen the existing litter laws

Municipal Liability

- The League will oppose efforts to abolish the governmental immunity of municipalities from tort liability

- The League will support legislation prohibiting punitive damages against local governments

- The League will seek legislation to clarify that state "antitrust" provisions do not apply to local governments and to adjust other state statutes in accordance with the federal law

Initiative, Referendum and Recall

- The League will oppose legislation imposing upon municipalities initiative and referendum procedures for municipal ordinances, and recall of municipal officials.

Open Meetings

- The League supports the principle of openness in government and specifically endorses the concept that meetings of governmental bodies should generally be open to the public The League also supports reasonable provisions for limiting access to and knowledge of specified deliberations and actions when such limitations are in the public interest. The League will oppose legislation imposing additional statutory requirements on municipal governing bodies

Municipal Utilities

- The League will oppose legislation which would restrict the authority of the municipalities to set fiscal operation policies and determine the appropriate rates, fees and service areas for municipal enterprises

Intergovernmental Relations

- The League will support legislation to modify and strengthen the Local Government Advocacy Council

Community and Economic Development

Economic Development

- The League will support legislation to enhance the effectiveness of economic development efforts and broaden the authority of municipalities to participate

- The League will support legislation which will promote tourism in North Carolina

- The League will support legislation to establish standby state programs for job training, infrastructure development, housing rehabilitation and construction, and other stimulative efforts, to be activated automatically or targeted based on local economic stress indicators

- The League will support legislation and administrative actions to increase exporting by North Carolina firms

- The League will support legislation to establish a program to provide matching grants to municipalities for capital improvements planning to facilitate local economic growth

- The League will support legislation to broaden the scope of the Industrial Development Fund Grant Program to make it useful to more communities in creating jobs

- The League will support establishment and funding of a community economic analysis center

Land Use Planning

- The League supports coordinated land use planning and efforts toward state/local corporation

- The League acknowledges the constitutional obligations of government officials to respect private property rights and urges municipal officials to be mindful of those concerns The League will oppose legislation requiring municipalities to pay monetary damages in connection with valid rezoning acts

- The League will support legislation to clarify and enhance the authority of municipalities to regulate outdoor advertising signs, but will oppose legislation to restrict further the authority to regulate outdoor advertising and to require removal of nonconforming signs by amortization

- The League will oppose additional legislation concerning local zoning treatment of manufactured housing until local officials are given an adequate opportunity to respond in good faith to the reasonable and workable legislation enacted in 1987

- The League will support statewide legislation to authorize levy of development impact or facilities fees

- The League will support legislation to support authority to municipalities to require installation of private utility company lines inside the extraterritorial planning jurisdiction up to municipal standards

- The League will support legislation to clarify zoning notice requirements.

- The League will support legislation to encourage preservation of farm land and natural and scenic areas, but will oppose legislation which unreasonably infringes on the authority of local officials to make appropriate land use decisions

- The League will support legislation which will enhance the effectiveness of local historic preservation efforts.

- The League will support legislation to authorize municipalities to prohibit inappropriate location of licensed alcohol establishments

Annexation

- The League supports the existing state legislative policy that sound urban development is essential for the continued economic development of North Carolina and supports the existing legislative framework for extending municipal boundaries, which allows areas that are urban in areas to be municipal and which guarantees provision of essential services to cities in annexed areas Municipalities are encouraged to develop annexation policy as part of the planning process and to use the authority to annex in a fair and reasonable manner The League will continue to oppose changes in the law, either statewide or local, which would weaken the present annexation procedures or restrict annexation authority The League will oppose new incorporations which are primarily for the purpose of preventing annexation by an existing municipality

- The League will seek statewide legislation to authorize municipalities in close proximity to enter into voluntary, binding agreements specifying which municipality will be entitled to annexed designated areas

- The League will not oppose legislation to require municipalities to contract with a volunteer fire department for services or assume a portion of outstanding debt upon voluntary annexation of an area served by the department, if necessary technical amendments can be made to the annexation statutes

