

Minutes  
Finance Committee Meeting  
3:30pm, August 26, 2014  
First Floor-North Conference Room, City Hall

Present: Vice Mayor Marc Hunt (Chair), Councilman Gordon Smith,  
Councilwoman Gwen Wisler

Staff: Gary Jackson, Paul Fetherston, Cathy Ball, Barbara Whitehorn,  
Eric Hardy, Tony McDowell, Frank McGowan, Cheryl Heywood

**Approval of 5/27/2014 and 6/24/2014 Minutes**

Councilman Smith made a motion to approve the 5/27/2014 and 6/24/2014 minutes. This motion was seconded by Councilwoman Wisler and was unanimously approved by the committee.

**Aston Park Tennis Center Update**

Mr. Roderick Simmons told the committee that there will be a public process to meet with stakeholders to gauge tolerance of a fee increase. The timeline is to have these meetings during the months of September and October. Councilwoman Wisler asked if the public meetings would just be about park fees or if it will be opened up to discuss some of the management issues. Mr. Simmons said staff has addressed those issues in the proposal and is always open to public comment and questions. We want to get public input on the fees, since there was some citizen concern about raising the fees and staff is open to designing the meeting however council wishes. Councilman Smith said the public process sounded great, and that he has had some inquiries from folks who were wondering if we are going to do a Request for Proposal (RFP). Vice Mayor Hunt said he agreed that it might be feasible to consider another RPF process similar to the one conducted for the golf course. Pope is doing well at the golf course and we are not subsidizing. We are able to do capital projects and the course is in better shape than it used to be. I would encourage thinking more about broadening the scope of what we are willing to consider and when meeting with users groups, ask them what they think about potential contractors. Timing wise, we can't impact the current season but we don't have to wait until the next budget cycle begins on July 1st. Mr. Simmons said we could bring something back to council and get it through the proper approval process for a rate change to go into effect as soon as the tennis season starts up in the spring. Vice Mayor said that he has heard of similar facilities managed by an individual. Mr. Jackson said that sometimes the focus then becomes the pro shop lessons and opportunities for individual gain as opposed to meeting the service goals of the facility.

**Page Two**  
**Minutes**  
**8/26 Finance Committee Meeting**

**Update on Renovation Projects**

**Water Mitigation of Exterior of City Hall**

Mr. Paul Fetherston told the committee that the exterior work on City Hall is basically done except for some of the masonry work and the second floor decking needs to be re-done. Weather permitting; the contractors should be done in another two to three weeks.

**Renovation of 7<sup>th</sup> and 8<sup>th</sup> floors of City Hall**

We are putting together an RFP for the renovation of the seventh and eight floors of City Hall. It is approximately nineteen thousand square feet, and the budget is approximately 1.2 to 1.3 million dollars. We are asking for an architect to help us remodel to accommodate a variety of uses. What we have contemplated is a multi-purpose meeting space for use by council, city staff and the public, an innovative and collaborative team space; records storage and office space if needed. We have an internal team that toured the space and there are many possibilities. There is nothing up there now, both floors are vacant. The hope is to get an architect on board by the end of the year to begin work no later than January 2015 and have the space completed and occupied by December 2015. There are three phases to the process; the planning, the pre-construction and the construction. At each phase we will check with council to make sure we have your approval on the final design plans.

**Water Resources Maintenance Facility**

Water Resources has a facility located on Charlotte Street that is in need of repair. Instead of investing money into the repair, we have a team trying to find them a new location with either a lease or purchase option.

**Relocation of Parks Maintenance Facility Update**

The plan was to have Parks Maintenance move to Mama T's, but because of where they were planning to store vehicles and heavy equipment we asked them to put a pause on it due to the impact on the Nature Center and the soccer field located nearby. We are looking at several options and may try to find the same location for both Water and Parks Maintenance.

Vice Mayor asked what happened to the Hominy Creek location and Mr. Fetherston said that the price tag was too high. Mr. Jackson said that the upgrades needed to make it usable are exorbitant. We are currently examining all city properties and evaluating whether it is better to actually sell that location for a private distribution facility and use the money to locate elsewhere. There is concern about the armory property's compatibility with land use, pedestrian use, and the buffer for the housing and there are some children and residential concerns near Mama T's.

