

**FAYETTEVILLE CITY COUNCIL
WORK SESSION MINUTES
LAFAYETTE ROOM
MAY 2, 2011
5:00 P.M.**

Present: Mayor Anthony G. Chavonne
Council Members Keith Bates, Sr. (District 1); Kady-Ann Davy (District 2) (arrived at 5:10 p.m.); Robert A. Massey, Jr. (District 3); Bobby Hurst (District 5); William J. L. Crisp (District 6); Valencia A. Applewhite (District 7) (arrived at 5:15 p.m.); Theodore W. Mohn (District 8); James W. Arp, Jr. (District 9)

Absent: Mayor Pro Tem Darrell J. Haire (District 4)

Others Present:

Dale E. Iman, City Manager
Doug Hewett, Assistant City Manager
Kristoff Bauer, Assistant City Manager
Karen M. McDonald, City Attorney
Brian Leonard, Assistant City Attorney
Brian Meyer, Assistant City Attorney
Renner Eberlein, Assistant City Attorney
Lisa Smith, Chief Financial Officer
Tracey Broyles, Budget and Evaluation Manager
Charles Hunter, Police Captain
Benjamin Majors, Interim Fire Chief
Stanley Victrum, Information Technology Director
Karen Hilton, Planning and Zoning Division Manager
John Kuhls, Human Resource Development Director
Jeffery Brown, Engineering and Infrastructure Director
Jerry Dietzen, Environmental Services Director
James Rhodes, Solid Waste Supervisor
Steve Blanchard, PWC CEO/General Manager
Mike Lallier, Public Works Commission
Dwight Miller, PWC Chief Finance Officer
Joe Glass, PWC Engineering Manager-Water Resources
Mick Noland, PWC Water Resources Chief Operations Officer
Members of the Press

1.0 CALL TO ORDER

Mayor Chavonne called the meeting to order.

2.0 INVOCATION

The invocation was offered by Council Member Arp.

3.0 APPROVAL OF AGENDA

MOTION: Mayor Chavonne moved to approve the agenda with the flexibility to change the order of the items based on availability of staff.

SECOND: Council Member Massey

VOTE: UNANIMOUS (9-0)

Mayor Chavonne proceeded with the agenda items in the following order.

4.0 OTHER ITEMS OF BUSINESS

4.5 Text corrections or amendments for the Unified Development Ordinance (UDO).

Ms. Karen S. Hilton, Planning and Zoning Division Manager, presented this item and stated during the remapping process, some inconsistencies in the text were identified. She reviewed the recommended text corrections/amendments to the adopted UDO Version 7-2011 as outlined in the agenda packet and responded to questions by Council regarding the sign standards and appeal process.

Ms. Karen McDonald, City Attorney, explained Section 1-9 regarding appeals only pertained to the appeal of civil penalties and not the standards contained in the ordinance.

Ms. Hilton provided a timeline of the public hearings regarding the recommended corrections or amendments.

This presentation was provided for information purposes only. No action was taken on this item.

4.6 Consideration of resolution to adopt an ordinance regulating open burning of debris within City limits.

Mr. Benjamin Majors, Interim Fire Chief, presented this item and stated in response to the recent weather event, the State passed House Bill 268 which lifted burning restrictions until June and allowed residents within the City limits affected by the storm to burn storm debris. He stated under the House Bill local jurisdictions have the option to adopt an ordinance that would be more restrictive. He stated the purpose of the proposed ordinance was to keep the current burn standards in place and ban open burning of storm debris now and for future storms that may occur.

Concerns were raised and discussion ensued regarding air quality and forest fires.

Consensus of Council was to place this ordinance on the May 9, 2011, City Council agenda for approval.

4.1 Sewer installation schedule for Phase V annexation area.

Mr. Steve Blanchard, PWC CEO/General Manager, presented this item and provided background information. He stated it was requested that PWC review the funding model to see if the number of properties could be increased without an adverse impact on the funding requirement by the City or PWC. He stated PWC would need to add additional personnel to maintain an increased schedule and the City would need to allocate additional manpower and funds to support the storm drainage improvements being done simultaneously with the sanitary sewer installation.

