

CITY OF EDEN, N. C.

A special meeting of the City Council, City of Eden, was held on Tuesday, May 9, 2000 at 4:30 p.m. in the Council Chambers, 338 West Stadium Drive. Those present for the meeting were as follows:

Mayor:		Philip K. Price
Mayor Pro Tem:		John E. Grogan
Council Members:	(absent)	Ronald H. Reynolds Ronald L. Janney Christine H. Myott William R. Rorrer C. H. Gover, Sr Garry Tudor
City Manager:		Radford L. Thomas
City Attorney:		Charles J. Nooe
City Clerk:		Kim J. Scott
Representatives from Departments		
Representatives from News Media:		Mickey Powell, <u>The Daily News</u> , Leslie Brown, <u>The News and Record</u> .

MEETING CONVENED:

Mayor Philip K. Price called the special meeting of the Eden City Council to order and welcomed those in attendance.

Announcement – Park Committee Grant:

Mr. Joey Conner, Recreation Director, stated that he went to Chapel Hill to the Parks and Recreation Authority and learned that the City of Eden finished 13th and will receive a \$150,000 grant to begin the park.

Mayor Price thanked Mr. Conner for his work on that and also asked him to extend their thanks to the Park Committee as well.

Consideration of budget amendment reference Gildan Activewear performance agreement:

Mayor Price explained that the City Engineer would be arriving at the meeting later, they would continue on to consideration of a budget amendment for Gildan Activewear. He then called on the City Manager to explain the request.

Mr. Thomas explained that the requested budget amendment was in accordance with the provisions in the performance agreement with Gildan Activewear. He noted that he had included excerpts from that performance agreement with the information that was sent out to the Council. He stated that one of the things that was a part of that was a payment of \$105,059.55 in advance that would go towards their site preparation. He noted that it said in the agreement on page 2 of 15, for Phase I, that the payment would be paid to the general contractor on or before May 15th, 2000, after expenses have been verified and approved by the company. He explained that they needed to get that money in place so that they could make this initial payment. He added that there was also a letter from Brian Freeman of the Osborne Company stating the total site preparation cost of not quite \$2.6 million dollars and stating what the city agreed to pay under the agreement. He stated that the Council also had the budget amendment in hand. He noted that a part of this also was for the provision in the agreement that had to do with building permit fees and the tap fees and they needed to get that money in place as well.

Council Member Janney questioned Phase I and noted that they have written in the 12 and the 24. He asked if that was all they would ever get there was just that hand written change, or did he get something different. He pointed out that he knew somebody had initialed it.

Mr. Thomas replied that was correct and it was initialed by both parties.

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A motion was made by Council Member Janney seconded by Council Member Gover to approve the budget amendment as presented. All Council Members present voted in favor of this motion. This motion carried.

The information provided to Council explained that the amendment would cover the first installation of \$105,059.55 for site preparation and the permit and tap fees totaling up to \$30,000.00. Excerpts from the agreement were provided for the Council's review. The budget amendment is as follows:

<u>Budget Amendment #5</u>	<u>Account #</u>	<u>From</u>	<u>To</u>	<u>Account</u>
Budget Amendment				
General Fund				
Revenue				
Contribution from Capital Reserve Fund	10-3984-98000		\$100,000	\$100,000
Contingency Appropriations	10-9990-99100	\$113,130	78,130	<u>35,000</u>
Fund Balance Appropriated				\$135,000
General Fund				
Expenditures				
Spec. Approp. Economic Development	10-9920-71000	\$50,000	\$185,000	<u>\$135,000</u>
				\$

Budget Amendment 5 is to pay first installment on Economic Development incentives Agreement with Gildan.

Adopted and effective this 9th day of May, 2000

Attest:

s/Kim J. Scott
Kim J. Scott, City Clerk

s/Philip K. Price
Philip K. Price, Mayor

Consideration of request for stormwater easement for Gildan Activewear:

Mayor Price asked the City Attorney, Mr. Nooe, if he had read the easement and if he would like to make a comment.

Mr. Nooe replied that it was not executed. He stated that he had just that instant received the information from the City Engineer, Mr. Joe Stanley. He stated that he did not know if all that was going to be what they needed to know (in) how to change that easement to protect the city.

Mayor Price asked if it would be better off by next Tuesday.

Mr. Nooe explained that he had gone to see Mr. Stanley that afternoon and he was out of the office. He added that he supposed Mr. Stanley did not have this anyway at that time. He stated that it needed to be a nonexclusive easement and they needed to know about the joint use of it and the rights of any other property owners that use it if they did not do the second Phase, they did not exercise the option, they had to look at it down the road as to how it would affect those properties and how this needed to be fixed so that what entities (that would) acquire those properties have the right to use it and what was going to be done about sharing into the cost of the maintenance of it until certain things take place.

Consideration of method for providing a sewer tap in consideration for easements on Highway 14 sewer project:

Mr. Thomas explained that the Council previously discussed this item. He stated that they were looking for some guidance on how to proceed with the Highway 14 project as far as obtaining easements. He stated that it had been a past custom for the city to provide sewer taps in exchange for the sewer easements to those property owners that they were providing. He stated that they have looked and really did not find any standard pattern or policy for how the city had done that in the past. He stated that they just needed to make some recommendation to the Council or get their feelings as to how they would like to proceed. He used as an example they could provide one tap per lot, not regarding the footage that the lot may have along that line. He stated that they could provide one tap per 100' as two possible examples for that or some

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combination thereof. He then asked the City Engineer if he would have any particular recommendation on that.