Mr. Jackson asked Ms. Cathy Ball what the timetable is for this committee with the inventory of land and parcels. Ms. Ball said that staff is working to identify all of our properties and the best use for each of them. We anticipate that we will be able to come back to the committee late November or early December with a plan and some recommendations. We are still working to

**Page Three**  
**Minutes**  
**8/26 Finance Committee Meeting**

Identify what our short and long term needs are. At the work session we are having in October, we will identify some of the properties as having a better use for housing. Some of our properties we will recommend disposing of to get them back on the tax roll and others may have a higher and better use by partnering with other groups. That information will come about one month after the work session in October.

Vice Mayor Hunt asked what the general rehab cost would be to get the seventh and eighth floors up to modern standards. Mr. Fetherston said it is too early to say, but that will be part of the architect's assessment. There are plumbing issues, particularly on the eighth floor and that will tell us how much we actually have out of the budget to put toward construction. Ms. Whitehorn said all we have at this point is knowledge of how much we have spent and how much we have encumbered, but we don't have any experience to know how much will be remaining.

Vice Mayor suggested that a tour of the seventh and eighth floors be arranged for those council members who have not toured the seventh and eighth floors. Mr. Jackson asked Ms. Heywood to schedule a tour for all council members before next council meeting.

Mr. Fetherston said that the plan is to release the RFP for the architect-designer on Friday, and have it back by mid to late September. The anticipated start date for the design portion is no later than January 5<sup>th</sup>. Vice Mayor asked if there are offices outside of the city hall building that are in leased space. Mr. Jackson said the Parking, Park Maintenance, Water and Purchasing Divisions are all located off site. The Purchasing division is an issue that will come up in the land use that we will discuss down the road. The question is whether it will be better for land use mixed housing development instead of a supply area for the Water Department. Our greatest need is conferencing and storage space. We need to evaluate where people are located within the building and how relationships can be improved. For instance, there are departments that are currently split up either on different floors or in different buildings. We need to keep Water Customer Service on the first floor, because of the walk in traffic. Outside of that, everything is pretty flexible in terms of where it could be located inside the building. The city attorney's office is probably the one that is packed in the tightest and there isn't any better relationship than having the manager and the city attorney located on the same floor.

**Street Acceptance Policy**

Mr. Ken Putnam said that there is a standard statement in our staff reports that says that we will get Powell Bill monies however the amount of money we get from Powell Bill doesn't cover the full cost of maintaining the street. That cost is roughly one third of the recovery. The question came up during a council meeting if there could be some way that we could require the developer to pay the difference to offset the costs. I reached out to several cities throughout North Carolina to see what they do and everybody responded except for Wilmington. They were unanimous in saying that they don't try to collect any maintenance fees from the developer but they do have some type of warranty that closely matches our warranty. We have never.

**Page Four**  
**Minutes**  
**8/26 Finance Committee Meeting**

had to exercise that. Our warranty is defined for a major failure so if a road fell apart for some reason, that is when we would go back and collect. The Legal department felt that there might be some legal issues if we were to collect maintenance fees from the developer. Staff is recommending that we don't make any changes. Vice Mayor Hunt said with all of the annexations that we have done, we have always taken on streets in this fashion, without requiring the developer to pay maintenance. Mr. Putnam said one of the things that we have as an advantage in that when we are adding a new street, the developer has to build to our standard. So when we get the street on our system, we know it is a solid street and should have limited maintenance on it for a good number of years. Hopefully, we do not have provide repairs to that street for a long time, so it may not pay for itself, but as the street gets developed with new houses it will bring in tax revenues. Vice Mayor Hunt said when we take the annexation factor into account, the property is always platted, and we have a sense of the tax base. Mr. Putnam said that yes, all the old annexations that we have done, you can go back and see the service plan that we were going to offer up and the tax base we were going to get. The disadvantage of taking it through annexation is a lot of those roads that we took belonged to the Department of Transportation (DOT) because it was rural farming country. We got those roads in various states of condition. The standard now is not to take an alley, but we still have a number of alleys on our books. One example is Azalea Road, where we had the soccer parks. When I was growing up, that was just an unpaved road and when Department of Transportation finally paved it, they just paved it in place, without removing trees or straightening any curves. We inherited that and we are now starting to suffer through the consequences of something that was done many years ago.

