CITY OF MOUNT HOLLY
MOUNT HOLLY CITY COUNCIL WORK SESSION
Location: Council Chambers

February 26, 2018
6:30 P.M.

CALL TO ORDER BY THE MAYOR

INVOCATION

SET THE AGENDA

CONSENT AGENDA

1. Approval of a Budget Amendment for the Administrative Office Construction Project

AGENDA

1. Presentation of the Audit for the year ending June 30, 2017 — *Martin Starnes*
2. Discussion of Transit Opportunities — *Brian DuPont*
3. Consideration and Approval of Bid for the 2018 Paving Project — *Miles Braswell*
4. Discussion of Proposal for a Study of the System Development Fees as it relates to HB 436 — *Kemp Michael*
5. Adjourn

City of Mount Holly
Action Agenda Item

To:	Mayor and City Council	**Date:**	February 19, 2018
From:	Miles Braswell, Asst. City Manager	**Meeting Date:**	February 26, 2018

Agenda Item to be considered:

Municipal Complex Office Expansion Project – Storefronts

Will this require a public hearing? ☐ **YES** ☒ **NO**

Background/Purpose of Request:

At the August 14, 2017 City Council meeting, Council awarded the project to Bower Traust Construction, LLC to construct the office's and all associated work except for the storefront portions of the project. At the same City Council meeting, Council awarded the storefront portion of the project to Glass & Mirror Unlimited, Inc.

On February 1, 2018 the City chose to terminate the agreement with Glass & Mirror Unlimited, Inc for convenience. As a result of this termination the City bid the storefront portion of the project on February 6, 2018 with bids being due on February 16, 2018. The City received three (3) bids for this portion of the project. The below table lists the bid results:

Item	Miles-McClellan Construction, Inc.	JDS Glass and Remodeling, Inc	Kannapolis Glass & Glazing, Inc.	BowerTraust Construction, LLC.
Bid Amount	$36,000.00	$33,000.00	$29,000.00	$34,000.00
Contingency	$5,400.00	$4,950.00	$4,350.00	$5,100.00
Total Bid	$41,400.00	$37,950.00	$33,350.00	$39,100.00

It is my recommendation to award the Municipal Complex Office Expansion Project – Storefronts to Kannapolis Glass & Glazing, Inc., which includes the base bid and contingency. The contingency may only be used by the contractor upon written instructions from the City's Project Manager. Any contingency amount remaining at contract completion will revert to the City.

This project will require a budget increase in the amount of $17,368 from the current project budget of $67,732.00.

The contract period is thirty (30) calendar days and will begin upon contract execution and issuance of the Notice to Proceed.

Fiscal Impact:

Will Item affect current budget	☐ YES	☒ NO	☐ N/A
Reviewed by Finance Director	☐ YES	☒ NO	☐ N/A
Preaudit Certification required	☐ YES	☒ NO	☐ N/A
Capital Project Ordinance required	☐ YES	☒ NO	☐ N/A
Budget Transfer required	☐ YES	☒ NO	☐ N/A
Total City Dollars:	$ 17,368.00		
Budget Code	*10-00-4120-550*		
Reviewed by City Attorney	☐ YES	☒ NO	☐ N/A

Manager/Staff Recommendation: Approval to award the Municipal Complex Office Expansion Project - Storefronts to Kannapolis Glass & Glazing, Inc. at $33,350.00.

Result of City Council Decision:_____

Attachments:

CITY OF MOUNT HOLLY
FY 17-18 Budget Amendment

Account Number	Description	Debit	Credit
10-00-4120-550	Capital Outlay	$ 8,750.00	
62-91-7130-550	Capital Outlay	4,375.00	
62-91-7140-550	Capital Outlay	4,375.00	
10-00-3991-000	Fund Balance Appropriated		8,750.00
62-91-3991-000	Fund Balance Appropriated		8,750.00
	TOTAL	$ 17,500.00	$ 17,500.00

Date Submitted: ______________________

Finance Officer: ______________________

City Manager: ______________________

Department Comments:

To appropriate fund balance for office construction at the Municipal Complex.

MARTIN·STARNES
& ASSOCIATES, CPAs, P.A.

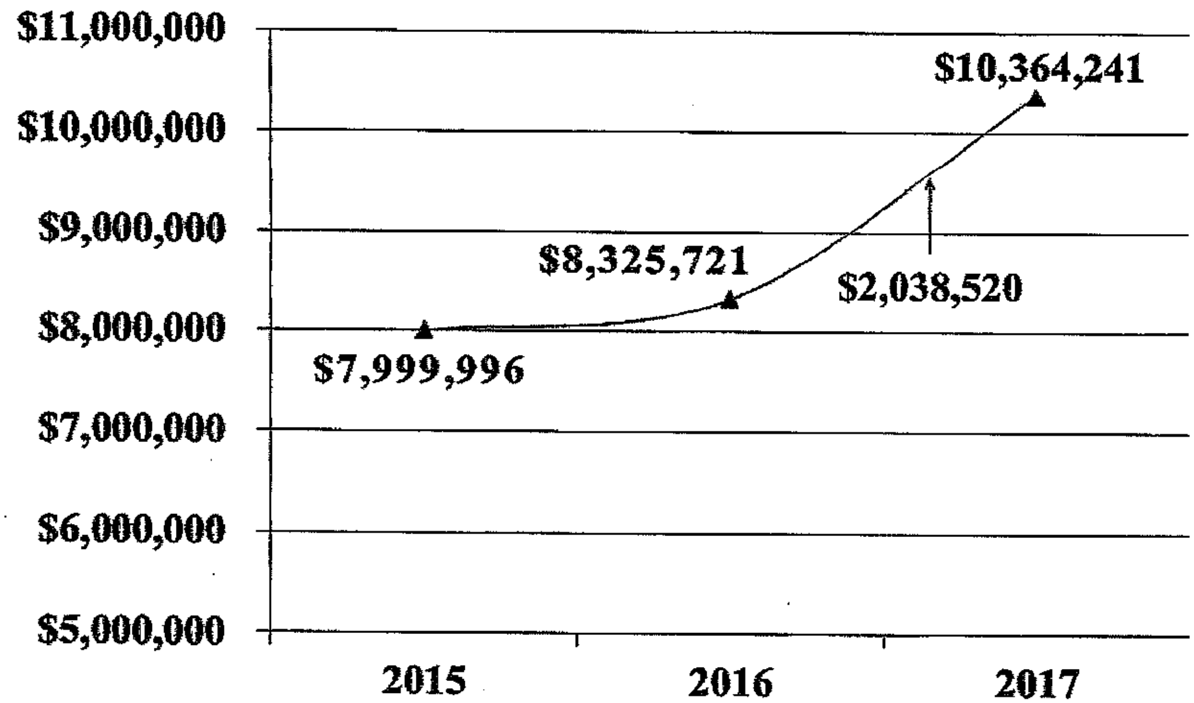
City of Mount Holly

2017 Audited Financial Statements

Audit Highlights

- Unmodified opinion on financial statements
- Cooperative staff

Total Fund Balance - General Fund



MARTIN • STARNES
& ASSOCIATES, CPAs, P.A.

Fund Balance

- Serves as a measure of the City's financial resources available.
  - Assets + Deferred Outflows of Resources – Liabilities – Deferred Inflows of Resources = Fund Balance/Net Position

5 Classifications:

- **Non spendable** - not in cash form
- **Restricted** - external restrictions (laws, grantors)
- **Committed** - internal constraints at the highest (Council) level-do not expire, requires Council action to undo
- **Assigned** - internal constraints, lower level than committed
- **Unassigned** - no external or internal constraints

Fund Balance

Available fund balance as defined by the Local Government Commission (LGC) is calculated as follows:

Total Fund Balance
Less: Non spendable (not in cash form, not available)
Less: Stabilization by State Statute (by state law, not available)
Available Fund Balance