Mr. Stanley explained that in his experience with dealing with other municipalities in the past, a tap for easement was typical. But, when they were dealing with commercial property or multi lots that were either combined or not combined, as the City Manager had said, one per 100' or one per 200' was not an uncommon occurrence either. He noted that there was also another issue that they were crossing a few properties that already have service that they would be getting the easements from also. He stated that it was something to think about as it may come up in negotiations with them with questions such as, "since we don't need the free tap do we possibly gain credit for a sewer tap cost?" He stated that typically one sewer tap per lot was the norm he had seen in places but it just depended on the situation. He stated that he would think if it was one lot where one building could go (and) that would be adequate but if it was a long lot, particularly along Highway 14, several may be subdivided into several owners. He suggested that they might want to look at one per 100' or 150' or 200' somewhere in that range. He stated that it was an opinion and what they would feel the preference would be.

Council Member Janney asked what the variations in the size of the lots down there now was, per owner.

Mr. Stanley replied that some of the lots there were around 400' long and maybe one along 600', but he added that he was guessing.

Council Member Janney questioned the smallest to which Mr. Stanley replied that probably a lot of those were in 100' set parcel lots.

Mr. Nooe asked if it was the one's that were back off the highway that were more than 100'.

Mr. Stanley replied that was correct, he thought Rumley and Jay Pace were about a 600' lot.

Council Member Janney stated that he was talking about right on the highway, where it meets the highway, where they were going to be running the line.

Mr. Nooe replied that the line did not all go along the highway.

Mr. Stanley explained that it runs parallel on the right of way and some of it was behind, about half and half.

Mr. Nooe noted that the first lot, south of Knight Street, if it was 500', it really did not hurt the city if they offered them 5 taps. He asked if it did, even though it was a tract, that particular one was not in lots, it was just one lot, sold off of Bill Pace's larger tract. He stated that if they just went with one tap every 100', if they used all 5 of them, assuming that it was 500', then the city was just going to have 5 times as much development there.

Mr. Thomas replied in the affirmative and stated that he was going to add that in talking with Mr. Stanley and some of the things that they have looked through, probably the easiest way to keep up with it and to give consideration would be to go one per 100'.

Council Member Janney asked if they did that, when they get ready to make the taps, were they going to consult the owner and say, "if you build here, where would you build?", were they going to do that and put a tap in a certain place or were they going down there and put a tap anywhere they want to.

Council Member Grogan stated that with the depth of the line, that had been brought up, that was really going to be deep, were they going to put one every 100', were they going to put them in when they put the line in.

Mr. Thomas replied that in thinking about it, with the slope of the line, if they started at the highest point and were to measure at 100', they would want to put it at the lowest point of that

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100' section. He explained that if they put it at the higher end they would have to bring everything uphill to get to it. He stated that in starting at the highest point and measuring 100' they would set one there, measure another 100' coming down the line and set one there, or in that general area.

Council Member Janney questioned why they would do that when they would cost the person who was going to hook onto the tap, that much more cost to get to the tap.

Mr. Thomas stated that it depended on where they would build it as to how far they would have to travel.

Council Member Janney stated that he had not talked to Mr. Barrow (Ralph Barrow) at all, but he would hate to go down there and tell him, "Okay, we are going to put a tap down here, I know all your facilities are going to be 100' away, you are just going to have to run two more 100' of line to get to it."

Mr. Thomas stated that they would put them on the center to which Mr. Stanley added that they did have the luxury, when they go to negotiate the easement with the property owner, the owner could tell him where they want it.

Council Member Janney explained that was what he was saying, just ask the property owner

Mayor Price asked that assuming they use 100', if it was someone with 275' frontage, was he going to get two taps.

Mr. Stanley replied that if they desired them, he agreed.

Mayor Price stated, so that was pretty ironclad, 100' or 150' or whatever they chose...

Council Member Rorrer asked about the ones who did not want a tap to which Mayor Price guessed that they would have to negotiate.

Mr. Nooe commented that if they execute the easement and did not ask for it, fine, but what they were trying to get to, was to put into each easement how many taps that particular...

Council Member Rorrer replied that he understood that, but what he was saying was, were they going to give taps "x" number of feet, then they hit somebody that did not even want a tap, were they going to offer them something instead of the tap.

Council Member Janney stated that he would not think so as they give an option and a tap and that was it.

Mr. Stanley stated that what he had seen in the past was that the city would supply the tap at a later date if the lot was vacant and the owner was not sure what they wanted to do.

Council Member Janney replied that was exactly why he had said what he had said. Some of that was going to be so deep, if they go back and supply that tap, they were going to dig to China and they would be better off to do it now. He stated that was what he had heard and he asked if that was right.

Mr. Stanley replied that he would say, off the top of his head, 8 to 10' average across the whole line and the deepest point was about 18' and shallow should be no more than 3'. He stated that he knew the area of Mr. Osborne's (one of the property owners) concern and that there was a changing grade there on his lots, they have a creek that crosses the back portion of their property and that was what the city was going to have to deal with going across, which more than likely it would be piped and filled in. He stated that a lot of that was working with the property owner during the easement process to determine where they want it and they left it open to be able to change order those in at a unit price to put them on the ones that desire them. He added that they would record where they were on the map so they would know the ones that do not desire it and

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did not know what they want to do with their property, give them, they have the easement if they want it, if they sell the land to somebody else, that easement goes with the land which they still have the tap, then it could be put in later, if it was too deep for the city to do it, they would just have to hire a licensed plumber or contractor.

