

**FAYETTEVILLE CITY COUNCIL
BUDGET WORK SESSION MINUTES
LAFAYETTE ROOM
AUGUST 4, 2014
5:00 P.M.**

Present: Mayor Nat Robertson

Council Members Kathy Jensen (District 1); Kady-Ann Davy (District 2); 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 (District 9)

Others Present:

Theodore L. Voorhees, City Manager
Kristoff Bauer, Deputy City Manager
Rochelle Small-Toney, Deputy City Manager
Jay Reinstein, Assistant City Manager
Karen McDonald, City Attorney
Ben Major, Fire Chief
Lisa Smith, Chief Finance Officer
Michael Gibson, Parks, Recreation, and Maintenance Director
Rusty Thompson, Engineering and Infrastructure Director
Randy Hume, Transit Director
Tracie Davis, Corporate Communications Director
Steven Blanchard, PWC CEO/General Manager
Dwight Miller, PWC Chief Finance Officer
Russ Rogerson, Executive Vice President, The Alliance
Pamela Megill, City Clerk
Members of the Press
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 LOCATION OF MEETING

Mayor Robertson stated several citizens had asked that this meeting be moved to the Council Chamber and asked for a motion to so move.

MOTION: Council Member Crisp moved to move this meeting to the Council Chamber

SECOND: Council Member Wright

Council Member Arp questioned if this action would set precedence.

Council Member McDougald cautioned this action would set precedence.

Council Member Mohn suggested the meeting be moved if there was a lack of capacity in the Lafayette Conference room.

It was determined there was sufficient seating for all in attendance.

Council Member Colvin suggested this type of action should be capacity driven.

Council Member Crisp cautioned this type of action and said it should be driven by number of attendees.

VOTE: The majority of Council did not give consensus to move the location of the meeting; the meeting remained in the Lafayette Conference Room.

3.0 APPROVAL OF AGENDA

MOTION: Council Member Hurst moved to approve the agenda, and to move item 4.4 – Economic Development Quarterly Dashboard Report, Fourth Quarter to item 4.7

SECOND: Council Member Arp

VOTE: Unanimous (10-0)

4.0 OTHER ITEMS OF BUSINESS

4.1 PWC Series 2014 Revenue Bonds

MOTION: Council Member Arp moved to waive the rules regarding Protocol 10 – Council Work Session Policy in order to take formal action on this item.

SECOND: Council Member Hurst

VOTE: Unanimous (10-0)

Mr. Dwight Miller, PWC Chief Finance Officer, presented this item and stated the Fayetteville Public Works Commission proposes to issue Series 2014 Revenue Bonds in August 2014. During the Council's January 27, 2014, meeting Womble Carlyle Sandridge and Rice, PLLC was approved to continue as Bond Counsel for this issuance. PWC staff also briefed Council on the proposed bond issuance and outlined the process to complete the issuance of debt during the June 2, 2014 Council Work Session. A Resolution Making Certain Findings and Determinations, Authorizing the Filing of an Application With the Local Government Commission, requesting the Local Government Commission to sell Bonds at a Competitive Sale and Approving the Financing Team all in connection with the Issuance of Revenue Bonds by The City of Fayetteville, North Carolina was adopted by the Fayetteville Public Works Commission during their meeting of June 11, 2014 and the City Council during their June 23, 2014 meeting. During their meeting of July 23, 2014, the Fayetteville Public Works Commission adopted Resolution PWC 2014.05 *“Resolution Approving And Agreeing To The Terms Of A Bond Order Authorizing The Issuance Of Public Works Commission Revenue Bonds, Series 2014 By The City Of Fayetteville, North Carolina, Requesting That The City Council Of Said City Adopt Such Bond Order And Taking Certain Other Actions In Connection With Such Bonds”* and requested that City Council adopt the Series 2014 Bond Order. Resolution PWC2014.05 approves and agrees to the terms of the Bond Order. The aggregate principal amount of the bonds will not exceed \$125,000,000 for the purpose of providing funds for the construction of various capital projects to include (1) extension of water and sanitary sewer mains and lines to the various annexed areas of the City, (2) extension, rehabilitation, and replacement of water and sanitary sewer mains, lines, and manholes, (3) improvements and upgrades to sanitary sewer collection and treatment facilities, (4) improvements and upgrades to the water distribution and treatment facilities, (5) replacement of electric and water meters with advanced smart meters and (6) replacement of streetlights with energy efficient LED lighting.

Discussion ensued.