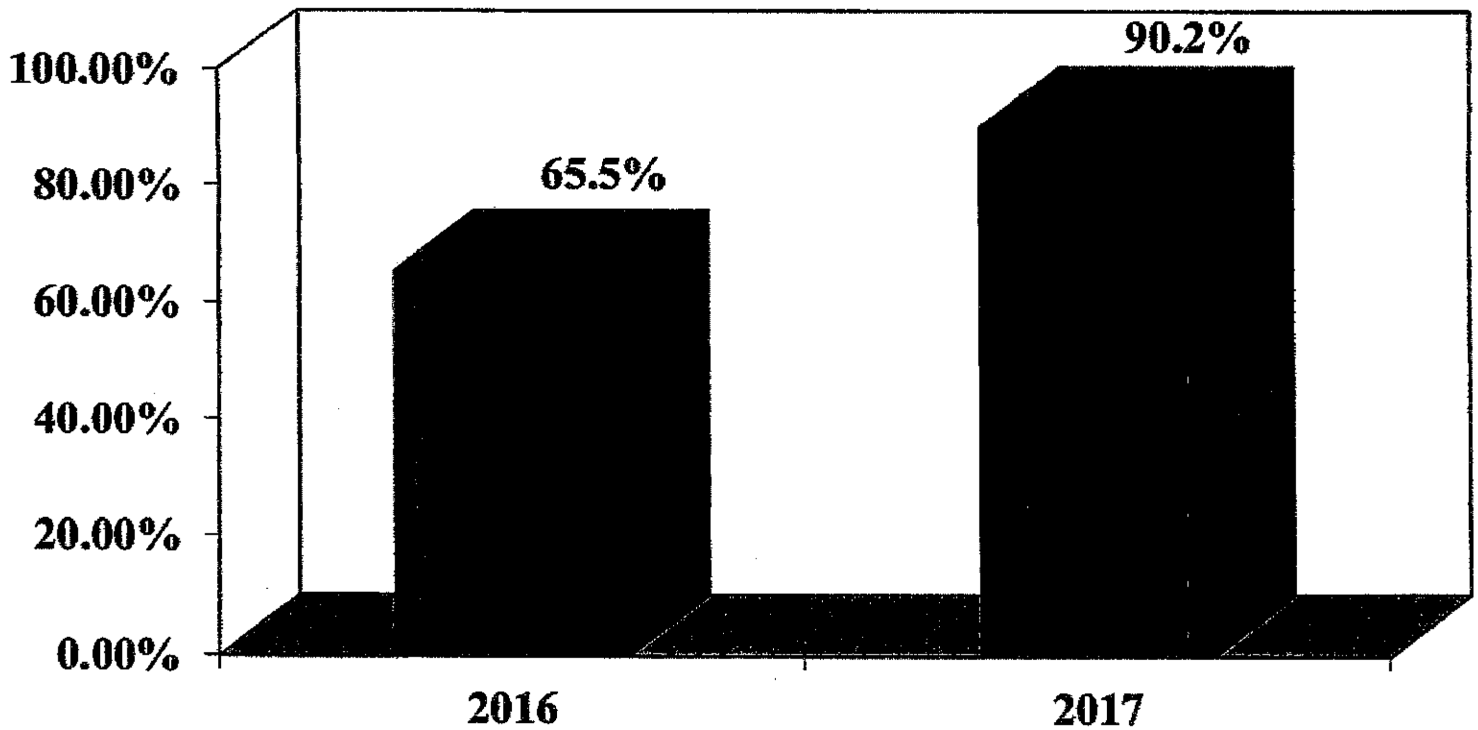
This is the calculation utilized as the basis for comparing you to other units and calculating your fund balance percentages.

MARTIN·STARNES
& ASSOCIATES, CPAs, P.A.

Fund Balance Position-General Fund

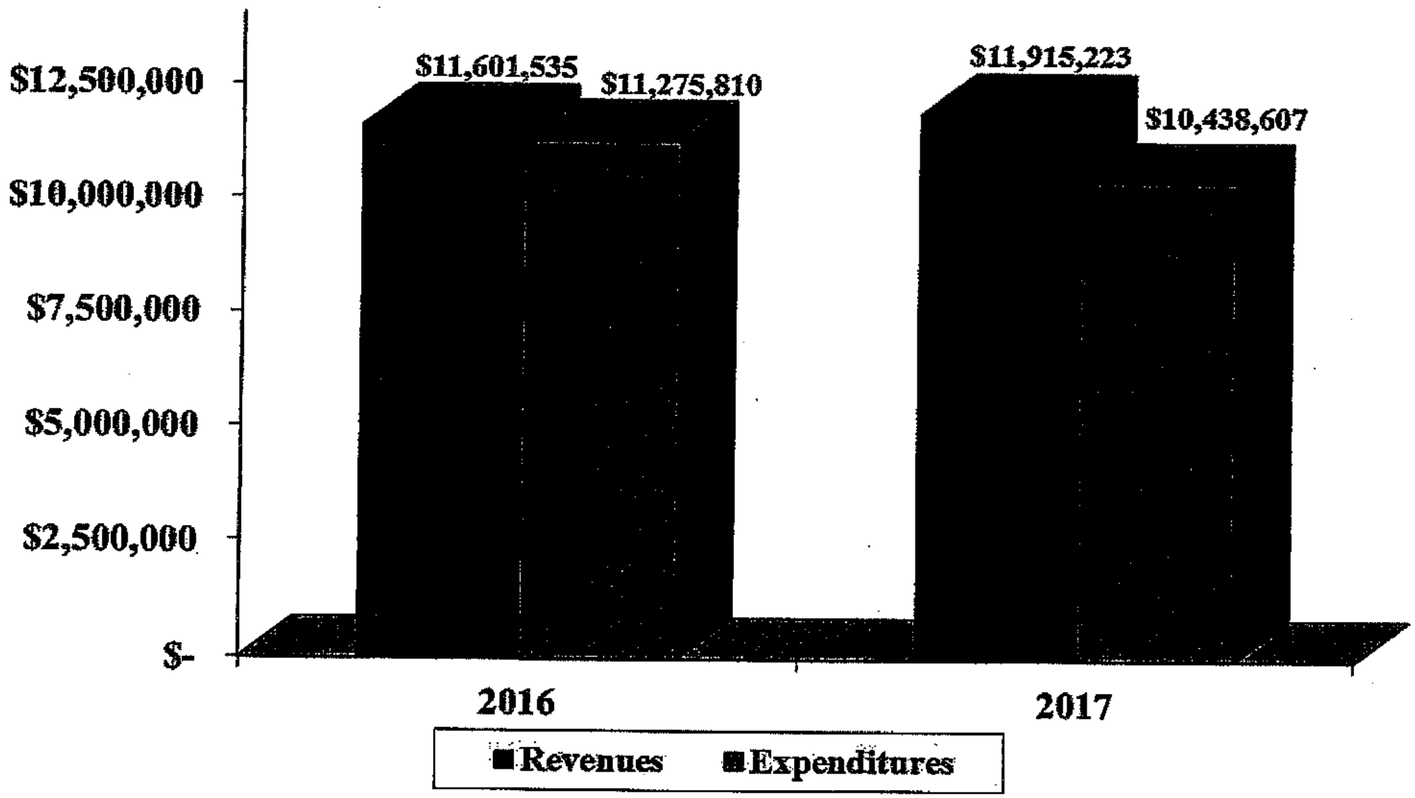
Total Fund Balance	$10,364,241
Non spendable	- 66,937
Stabilization by State Statute	- 876,855
Available Fund Balance	$ 9,420,449
Available Fund Balance 2016	$ 7,387,764
Increase in Available FB	2,032,685

Available Fund Balance as a Percent of Expenditures and Transfers to Other Funds - General Fund



MARTIN·STARNES
& ASSOCIATES, CPAs, P.A.

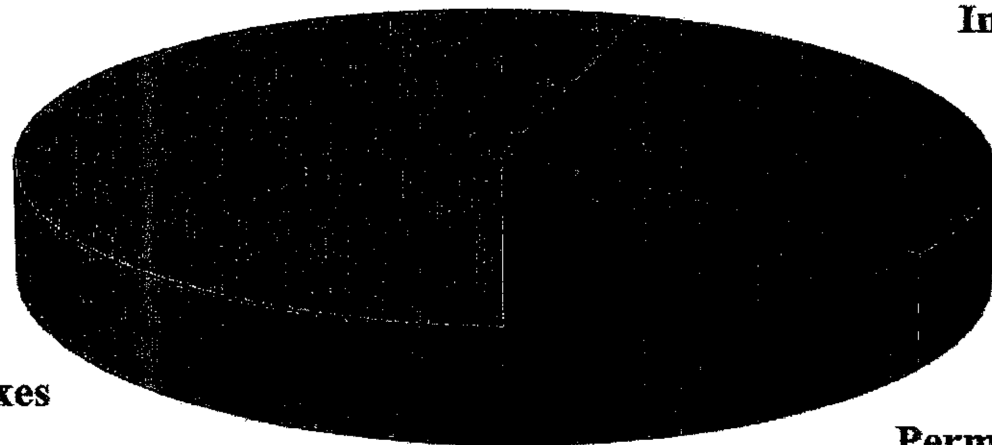
General Fund Summary



MARTIN·STARNES
& ASSOCIATES, CPAs, P.A.