Mr. Thomas stated that he would think that the city could exercise the option if it so chose on the deep ones and that was to just go ahead and install it so they would not have to dig it up. He agreed that the city could put it in, whether they want it or not.

Mr. Stanley stated that they would just keep good records, to avoid confusion down the road whether somebody paid or got the tap and so forth, that was his concern.

Mayor Price stated that seemed like the reasonable way to do it. He asked the Council for their suggestion for the number of feet to which it was decided that they would go with 100'.

Mr. Thomas asked the City Attorney if they have 275', that would be two taps, to which he indicated that was correct.

A motion was made by Council Member Janney seconded by Council Member Grogan that they would provide a tap every 100' and that all taps would be put in exchange for the easement, also giving the property owner the option of where they were putting that line in and if they do not exercise that option, the city would then put the tap in where they chose. All Council Members present voted in favor of this motion.

Mr. Nooe was excused from the meeting at this time.

Budget Meeting Discussions:

Mayor Price stated that he had spoken to everybody in regard to the beginning of the budget session on putting some of the items down that they would discuss and spend a few minutes talking about the items that they would all agree on that they would talk about.

He explained that this was not any scale at all, it should be General Fund and Water and Sewer, but he had taken the General Fund and broken it down into operations and things that they would probably have to talk about. He noted that first would be some items in Administrative costs and they were not prepared to talk about them now. He stated that in Personnel cost, a 5% increase had been factored into the budget. He asked the City Manager when they would be getting the study back from the consultant.

Mr. Thomas replied that he was putting the finishing touches on it now, depending on when they would have their next work session, they should be able to hear a report from him at that time. He stated that was something else that he thought they needed to add to the list, the Council needed to set a schedule for the next couple of work sessions.

Mayor Price continued in that they have Health Insurance to factor into the budget to the tune of \$3,000 per employee. He added that the payments that they make for spouses and children was more of a pass-thru rather than an expense.

He stated that the only additional person that had been requested in terms of adding onto employees would be a Planner for the Planning Department and they would increase the Contingency Fund from \$250,000 to \$325,000.

In the Solid Waste Fund, a number of things, the biggest thing is the \$1.00 increase that had been factored into that.

Mr. Thomas added that they would also want to consider General Fund versus separate.

Mayor Price stated that under the Capital Outlay, that was pretty self-explanatory and they have the things scheduled as presented. He continued to the Water and Sewer Fund, just the actual

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operations, they have about \$2 million that they have to account for in terms of revenue. He stated that also this year they have taken \$200,000 that would be going to the Sewer Construction Fund and \$200,000 to the Water Construction Fund. He asked if \$200,000 of that came out of the Fund Balance

Mr. Thomas replied that was correct. He explained that it was basically out of their savings account. It was \$400,000 with \$200,000 coming out of Operations and then there was \$400,000 out of Operating Revenues so there was a total of \$800,000 into the construction.

Mayor Price stated that this was a number of items and all would require discussion. He stated that he had used this for something to start talking about and to add on to more than anything, and again they would keep this list as they go through the budget conversation and have discussion about that.

Mr. Thomas commented that as a food for thought, in reading this morning's newspaper article it pointed out that there was about a \$950,000 increase and what was proposed in this budget over what was in the adopted budget for fiscal year 1999-2000, and in the current year budget, they were making no contributions from the Water and Sewer Fund into the Construction Fund. He stated that \$800,000 of that \$950,000 difference was their contribution to the Construction Funds. Also the Contingency in the General Fund had been increased by almost \$100,000 so there was \$900,000 of the \$950,000 increase over the 1999-2000 budget. He stated that in keeping that in mind, if they did everything the same in what was proposed, as they did last year, they were only looking out of what would then become about a \$21 million or so budget. They were only looking at about a \$50,000 increase over the two and a big portion of that was money that they tried to build into this budget to take care of the Pay and Classification Study so that they could implement a portion or all of those recommendations. He stated that his point was, if they consider those things, they were probably requesting less in this budget than they did in the 1999-2000 budget, or pretty much the same. He stated that he thought that was a good thing. They were trying to put in some things that they really need to get back to and that was the majority of the increases that they were seeing, that difference.

Mayor Price stated that at this point in time, with the information in front of them, they were really not prepared to talk about any Personnel or any Water and Sewer. He then asked if any members of the Council would like to add things that they would deem important.

Mr. Thomas asked that while everyone was thinking, if he could request, as he had mentioned far as the Health Insurance, they had shopped around this year and were making some recommendations on the program. He stated that he thought it would be very beneficial to the Council to hear from Mr. Bill Kiser, who had spent a tremendous amount of time working on this for their behalf. He stated that he would like for him to come to the next work session to provide some information in detail. He added that he hoped that the Personnel Committee could meet with him first to get an idea of what was going on.

Council Member Janney asked if he was going to put that out for bids.

Mr. Thomas replied that they did take informal bids, but Mr. Kiser actually went out and shopped with different third party administrators, or he looked at private insurance companies, and when all of that was compared it was determined that the city was better off staying self-insured at this point in time.

Council Member Janney stated that he would like to know more about the insurance before Mr. Kiser got there.

Mr. Thomas replied that he thought that was where he would be very beneficial in answering his questions.

Mayor Price asked Council Member Janney if he had some things he would like clarified.