- The League will support legislation or rules changes to require review and recommendation by the Joint Commission on Municipal Incorporation before municipal incorporation proposals are considered by the General Assembly

Housing

- The League will support legislation which will facilitate access to safe and decent housing for all North Carolina citizens, including appropriations for housing programs and transitional housing for homeless persons and legislation to authorize incentives to developers for providing low and moderate income housing

- The League will support legislation to require improvement or demolition of dwellings closed on order of a building inspector, instead of boarding up and abandoning

- The League will support statewide legislation to authorize municipalities to require installation and maintenance of smoke detectors

Technical Assistance

- The League will support enlarged state appropriations for technical assistance to local governments in community and economic development activities, water quality efforts and capital improvements planning

Energy, Environment and Natural Resources

Environmental Regulation

- The League will support legislation to repeal the statutes which prohibit state agencies from implementing environmental regulations more strict than comparable federal regulations

- The League will support legislation to allow more effective regulation of private package wastewater treatment plants

Environmental Consolidation

- The League will support consolidation of the environmental and health regulatory functions of state government in a manner which will enable municipalities to fulfill their responsibilities more efficiently Any such consolidation should not result in any community development, planning, technical assistance, housing and related functions being scattered and de emphasized. The League will seek consolidation of these functions into one department, preferably a new Department of Housing and Community Development

Water and Wastewater Funding

- The League will seek increased funding from state appropriations and other revenues to assist with critical municipal water and wastewater capital facilities, through the Clean Water Loan and Grant Fund Additional attention should be devoted to water supply funding, and the League will seek legislation to provide for points in the priority ranking system for funding for facilities to treat contaminants in water supplies, if required by federal law

Watershed Protection

- The League will seek enaction of legislation that will protect the water supplies of localities by effective watershed protection measures across multi jurisdictional boundaries Such measures should provide for a program requiring reasonable local government control measures, and technical and financial assistance for municipalities Local government officials and the public should be involved actively in the development of regulations Penalties for violation should not be unreasonable

Clean Detergents

- The League will support legislation to strengthen the 1987 Clean Detergent Act.

Solid Waste Management

- The League will seek establishment and funding of a revolving loan and grant program for solid waste disposal facilities.

- The League will seek legislation to address growing solid waste management problems, such as legislation requiring waste stream separation and recycling, and restricting disposable bottles and packaging Reasonable guidelines and technical assistance must be provided for implementation of any such legislation

Transportation, Communications and Public Safety

Streets and Highways

- The League supports adequate funding for statewide highway and street needs, derived principally from highway user fees When the state gasoline tax is increased, the League will seek a proportionate increase in Powell Bill funds

- The League will seek clarifying amendments to state law relating to municipal participation on state system street projects to give cities additional flexibility in dealing with transportation needs

- The League will seek legislation to require municipal approval of withdrawals of platted streets prior to filing of a declaration of withdrawal in the register of deeds office

Public Transportation

- The League will support legislation to authorize establishment of regional transportation authorities

- The League will support state appropriations to provide financial assistance to public transportation and paratransit systems The League will oppose use of gasoline tax funds for public transportation systems, and will support creation of a state operating assistance program to assist municipalities in public transit and human services transportation activities

Airports

- The League will not oppose establishment of minimum standards regulating height of structures surrounding public airports, provided that existing airport ordinances are grandfathered and local zoning adoption and enforcement is not mandated.

- The League will support state appropriations for capital and operating assistance to municipal and other public airports.

Railroads

- The League will support legislation to allow municipalities to determine the level of maintenance for railroad tracks within corporate boundaries

- The League will support legislation to require that railroads bear the total cost of constructing and improving streets in areas covered by railroad crossties

- The League will support additional legislation to facilitate the acquisition and "banking" of abandoned railroad rights-of way for future light rail and trail use

Highway Funding Policy Statement to be considered
by the TCPS Committee (and by the membership at the
League Annual Meeting if recommended by TCPS)

The League will support significant state highway bond issues, supported by necessary tax and user fee increases The League believes this is the only realistic way to overcome the staggering new construction backlog in urban and rural areas across the state by 1996, within the time frame of the Transportation Improvement Plan

(Note that the League Bylaws require a three-fourth's majority vote of the municipalities present and voting before new items may even be considered at the Annual League Business Meeting If the membership allows consideration of the recommendation, it may be adopted by simple majority vote)

NOTES

DISCUSSING COMMUNITY CAPITAL NEEDS
(A Working Draft)

On October 24th, Council received a draft working paper titled "Discussing Community Capital Needs".