Top 3 Revenues: General Fund

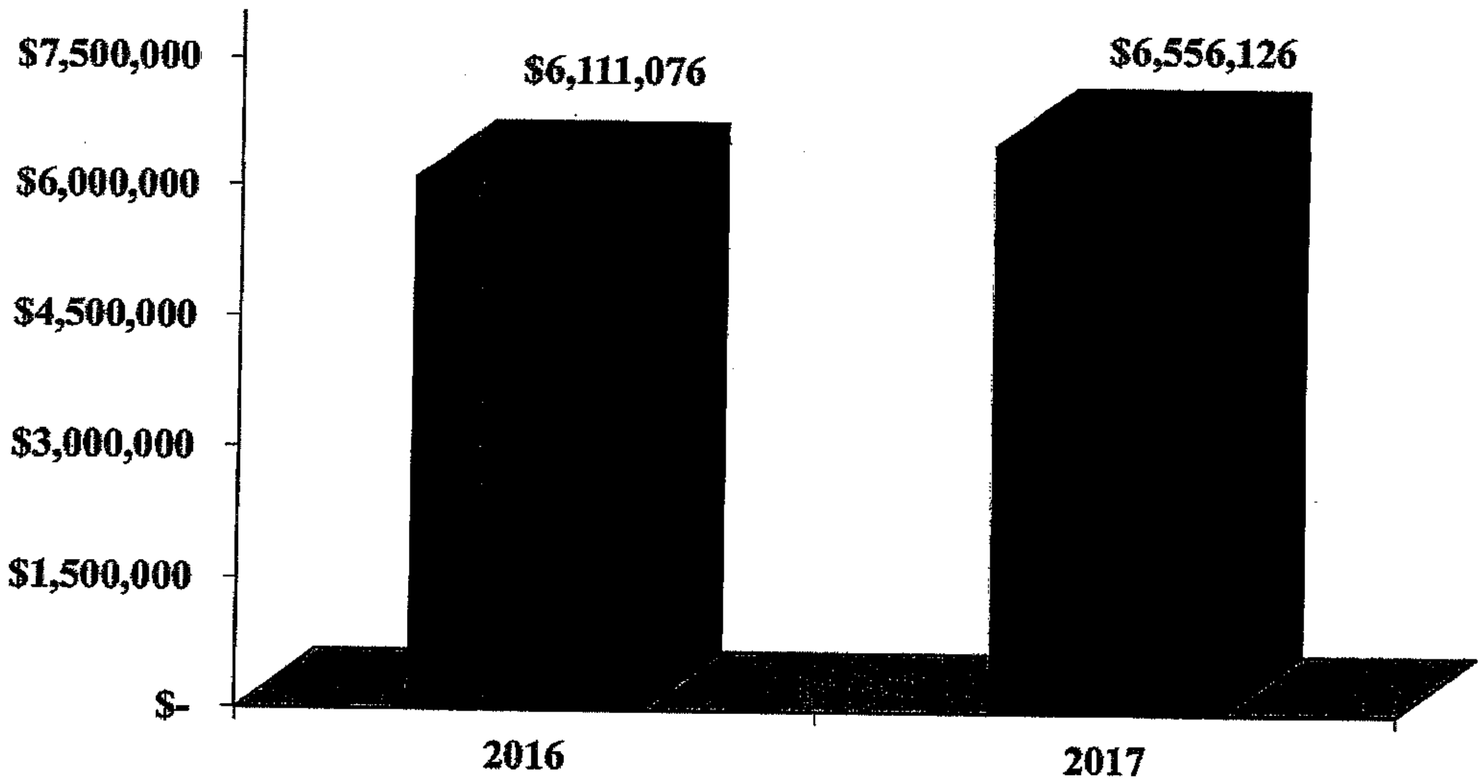
<u>Other Revenue:</u>
Other taxes and licenses
Restricted intergovt'l
Sales and services
Investment earnings
Miscellaneous revenues



Revenues Total: $11,915,223

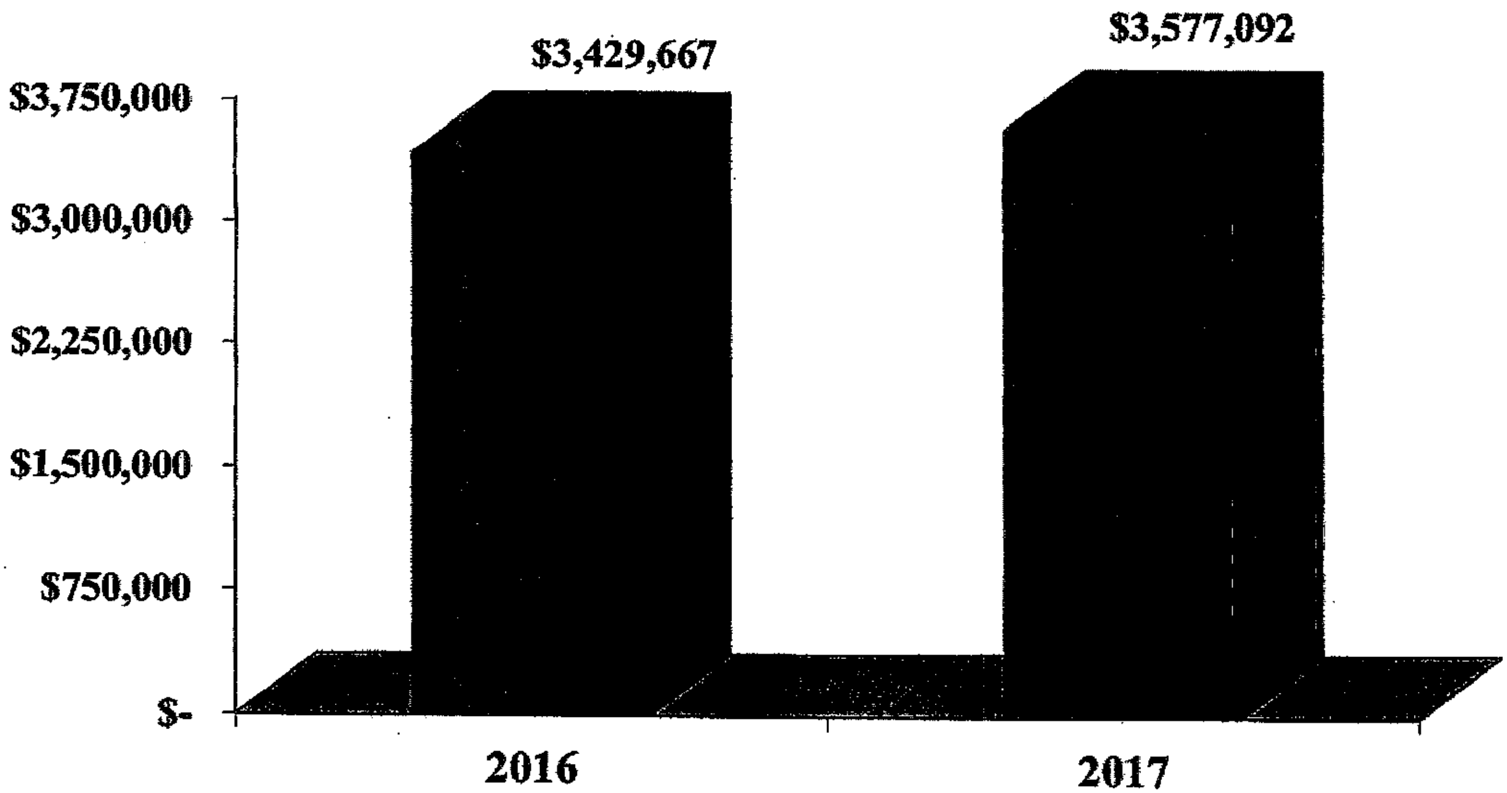
MARTIN·STARNES
& ASSOCIATES, CPAs, P.A.

Ad Valorem Taxes



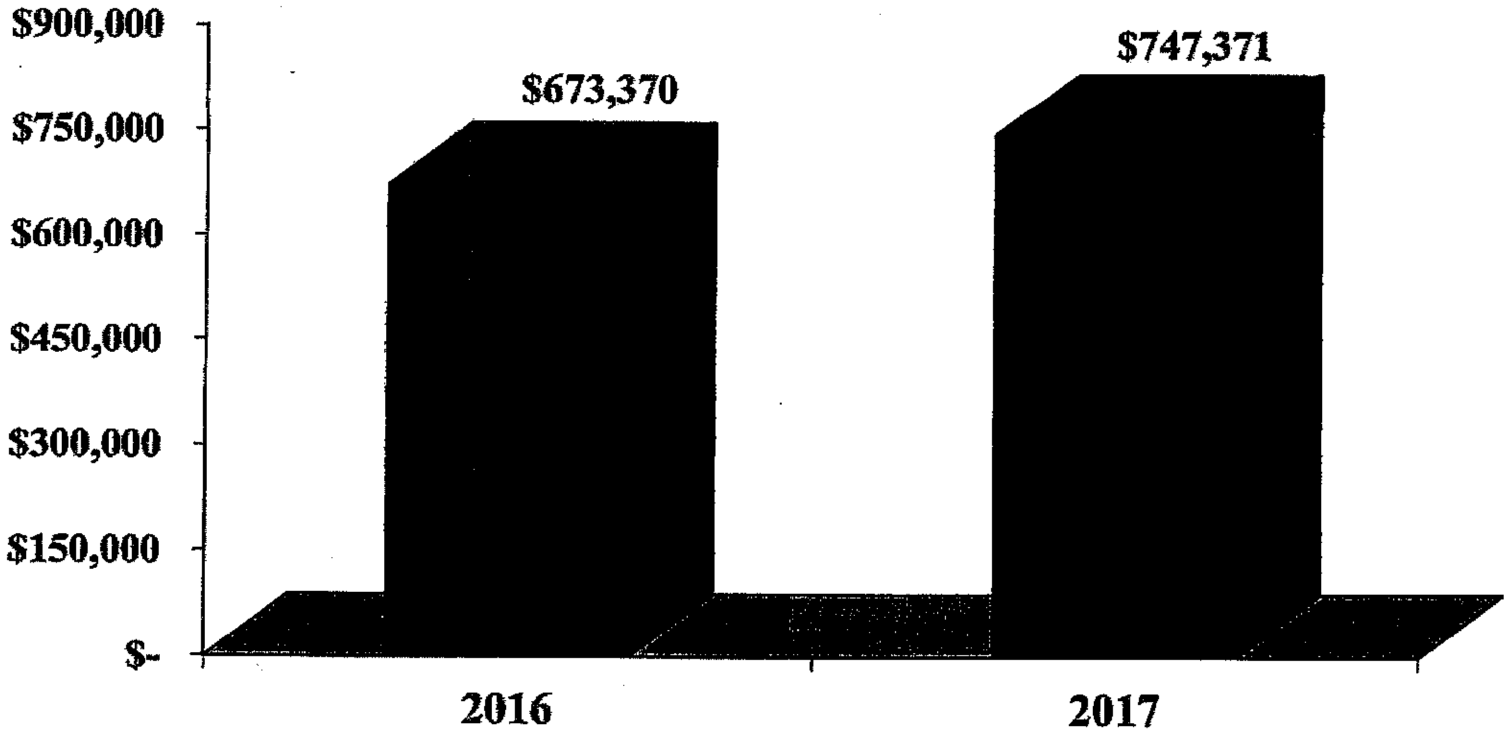
MARTIN·STARNES
& ASSOCIATES, CPAs, P.A.