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Council Member Janney replied that he thought the Human Relation person was the one who would look into this and look for a better program.

Mr. Thomas pointed out that for the last 4 ½ months they have not had a Human Resources person to which Council Member Janney replied that he understood that. Mr. Thomas stated that even at that, they would have been using Mr. Kiser to help them as a contact point.

Council Member Janney replied that he understood that, and that was the reason he had a problem with it. He stated that he did not think they were getting anywhere this way. He also added that he had not heard the program and he was criticizing it already, but that was how they got into all those situations now, he believed.

Mr. Thomas questioned what situations to which Council Member Janney replied situations with the insurance, where they need to go look at something else. Mr. Thomas stated that they did that.

Council Member Janney pointed out that they were dealing with this same gentleman.

Mr. Thomas noted that they looked at the League of Municipalities program, they looked at Partners, Blue Cross, and maybe another. He stated that some of them did not respond, but he knew that those three (had) plus working again with Piedmont Administrators to continue their Self-Insurance Program.

Mayor Price asked if the Council wanted Mr. Kiser to come in and make his presentation.

Council Member Grogan thought so and stated that he thought it would be good for him to meet with the Personnel Committee.

Mr. Thomas then determined that Council Members Janney, Rorrer and Myott were members of the Personnel Committee, appointed in January of 1998. It was then decided that the Personnel Committee would meet and at that time; Mr. Kiser would give a presentation.

In response to adding other items to the list, Council Member Janney asked that they make sure they talk about vehicles, any rolling stock, under Capital Outlay. He also wanted to talk about computers, any new hires, or filling any vacancies (positions).

Mr. Thomas noted that there was only one being requested and that was the position of Planner. He added that he had asked that one position be unfrozen (Collection & Distribution Superintendent).

Council Member Rorrer commented that he wanted to talk about any major changes in any department.

Mr. Thomas asked if that was from an operational standpoint to which Council Member Rorrer replied that they have stuff going on in departments that they were never even told about after it was done. Mr. Thomas asked for an example.

Mayor Price commented that he was sure he was talking about Capital Outlay or Water and Sewer things to which Council Member Rorrer replied that Water and Sewer was a good example of something that they had sat there and approved and then did not get any feedback on, whether it was done or not.

Mayor Price asked that they add any major changes in various departments.

Council Member Rorrer stated that he was not talking about making any changes, he was talking about changes that were made and they did not get informed.

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Council Member Gover asked when they were briefed on major Capital Outlays like the renovations at City Hall for instance. He asked where they were on that, what they have spent, etc.

Mr. Thomas asked if he meant as far as the status to which Council Member Gover explained that he had been on the Board for several months and he knew nothing about the renovation at City Hall.

Mayor Price commented that was going to be part of an operational thing and he suspected the City Manager and the architect would be giving some things out to the Council on a regular basis.

Mr. Thomas agreed and the progress had been very slow. He stated that currently there really had not been anything significant to report.

Council Member Rorrer stated that for something that large he would think they should be notified and updated once a month.

Council Member Janney stated that they might want to look at some of those Capital Outlay items and see how much of that goes into what they said was going into the cost of renovating City Hall.

Council Member Rorrer commented that he assumed they were going to go through them one at a time.

Council Member Janney agreed, but they may not have to go through that particular part if he went ahead and took them out now. He stated that he believed, if he understood the Capital Outlay, that some of that was in there.

Council Member Tudor commented that he had some conversation with the Fire Chief and there was something about having a fire truck that needed repainting. He asked where that would go, if it was in the budget and where would they talk about those type of items, the repairs. He asked if that was an administrative cost.

Mayor Price asked Mr. Overby, the Fire Chief, if he had included that as an item.

Chief Overby replied that it was included as Maintenance Repairs to which Mayor Price explained that it was not a Capital item.

Council Member Gover asked if they had a comprehensive plan on their major sewer outfalls or waterlines that they were going to update. He asked how much money they were going to spend on each one. He stated that he would also like to see the plans on each one along with a timeframe.

Mr. Thomas agreed and that type of information had been provided in the Construction Funds. He added that they would see some line items.

Council Member Gover questioned the 2" waterlines at \$100,000. He stated that he was not saying where they were replacing or what.

Mr. Thomas agreed and stated that the Council had approved a list of those next several projects. He asked if he would like to see that listed in the budget as to where that \$100,000 was going to be spent.

Council Member Gover questioned that \$100,000 looked mighty small.

Mr. Thomas explained that a lot of those 2" replacement projects, for example they run \$25,000 to \$40,000 to contract them and if they do them in house they could generally do them for less

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than that. He stated that in a year's time the number of projects that they could get to, the \$100,000 was usually a pretty good number.

Council Member Grogan asked if they were not going from 2" to 5" lines to which Mr. Thomas replied 6".

Mayor Price explained that a plan was initiated about 5 years ago to replace about 75 miles of line with about 45 miles of it 6".

Council Member Gover asked when the Council would get briefed on that.

Mayor Price explained that his question was where were they in this budget with proposed engineering projects, such as the Powell Bill and that type of thing.

Council Member Grogan commented that he was sure that Mr. Stanley was working on it and the Meadow Green outfall line, he thought they were going to look at first. He stated that he did not know how they were prioritized. He thought they have about three and he thought that was the thing, they would like to know, as those were done, how much was it going to cost. He stated that it had to be approved by this Council and he thought they should start putting time lines out on projected completions. He added that he knew that it was not a budget item.