During the Council discussion, several issues were raised and additional information was requested. Attached are Tables #4, #5, and #6 which address some of the issues which were raised. Also attached is information from our Finance Department which presents a preliminary review of operating revenue projections for the next five years matched with operating expenditure projections assuming the City remains within the per capita benchmark (a 6% annual expenditure growth is assumed).

The intent of the report is to focus on overall community capital needs to generate a community discussion. If the community develops consensus on those needs, then a discussion would follow on how the needs could be financed.

The draft report did not attempt to presume Council and County Commission financial policies. For example, establishing Storm Drainage as an enterprise operation is and will be an option for the City Council and the County Commission, but requires a policy decision, as does a decision on participation in funding State Roads.

On November 3, 1988 the County Commission approved releasing the report with comments to the Chamber of Commerce and other requesting groups and contingent on City Council's approval. The comments the County Commission desired to accompany the report include: that the report is a beginning attempt at identifying community needs; that some capital items are not included; and that adjustments need to be considered regarding State Roads and existing and future revenue capabilities.

The Council may wish to take one of the following steps at the workshop:

1) Use the draft as information for informal discussion in the community; do not release it as a formal document.

2) Discuss and comment on the report; forward the report and comments to the Chamber of Commerce for use at their retreat.

The following information is attached:

1) A copy of the original draft report (pages 2-9); attachments are not included. If you need additional copies of the original report with attachments, please call Budget and Evaluation at 336-2306.

2) Table #4 presents the Community Capital Needs categorized by jurisdiction, i.e., City, County, State (page 10).

3) Table #5 presents the total Community Capital Needs adjusted by potential financing strategies, i.e., enterprise operations, State TIP, County FY89-FY93 CIP (page 11).

4) Table #6 presents the City's Capital Needs adjusted by potential financing strategies (page 12).

5) Five-year operating revenues and expenditure analysis (pages 13-17).

DISCUSSION COMMUNITY CAPITAL
NEEDS

I. Intent of Report

II. Revenues

Table #1: Revenue Changes
Table #2: Revenue Initiatives

III. Community Capital Needs

Table #3: Summary of Community Capital Needs

IV. Attachments

Attachment #1: City and County Revenue Losses/Gains and Initiatives
Attachment #2: City and County Capital Planning Process
Attachment #3: City and County Capital Needs
Attachment #4: League of Municipalities - Issues 1988: On the Roads Again - Time for Action!
Attachment #5: Evaluation of Additional Revenue Sources for Charlotte-Mecklenburg - Final Report of the Joint City-County Citizens' Revenue Committee, July 11, 1986

D R A F T

DISCUSSING COMMUNITY CAPITAL NEEDS

Intent of Report

Two trends are shaping or will shape the way Charlotte-Mecklenburg moves into the next century and beyond. One, increasing growth in Charlotte-Mecklenburg and the surrounding region places demands on the local infrastructure. Two, new capital infrastructure requires money and the existing local revenue structure cannot meet the increasing demands without revenue increases.

These two trends have moved in the opposite direction as the infrastructure needs have increased while the state and federal government have reduced their roles (both financial and programatic) in local government programs.

This report is an effort to present a picture of community-wide capital needs identified over the next ten years. What the community is likely to discuss is the magnitude of the community's needs, the priority given to community infrastructure needs, and the solutions and strategies chosen to address the unmet capital needs. Chamber of Commerce officials have requested this information to discuss at their retreat scheduled for November 10-12, 1988. City Council will review this report on October 24, 1988 and the Board of County Commissioners on November 3, 1988.

This report is broken down into two summary sections with ample attachments to supplement the report.