Unrestricted Intergovernmental



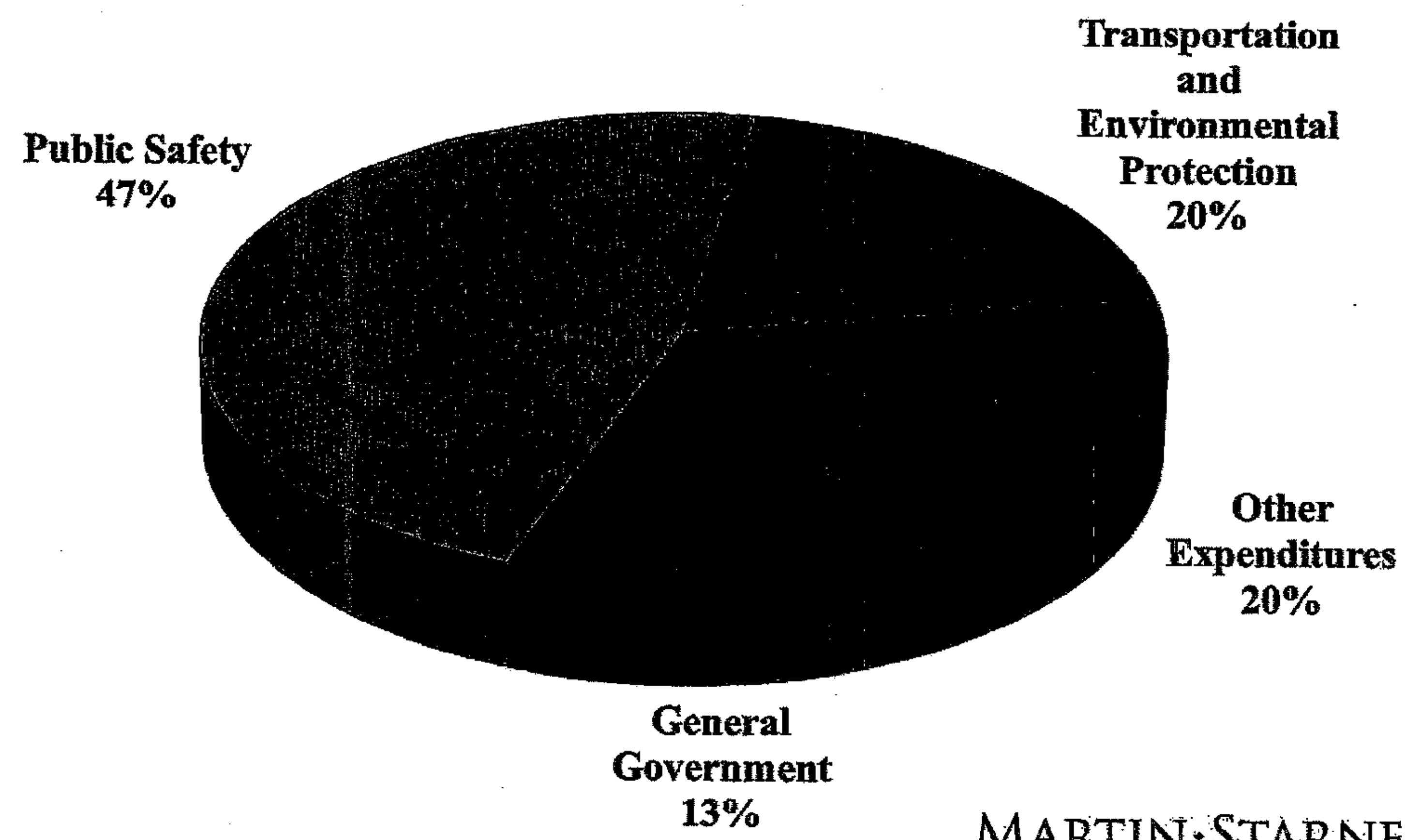
MARTIN·STARNES
& ASSOCIATES, CPAs, P.A.

Permits and Fees



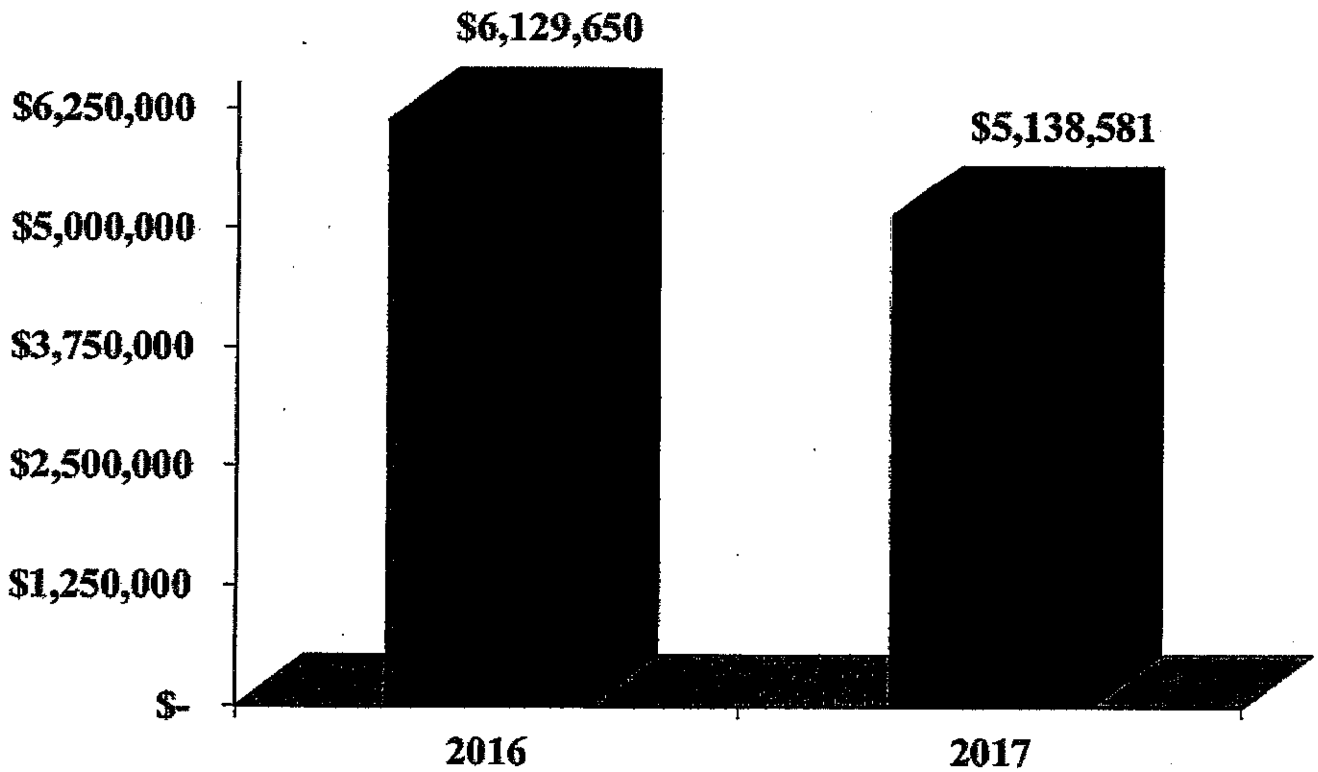
MARTIN·STARNES
& ASSOCIATES, CPAs, P.A.