Mr. Thomas agreed and stated that several of those things were in the planning and design stage and before they actually take the project out for construction it had to come back to the Council for approval to advertise for the bids and then the awarding of the contracts.

Council Member Janney commented that it would end up a budget item to which Council Member Grogan agreed.

Council Member Gover stated that they never knew how much they spent on it.

Council Member Janney stated that he had a valid point. Those were critical issues as they have discussed before. They needed to deal with those issues.

Mayor Price explained that they were slowly but surely talking about performance based budgeting which a lot of communities have done. He explained that in doing that, they decide what they want to accomplish during the year in various departments and then the budget was based on that. He noted that Mrs. Stultz began this to a certain extent this past year. He stated that it would tell what they would like to accomplish in different departments and what it was going to cost to do it. He stated that they needed to pursue that because they see now that they need that information. He also agreed that Council Member Gover had a good point.

Mr. Thomas explained that earlier he handed out an update of the roster of employees. He stated that it gave them an idea of the pay grade that they were presently in, salary and so forth. He noted that this was something that they update periodically. He stated that it was usually presented to the Council about this time of the year. He noted that the roster was current as of May 3, 2000. Also, he stated that they would have an updated organizational chart for them. There were a few changes that need to be made as far as names. He stated that as far as the structure of the organization, he did not believe it had changed much, if any at this point, other than some positions that may have been cut out of the Collection & Distribution area to help address some of their revenue shortfalls. He stated that he should have that to Council within the next day or two.

Council Member Tudor asked how they arrived at the \$1.00 added to citizen's solid waste. He asked if that was doing everything that they need to be doing in solid waste.

Mayor Price replied that it was about an additional \$70,000 a year.

Mr. Thomas explained that based on the number of households and so forth, \$1.00 generates approximately \$70,000 a year in additional revenue to support the solid waste operation,

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collection system and disposal, the tipping fees. He stated that was based on information that they have previously heard, but to fund solid waste entirely by fee structure, that fee would need to be approximately \$17.00 per household. He stated that they could see that it did not fully fund that operation. There were general tax dollars that also comes into solid waste as a supporting revenue.

Council Member Tudor asked if they wanted to talk about leaving it at \$1.00 or maybe giving people some relief on their taxes or going to a separate Solid Waste Fund.

Mr. Thomas agreed and stated that kind of comes back to the issue of General Fund versus a separate Solid Waste Fund. He stated that some of that discussion they could have during that point in time such as if they made it separate again, how they would want to support it and what advantages it may provide, as he had mentioned some tax relief.

Council Member Myott mentioned to Council Member Tudor that when they get into that she would bring up Pay As You Throw.

Mayor Price asked that the City Manager add Pay As You Throw to the list. He then asked the Council to plan a schedule for their budget meetings.

It was decided after some discussion that they would have budget meetings on Tuesday, May 23, Wednesday, May 24, and Thursday, May 25th at 4:30 to 6:30 p.m. each day.

Mr. Thomas commented that at the upcoming (regular) Council Meeting they would call for the public hearing to be held at the June 20th regular Council Meeting. He stated that once that public hearing was called, he would prepare the budget message based upon whatever the draft of the budget was that they hand at that time. He stated that he realized that things could change during those work sessions, but they could change the numbers. He stated that he would prepare the budget message based upon what was available at that time. The budget message along with a balanced copy of the budget would have to be available for public review, but that did not mean it could not change.

He stated that as the Pay and Classification Study was available, they may want to call a meeting prior to the 23rd, for the purposes of hearing that report, so that as they get into their discussions on the 23rd they would know where they were headed.

Mayor Price asked if that study was just about ready to which Mr. Thomas replied that it was, he just had some loose ends to tie up and he took care of that today. He added that they have updated some numbers on the spreadsheet that he just gave them, with payroll. He stated that it would only take a short period of time to plug that into the study. He stated that it was very possible they could get something in everybody's hands prior to his presentation.

Council Member Gover commented that he would also like to see timeframes on training, to see whether their employees finish their training, to make sure they were living up to their training program. He stated that in his opinion, their safety projects were kind of dragging. He also wanted to know the timeframes on recreation projects.

Mayor Price asked if there were any items they wanted to discuss now.

Mayor Price stated that he had asked for a General Fund and a separate Solid Waste Fund. He stated that he would like for them to give some thought to the proposition of taking the Solid Waste Fund out and making an Enterprise Fund and whatever the difference was to lower the general tax rate, to accommodate the difference and let that flow.

Council Member Rorrer stated that he had already had some thought on that and he was not in favor of it.

Council Member Gover commented that he needed a lot more information before he went that route. He stated that the plan that he had been presented was only a 58% plan and it was hard to

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go out on 58%. He stated that was all they were accumulating on the plan that they have and he was on that committee. He stated that he needed to learn more about it.

Council Member Myott commented that the Solid Waste Committee had met two or three times now and Council Member Rorrer had missed the last two meetings, so that was why he was not up to date.

Council Member Rorrer disagreed that he may be more up to date than she thought.

Council Member Myott agreed that he probably was. She explained that they have been talking about a Pay As You Throw plan. She stated that just about all of the people in the meeting thought it was a good plan, but no one would step forward and say to recommend to the Council that they put this plan into action at this time. She stated that she would like to see it put into place. It would not even affect this budget because it would not be in place for another year or so. She stated that she would recommend not going with the full amount that they have been talking about, she would like to go at a reduced rate, and that was where Council Member Gover got the 58% from. It would cover about 58% of the cost with what she would propose.