- Section 1 presents a summary of local revenue losses and gains resulting from federal and state actions and a review of recent local revenue initiatives.

- Section 2 presents a consolidated listing of City and County Capital Needs as identified by City and County departments and outside agencies.

The report is intended to be informative as it presents a history of local revenue changes and initiatives and educational as it explains the City/County capital planning process. The report is not intended to represent City or County policies or priorities. Individual capital projects or project categories are not prioritized in the report.

I. REVENUES

Revenue Gains/Losses:

This section presents a review of recent revenue losses and gains resulting from federal or state action. This review prefaces the needs discussion to highlight the financial constraints facing both local governments. For the past several years, both local governments have had to address cut-backs in State or Federal funding or revenue changes while continuing to meet local infrastructure and program demands.

To meet these fiscal pressures, the City and County have reduced federally or state-funded programs and/or increased locally generated revenues to finance programs previously funded by federal or state monies.

In some cases, local option revenues have been increased through State authorization. In 1984, the State approved an additional 1/2 Cent Local Option Sales Tax. The City dedicated the money to the Transit System to make up for lost Urban Mass Transit Administration (UMTA) assistance. The County dedicated the increased revenue to the Schools' capital budget to make up for the loss of General Revenue Sharing funds.

In addition, recent local actions have targeted funds to keep up with the increasing demand for capital facilities. This includes:

County:	1/2¢ Sales Tax Increase (FY84) dedicated to Schools-Capital Budget
City:	Property Tax Increase (FY87) for Pay-As-You-Go Capital Projects (to offset loss of General Revenue Sharing)
City:	Motor Vehicle License Tax Increase (FY87) dedicated 50% of increase to transportation capital projects
City:	1/2¢ Sales Tax Increase (FY87) dedicated to capital budget (1987 Bond Referendum) projects
County:	1/2¢ Sales Tax Increase (FY87) dedicated to capital budget Pay-As-You-Go projects
City:	(FY89) Transfer of 1/2¢ from General Fund to Debt Service Fund to support FY89-93 capital program.

The following table illustrates recent local revenue losses and gains. Background information is included as Attachment #1 and Attachment #5.

TABLE #1
REVENUE CHANGES

Revenue Source/ Program Spending Changes	Loss/Gain	FY89 Budget Impact
Law Enforcement Assistance Administration (LEAA) Grants	Loss	City: $4.2 million
Urban Mass Transportation Administration (UMTA) Operating Assistance	Loss (scheduled to end entirely in 1991)	City: $7.9 million
Community Development Block Grant (CDBG)	Loss	City: $1.4 million
Employment and Training	Loss	City: $745,000
Model Cities	Loss	City: $2.1 million
General Revenue Sharing (GRS)	Loss	City: $8.6 million (Pay-As-You-Go Property Tax Levy at 4.5 Cents) County: $8.0 million
Business Inventory Tax	Loss	City: Net impact will be negative in future fiscal years
State Reimbursement for Business Inventory Tax (indexed to FY1987 levels)	Gain	
Personal Property Tax on Household Furnishings	Loss	City: $2.9 million County: $2.1 million
Intangibles Tax	Loss	City: $28,000

Revenue Source/ Program Spending Changes	Loss/Gain	FY89 Budget Impact
Sales Tax on Food Stamps	Loss	County: Unknown
Reimbursement for Sales Tax	Gain	
Law Enforcement Retirement System	Loss	City: $1.5 million County: $100,000
1/2 Cent Local Option Sales Tax: 1984 (Based on per capita distribution rather than point of collection)	Gain	City: $6.0 million County: $6.3 million
1/2 Cent Local Option Sales Tax: 1987 (Based on per capital distribution rather than point of collection)	Gain	City: $6.0 million County: $6.25 million
Occupancy Tax (3%)	Gain	City: $2.8 million County: $349,000
Motor Vehicle License Tax (Increase from $5 to $20)	Gain	City: $3.6 million
Business Privilege License Tax	Gain	City: $500,000
User Fees	Gain	City: $200,000 County: $1,000,000

Recent Revenue Initiatives:

In response to increasing community needs and declining federal and state funding support, the City and County have pursued alternative revenue sources.

