

**FAYETTEVILLE CITY COUNCIL
WORK SESSION MINUTES
LAFAYETTE CONFERENCE ROOM
APRIL 1, 2019
5:00 P.M.**

Present: Mayor Mitch Colvin

Council Members Katherine K. Jensen (District 1); Daniel Culliton (District 2) (arrived at 5:06 p.m.); Tisha S. Waddell (District 3); D. J. Haire (District 4); Johnny Dawkins (District 5); William J. L. Crisp (District 6); Larry O. Wright, Sr. (District 7); Theodore Mohn (District 8); James W. Arp (District 9)

Others Present: Douglas Hewett, City Manager
Karen McDonald, City Attorney
Kristoff Bauer, Deputy City Manager
Telly Whitfield, Assistant City Manager
Barbara Hill, Interim Assistant City Manager
Gina Hawkins, Police Chief
Kevin Arata, Corporate Communications Director
Sheila Thomas-Ambat, Public Services Director
Lee Jernigan, Traffic Engineer
Jay Toland, Chief Financial Officer
Alicia Young, Assistant City Attorney
Kim Toon, Purchasing Manager
Robert Van Geons, FCEDC President
Pamela Megill, City Clerk
Members of the Press

1.0 CALL TO ORDER

Mayor Colvin called the meeting to order.

2.0 INVOCATION

The invocation was offered by Council Member Crisp.

3.0 APPROVAL OF AGENDA

MOTION: Council Member Arp moved to approve the agenda.
SECOND: Council Member Haire
VOTE: UNANIMOUS (9-0)

4.0 OTHER ITEMS OF BUSINESS

4.01 Opportunity Zones - Presentation by Peachtree Providence Partners

Mr. Walter Davis, Peachtree Providence Partners, presented this item with the aid of a PowerPoint presentation and stated the tax overhaul bill that was passed in late 2017 garnered a great deal of attention for its changes to the tax treatment of real estate, along with other asset classes. What got less attention (at least initially) was the bill's investing in Opportunity Act, which established the new Opportunity Zone program, consisting of Opportunity Zones and Opportunity Funds. The Opportunity Zone program was created to revitalize economically distressed communities using private investments rather than taxpayer dollars. To stimulate private participation in the Opportunity Zone program, taxpayers who invest in Qualified Opportunity Zones are eligible to benefit from capital gains tax incentives available exclusively through the program. Unlike existing programs designed to stimulate private investment in low-income communities, Opportunity Funds can self-certify without the need for approval from the US Treasury Department. This means that Opportunity Funds are managed entirely in the private market with the administration of the funds falling solely on the shoulders of fund managers rather than government agencies or investors. Most importantly, there is no cap on the amount of capital

that can be invested into qualified Opportunity Zones through the program, and hence no arbitrary limit on the extent to which the program may help reshape downtrodden communities. Those who hold their Opportunity Fund investment for at least ten years can expect to pay no capital gains taxes on any appreciation in their Opportunity Fund investment. That is because Opportunity Fund gains earned from Opportunity Zone investments can qualify for permanent exclusion for the capital gains tax if the investment is held for at least ten years.

Discussion ensued.

This item was for information purposes only.

4.02 Update on the City-wide Comprehensive Bicycle Plan

Mr. Lee Jernigan, Traffic Engineer, introduced Mr. Scott Lane and Ms. Michelle Peele, Stantec Consultants. Mr. Jernigan stated Stantec has been selected to develop the City-wide Comprehensive Bicycle Plan, Biking Fayetteville.

Mr. Lane stated the City Council's adopted FY 2017 Strategic Plan included a Target for Action to seek an alternative funding source for a bicycle master plan. To meet this direction, staff researched opportunities and learned that the NCDOT was accepting grant applications for pedestrian and bicycle planning studies. On October 24, 2016, Council approved Resolution No. 2016-067 authorizing an application for funding through the NCDOT Bicycle and Pedestrian Planning Grant Initiative. On March 1, 2017, staff received notification that the grant submission was not selected for funding. Staff reapplied for funding following Council approval of Resolution No. 2017-067 at their October 23, 2017, regular meeting. On March 14, 2018, staff received notification that the grant submission had been selected for funding by the NCDOT Division of Bicycle and Pedestrian Transportation. At Council's regular meeting on May 14, 2018, Council adopted and appropriated 50 percent (\$95,000.00) of the total \$190,000.00 estimated funds for the plan. The remaining 50 percent of the estimated funds for the plan will be provided by NCDOT. City staff worked with NCDOT to develop a scope for the project and once complete, NCDOT drafted all the necessary contract documentation to issue a Notice to Proceed to Stantec Consultants on November 8, 2018. The draft plan is scheduled to be completed by the end of 2019. The Comprehensive Bicycle Plan will be an integral part of developing and executing a more complete bicycle transportation system and will guide local and state efforts to improve conditions for bicyclists and other users of our transportation network. The results will assist the City to develop construction project priorities, recommend positive changes to local policies and guidelines, develop awareness initiatives, and identify opportunities for the implementation of education, enforcement and safety programs. This plan will also complement the recently completed Comprehensive Pedestrian Plan to provide enhanced opportunities for both modes of transportation. Stantec Consultants also completed the Comprehensive Pedestrian Plan for the City in April 2018.