Council Member Rorrer asked what percentage of cost was covered now to which Council Member Myott replied about 33%.

Council Member Rorrer asked if in other words she was talking about doubling on the taxpayers to which Council Member Myott replied if he put it that way, yes.

Council Member Grogan added that it would be a reduction on those 65 and older would it not to which she replied in the affirmative.

Council Member Rorrer commented that they would still be digging in the pockets.

Council Member Myott stated that she would give them the figures that they talked about. The 90 gallon volume would be \$12.50 a month, the 60 gallon volume would be \$9.50 and the 30 gallon volume would be \$6.50 with the senior citizens at \$4.50. She stated that they also knew that they were writing for a grant to get new recycling receptacles to be put in six different places in town and they were hoping that with those they could increase their recycling by the year 2003 up to 20% where it should be. She stated that she really saw no reason why the Council could not commit to go forward with this plan, not this year, and have it in place and working by the year 2003 with their recycling hopefully where it should be and then it could be phased in more so as Council saw fit.

Council Member Gover commented that the igloo recycling was one positive step to which Council Member Myott noted that the Council had voted to seek the grant.

Council Member Rorrer stated that one thing he did not hear her mention, originally they were talking about tax reduction if they went this route. He asked if that was that kicked out somewhere.

Council Member Myott replied that she thought that when he was at the first meeting, they were talking about the full amount, making the Solid Waste self-sufficient, and then they would be able to drop the tax rate.

Council Member Rorrer stated that if she was talking about doubling what the taxpayers were paying, (then) she had lost one vote.

Council Member Janney stated that what he did not understand, if this was such a great idea, why did they not get a recommendation from the committee. He asked why she was the only one that wanted to do it and how many were on that committee.

Council Member Myott replied that there were three Council people, two citizens, the City Manager, and Jerome Adams (Solid Waste Superintendent).

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Council Member Gover added that to be honest, participation in the meeting had been very slim.

Council Member Myott stated that she thought everyone was there the last time except Council Member Rorrer and the City Manager.

Council Member Gover commented that he thought they have made some positive movements with this recycling.

Council Member Janney stated that he was not questioning those containers, that was a good step to move and some of the things were positive moves. He stated that to go this route at this point, he did not have enough information and he sure did not feel good about that money that they spent on that test (survey) at all. He stated that based on what citizens have told him, he was not the only one who felt that way. He stated that number one, he would not vote to put that back into the General Fund, but he would be receptive to other things within this Solid Waste system, if they put it out there where he could really buy into it.

Council Member Myott stated that she thought putting it back into an Enterprise Fund, they would be able to show any citizen their tax flow, their expenses, the revenues taken in. To her, this plan was so simple to explain.

Council Member Janney replied that if they could not take any of this right there and tell anybody about what was going on in the city something was wrong.

Council Member Grogan commented that they have an Enterprise Fund set up as it is. When it was begun seven or nine years ago, they knew the hopes and dreams of people that it would grow a \$1.00 or so a year or every other year and reach a point where it would be self sustaining, that where they would have probably \$15.00 in an Enterprise Fund to take care of solid waste. The \$15.00 with the recycling that they were talking about doing and so forth would probably take care of it. He stated that they were now talking about going possibly two different ways, an Enterprise Fund with a Pay As You Throw or/and taking the \$5.00, reduce the tax rate and have a Pay As You Throw. He asked if that was the thing she was talking about.

Mayor Price replied that they were all intertwined.

Council Member Gover commented that he thought a lot of people were confused, they got this automated truck and that was a wonderful idea, a positive, but they need those follow up plans, people did not realize the savings, if there were any, and they have not been presented to them. He suggested they get everything in place and show them something.

Council Member Tudor asked that if they went to an Enterprise Fund as Council Member Myott was speaking of, and they give citizens some tax reductions as they pay for the solid waste with a fee and then they begin to look for new customers, such as there may be a corporate customer who was paying for private solid waste pickup that they could take on. If that customer could pay enough to make a payment on a vehicle that they have, they might see this Fund even grow for the citizens. He stated that the Mayor had shared an idea that possibly they could serve a greater area than just the city, with some of the equipment that they have, and they could do it for profit, plus subsidizing their citizens and that being cost that was not passed onto their citizens. He stated that it was worth some consideration.

Council Member Rorrer stated that he was there when it was started, it was started to help cover the landfill fee, not picking it up, not the trucks, nothing else, just the landfill fee. He stated that he personally felt that they were obligated to the taxpayers to give them some kind of service. He stated that now they were talking about putting the whole works on the garbage.

Mr. Thomas asked that if they would recall, a firm did a cost analysis for them a couple of years ago, an accounting firm, of exactly what their solid waste operation was actually costing. It came within 50 cents of what the city had determined on its own, to be their actual cost and that was somewhere in the neighborhood of \$16.50 to \$17.00 per household per month to provide all of

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the solid waste services that was provided. He stated that was not just garbage collection, but also white goods, brush, and all of those kinds of things. He asked that they recall that at one of the first Solid Waste Committee meetings they had he threw the idea out on the table, that if they went to a pure fee based system, that it would provide an opportunity that their tax rate could be reduced about ten cents. That was based on a penny on the tax rate generating somewhere around \$57,000 to \$60,000, so ten cents would be \$600,000 of revenue. He stated that essentially they were taking that out of their General Fund but they were building it into a fee structure if they set up their solid waste as a separate enterprise that would be self-supporting. He added that he was not sure exactly if that would be fully self-supporting, but he was using that as an example.