Mr. Jeffery Brown, Engineering and Infrastructure Director, provided a brief overview and stated they were working with PWC in identifying the areas and working with an engineering firm for design of the sewer in the identified areas. He stated they were also working with the engineering firm to look at the storm drainage infrastructure within those areas to determine if there should be upgrades or additional storm drainage added to handle flooding complaints. He stated projects had been identified and the funding model and financing packet for LLC approval would be brought to Council for approval in July or August. He stated there was limited funding available and if projects were moved further ahead than originally scheduled, it would impact the ability to move forward with the projects already identified and force them to reprioritize. He stated it would require more staff and funding to add more projects to the schedule.

Discussion ensued regarding the impact of adding more projects. Mr. Blanchard explained the current process was working well and projects were moving forward on schedule. He stated adding more projects would shorten the schedule by a couple of years.

A question and answer period and discussion ensued regarding prioritizing streets that need storm water improvements and the additional personnel needed to maintain the increased schedule. Mr. Brown explained the process of looking into the complaints and storm drainage improvements. Mr. Blanchard further explained the current workload and overtime.

Mr. Blanchard provided an overview of the current interest rate of 8 percent and stated it was the maximum allowed by law and reviewed the impact of reducing the interest rate.

A question and answer period ensued after which there was discussion regarding the impact of lowering or raising the interest rate. Mr. Blanchard explained Council sets the interest rate at the time of the assessment. He stated he could provide a report of the suggested percentages showing the impact for Council's review.

Council Member Mohn inquired if they could put \$1 million in the project fund that would grow and could use later. Mr. Iman responded Council could set up a special fund.

Consensus of Council was to have staff work on a policy change for future assessments regarding the interest rate and bring back to Council.

4.2 Public Works Commission FY 2012 budget presentation.

Mr. Steve Blanchard, PWC CEO/General Manager, presented this item and reviewed a power point of the PWC 2011-2012 annual budget as follows:

- FY 2011-2012 Recommended Budget

Electric Fund	\$219,420,600.00
Water and Wastewater Fund	79,581,850.00
Fleet Maintenance Internal Service Fund	<u>7,032,430.00</u>
Total 2011-2012 Budget	<u>\$306,034,880.00</u>

- Six-Year Capital Improvement Program

- New services
- Aging infrastructure for electric, water, and wastewater systems
- NCDOT projects
- Annexation projects

- CIP Budget \$51,251,500.00 plus bond funded and other projects

- Economic Development Direct Funding

- \$315,000.00 to support the Fayetteville/Cumberland County Chamber of Commerce
- \$500,000.00 to support the Hope VI Project
- \$50,000.00 to continue PWC Foreign Trade Zone
- \$125,000.00 for development of PWC property

- Personnel Costs - 2.7% allowed in performance evaluation formula for employees with a budget impact of 1.35%

- Rate Changes

- Electric rates will be reviewed and any adjustment will be effective May 1, 2012
- Water and sewer rate increase approved with an effective date of May 1, 2012

- Commitment to Support City of Fayetteville

- \$9,769,883.00 transfer from Electric Fund to City
- \$1,350,000.00 included for parking deck
- \$1,426,000.00 for City of Fayetteville storm drainage issues
- \$400,000.00 included for street lighting upgrades
- \$3,375,000.00 budgeted for downtown streetscape and Bragg Boulevard gateway improvements

- City Funding - Original Plan

Cash to General Fund	\$7,437,806.00
City Share Phase V Annexation	1,926,030.00
Adjustments per Agreements	<u>406,047.00</u>
Total	<u>\$9,769,883.00</u>

- City Funding - With Amendment to Phase V Funding Agreement

Cash to General Fund	\$8,437,806.00
City Share Phase V Annexation	926,030.00
Adjustments per Agreements	<u>406,047.00</u>
Total	<u>\$9,769,883.00</u>

A question and answer period ensued after which there was discussion regarding the information presented and the contributions from the City and PWC.