Top 3 Expenditures: General Fund



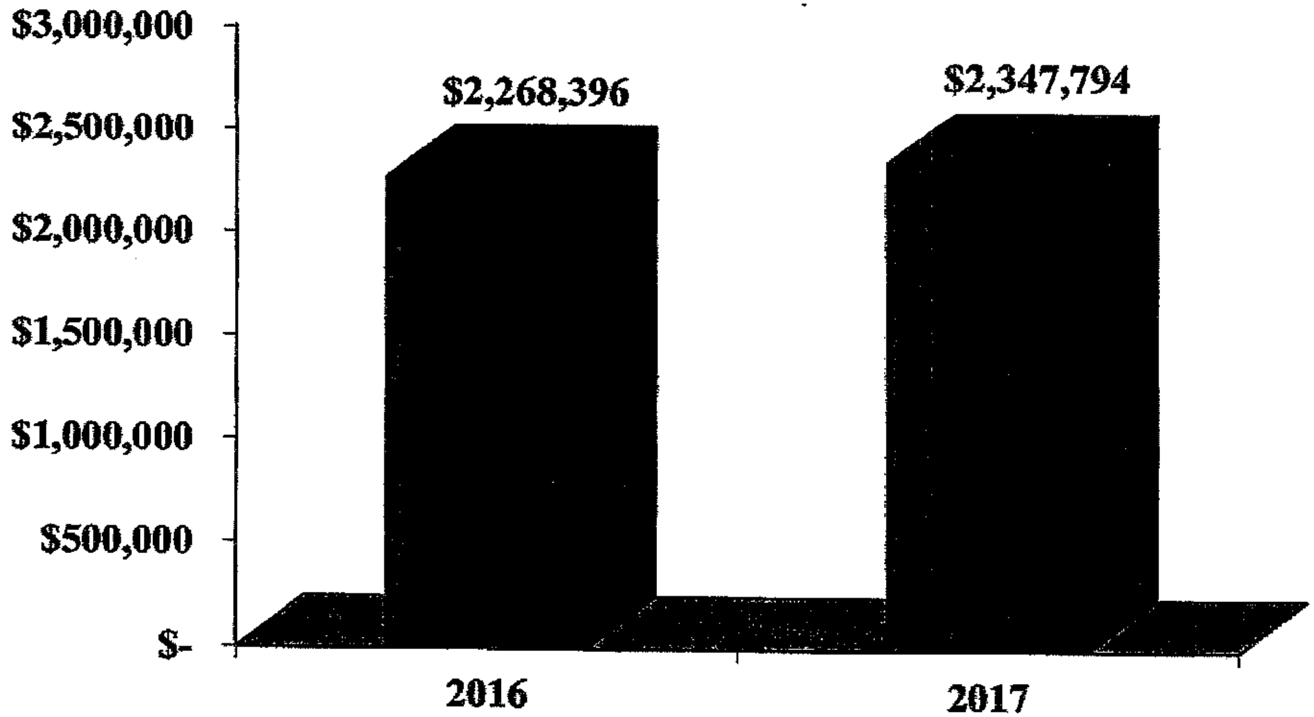
Expenditures Total $ 10,438,607

Public Safety



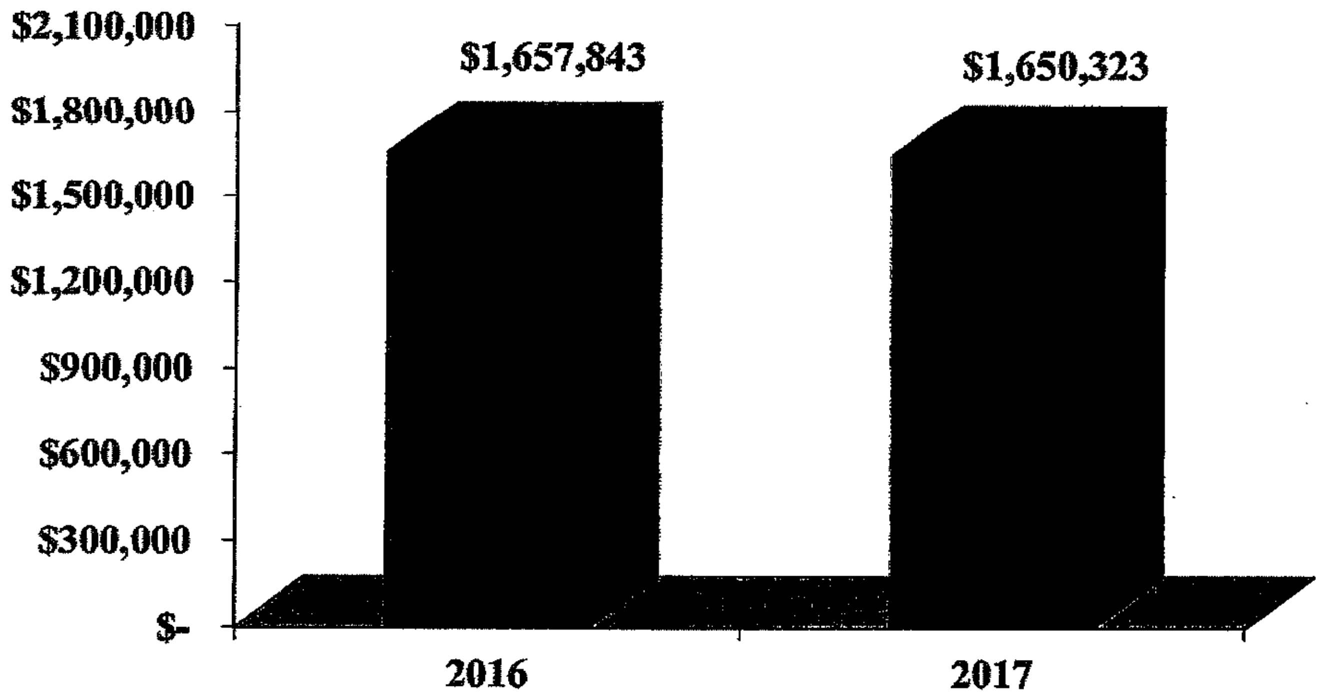
MARTIN·STARNES
& ASSOCIATES, CPAs, P.A.

Transportation and Environmental Protection



MARTIN·STARNES
& ASSOCIATES, CPAs, P.A.

General Government



MARTIN·STARNES
& ASSOCIATES, CPAs, P.A.

Water and Sewer Fund - Results

	2017	2016	Variance $	%
Budgetary:				
Operating Revenues	$ 6,072,322	$ 5,857,367	214,955	4%
Non-Operating Revenues	257,730	161,147	96,583	60%
Capital Outlay	(371,160)	(628,746)	257,586	-41%
Debt Service, including interest	(292,390)	(297,014)	4,624	-2%
Other Expenditures	(4,608,332)	(4,256,546)	(351,786)	8%
Revenues over (under) expenditures	1,058,170	836,208	221,962	27%
Full Accrual:				
Operating Income(loss)	$ 871,812	$ 317,111		
Unrestricted Net Position	10,798,871	9,944,122		

MARTIN·STARNES
& ASSOCIATES, CPAs, P.A.

OPEB – GASB 75

- What's to come?
- What does this mean for you?

- Like LGERS and LEO, you will have a prior period adjustment, pension deferrals, pension expense, and a larger liability

Discussion & Questions

MARTIN·STARNES
& ASSOCIATES, CPAs, P.A.

City of Mount Holly
Action Agenda Item

To: City Council	**Date:** 2-20-18
From: Brian DuPont	**Meeting Date:** 2-26-18

Agenda Item to be considered: Discussion of Transit Opportunities

Will this require a public hearing? ☐ YES ☒ NO

Background/Purpose of Request : Transit opportunities for Mount Holly vary depending on the type and magnitude that the Council could pursue. For background purposes, there are many forms of transit that range from demand response "dial-a-ride" service to van pools (Gaston ACCESS), fixed-route scheduled service (CATS/Gaston Transit bus/light rail), inter-city rail service (Amtrak Gastonia), and inter-city bus service (CATS 85 Express/Greyhound Bus). Attached is a visual of transit modes. For your information: BRT (bus rapid transit), LRT (light rail transit), CATS (Charlotte Area Transit System). Rail was specifically mentioned at the retreat, but there are many opportunities for the City to review.

The Gaston-Cleveland-Lincoln MPO staff has provided information attached outlining 5 broad options that Mount Holly could explore. Council could choose to do none, all, or a combination of these.

Attached is an excerpt from the 2005 Gastonia Rapid Transit Alternatives Study and the purpose of this report is was to establish the need and describe a number of options for eventual improvement of public transportation service in the Gastonia-Charlotte corridor, in consideration with the extension of transit improvements by the CATS in Mecklenburg County's West Corridor. The entire Study can be found online: http://www.gclmpo.org/documents/FinalReport-GRTASwithcover.pdf

Even though this study is 13 years old, it helped guide discussion/coordination with NCDOT for the replacement of the Wilkinson Boulevard (Hwy 74) bridge.

Fiscal Impact:

Will Item affect current budget	☐ YES	☐ NO	☒ N/A
Reviewed by Finance Director	☐ YES	☐ NO	☒ N/A
Preaudit Certification required	☐ YES	☐ NO	☒ N/A
Capital Project Ordinance required	☐ YES	☐ NO	☒ N/A
Budget Transfer required	☐ YES	☐ NO	☒ N/A
Total City Dollars:	*$*		
Budget Code			
Reviewed by City Attorney	☒ YES	☐ NO	☐ N/A

Manager/Staff Recommendation:
Discuss and provide direction to staff.