Mr. Thomas stated that the Pay As You Throw would be a similar type of arrangement. Their rates would have to be structured so it was kind of revenue neutral. They were not going to make any more money, but they were not using general tax revenue dollars to support the Enterprise Fund. It was structured to support itself and try to get it to a point where people were paying for the amount of the service that they were utilizing. One of the biggest differences that they have in running that operation through an Enterprise Fund, its own separate fund like Water and Sewer, it was not always about dollars and money as it was being able to track where their pure cost was. There was a different method of accounting used for the General Fund than what was used for an Enterprise Fund. In the General Fund they did not actually depreciate equipment or vehicles. In an Enterprise Fund they did, because of the detail that was used. He explained that it was a matter of having all of that set aside so that they could see exactly where the money was coming in from a revenue standpoint and they see exactly where the money was going out from the fuel they would buy, the maintenance, the equipment purchased, and all the other personnel and administrative charges that go along with that. He stated that when it was set aside separately, they could take a pencil and get to the bottom line that they spent this amount of money to handle this amount of waste and this was what it was costing per ton and start developing fee and rate structures. He stated that it was not just about where the money was going in and coming out, it was about cost and being able to account for it and track it in a pure sense than having to go into the General Fund and extract all of that data out of the General Fund, run it through a different mechanism anyway, so that they could try to come up with a cost figure. By having it in the General Fund there was some cost that they experience that were kind of hidden and unless they really know where to go look they miss something and they did not get down to the fine point of what that cost was.

Council Member Tudor added that he appreciated the City Manager sharing that and he also appreciated Council Member Rorrer saying that citizens want to feel like they were getting service with their tax dollars. He stated that they get that with police service and street maintenance and fire protection, but in this day and age, they also have to be concerned about the environment and this was a way they could maybe ask their citizens to help with recycling. He stated that this was a forward step, if they could put this together and work it out.

Council Member Gover commented that the opposite of what he was talking about on the taxes, the last group of people he was talking with, they welcomed the increase in their tax. He stated that he thought it to be 8 cent, they would rather see the 8 cent than to see the extra bucket, so there they have pros and cons.

Mayor Price agreed and stated that he had never felt that their current system was equitable, as it should be. He stated that this was a good way to measure this. He stated that it was something that would change from year to year. He stated that it was also something that they would have to deal with in terms of recycling. He applauded the system but he was sure there were some wrinkles in it. He asked if the committee had ever talked about a trial run somewhere, in a given area.

Council Member Myott stated that she believed Mr. Adams mentioned that at the last committee meeting and that would be the first thing to take place. It would take quite a while to get this plan into practice and he would have to do that.

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Council Member Janney stated that rather than go and change the whole system, they would try something and come back with a proposal. He stated that it was pretty obvious that this test did not work.

Council Member Grogan commented that the people in his area and a lot of people he had talked with, the test was not a total failure. Mr. Adams had numbers and estimations of what they have done.

Council Member Janney replied that he did not have a true test from his (Janney) house.

Council Member Grogan pointed out that it was not a perfect plan, but it was a test. It was a test to give to the Council where he came up with those rates or \$12.00 for so many gallons and \$4.75 for the retirees, so it did have some validity.

Council Member Janney stated that a test was run based on facts.

Council Member Grogan replied that this Council was not willing to spend the money to do something on a factual basis. He stated that if he wanted to go and buy a scales...

Council Member Janney stated that he was not talking about scales. He stated that he did not know where Council Member Grogan got his information, but he had a "dot" on his can, they did not care how much he had in there, whatever dot he had on his can went into the numbers that he came up there and presented. He added that he should not have presented it until the committee met, but if he did not set his can out a day, his number went on in there and did not change. Whatever that dot was, was what went on there as a number for that whole period of time. He stated that he sometimes did not even put his can out. He asked how he would get a true test if they did not check.

Mr. Thomas commented that he would like for Mr. Adams to address the Council. He added that even if he did not place his can out on the curb, those things were taken into account. He may have exceeded the amount and sometimes he may have been under the volume, those things were considered in the process to come up with an average, and if this program had been put in place and it was determined that his volume was greater than what he was stickered for, they would have changed the sticker on his can.

Council Member Janney stated that it started out with a sticker greater than the volume in his can and they changed it to a lower volume.

Mr. Thomas explained that was because they were monitoring it.

Council Member Janney replied that they were not monitoring it, he (Janney) was. He stated that if a test was run and they get a true test, he was going to check his can every time he came by, to make sure that he stayed consistent with what was supposed to be in it. He stated that was a test, not when the man says, "I don't really care what is in that can or the can up the street that you have been looking at, I just dump it in that thing."