MOTION: Council Member Arp moved to approve the **“BOND ORDER AUTHORIZING AND APPROVING THE ISSUANCE AND SALE UNDER THE PROVISIONS OF THE STATE AND LOCAL GOVERNMENT REVENUE BOND ACT, AS AMENDED, OF NOT TO EXCEED \$125,000,000 AGGREGATE PRINCIPAL AMOUNT OF THE CITY OF FAYETTEVILLE, NORTH CAROLINA, PUBLIC WORKS COMMISSION REVENUE BONDS, SERIES 2014 TO PROVIDE FUNDS FOR VARIOUS ELECTRIC, WATER AND SANITARY SEWER CAPITAL IMPROVEMENTS AND DIRECTING THE AUTHENTICATION AND DELIVERY OF THE SERIES 2014 BONDS**

SECOND: Council Member Crisp

VOTE: Unanimous (10-0)

4.2 Multimodal Transit Center Construction Contract

Mr. Randall Hume, Transit Director, presented this item with the aid of a PowerPoint presentation and stated downtown Fayetteville has always been the central transfer location for routes as they dispersed to serve the community. Riders lined up along Hay Street and waited for buses to come in. This created traffic issues and was not seen as creating a positive environment for downtown businesses. The Fayetteville Area System Transit (FAST) Transfer Center located on Old Wilmington Road at Russell Street was placed into service in 2002 as “temporary facility” until a permanent facility could be constructed. Actions focused on developing options for a permanent facility were undertaken as resources became available. In 2006, the City engaged Gantt Huberman Architects (GHA) of Charlotte to perform feasibility and location analysis and to design the new permanent facility once a site was selected. Since that

time, the City has invested over \$3.5 million (\$3,128,452 from federal and state grant funds most of which would need to be repaid should the project not move forward) in environmental studies, property acquisition and relocation, demolition and engineering/design work. GHA began actual design on the selected site in October 2011. The design included three phases. Phase 1 included the foundational components responding to the transit needs analysis and Federal Transit Administration (FTA) grant program objectives. Phases 2 & 3 are designed to take advantage of underutilized site area for potential additional future transit oriented development. Only Phase 1 is recommended for construction at this time. In March 2012, the City submitted an application for construction funding under the FTA's competitive Bus Livability grant program. In July 2012, the FTA announced Fayetteville's selection to receive \$8.015 million in federal funds for construction of Phase 1. With the required match, the grant provided \$10,018,750 for construction. In September 2012, near the end of design development, GHA provided a construction estimate that was within the grant budget, but that estimate did not include funding for construction contingency, construction management nor needed special inspections. Staff's presentation to Council in October 2012 included the cost for Phase 1 to be \$10.9 million, requiring \$881,250 of additional funding from a second grant. That amount was added to the FY 2014 Capital Improvement Program (CIP), which also included \$4.0 million in FY 2015 for future phases. In preparation for soliciting bids staff requested and received an updated estimate in February 2014. That estimate increased the expected cost to \$11.6 million for phase 1. After reviewing the estimate and attempting to identify errors and/or savings, it was determined that the new estimate was accurate and that the increases resulted from under-estimating in September 2012 with some escalation on pricing due to market and economic changes. Since the FY 2015 CIP was being formulated at that time, the proposed CIP was adjusted to reflect the new estimate, while also removing the funding for future phases from the CIP and capital funding plan. The City received five (5) bids for constructing the new FAST Transit Center on June 12. Staff, PWC and our project engineer reviewed these bids for responsiveness and responsibility, or in other words the bidders' ability to carry out the project. As shown in the attached Bid Tabulation, the apparent low bid for phase 1 was received from Construction Systems, Inc. (CSI). The base bid and what is recommended for award is \$11.625 million. This bid is consistent with the engineer's estimate and within the approved budget/CIP. Bids were very competitive with a range from \$11.6 million to \$12.7 million. CSI's bid includes a Disadvantaged Business Enterprise (DBE) commitment of 10.38% compared the DBE contract goal of 10.4%. Staff established the contract DBE goal based on an analysis of the local Fayetteville DBE market regarding the availability of DBE qualified subcontractors. CSI has since provided sufficient documentation of their efforts to meet the goal. The City established its DBE program consistent with federal grant requirements and CSI's bid conforms to the City's program requirements. CSI's bid is within the amount approved in the FY 2015 CIP. The City has federal formula funding available to supplement the current grant. This supplemental grant will cover this bid plus other construction phase services and some construction contingency for unexpected conditions that may be discovered. Using formula funds for the Transit Center will not hinder or delay other improvement plans for the FAST system. In addition once the contract is awarded, staff will seek to reduce costs through value engineering efforts with CSI. The Transit Center is a significant enhancement over the existing temporary transfer center and one that provides the features transit riders need and deserve. It respects the dignity of our transit ridership and provides features that have been planned for over 10 years. It provides capacity for a growing system that is expected by FTA when constructing such a facility. The layout for the facility provides the best operational use of the site. The traffic flow and access to the site was reviewed by North Carolina Department of Transportation (NCDOT) and during the environmental assessment. About two years ago, in response to a Council inquiry, staff analyzed the potential for rotating the site to achieve a building orientation facing Robeson St. Rotating the buildings would require more buses to use Winslow to enter the site. Winslow St. is more constricted due to the railroad tracks creating operational challenges. Additionally the main entrance to the Transit Center faces downtown and has a direct line of sight and sidewalk to the