Result of City Council Decision:

Attachments:
1. **GCLMPO Options**
2. **Excerpt from 2005 Gastonia Rapid Transit Alternatives Study**
3. **Types of Transit Modes**

PROVIDED BY GCLMPO

1. CATS Rapid Transit Option – West Corridor Study
   - CATS will develop a new rapid transit vision for Charlotte's West Corridor, which is currently poised for streetcar under the 2030 Transit Corridor System Plan.
   - CATS will present an updated rapid transit vision for the LYNX West Corridor to the Metropolitan Transit Commission (MTC; CAT's governing body) for adoption into the 2030 Transit Corridor System Plan.
   - In November 2017, CATS conducted several public meetings to gauge current transit values along the West Corridor community. An online survey was also available.
   - CATS will return to the public in 2018 with several mode/alignment options.
   - Communities to the west of the Catawba River are extremely supportive of the possibility to include some type of transit option across the river, preferably rail. The Gaston-Cleveland-Lincoln MPO, along with our community partners, will continue to work with NCDOT and CATS to explore all options in order to make a future transit connection into Gaston County a reality.
   - More information can be found here - http://charlottenc.gov/cats/transit-planning/west-corridor/Pages/default.aspx
   - This option is supported in part through Section 2.5.4 LRT on Wilkinson Boulevard of the 2005 Gastonia Rapid Transit Alternatives Study.

2. Mount Holly Transit System – Federal Funding - Formula Grants for Rural Areas – 5311
   - This option is if Mount Holly wanted to develop our own system.
   - The Formula Grants for Rural Areas program provides capital, planning, and operating assistance to states to support public transportation in rural areas with populations of less than 50,000, where many residents often rely on public transit to reach their destinations. The program also provides funding for state and national training and technical assistance through the Rural Transportation Assistance Program.
   - Eligible recipients include states and federally recognized Indian Tribes. Subrecipients may include state or local government authorities, nonprofit organizations, and operators of public transportation or intercity bus service.
   - Eligible activities include planning, capital, operating, job access and reverse commute projects, and the acquisition of public transportation services.
   - The federal share is 80 percent for capital projects, 50 percent for operating assistance, and 80 percent for Americans with Disabilities Act (ADA) non-fixed route paratransit service. Section 5311 funds are available to the States during the fiscal year of apportionment plus two additional years (total of three years). Funds are apportioned to States based on a formula that includes land area, population, revenue vehicle miles, and low-income individuals in rural areas.
   - More information can be found here - https://www.transit.dot.gov/rural-formula-grants-5311

3. Extension of Gastonia Transit into Mount Holly
   - GCLMPO staff inquired as to if Gastonia Transit will ever look into expanding into neighboring communities. The response they received was never say never, but Gaston ACCESS is more appropriate to provide such a service because it is believed that they get both urban and rural funding.
   - In order for Gastonia Transit to provide service to a neighboring community, they would have to purchase vehicles, hire staff, etc., same as Mount Holly Option #2. There would be no real cost savings to Gastonia due to its current size and limited staff. (i.e. a system the size of CATS could absorb the extended service more easily without duplicating costs)

4. Expansion of CATS with new stop at Municipal Complex and/or other locations (utilizing NC 27) – Review opportunity to have CATS line extension from Shopping Center at Mount Holly-Huntersville Road & Mount Holly Road (Hwy 27 in Mecklenburg County).

5. Gaston ACCESS – expanding service
   - GCLMPO has requested data from Gaston ACCESS regarding ridership to/from Mount Holly and hopes to be able to provide this information at the Council worksession meeting if available.

that Type 2 park / ride customers can get back to their vehicles if parked at off-line facilities.

Major Capital Items. Constructing stations on the I-85 ramps will result in a need for eight stations to serve four interchanges, although the stations on the westbound on-ramps are not likely to be very large or elaborate. The configuration of the ramps at Exit 26 suggests that a single, off-line station may be required at that location.

The full-strength pavement shoulder lanes between interchanges, plus ramp queue bypass lanes, will be major capital items. Park / ride lots should be addressed as indicated for the Wilkinson Boulevard alignment. The same is true for any portions of the guideway using arterial streets with regard to pavement strengthening, hardstands, and preferential treatment with the associated traffic control costs.

The rolling stock issue should be addressed as for the Wilkinson Boulevard alignment.

2.5.3 BRT on Piedmont and Northern (P&N) Right-of-Way

Alignment. The former Piedmont and Northern (P&N) line starts in the center of Gastonia, runs parallel to NC-7 at first, then turns northeast towards Lowell and Mount Holly and crosses the Catawba River into Mecklenburg County. P&N also operated the "Belmont Spur" which branched out and turned south from the main line, west of Mount Holly, and extended into the town of Belmont. Within Gaston County, only that portion of the former P&N from a point approximately 500 feet west of the old Mount Holly depot to the Catawba River is owned and operated by CSX. The remainder of the route is owned by NCDOT and is out of service. The CSX-owned portion of the line serves various shippers in Mecklenburg County, where the right-of-way is relatively close to the former Seaboard Coast Line (SCL) tracks also owned and operated by CSX. The portion of the former P&N owned by CSX functions as a secondary track between Mount Holly, Pinoca, and the end of CSX ownership approximately one mile west of Cedar Yard in Charlotte. The SCL alignment is operated as a main line by CSX.

The downtown Gastonia BRT station would likely be located off-line, possibly at the Bradley Transportation Center site. From there, buses would access the BRT alignment via Franklin Boulevard, Marietta Street, Long Avenue and Ozark Avenue to a cross-street (to be determined) between I-85 Exit 19 and New Hope Road. Stops would then be made at New Hope Road (possibly behind the New Hope Square shopping center); in Ranlo (possibly near Cox / Spencer Mountain Road); Lowell (Birch Street? Main Street? –TBD); McAdenville (Pharr Boulevard crossing?); Belmont Junction; and Mount Holly. In Mount Holly the BRT alignment would have to leave the P&N right-of-way and continue via local roads and NC-27 to Charlotte or via NC-27 and I-485 to connect with the CATS busway.

Another possibility is to use the P&N alignment to serve the outlying communities near Gastonia but to shift the route over to I-85 or Wilkinson Boulevard where the P&N route is still relatively nearby, before it bears north toward North Belmont.

Design Issues. The Piedmont and Northern (P&N) alignment is generally 100 feet wide, with the single track off-center so that the distance from the center line of track to the property line is 42.5 feet in one direction and 57.5 feet in the other. NCDOT's Rail Division is currently programming some needed maintenance for deteriorated areas along the existing track even though it is out of service. The intent is to try to preserve the line in operable condition in hope that eventually a short-line railroad operator will re-institute freight service, which also assumes that some rail freight customers would locate along the line. One design issue is the question of accommodating both BRT and rail freight in the same 100-feet wide right-of-way, particularly in areas of narrow clearance such as the bridges that carry most of the major highways across the track. Lateral separation standards vary according to the freight operator's needs and desires. Designs such as track in the middle with one BRT lane on either side of the rail line, and operating concepts such as time separation of freight and passenger traffic, ought to be considered at a future study stage. Likewise, the feasibility of embedding rail in the running surface of the BRT lanes deserves investigation.

The question of how much of the P&N to use is also complex, involving issues such as the suitability of the P&N alignment from the users' and operators' perspective. Would the P&N line extended to Mount Holly attract more riders by serving more territory, or would it attract fewer because the circuitous routing would lengthen travel time to Center City Charlotte?

Location and sizing of park / ride lots requires analysis. Parking within the right-of-way would be limited by both terrain and the relatively small cross-section. There is adequate room for parking one row of cars at right angles to the center line of the BRT guideway, but not on both sides. Since many of the roadway crossings of the P&N are grade-separated, the right-of-way in the immediate vicinity of the proposed station locations may not be level enough to make good parking spaces; a trade-off between proximity to the station and cost of creating suitable slopes for the parking lot may be required.

Service Pattern. Type 1 service throughout the operating day, possibly augmented by Type 2 service in peak hours, peak direction, with a "Guaranteed Ride Home" policy to ensure that Type 2 park / ride customers can get back to their vehicles if parked at off-line facilities. Type 2 vehicles would be allowed to access the BRT guideway at any grade crossing where they can safely turn on or off the facility. However, since the crossings at grade tend to be with minor roads, it is not clear that such access would attract enough usage to be warranted. Instead, it might prove worthwhile to construct access ramps to / from the grade-separated crossings with major highways, on the assumption that significantly more people would be served.

Major Capital Items. Many variations in the location and configuration of the alignment exist, and it is not possible or necessary to evaluate them for the purposes of this study. If it is necessary in constructing a BRT guideway on the P&N right-of-way to preserve a clear and adequately-separated rail corridor for future use, substantial investment would likely be needed to furnish retaining walls where the present single track lies in a cut. If such preservation is not required, the guideway cost would be significantly lower.

