

**FAYETTEVILLE CITY COUNCIL
BUDGET WORK SESSION MINUTES
LAFAYETTE ROOM
MARCH 31, 2014
5:00 P.M.**

Present: Mayor Nat Robertson

Council Members Kady-Ann Davy (District 2) (arrived at 5:32 p.m.); H. Mitchell Colvin, Jr. (District 3); Chalmers McDougald (District 4); Robert T. Hurst, Jr. (District 5); William J. L. Crisp (District 6); Larry O. Wright, Sr., (District 7); Theodore Mohn (District 8); James W. Arp, Jr. (District 9)

Absent: Council Member Kathy Jensen (District 1)

Others Present:

Theodore L. Voorhees, City Manager
Kristoff Bauer, Deputy City Manager
Jay Reinstein, Assistant City Manager
Karen McDonald, City Attorney
Lisa Smith, Finance Officer
Tracey Broyles, Budget Manager
Jane Starling, Deputy City Clerk
Davenport Lawrence Representatives
Mike Lallier, Chair, Public Works Commission
Wick Smith, Public Works Commissioner
Darsweil Rogers, Public Works Commissioner
Steve Blanchard, PWC General Manager
Mark Brown, PWC Utilities Director
Carolyn Justice-Hinson, PWC Communications & Community Relations Officer
Members of the Public

1.0 CALL TO ORDER

Mayor Robertson called the meeting to order.

2.0 INVOCATION

The invocation was offered by Council Member McDougald.

3.0 PLEDGE OF ALLEGIANCE

Mayor Robertson led everyone in the pledge

4.0 APPROVAL OF AGENDA

MOTION: Council Member Mohn moved to approve the agenda

SECOND: Council Member McDougald

VOTE: UNANIMOUS (8-0)

5.0 OTHER ITEMS OF BUSINESS

5.1 PWC Presentation Phase V Annexation Scheduling

Mr. Mike Lallier, Public Works Commission Chairperson, introduced this item and item 5.2 He stated that Mr. Steven Blanchard is bringing this information in response to Council's request from the 1st January work session when they asked for annexation construction options. He stated that the first PowerPoint presentation will illustrate three options for scheduling construction:

1. Continuing the installation on the original schedule
2. Adding specific smaller areas (pockets) to the original planned installation
3. Expanding the installation to an average of 750 properties per year

Mr. Steven Blanchard, PWC CEO/General Manager presented three maps. The first one showing responses from the property owner survey. The second map illustrated the properties still needing service with the proposed acceleration and the third showing Phase V work that has been completed. He then gave a PowerPoint presentation explaining the following options:

1. Continuing Installation on the Original Schedule
- The present financing plan will work

- Modified assessment interest rate (prime plus 2%) is included

Cons:

- Extends the City's funding by 1 year

2. Add Specific Smaller Areas (Pockets) to Original Planned Installation

Pros:

- Modified assessment interest rate (prime + 2%) included
- Installation increases on average to 600+ properties per year
- More property owners requesting service will get it sooner
- Existing PWC staff can likely continue managing project

Cons:

- Extends the City's funding by 4 years
- Shortfall in the cash flow for the Phase V Reserve Fund will peak at \$1.4 million and be short for approximately 4 years

3. Expand Schedule to 750 Properties per year on Average

Pros:

- Modified assessment interest rate (prime plus 2%) included installation increases on average 750 properties per year
- More property owners requesting service will get it sooner

Cons:

- Extends the City's funding by 4 years
- Shortfall in cash flow for Phase V Reserve Fund peaks at \$5.8 million and will be short for approximately 7 years
- Additional PWC staff and/or a contract management firm would be required
- Larger areas and neighborhoods impacted by expanded construction crews.
- Additional construction "lay down" areas and additional construction traffic in and out of neighborhoods.
- Increase in property owner complaints is likely due to increased work in congested areas of neighborhoods.

Mr. Lallier stated that the Public Works Commission's advised action is to go with option two. Discussion ensued.

Consensus was to move forward with option 2. "Add Specific Smaller Areas (Pockets) to Original Planned Installation", to be considered at the next regular Council meeting.

Council Member Colvin did not consent stating that he did not have enough information.

5.2 FY2015 PWC Funding

Mr. Lallier presented a PowerPoint providing a historical review of funding, followed by an explanation of short term and long term funding.

Short-Term Funding

1. Recalculate financing schedule for City portion of Phase V funding
2. For FY2015, budget transfer would reflect approximately \$9,000,000 from PWC Electric Fund to the City's General Fund
3. This reflects approximately a \$900,000 increase in the FY2015 transfer over the previous year.

Long-Term Funding

1. Recommend that the City Council and PWC Commissioners establish a Committee to discuss alternative funding methodologies for Phase V annexation and the City's General Fund
2. Committee to begin its work in late summer and complete its work by the end of the calendar year

Mayor Robertson asked if the PWC steering committee could serve as the suggested committee. Mr. Lallier agreed with that suggestion.

Discussion ensued

Consensus was to move forward with the Steering Committee as the committee tasked to discuss long term funding.

5.3 Call Center Update

Mr. Jay Reinstein, Assistant City Manager; and Mark Brown, PWC Customer Relations Director, presented this item with the aid of a PowerPoint presentation which included the following summary:

- City and PWC management agree that the COF Customer Call Center should be moved and fully integrated with PWC's
- Details being finalized with a target 3rd Quarter implementation
- City Works Software and the Oracle Customer Care Software module will be installed and impact both the PWC and COF call centers at the end of June/early July timeframe
- New software installation is expected to negatively impact productivity initially as with any major change in technology and process.
- May be some relatively low "one time" costs to be communicated as the plan is finalized

Consensus was to endorse consolidation within existing FTEs and budgets so that staff can continue in this direction.

6.0 ADJOURNMENT

There being no further business, the meeting adjourned at 6:41 p.m.