The following table illustrates recent local revenue initiatives and the action taken.

TABLE #2
REVENUE INITIATIVES

	Revenue Initiatives	Action Taken
1.	Local Option Income Tax (City: 1985)	Introduced to Legislature - Not Enacted.
2.	Local Option Gasoline Tax (City: 1985)	Replaced on Legislative Package by Local Option Income Tax.
3.	Land Transfer Tax (City: 1987)	Introduced to Legislature - Not Enacted.
4.	Pre-Trial Release Fee (County: 1987)	Introduced to Legislature - Not Enacted.
5.	Admission/Seat Tax (City: 1989)	Proposed to be Included in 1989 Legislative Package.

II. CAPITAL NEEDS

Need Definition:

In order for a capital project or facility to be included in the needs definition, it must be consistent with the goals of the 2005 Plan or other City/County approved plans, i.e. Solid Waste Mangement Plan, or meet one or more of the following capital needs criteria.

1. Relates to the 2005 Plan
2. Relates to Other Approved Policy/Plan
3. Required by Legal Mandate
4. Reflects Increased Demand/Service Improvements
5. Is a Maintenance/Renovation of Existing Facility
6. Will Result in Cost Saving/Avoidance

Every project which is requested is considered a need (unless the project is assessed by the Planning Staff to be a questionable project). Revenue or funding constraints are not considered when a project is assessed as a need. The fundamental criteria for assessing the priority of a capital project is the timing of the need (5-year timeframe vs. 10-year timeframe vs. beyond 10-years). Additional information about the City/County Capital Planning Porcess is included as Attachment #2.

Projects Included in Needs List:

The summary table on the following page:

1. Represents a City/County consolidated listing of capital projects identified by both local governments over the next ten years. Detailed project listings are included as Attachment #3.

2. Does not include projects planned for funding in the City's FY89-93 Capital Improvement Program, and assumes continuation of planned funding mechanisms and approval of 1988 bond referendum.

3. Does include projects in the County's FY89-93 Capital Improvement Program because specific revenue sources and funding mechanisms have not been approved. (This reflects a sifference in the capital planning approaches by the City and County).

4. Does not include projects funded by enterprise activities (Water and Sewer, Airport) or federal grants (Transit); but includes Solid Waste Management and Storm Drainage capital projects for which user fees and charges can be set to recover the operating as well as debt costs.

5. Does not include projects which the Planning staff has rated as "questionable projects" or which are recommended after FY98. (Questionable projects are projects which do not relate to approved plans, policies, or the scope of services government generally provides).

TABLE #3
CAPITAL NEEDS SUMMARY

	FY89-93 NEED	FY94-98 NEED	TOTAL NEED
Transportation[1]	$462,659,000	$ 446,640,000	$ 909,299,000
Housing[2]	9,566,681	61,715,000	71,281,681
Solid Waste Management[3]	81,073,600	29,052,500	110,126,100
Schools [4]	155,975,000	226,859,000	382,834,000
Economic Development[5]	24,070,536	23,060,000	47,130,536
Government Facilities	51,105,900	10,175,000	61,280,900
Parks and Recreation	56,463,760	151,760,000	208,223,760
Neighborhood Improvements Storm Drainage[3]	77,537,200	111,903,000	189,440,200
Neighborhood Improvements Other	4,175,000	21,550,000	25,725,000
Library	2,725,000	-	2,725,000
Cultural Facilities	11,080,100	2,944,500	14,024,600
Human Services	544,500	1,713,700	2,258,200
Community College	14,850,000	19,690,000	34,540,000
WTVI	2,789,400	-	2,789,400
	$954,615,677	$1,107,062,700	$2,061,678,377

[1]Total Need includes projects which are in the current State TIP. Needs only reflect projects within Charlotte's sphere of influence and therefore does not reflect needs in North Mecklenburg County or the small towns. The needs in Transportation will require adjustment upon completion of the 2005 Transportation Plan.

[2]The Housing Needs are assumed to be understated.