Discussion ensued.

This item was for informational purposes only.

4.03 Hay Street Development Pad, LLC. Request for Supplemental Funding for Garage Contract

Mr. Rory Dowling and Mr. Jordan Jones, Prince Charles Holding (PCH), presented this item with the aid of a PowerPoint presentation and stated PCH is requesting the City increase its commitment to construction costs for the parking garage from \$14.5 million to \$16 million. The Parking Garage project challenges; reasons for the cost increases are due to:

- Increased structural (steel and concrete) requirements due to Hotel/Office Towers.
- Increased Scope
- Rain Days
- Hurricane Florence

PCH's Increased Commitments are to assume the remaining \$500,000.00 of increased construction cost and any additional costs that materialize. Increase personally guaranteed incremental Tax Assessed Value from \$37 million to \$45 million and to increase the amount of parking spaces leased from the City by 50 spaces under the same terms.

Mr. Kristoff Bauer, Deputy City Manager, stated if Council were to agree to increase the City's payment for the garage by the \$1.5 million requested by Hay Street, staff would recommend that the amount be funded through an additional issuance of limited obligation bonds (LOBs) for the garage, to be repaid over the 19 years remaining on the current LOBs. Debt service payments through fiscal year 2038 (19 years) would total \$2.1 million, while the increased tax revenues based upon the revised minimum value guarantees from the City's general tax rate and the Downtown MSD tax rate, and the County's increased projected contributions under the interlocal agreements for the funding of the stadium and the Franklin Street parking deck would total \$1.6 million. The funding gap at the end of the 19-year repayment period would be projected to be \$464,000.00; it is estimated that continuing tax revenues on the increased values would cover that funding gap by fiscal year 2048 (ten years).

Discussion ensued.

Consensus of Council was to direct staff to research additional funding options and report back by the end of this week.

4.04 Economic & Community Development New Programs Proposal

Mr. Kristoff Bauer, Deputy City Manager, presented this item with the aid of a PowerPoint presentation and stated at the February 2019 retreat, City Council discussed expanding Economic and Community Development efforts outside of CDBG programs. Staff has prepared a presentation of multiple options for Council to discuss. Staff are asking for direction of which of the programs are the most attractive, which program is Council willing to fund, and what the implementation expectations are. The current program funding is limited in scope. Current programs are 100 percent funded by CDGB and HOME (HUD). Mr. Bauer provided an overview of Neighborhood Revitalization options:

- Choice Neighborhoods Initiative
- Good Neighbor Next Door
- Homeownership Resolve
- Land Swap Program

Mr. Bauer provided an overview of the Economic Development Program options:

- Revolving Loan Fund
- NC REAL Entrepreneurship
- Murchison Road Corridor Commercial Rental Assistance Program
- The LOCAL program

Discussion ensued.

Consensus of Council was to direct staff to focus on the Good Neighbor and Choice Neighborhoods Initiative for Neighborhood Revitalization programs and to focus on the Revolving Loan Fund,

Corridor Commercial Rental Assistance and the LOCAL program for Economic Development.

4.05 Solid Waste Collections Outsourcing Bid Analysis and Consideration

Ms. Sheila Thomas-Ambat, Public Services Director, presented this item with the aid of a PowerPoint presentation and stated the City of Fayetteville currently offers solid waste collection to its 61,409 households using City staff and City-owned equipment. Council set a FY 19 Target for Action ("TFA") to consider outsourcing of solid waste collection services and directing staff to issue a Request For Proposals ("RFP") for contracted solid waste collection services. Staff issued that RFP and two proposals have been received. Council direction is sought regarding whether to accept one of these proposals or reject both.

The presentation was halted and discussion ensued.

Consensus of Council was to direct staff to reject all bids.

4.06 Council Member Request Item - Stormwater Easements and Dedication Discussion - Mayor Pro Tem Mohn

Mayor Pro Tem Mohn stated he believes the collective City Council needs additional discussion concerning the various stormwater problems across all nine City Council districts. I understand costs are associated with accepting properly platted drainage easements within residential neighborhoods. I understand costs are associated with accepting streets and their storm drains into our City's street inventory. I understand these type discussions are policy level decisions and Council needs to consider staff input and be prepared to identify a funding source depending on how the collective Council wants to proceed in the years ahead. I would like to determine if the collective City Council is interested in having additional discussion concerning our Stormwater Fund, and I would like to determine if the Collective City Council is interested in discussing the pros and cons to accept drainage easements dedicated to public use properly recorded with our Register of Deeds Office within residential neighborhoods plats.

Discussion ensued.

Consensus of Council was to move this item forward for further discussion.

5.0 ADJOURNMENT

There being no further business, the meeting adjourned at 9:04 p.m.