Consensus of Council was to forward a master list of questions to Mr. Blanchard for his response.

4.3 Overview of the Fiscal Year 2011-2012 recommended General Fund budget.

Mr. Dale Iman, City Manager, presented this item and stated as the revenues were coming in and more guidance was received from the State, the budget looked better than it did three months ago. He provided an overview of the budget process to date and reviewed a power point of the FY 2011-2012 Recommended General Fund budget as follows:

General Fund Recommended Budget (In Millions)			
Revenues	FY 2011 Original Budget	FY 2012 Recommended Budget	Change
Property Taxes	\$58.6	\$60.0	\$1.4
Other Taxes	2.5	2.6	0.1
Intergovernmental	51.5	52.7	1.2
Fees/Miscellaneous	8.2	9.2	1.0
Transfers/Financing	10.5	10.3	(0.2)
Fund Balance	2.9	4.0	1.1
Total	\$134.2	\$138.8	\$4.6

Mr. Iman explained the Fund Balance was growing because of a 4 percent vacancy increase. He stated in the past they would budget 100 percent for each department for salary. He stated they were changing the fund balance budgeting this year because this was not a fair or accurate way to present the information. He continued his review of the power point as follows:

General Fund Revenue Highlights

Property Taxes

- Expect real and personal property values to be 1.75% higher than projected FY 2011 values
- Expect motor vehicle property values to be 5.4% higher than projected FY 2011 values
- Project 2.4% revenue growth for ad valorem taxes versus FY 2011 original budget

Sales Taxes

- Projected 3.5% economic growth for FY 2012 over the FY 2011 projection is offset by census population loss
- As compared to the FY 2011 original budget, revenues are projected to increase by 3.4%

Utility Tax Distributions

- Project FY 2011 revenues to be 1.0% higher than FY 2011 original budget
- Project FY 2012 revenues to decline 1.4% from FY 2011 estimates based upon NCLM guidance and census population impacts

Fees for Service (Functional Revenues)

- FY 2012 projections include \$286,000.00 from fee adjustments as previously shared

Revenue Highlights

PWC Transfers

- Regular transfer projected at \$9,769,900.00, an increase of \$767,000.00 or 8.5% from FY 2011 original budget
- FY 2011 original budget included a one-time return of \$1 million in residual funds from Phase 1 projects
- FY 2012 includes a \$65,000.00 transfer to fund one half of residential street light expenditures through December 2011

Other Transfers

- \$427,845.00 included from transfers from the Recycling Fund and Lake Valley Drive MSD to repay interfund loans
- \$27,216.00 included from the CBTD for parking deck debt service

Use of General Fund Fund Balance

Capital Improvement Plan Uses of Fund Balance

- \$1.19 million for municipal agreements – transportation projects
- \$607,000.00 for building maintenance – roof repairs, HVAC replacements, and other projects
- \$200.000.00 for Fort Bragg Road rehabilitation

- \$265,000.00 for facility space and needs analysis and improvements
- \$150,000.00 for Ramsey Street project
- \$50,000.00 to secure Texfi site
- \$50,000.00 for sidewalks

A question and answer period ensued regarding the energy grant and the funds for the tornado cleanup. Mr. Iman explained the energy grant was a separate fund and provided budget amendment figures on the tornado cleanup.

Other Uses of Fund Balance

- \$845,000.00 for replacement aerial fire truck
- \$150,000.00 for 25 in-car cameras for Police
- \$218,000.00 for biennial election
- \$85,000.00 for classification and compensation study
- \$50,000.00 for Bragg Boulevard corridor study
- \$50,000.00 for 250th Anniversary celebration
- \$65,000.00 for half-year residential street light utilities
- \$31,000.00 for FY 2012 Festival Park Plaza taxes

A question and answer period ensued regarding the in-car cameras. Mr. Charles Hunter, Police Captain, explained 100 out of 250 vehicles would have cameras installed. He stated the priority would be on patrol officers and then working up through the supervisors and the ones with the highest incidents of citizen interaction would take top priority.