[3]Storm Drainage and Solid Waste can be established as Enterprise Operations.

[4]The School Needs represent staff submission for FY90-99 Capital Needs Assessment, but do not include $15,900,000 for the purchase of 332 school buses over the next ten years.

[5]The Economic Development Needs do not include a Convention Center, several proposals and cost estimates have been submitted for this facility. In addition, the Needs do not include a new football/multi-purpose stadium.

TABLE #4

COMMUNITY CAPITAL NEEDS SUMMARY
BY JURISDICTION
(Stated in Millions of Dollars)

	STATE		CITY		COUNTY	
	FY89-93	FY94-98	FY89-93	FY94-98	FY89-93	FY94-98
Transportation	$443.7	$344.2	$ 19.0	$102.5		
Housing			9.6	61.7		
Solid Waste Management					$ 81.1	$ 29.1
Schools					$156.0	$226.9
Economic Development			24.1	23.1		
Government Facilities			35.0	6.2	16.1	4.0
Parks and Recreation			29.8	81.2	26.7	70.5
Neighborhood Improvements						
Storm Drainage			57.4	95.3	20.1	16.6
Other			1.2	17.2	2.9	4.3
Library					2.7	
Cultural Facilities			11.1	2.9		
Human Services					.5	1.7
Community College					14.9	19.7
WTVI					2.8	
TOTALS	$443.7	$344.2	$187.2	$390.1	$323.8	$372.8
GRAND TOTAL (All Categories)						$2.061 Billion

TABLE #5

COMMUNITY CAPITAL NEEDS
CAPITAL EXPENDITURE/REVENUE ADJUSTMENTS

	FY89-93	FY94-98	TOTAL
Expenditures:			
Total Unfunded Needs[1]	$954.6 million	$1,107.1 million	$2,061.7 million
Revenues:			
State TIP[2]	(173.8 million)	(85.8 million)	(259.6 million)
County FY89-93 CIP (Bonds to be Authorized)	(146.1 million)		(146.1 million)
Potential Enterprise Operations			
Storm Drainage	(77.5 million)	(111.9 million)	(189.4 million)
Solid Waste	(81.1 million)	(29.1 million)	(110.2 million)
City Policy Requirement of 50% Private Contribution for Cultural Facility Projects	(5.5 million)	(1.5 million)	(7.0 million)
TOTAL	$470.6 million[3]	$878.8 million[3]	$1,349.8 million

[1]Does not include the Convention Center (cost estimate $60 million - $220 million) Football Multi-Use Stadium (cost estimate $100 - $250 million) or Light Rail (cost estimate unknown).

[2]Reflects projects included in current State TIP.

[3]Of these totals, unfunded State Roads total $269.9 million for FY89-93, and $258.4 million for Fy94-98.

TABLE #6

CITY CAPITAL NEEDS ONLY
CAPITAL EXPENDITURE/REVENUE ADJUSTMENTS

	FY89-93	FY94-98	TOTAL
Expenditures:			
Total Unfunded Needs[1]	$187.2 million	$390.1 million	$577.3 million
Revenue:			
Potential Enterprise Operation Storm Drainage	(57.4 million)	(95.3 million)	(152.7 million)
City Policy Requirement of 50% Private Contribution for Cultural Facility Projects	(5.5 million)	(1.5 million)	(7.0 million)
TOTAL	$124.3 million	$293.3 million	$417.6 million

[1] Does not include State Roads, Convention Center, or Multi-Use Stadium

General Fund
Five Year Operating and Expenditure Analysis
FY 1989-1993

This report has been prepared in response to information recently presented to Council concerning additional debt capacity from estimated excess General Fund operating revenues over the next five years. The estimates presented indicated that an additional $450 million in new debt capacity could be realized by FY93 if all excess revenues were applied to the City's debt program. However, conclusions reached in our analysis of both revenue and expenditure forecast would indicate that only an estimated $103.6 million in new debt capacity would be available through 1993 if all excess revenues were used. The remainder of this report provides an overview as to how we arrived at this conclusion. Although we feel that these calculations and conclusions represent a reasonable view of what may actually occur over the next five years, they should not be used for absolute financial planning. We want Council to be aware of this concern and therefore recommend that this information be utilized for discussion purposes only.