**Other Items**

Mr. Jackson said that he has two items related to the agenda for tonight's meeting, because they shape the future of agenda of the finance committee. The first is the franchise fees on the council agenda. We had a philosophy of recovering administrative costs such as processing fees. You can go out and physically look at those tour routes and their business model and financials. These are renewals on the agenda and you want to keep those people in business while you examine it -- and that would be my recommendation to the committee. Staff is open to getting with the attorneys office and figuring out what flexibility we have and report back about whether or not those fees for the various different trolleys and rides can be set at a bearable rate based upon their gross receipts or something similar -- or if they need to be tied to the processing and regulatory environments. That issue would be something I foresee coming back to the finance committee after we do some legal research. The question is if there can be a different way to structure those fees.

Vice Mayor Hunt said he would like to make sure the vendors understand that there is an interest in re-examining that. These contracts are structured so that they are perpetual until the City makes the decision to change them on a thirty day notice. Mr. Jackson asked Mr. Putnam to be sure when the letters are sent out that it gives us the flexibility to go a different route if so desired by council and it is not a vested right.

**Page Five**  
**Minutes**  
**8/26 Finance Committee Meeting**

In regard to the concrete work that is on the agenda there was a question about how much backlog we have and how much we are going to be accomplishing. I have received information that we have gone from three hundred and fifty work orders down to two hundred and fifty work orders. We don't have a dollar estimate of what that cost would be but our sense is that standards and the amount that we are able to knock out has been reduced because the quarter of a million dollars annually in that fund has been a fixed number now for a decade. We are seeing that the cost of construction work is rising rapidly. I have asked Mr. Fetherston to meet with Ms. Whitehorn and see if we have capital improvement projects that have a positive balance that we are closing out. Instead of that flowing into the general capital reserve, and as a one-time measure, let's look at the idea of bundling some additional capital dollars to put into additional concrete work for sidewalk curb and gutters. What we need to build into our budget discussion next year is what the right level is and where it should be applied. We have one internal crew and this work is contracted out. We gain better flexibility with a second crew that would cost the staff time and the materials. Four people would be approximately two hundred thousand dollars and the materials are from fifty to one hundred thousand dollars. We are looking at those options and need to know what we are getting for our money and how far it stretches. Council has raised the amount for infra-structure maintenance and I want to make sure that we don't just put all that into streets and then continue to lose ground. As our sidewalk system ages, the cost is just going to continue to grow because a lot of it is in close proximity in age and deterioration. The good news is that we are systematically going through and evaluating the trees and the tree wells that have been installed. We now know more about the species that need to go in and how to take care of those and anticipate what the re-structure will do to the sidewalk. The conversion will take a while to complete because we have a work order back log. Before we put together the midyear budget amendment, we will bring it to the finance committee for review before it goes to council.

Graffiti will be coming back in September with a report to keep council updated on that. We want to keep you updated on how the money and the contracting is going.

One last thing that has come up in the context of the public safety committee is the police department's additional enforcement. The one piece that may land in the finance committee is the regulatory matter as we deal with street performers, buskers and whether council wants to require permits or not. It's like graffiti; if you get in the business and you start regulating, you have to add people because there is the expectation that you go and check on it. There may be a program that goes with that but right now; there is significant council interest in having some handle on the buskers and the blockages on the sidewalks and the conflicts that creates. It would be much the same way we regulate placement of booths at festivals and carts on the sidewalks. There is council and community interest in what the best models are. We are in the process of gathering information on what the best models are from other municipalities. The city attorney's office will weigh in and provide guidance on the right way to do this.

**Page Six**  
**Minutes**  
**8/26 Finance Committee Meeting**

Since this is an off-budget cycle, we are going to be putting together information on trends for stormwater and water fees and how those compare with benchmark cities. After we put that information together it will come to the finance committee first. That gives you an idea of some of the financial projects we have coming up.

As there was no public comment, Vice Mayor Hunt adjourned the meeting at 3:50 p.m.