AMTRAK station, a primary characteristic provided in the grant request for this multi-modal center. Further, the site currently has some contaminated soil located in the area planned for the bus bays which leaves these soils undisturbed. Changing the building orientation would require revising the grading of the site and would disturb the contaminated soils. Revising the site design was not recommended for these reasons. In April, 2013, in response to this question, the project architect provided a proposal for repositioning the buildings on the site. The redesign cost was estimated at \$210,000. That work was not authorized by the City Council. The bid falls within budget as outlined in the CIP. More details will be provided about the funding strategy that will allow the City to award the contract using supplemental FTA grant funds. This new grant will be in place to meet the cash flow needs of the project. A summary of the CIP for the Transit Center construction was provided to the Council.

Discussion ensued.

Consensus of Council was to direct staff to continue to move ahead with this item.

4.03 Parks and Recreation - Fayetteville-Cumberland Youth Council

Mr. Michael Gibson, Parks, Recreation, and Maintenance Director, presented this item with the aid of a PowerPoint presentation and stated the Fayetteville-Cumberland Youth Council (FCYC) would serve as an outlet for area teens to become active in local issues and explore the importance of local government. In addition to educational opportunities for members of FCYC, those members would also develop opportunities and programming with other area youth. Annual funds in the amount of \$19,127 are required to support the program. Budget breakdowns are as follows: Apparel \$2,025, Meals \$6,000, Supplies \$1,052, and Transportation \$10,050 for approximately four annual trips to other state government agencies.

Discussion ensued.

Consensus of the Council was to direct staff to move ahead and place this item on the February 11, 2014 City Council meeting agenda for formal action.

4.4 Economic Development Quarterly Dashboard Report - Fourth Quarter 2013-2014

This item was moved to 4.7

4.5 Amendment to City Council Policy No. 115.15, Mayor and City Council Protocol and Code of Conduct

Karen McDonald, City Attorney, presented this item and stated at the June 2, 2014, City Council work session, a discussion was held regarding an amendment to City Council Policy No. 115.15. The recommended amendment was to add a provision to the policy that City Council agenda items would be reviewed by the Mayor and Mayor Pro Tem before being placed on the agenda. The proposed amendment reflects this amendment as a new Protocol 13, Review of Agenda Items.

Discussion ensued.

Consensus of Council was to direct staff to move ahead and place this item on the February 11, 2014, City Council meeting agenda for formal action.

4.6 Parks and Recreation - Parks and Recreation Capital Improvement Project

Mr. Michael Gibson, Parks, Recreation, and Maintenance Director, presented this item and stated City Council appropriated \$2 million in fiscal budget FY 2015 for a capital improvement project in parks and recreation. The department is seeking guidance from City Council for a proposal on the types of projects to develop. A list of projects considered over the last few years is attached for Council's reference. It will be necessary to update construction estimates based on Council's direction regarding the project(s) that will be considered further.

Discussion ensued.

Consensus of Council was to direct staff to formulate a plan and return to Council at a future meeting.

4.7 Economic Development Quarterly Dashboard Report - Fourth Quarter 2013-2014

Mr. Russ Rogerson, Executive Vice President of the Alliance and Mr. Tim Richardson, Chairman of the Alliance presented this item with the aid of a PowerPoint presentation. Mr. Rogerson stated the Alliance Board of Advisors consists of a 15 seat compilation of both public

and private sector representatives as well as leaders in higher education and business and industry. Mr. Rogerson briefed the City Council on the Economic Development Active Projects, Capital Investment, Job Announcements, and discussed the local economy, workforce skill gaps, utility and public service rankings, market and company attraction.

Discussion ensued.

Council thanked Mr. Rogerson and Mr. Richardson for the presentation.

5.0 CLOSED SESSION

MOTION: Council Member Arp moved to go into closed session for consultation with the attorney for an attorney-client privileged matter and discussion of an economic development matter.

SECOND: Council Member Hurst

VOTE: UNANIMOUS (10-0)

The open session recessed at 8:34 p.m. The regular session reconvened at 9:40 p.m.

MOTION: Council Member Arp moved to go into open session.

SECOND: Council Member Hurst

VOTE: UNANIMOUS (10-0)

6.0 ADJOURNMENT

There being no further business, the meeting adjourned at 9:50 p.m.