Conclusion of Analysis

Exhibit No. 1 provides a 10-year historical overview of total General Fund Revenues (property tax, 1% sales tax, franchise tax, intangible tax, occupancy tax, etc.). As you can see, total revenues increased from $65.4 million in 1979 to $156.9 million in 1988, a 10.2 percent compound annual rate of increase over this timeframe. However, it is important to note that since fiscal year 1985 there has been a significant downward trend in increases in the major revenues in the General Fund. Major revenues such as property tax, sales tax, intangible tax, franchise tax and occupancy tax, etc. comprise about 91 percent of total General Fund revenues. For the last five years (85-89) total revenues have only increased at an annual compound rate of 7.35 percent compared to the 10.2 percent for the ten year period, an absolute annual decrease of 2.35 percent per year.

In presenting Exhibit No. II, we have used the compound annual percent increase (7.35%) that was realized over the last five years (including 89 budget). It is important to note that the 7.35 percent increase for FY89-93 is actually more than the increase used in the 1989 budget that was only a 3.24 percent increase in total revenues over actual for FY 1988 when adjusted for the so-called 'windfall' in tax levy realized in 1988 FY. Expenditure estimates for the five-year period (89-93) forecasts are at 6 percent (at the same level used in the information previously mentioned). Based on assumptions used, i.e., a 7.35 percent increase in revenues and 6 percent increase in expenditures, there would be an estimated surplus for each of these years as presented as Exhibit No. II. This information is graphically displayed on Exhibit III. These calculations assume that fund balance in the general fund will continue into future years in approximately the same percentage relationship to total expenditures as currently exists (approximately 10%). As previously indicated, estimated new debt capacity assumes that all excess funds be transferred over to the debt program. Therefore, this does not allow for either known increases in the operating

budget, i.e., increase in future landfill tipping fees to be paid to Mecklenburg County, the City's recycling program or for future unknown operating and capital increases.

Under existing policy, Council now decides on an annual basis as to how to allocate any excess revenues on a priority basis for the Capital Program.

To be consistent with the debt modeling approach adopted by Council during FY89 budget process and in order to determine more accurately the amount of new debt capacity that these surpluses would generate, much additional analysis and planning would be necessary.

Exhibit I

Fiscal Years 1979-1988

Fiscal Year	Total Revenues	
1979	$ 65,397,903	
1980	73,872,569	12.96%
1981	85,065,769	15.15%
1982	98,487,042	15.78%
1983	103,404,161	4.99%
1984	114,468,890	10.70%
1985	121,959,242	6.54%
1986	132,624,304	8.74%
1987	141,826,900	6.94%
1988	156,860,031	10.60%
Compound Rate of Growth		10.2089%