General Fund Recommended Budget (In Millions)			
Expenditures	FY 2011 Original Budget	FY 2012 Recommended Budget	Change
Personnel	\$81.7	\$80.2	(1.5)
Operating	19.8	20.6	0.8
Contract Services	11.9	12.7	0.8
Capital Outlay	5.1	5.4	0.3
Other	15.7	19.9	4.2
Total	\$134.2	\$138.8	4.6

General Fund Expenditure Highlights

Personnel

- Includes funding for police pay plan, and performance pay for other employees (4% police upper ranks, 2.5% general employees)
- Projected 4.1% vacancy savings reduced from expenditure budgets - Previously budgeted at 100% with offset from fund balance
- Includes impact of retirement rate increases, and decreases in employer healthcare contributions
- Reflects savings from Police overtime reductions, Environmental Services efficiencies
- Includes new positions for PROP program

Operating

- As compared to FY 2011 original budget
 - Utility costs projected to be up 20.8% or \$370,000.00
 - Vehicle maintenance costs projected to be up 18.7% or \$726,000.00
 - Fuel expenditures projected to be up 27.7% or \$557,000.00

Ms. Lisa Smith, Chief Financial Officer, explained the 20.8 percent increase in utility costs included the residential street lights not in the original budget and PWC’s rate increases were incorporated also.

Concern was raised and discussion ensued regarding the increase in the vehicle maintenance costs. Mr. Iman explained the City owned 60 percent of the fleet that PWC services. He stated a Fleet Review Committee was created a year ago and Mr. Kristoff Bauer, Assistant City Manager, worked with PWC.

Mr. Kristoff Bauer, Assistant City Manager, stated the result of the study indicated that the cost for service per vehicle was well below the industry average. He stated PWC recommended the City increase replacement or reduce the size of its fleet to conserve cost. He stated they had improved dramatically with replacement, but had not gotten to the point where people were willing to let go of backup vehicles in order to ensure operational effectiveness. Discussion ensued regarding energy audits being performed on the facilities. Mr. Doug Hewett, Assistant City Manager, stated they could prepare a report regarding the efficiencies of the facilities.

Mr. Iman continued review of the General Fund expenditure highlights as follows:

Contract Services

- Projected annexation agreement reimbursements (sales tax and other revenues) are \$719,000.00 less than FY 2011 original budget
- Other significant variances for FY 2012 include:
 - \$100,000.00 for the Goodyear incentive
 - \$135,000.00 for Hope VI permit reimbursements
 - \$180,000.00 for street sweeping landfill charges
 - \$85,000.00 for classification and compensation study
 - \$215,000.00 for election costs
 - \$265,000.00 for facility and space needs analysis and improvements

Capital

- Vehicle and Equipment Replacements

Police	\$1,016,500.00	29 units
Environmental Services	1,470,000.00	6 units
Fire	1,377,000.00	3 units
Parks, Recreation, and Maintenance	413,500.00	21 units
Engineering and Infrastructure	422,000.00	4 units
	<u>\$4,699,000.00</u>	<u>63 units</u>

- Other capital items include:

Police In-Car Cameras	\$150,000.00	25 units
Equipment for NC Veterans Park	\$84,000.00	4 units
Energy efficient ball field lighting	\$140,000.00	

Other Expenditures Includes Transfers to Capital Project Funds for:

Street resurfacing, including Fort Bragg Road	\$3.65M
Municipal agreement projects	1.19M
Building maintenance projects	818K
Computer replacement plan	311K
Sidewalk improvements	156K
Ramsey Streetproject	150K
Playground improvements	67K
Parking lot maintenance projects	53K
Wayfinding project	<u>50K</u>
	<u>\$6.445M</u>

Other Expenditures also includes:

Transfer to Capital Funding Plan	\$6.4M
Transfers to Transit Funds	\$3.2M
Debt Service Payments	\$1.3M
Transfer to PWC for Annexation Projects	\$926K
Transfer to PWC for debt service and Black and Decker agreement	\$406K

Mr. Iman provided a timeline for the budget workshops, public hearing, and adoption of the budget.