Similarly, providing ramps from grade-separated highway overpasses down to the present track level would be more costly than simply allowing bus access from intersecting streets, though the latter might involve more circuitous routing.

No major new structures are contemplated for this alternative. For costing purposes it is assumed that an exclusive guideway will be provided along the P&N right-of-way between Gastonia and Mount Holly. BRT vehicles would operate on existing highway facilities between Mount Holly and either the west end of the CATS West Corridor or

Center City Charlotte, incurring only minor capital costs along that portion of the route for terminal facilities and preferential traffic controls.

Costs of six new BRT stations will be included in the capital cost estimate.

2.5.4 LRT in Wilkinson Boulevard

Alignment. Basically, two tracks in the middle of Wilkinson Boulevard. Origination point Bradley Station or successor location. Stops in same general locations as for BRT in Wilkinson: New Hope Road, Cox Road, Franklin Square, Wesleyan Drive, NC-7, NC-273, and the end of CATS' West Corridor line.

Design Issues. Design of median stations and their access will be a crucial issue. Safety of riders who must cross Wilkinson Boulevard and wait for LRT service should be a primary design consideration. Connections to the parking areas at park / ride stations also require consideration in siting, orientation, access / egress, and safety issues.

The Catawba River and South Fork bridges are inadequate to accommodate LRT vehicles in exclusive lanes. Designs for their replacements should take into account the possible need for exclusive lanes for rapid transit, both in deck width and design loading.

If CATS selects LRT in the West Corridor, it would be logical to design Gaston County's fixed facilities to the same design standards.

Service Pattern. Frequent service making all stops from downtown Gastonia to the end of the CATS West Corridor service. Feeder or circulator buses to link outlying residential developments and employment areas with the Wilkinson Boulevard line-haul operation. If CATS selects LRT in the West Corridor, it would be logical to run Gaston County service through to Center City Charlotte. Depending on frequency of CATS service it might be possible to schedule a Gaston County train to leave CATS' West terminal just ahead of the next all-stops CATS train. The Gaston County train would only make a few selected stops en route to Center City, and should be able to make the run a few minutes faster than an all-stops CATS train.

As a local variation, it might be more useful to operate from Gaston County through to the stop serving Charlotte-Douglas International Airport, and terminate there. This operating approach would require close coordination with CATS on all phases from track and signal design to operating schedules.

Major Capital Items.

- Typical LRT systems costs, rolling stock, etc.
- Either new structures over Catawba and South Fork rivers, or reconstruction of existing bridges.
- Possible reconstruction of Bradley Station in existing location if selected for multi-modal terminal, with retaining walls repaired / strengthened.
- Six LRT stations in approximately the same locations as BRT along Wilkinson Boulevard.

-*K*

2.5.5 LRT on Piedmont and Northern (P&N) Right-of-Way

Alignment. The LRT alignment in Gaston County would be the same as for the BRT in the Piedmont and Northern (P&N) right-of-way, as described in Section 2.5.3. One possible exception is that for the initial project, it might be more appropriate to terminate the rail service at a platform on the north side of the cut that carries the Norfolk Southern main line through downtown Gastonia, close to the Bradley Station and reached by an overpass spanning the tracks. Alternatively, the access might be from the Marietta Street overpass, with the platform located closer to Marietta Street. Stops would be at the same locations indicated for the BRT service.

Design Issues. The biggest issue for LRT would be linking the Gaston County portion of the line with the west end of the CATS West Corridor. As suggested in the discussion of BRT in the P&N alignment, one possibility would be to depart the P&N in the vicinity of McAdenville or Belmont and rejoin the Wilkinson Boulevard alignment. This could be accomplished by establishing a new right-of-way beginning in the vicinity of Hickory Grove Road or the western edge of the Oaks Corporate Center, heading southeast to the I-85 right-of-way and operating in the median of I-85 to the vicinity of Exit 26, then joining the P&N Belmont Spur in a southerly direction to Wilkinson Boulevard. Another possibility might be to acquire enough property between the P&N main line and the Belmont spur, just south of Belmont Junction, to enable construction of a direct track connection from the eastbound main line to the southbound spur. This concept results in a longer route but would avoid most of the expense of new right-of-way acquisition and new route construction (as contrasted with renovation of an existing line).

A second issue is the extent to which double-tracking would be required to maintain schedule reliability and provide for the desired headways. Several "new" LRT lines have been initiated with a relatively large proportion of single-track route (e.g. Sacramento, Baltimore) and double-tracked as demand grew and funds became available. This issue would require considerable study in subsequent phases of project development.

A third issue is how to design to accommodate future freight operations, should the opportunity arise. Assuming that the actual track may be shared but that strict time separation will be required, design of curves and grades, and side clearances (particularly in station areas) must allow for safe passage for freight cars and locomotives as well as LRT vehicles. A particular design challenge is platform layout and positioning to accommodate the wider clearance needed for freight trains while still meeting ADA requirements for wheelchair access to LRTs.

Service Pattern. Similar to that proposed for Wilkinson Boulevard LRT alternative, with feeder or circulator service as appropriate.

Major Capital Items.

- Typical LRT systems costs, rolling stock, etc.
- Connection back to Wilkinson Boulevard, likely to involve major new right-of-way acquisition.
- Six new stations as suggested for BRT in the P&N right-of-way, although locations will vary depending on how the link to Wilkinson is made, and one of the new LRT stations is assumed to be on the north side of the Norfolk Southern tracks near the County courthouse.

- A pedestrian overpass to link the LRT terminal with the Bradley Station, based on the assumption that the site for the new Multi-Modal Center will be in the same location.

2.6 Alternatives Screened Out

The commuter rail mode was screened out, as was one alignment – the Norfolk Southern main line – regardless of mode. Additionally, the I-85 alignment was deemed unsuitable for LRT. The reasons for these decisions follow. The section concludes with a brief description of the streetcar mode and reasons it should be screened out for this application.

2.6.1 Commuter Rail

The commuter rail mode is typically considered in situations with the following characteristics:

- Highly peaked travel demand to a CBD in the morning and return in the evening.
- Majority of travelers are frequent users of the service for a daily commute, who travel on a weekly or monthly pre-paid fare instrument.
- Users are accustomed to planning their own schedules around the rail timetable.
- Ability to carry large numbers of riders (1,000 per eight-car train, for example) over relatively long urban distances at speeds surpassing highway trip times.
- Relatively frequent service during peak hours in the peak direction; infrequent service outside of peak hours (hourly or worse).
- Line lengths typically 25 miles and more; 45-50 miles are not uncommon.
- Station spacing of three to five miles are common in newer systems; they are generally closer in older ones.
- Equipment is relatively low-performance; close station spacing makes for long travel times.

The commuter rail mode does not directly address the Gaston Urbanized Area's needs for linkage with CATS West Corridor service.

NCDOT has developed a conceptual plan for providing commuter rail service along the P&N alignment from Center City Charlotte to Gastonia. The plan involves upgrading the existing Mecklenburg County portion of the alignment to enable shared-track operation with the existing CSXT freight switching movements. The upgrade would involve provision of a second track and upgrading of existing track to facilitate temporary storage of freight cars en route to or from wayside customers to the south of the existing track, while permitting passenger trains to operate in the same time windows. Signalization and Centralized Traffic Control would have to be installed. The end of the line could be where the P&N track currently joins the Norfolk Southern main line, in the vicinity of Broad Street.

CSXT operates substantial through freight service on the former Seaboard trackage adjacent to the P&N right-of-way. According to NCDOT's Rail Division, CSXT moved approximately 26 million gross tons, primarily consisting of unit coal trains, during 2001. In 2003, traffic was about 15 trains per day on the Seaboard route. NCDOT believes CSXT volume in this corridor has remained relatively stable.

City of Mount Holly
Action Agenda Item

To: City Council	**Date:** February 23, 2018
From: Danny Jackson, City Manager	**Meeting Date:** February 26, 2018

***Agenda Item to be considered:* Agenda Item #4 – Consideration to approve a proposal to amend an Ordinance relating to Capital Recovery Fees and a Utilities Rate Study**

Will this require a public hearing? ☐ **YES** ☒ **NO**

***Background/Purpose of Request :* Last year the City Council adopted an Ordinance relating to the establishment and collection of certain Capital Recovery Fees. Such fees are housed in the Utilities Department and are a replacement for the former System Development Fees. The City of Mount Holly employed the services of Raftelis Financial Consultants, Inc., to handle the matter in accordance with HB 436. Due to recent changes to HB 436 it is now necessary to amend the ordinance adopted last year to reflect such changes. Raftelis is now being called upon to help with establishing a new Ordinance that would be in compliance with the changes mentioned herein. In addition to the Ordinance change Raftelis is called upon to perform a water and sewer rate study. Please see the attached proposal submitted by Raftelis as it relates to the items mentioned above.**

Fiscal Impact:			
Will Item affect current budget	☐ YES	☒ NO	☐ N/A
Reviewed by Finance Director	☒ YES	☐ NO	☐ N/A
Preaudit Certification required	☒ YES	☐ NO	☐ N/A
Capital Project Ordinance required	☐ YES	☒ NO	☐ N/A
Budget Transfer required	☐ YES	☒ NO	☐ N/A
Total City Dollars:	***$***		
Budget Code			
Reviewed by City Attorney	☒ YES	☐ NO	☐ N/A

Manager/Staff Recommendation: Motion to approve the proposal submitted by Raftelis Financial Consultants, Inc.