Fiscal Years 1985-1989

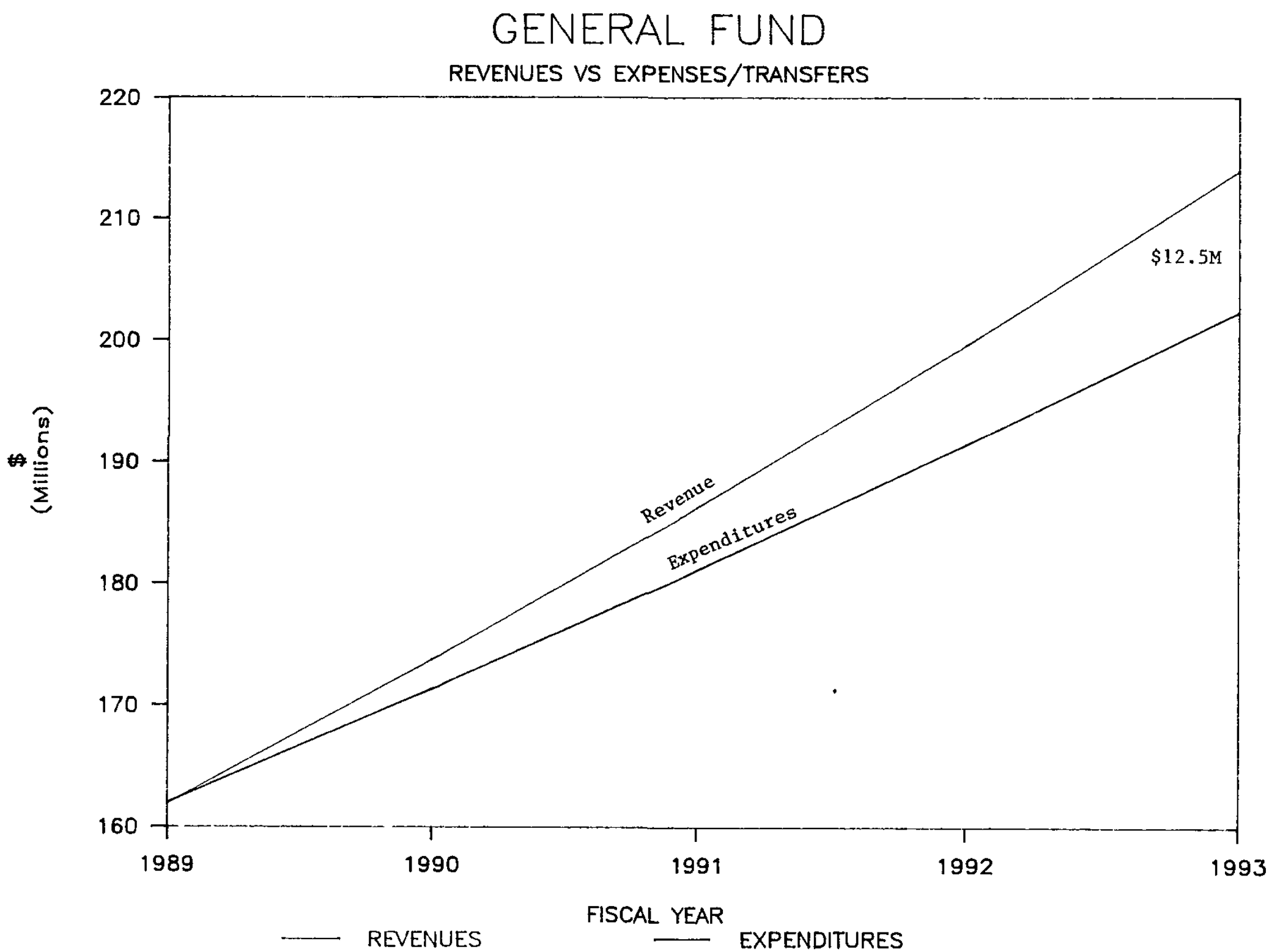
Fiscal Year	Total Revenues	
1985	$121,959,242	
1986	132,624,304	8.74%
1987	141,826,900	6.94%
***1988	154,099,899	8.65%
1989	161,935,990	5.09%
Compound Rate of Growth		7.35%

***Adjusted for property tax windfall

EXHIBIT II

Fiscal Year	Total Estimated Revenue (millions)	Total Estimated Expenses (millions)	Annual Excess (millions)	Required to Meet 10% Fund Balance Level (millions)	Net Estimated Excess (millions)	Cumulative Estimated Debt Potential (millions)
1989	$161.9	$161.9	$ -0-	$ -0-	$ -0-	$ -0-
1990	174.0	171.4	2.6	.3	2.3	21.7
1991	186.7	181.1	5.6	1.0	4.6	41.5
1992	200.3	191.4	8.9	1.0	7.9	70.9
1993	214.9	202.4	12.5	1.1	11.4	103.6

EXHIBIT III


GENERAL FUND
REVENUES VS EXPENSES/TRANSFERS
220
210
200
190
180
170
160
$ (Millions)
$12.5M
Revenue
Expenditures
1989
1990
1991
1992
1993
FISCAL YEAR
REVENUES
EXPENDITURES

NOTES