Mr. Adams explained that the assessment of the program put in place, there were a little over 2,000 assessments done throughout the pilot study area. In those assessments, each individual container was not assessed every week, but there were targeted assessments in each area, including Mr. Janney's. He stated that they have the dates and the documentation, the volume range and the cost associated with the volume range found at those locations. Out of the 2,000 or so residents assessed, each of those houses, the average amount of waste found on the terms of volume range, the number of times it was consistent, the number of times it was below, all of those were taken into consideration and the costs, were calculated with those assessment findings. Each resident that was assessed was done identically the same way. All that data was pulled apart, analyzed and put back together in the presentation that was presented to the Council for their review. He stated that those percentages were based on the actual information in regard to the amount of waste that was found there. The pilot project did what they intended for it to do. It gave an indication of the set out rates in terms of the citizens, it basically let them know the

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volume trend, those were the things they were trying to target to determine the city's waste stream. He stated that also in knowing the conservative approach that the Council wanted to look at, this program was set up to be able to implement a cost-effective system to where there would be a very minimal amount of capital investment required. Yet it had a two-fold objective, one to get a system in place that would be fairer and also give them an incentive to reduce their waste, which was the ultimate goal behind the state's requirements injected to move to reduce the city's waste. He stated that they would never come to that point until the system in this city was changed. The objective was to present something that was receptive in terms of the cost associated with implementing it and something that would give control back to the citizen as to how much waste they were generating and also give a degree of control to the city who administers the program and the operation to provide a more equitable system for this city.

Council Member Rorrer stated that Mr. Adams had indicated it was done on income levels.

Mr. Adams replied that they actually tried to target low, middle and upper income levels, and all those were polled together.

Council Member Rorrer asked if he did any kind of study on age to which Mr. Adams replied that they did. He asked if they had done anything on senior citizen recycling.

Mr. Adams stated that in terms of what they were doing, yes. They were able to determine a proof showing that a large quantity of recycling activity was taking place by many of their senior citizens and also in terms of their amount of volume, they were paying unduly for the amount of services that they were using.

Mayor Price asked what he estimated they were paying.

Mr. Adams replied that they were being forced to pay the same identical thing that the individual, and they see it everyday, the individual with a can where the lid is sticking up. He asked if that was fair. There was not a true system in place in this country that could go out and actually charge precisely for exactly what you put in that can, but there were some equitable systems out there, and this was one that would work.

Mayor Price asked what percentage of accuracy was that study to which Mr. Adams replied 85% to 90% accuracy in terms of volume. He stated that they found what they were looking for.

Mayor Price asked what people tell him about the recycling locations. He stated that people have told him they would like more accessible places.

Mr. Adams replied that had been the general rule. He stated that everyone would like to see locations that were more convenient. He stated that was where the igloo project came in. He added that recycling was only one component of their waste reduction efforts.

Mayor Price asked what the percentage of recycling was to which Mr. Adams replied that on just the garbage end of it, about 6 or 7%. He asked about state mandate to which Mr. Adams replied that currently they were targeting 14.5% and by 2003 they were supposed to be at 19.5% and that was the goal set by the Rockingham County Solid Waste Plan.

Council Member Janney asked the Solid Waste Committee if they received that information to which Council Member Myott replied that he gave it to them as a graph.

Council Member Myott explained that Mr. Adams had not given out those sheets listing all the addresses and people's names and she did not think he should.

Council Member Janney disagreed and the Solid Waste Committee should have it.

Mayor Price asked how many seniors would fall under that program to which Mr. Adams replied that it was a very low percentage. Mayor Price asked Mrs. Stultz about how many seniors there were per household to which she replied about 19%.

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Council Member Grogan explained that was one of the biggest criticisms that he had heard was that a lot of people he had talked with thought it was ridiculous for the seniors to pay as little as they did, but they were talking about themselves, that they felt they should pay more than \$4.75.

Mr. Thomas explained that one description he could give to the program was the old stick and carrot approach. If you do not recycle, if you do not buy products that involve less packaging which would generate more waste, if you were not doing those kinds of things, then you would pay more for the burden that you place on the system.

Mayor Price commented that they did make it awfully hard for their people to recycle though. They either did not have time or did not feel comfortable driving to some of the areas.

Mr. Thomas stated that he would love to go to some type of curbside program but even with that, if there was no incentive provided, a lot would sit in the backyard.

Council Member Gover commented that when they put in their compaction station and the automated collection, they were supposed to have so much of a savings. They really needed to be able to show the people the savings.

Mr. Thomas replied that part of it was, as the city has made very positive steps to reduce cost, and become more efficient, other costs have continued to go up. He stated that the tipping fee was currently \$37.00 a ton.

Council Member Gover stated that they were not that far behind to which Mr. Thomas agreed. They were really on a threshold and it was difficult to take that next step because in the early stages of it, it may cost more than what they really want to pay, but over time and as they grow into it, it should become more self supporting.

Council Member Tudor commented that if they keep on doing what they were doing, they would keep getting what they were getting.

Council Member Grogan commented that he thought they were getting outstanding solid waste service and they were to which Council Member Janney agreed. He stated that he thought what they were trying to do was to allocate cost to where those who use it pay the most.

Council Member Rorrer stated that sounded good but they got somewhere along the line the part about cutting the taxes, taking the extra funds from the taxpayers. He stated that he did not care what they called it if they took it out of the pockets it was doubling the rates.

Mr. Thomas explained that he thought that what he was saying was that if they increase the fee, there needed to be a reduction somewhere else so that the homeowner and the citizen was really not paying anymore out of pocket than what they were already paying. He stated that they could do that to some degree, but if they go to a tiered rate structure, some of them would end up paying a little more, but it was their own choice.

Council Member Tudor clarified what he had earlier said that if they were at 4% they would keep staying at 4% and they said at the very beginning that if they doubled the rate they would double the taxes.

Adjournment:

A motion was made by Council Member Grogan seconded by Council Member Gover to adjourn the meeting. All Council Members present voted in favor of this motion.

Respectfully,

Kim J. Scott
City Clerk

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ATTEST:

Philip K. Price
Mayor