Result of City Council Decision:

Attachments: Proposal submitted by Raftelis Financial Consultants, Inc.

RAFTELIS
FINANCIAL CONSULTANTS, INC.

227 W. Trade St.
Suite 1400
Charlotte, NC 28202

Phone 704 . 373 . 1199
Fax 704 . 373 . 1113

www.raftelis.com

January 12, 2018

Mr. Kemp Michael
City Attorney
City of Mt. Holly
400 E. Central Ave
Mt. Holly, NC 28120

Subject: Water & Sewer Rate and Financial Planning Study and Update to System Development Fee Study

Dear Mr. Michael,

Raftelis Financial Consultants, Inc. ("Raftelis") is pleased to provide this proposal to the City of Mount Holly ("City") for a rate and financial planning study and an update to the system development fee study to comply with HB 436. Raftelis developed system development fees last year, prior to the signing of HB 436. The City is interested in updating this study to comply with HB 436. The City is also anticipating several large capital improvement projects for the wastewater system and is interested in the development of a rate and financial planning model ("Model") to determine the impacts of the capital improvement projects on wastewater rates, and ultimately customers, over the next several years. Finally, the model should also be built so that both wastewater and water rates and rate structures can be analyzed and projected over a 10-year forecast period.

RFC understands that City would like to conduct the study in two phases. The first phase would focus on the update to the system development fee study, and the impact this will have on water/sewer customers. The second phase will include a comprehensive sewer *and* water rate study that will include the results of Phase I, but also include the analysis of water and sewer rate structures and the impacts on customers.

Work Approach

<u>Phase I: Update to System Development Fees</u>

North Carolina House Bill (HB 436) became Session Law 2017-138 when it was signed by the Governor on July 20, 2017. This new legislation is prompting the City to review and update its water and wastewater system development fees and ensure it complies with HB 436. Raftelis will update the City's existing system development fee model to reflect the City's fixed assets and capital improvement projects as of Fiscal Year 2017 and reevaluate the most appropriate method to be used in the calculating the water and wastewater system development fees. While the system buy-in approach was used to calculate the system development fees in the previous study, significant changes in the capital improvement plan during the last fiscal year merits a review of the approach.

The Buy-In Methodology is most appropriate in cases where the existing system assets provide extra capacity to provide service to new customers. This approach calculates a fee based upon the proportional cost of each user's share of existing core assets. The Incremental Cost (or Marginal Cost) Methodology focuses on the cost of adding additional facilities to serve new customers. It is most appropriate where existing facilities do not have available capacity to provide service to new customers, and the cost for new capacity can be tied to an approved capital improvement plan ("CIP"), or where additional capacity is currently being added and costs can be tied to an on-going construction program. The Combined Cost approach is used in cases where the existing assets provide some capacity to accommodate new customers, but where the CIP also identifies significant capital investment to add additional infrastructure to address future growth and capacity needs.

The resulting system development fees will ensure compliance with HB 436 and also be used as a revenue source in the rate and financial planning study.

Phase II: Water and Sewer Rate Study

For this phase, Raftelis will use the results of Phase I and incorporate them into a comprehensive water and sewer rate and financial planning study. The financial forecast period will extend from Fiscal Year 2018 - 2028 to ensure revenue sufficiency over the City's near-term future.

Task I: Identification of Top Pricing Objectives

The most important component of this task is the kick-off meeting to collect information and discuss the City's pricing objectives regarding its water and sewer rate structure. One of the primary goals of the kick-off workshop will be the discussion and identification of City's pricing objectives with respect to the Study. Developing rates that will provide sufficient revenues throughout the rate forecast is paramount. Pricing objectives that will be discussed include:

- Revenue Stability
- Affordability
- Economic Development
- Rate Stability
- Minimal Customer Impacts
- Indirect Costs
- Water Efficiency
- Rate Equity (Cost-of-Service)
- Simple to Understand & Customer Understanding
- Ease of Implementation
- Equitable Contributions from New Customers
- Shared Cost with other Departments

Task 2 – Develop Financial Plan

With a firm understanding of the utility's objectives and financial policy goals, Raftelis will develop a financial plan that becomes the roadmap for financial decision making in the future. The financial plan becomes the source of information for the cost of service analysis, which is then used to design rates that are consistent with the cost of service analysis and achieve the pricing objectives identified in the workshop.

The financial plan will summarize the projected revenues and revenue requirements for the study period and will also incorporate annual debt service coverage requirements, compliance with applicable additional bond coverage tests, and will track reserve fund balances. The financial plan will project revenue shortfalls under City's existing rates and provide an indication of the additional revenues necessary to support the projected revenue requirements and financial health of utility. The financial plan will be developed with emphasis on the next five years, but with flexibility to consider much longer-term results.

Customer Demand Analysis / Bill Frequency Analysis

Raftelis will examine historical utility billing records to determine customer demands for water and sewer services. For water, Raftelis will examine water usage patterns as they relate to customer demands, population growth and usage peaks during different periods of the year. (This part of the task can only be conducted if the City can provide accurate and detailed customer information to Raftelis). Moreover, using a bill frequency analysis, we will study available historical water consumption of City's different customer types in order to better understand the consumption patterns for each type of customer. This kind of analysis allows better decision making regarding consumption block cut offs when setting tiered rates, determining appropriate rate or cost differentials between different customer classes, and analyzing customer impacts. Based on this historical analysis, and planning data from recently completed water system master plan, Raftelis will develop projections of water consumption and estimated wastewater flows.

Forecast Billable Units of Service and Revenues under Existing Rates

One of the initial steps in the financial planning process is to forecast revenue over the planning period at the existing rates. To do this, Raftelis will incorporate the results of the customer demand analysis to develop a forecast that projects billable units of service. The analysis will seek to develop an understanding of baseline indoor (non-discretionary) water use and the differences in water consumption characteristics of non-residential customers.

Once we have developed a projection of accounts and billable flows, we will forecast revenues using the existing rates. In addition to revenue generated from service charges, we will also forecast revenues from various ancillary fees, miscellaneous revenue, and interest income over the planning period.

Project Revenue Requirements

Offsetting the revenues will be a projection of the total revenue requirements (or expenditures) over the planning period for both the water and sewer utilities. The revenue requirements will include all O&M costs, capital costs, reserve requirements, and bond covenants. The revenue requirements will also recognize City's capital program and provide for estimated future debt service requirements.

complete each task and we reserve the right to shift hours among tasks and personnel as circumstances change during the engagement.

Please let me know if you have any questions about the proposed scope of work and fees, or if there is any additional information that you need to move forward with this project. We look forward to the opportunity to work with the City of Mount Holly on this important project.

Sincerely,
RAFTELIS FINANCIAL CONSULTANTS, INC.

Elaine Conti
Senior Manager

We accept the terms of this engagement letter:

Signature	Name of authorized agent
Date	Title

RFC is registered with the U.S. Securities Exchange Commission (SEC) and the Municipal Securities Rulemaking Board (MSRB) as a Municipal Advisor. Registration as a Municipal Advisor is a requirement under the Dodd-Frank Wall Street Reform and Consumer Protection Act. All firms that provide financial forecasts that include assumptions about the size, timing, and terms for possible future debt issues, as well as debt issuance support services for specific proposed bond issues, including bond feasibility studies and coverage forecasts, must be registered with the SEC and MSRB to legally provide financial opinions and advice. RFC's registration as a Municipal Advisor means our clients can be confident that RFC is fully qualified and capable of providing financial advice related to all aspects of utility financial planning in compliance with the applicable regulations of the SEC and the MSRB.

WORK PLAN

PHASE I: Update System Development Fee Study

	EVC	Staff	Admin	Total
Project Management and Administration	4			
Update original study to include fixed assets for FY 2017 and calculate fees under other allowed approaches	2	24		
Update written analysis to comply with HB 436	4	8		
Presentation to City Council	12	16	4	
Estimated Total Hours	22	48	4	
Billing Rate	$260	$180	$75	
Total Fees	$5,720	$8,640	$300	$14,660
Estimated Expenses				940
Estimated Total Project Fees				$15,600

EVC= Elaine Conti
Staff = Delaney Ridgely

Water & Sewer Rate Study

	EVC	Staff	Admin	Total
Project Management and Administration	8			
Identify Top Pricing Objectives	4	8		
Develop Financial Plan and Cost Allocation	16	34		
Develop Cost of Service and Rate Design	16	60		
Communicate Study Results	16	24	4	
Estimated Total Hours	60	126	4	
Billing Rate	$260	$180	$75	
Total Fees	$15,600	$22,680	$300	$38,580
Estimated Expenses				2,060
Estimated Total Project Fees				$40,640

EVC= Elaine Conti
Staff = Delaney Ridgely