This presentation was provided for information purposes only. No action was taken on this item.

4.4 Review of proposed Solid Waste service standards.

Mr. Jerry Dietzen, Environmental Services Director, presented this item and provided background information. He stated at the April 4, 2011, work session Council directed staff to move forward with the standards except for the maximum of 30 bags during leaf season collection and the clear bags used for yard waste collection. He reviewed a power point outlining the proposed solid waste service standards as follows:

Proposed Garbage Collections Standards

- Trash in City-issued carts only, one additional City brown cart may be used
- Items outside of the cart shall not be collected
- Carts shall be placed within one foot of the curb
- Resident generated construction debris \$50.00
- A “set out” will result in a fee of \$100.00
- More than one bulky collection pickups within 90 days will result in a fee of \$50.00
- Maximum of 30 bags during leaf collection season
- All yard waste must be placed within five feet of the curb or the edge of the pavement
- Only clear bags should be used for yard waste

Three Unique Issues

- Preparing for automated trucks
- Addressing potential fees for bulky collection “over-users”
- Operational improvements with yard waste collection

Semi-Automated Truck - 7-Year Analysis

Equipment Cost	\$180,000.00
Fuel	49,806.00
Labor	481,487.00
Maintenance	143,913.00
Workers’ Compensation Average Cost	66,654.00
Worker Supplies	<u>10,070.00</u>
Total 7-Year Cost	<u>\$931,930.00</u>

Automated Truck - 7-Year Analysis

Equipment Cost	\$230,000.00
Fuel Estimate	83,940.00
Labor	253,938.00
Maintenance	187,087.00
Anticipated Workers’ Compensation Cost	16,664.00
Worker Supplies	5,035.00
Increased Capacity	<u>(156,716.00)</u>
Total 7-Year Cost	<u>\$619,948.00</u>

Potential Savings

Semi-Automated Truck for 7 Years	\$931,930.00
Automated Truck for 7 Years	<u>619,948.00</u>
Per truck potential savings	<u>\$311,982.00</u>

For four trucks: \$311,982.00 x 4 = \$1,247,928.00

A question and answer period ensued after which there was discussion regarding the use of an automated truck as to fuel usage, time needed to go through a neighborhood, the quality of service as to cart placement, bulk pickup, and being able to pick up overflow trash. Mr. Dietzen continued review of the power point as follows:

Bulky

- 44,103 bulky collections last year
- 12,279 construction and mixed debris (set-outs) collections
- Disposal costs - \$48,637.00

Possible Fee

- Consider fee for more than one bulky collection in 3 months or no more than four per year (\$50.00 recommended)
- Consider fee for removal of construction debris (\$50.00 recommended)
- Consider fee for set-outs not removed by owner (\$100.00 recommended)

Yard Waste

- Place yard waste in clear bags (rescinded)
- No more than 30 bags during leaf season (rescinded)
- Place yard waste within 5 feet of the curb (recommended)

Transition Period

Household Trash

- First 6 months we collect what is outside of the cart and issue information to resident
- After 6 months cite the homeowner but collect what is not in the cart
- After 9 months cite the homeowner and do not collect debris outside of the cart

Bulky

- Contact homeowners with more than 4 collections per year and offer alternatives and information about the ordinance

Council Member Massey inquired if they would be reducing services. Mr. Dietzen responded in the negative but stated the standards would require the homeowner to prepare the trash for pickup. Council Member Crisp expressed concern that the standards were placing too much burden on the citizens.

A majority of Council was in support of moving forward with implementation of the household trash collection, bulky collection, and yard waste collection standards as proposed; continue buying the automated trucks; and coming back to Council with updated information.

5.0 ADJOURNMENT

There being no further business, the meeting adjourned.