

**HIGH POINT CITY COUNCIL  
SPECIAL MEETING  
FEBRUARY 15, 2016 – 3:30 P.M.  
3<sup>RD</sup> FLOOR LOBBY CONFERENCE ROOM**

**MINUTES**

**Present:**

Mayor William S. Bencini, Jr., Mayor Pro Tem Jeff Golden (Ward 1); and Council Members Cynthia Davis (At-Large), Latimer Alexander (At-Large), Chris Williams (Ward 2), Alyce Hill (Ward 3), Jay Wagner (Ward 4), Jim Davis (Ward 5); and Jason Ewing (Ward 6)

**Staff Present:**

Greg Demko, City Manager; Randy McCaslin, Deputy City Manager; Randy Hemann, Assistant City Manager; Jeron Hollis, Communications & Public Engagement Director; Eric Olmedo, Budget & Performance Manager; Terry Houk, Director of Public Services; Robby Stone, Asst. Public Services Director; Glenda Barnes, Public Services Analyst; Chip Vanderzee, Solid Waste Collections Superintendent; Gary Smith, Director of Fleet Services; Greg Nance, Sanitation Superintendent; Jeff Moore, Director of Financial Services; Melanie Bruton, MRF Superintendent; JoAnne Carlyle, City Attorney; Loren Hill, President- High Point Economic Development Corporation; Lisa Vierling, City Clerk; Maria Smith, Deputy City Clerk

**Others Present:**

David Woodard, Poyner & Spruill  
David Collins, CDM Smith

**News Media:**

Pat Kimbrough, *High Point Enterprise*

*The following handouts were distributed during the meeting and will be attached as a permanent part of the proceedings:*

- *City of High Point RFP for Management, Processing, Disposal of Single-Stream, Furniture Market, and Special Waste Materials- PowerPoint Presentation*
- *City of High Point- Personnel Resolution Revisions 2015 (City Manager/City Council Overview)*
- *Vision Statement*

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**1. Personnel Resolution Amendments**

**Angela Kirkwood, Human Resources Director:** I just wanted to bring this issue before you and essentially it's the changes to our Personnel Resolution. Just to give you a little background and history, as far as a city, municipality or township, they generally

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will have a document in place whether it's a personnel ordinance, a personnel resolution or some other type of document which is the personnel policies and procedures. And essentially, they lay out the expectations for the employees, also incorporate whatever the state laws, federal laws and things like that. And the City of High Point initially operated with a Personnel Ordinance. So every time there was any type of personnel action change, whether it was a change to FMLA, ADA, a change in our basic business practices, it had to go back before City Council. So in 2006, at the recommendation of legal, the City of High Point went from a Personnel Ordinance to a Personnel Resolution just so that we were able to conduct our business a little bit more efficiently, a little bit more effective without having to go back and forth to the City Council every time there was a personnel change.

**Mayor Bencini:** I understand that. I really do. I get that.

**Angela Kirkwood:** So, in April of 2014, the previous City Council asked that David Woodard, who is with Poyner & Spruill—you guys all know David, that he and I work together and review the entire Personnel Resolution, make sure that we are being consistent in our practices and everything was updated as far as the laws. And that assignment has now been completed and I'm bringing it back to you. The Current City Council....getting your approval of those changes.

Just to give you an idea of the types of revisions that were made, I'm just going to run through a few because this is the actual document and I don't want to go through all of those changes. Section 1.3, which talks about the city manager's authority and responsibility. In that section, the way it currently reads, it states that the city manager shall have the responsibility to administer the Human Resource Policies. The change in the policy states that the city manager will have the authority to make the changes based on our business needs and based on changes in the law without having to bring this issue before you again.

Section 3.16 talks about interim appointments. Right now the way it reads is someone gets an interim appointment, say you have deputy city manager on an interim basis as the city manager. We want to make sure that we change the policy so that people understand that those interim assignments are complete and they are not the person that was successfully appointed to that position, that they return to their former salary when they return to their former position. That language wasn't really clear in the current policy, so that's a clean-up there.

Section 4.2 talks about rehiring retirees. The way it currently reads, there was a limit in terms of how long a rehired retiree could be on board, so to clean that up and make it a little bit more productive for the city, and get the department heads to forecast and plan ahead, put a time limit on it. Put a cap on it. Six months if for whatever reason there's someone who you brought back and they need to stay on longer to transfer over the knowledge, then we'd make a request to the city manager instead of just leaving the rehired person in the position for an indefinite period of time.

One of the other changes was actually done at the request of the previous City Council and that's Section 5.2 and that has to do with fraternization. It's on the back of that first page. I just wanted to heighten your awareness and let supervisors, make them cognizant of the fact that they should not have relationships with subordinates. That is prohibited. As far as relationships between co-workers, that is something that we cannot regulate legally. We can discourage it just to make sure that, you know, people you're in the work environment, do the right thing and we know that a lot of people do often meet their spouses in the work environment, but as far as a subordinate and supervisor situation, again, heighten the awareness of that so that we don't have some of the problems that we did encounter in the past.

This section, Section 5.3, in regards to residency requirements, currently the policy states that department directors must live in the City of High Point's planning area. The change that I put there is to ensure that we have the opportunity to attract and retain the best employees for the opportunity. So this is asking that the city manager be given a little bit of latitude so that if there is someone we're looking at to bring in, or an internal candidate that we're trying to promote within the city that if they do not meet those residency requirements, that he would have the authority to allow an exemption in the event that it creates a hardship.

**Council Member C. Davis:** Do we not do that now loosely? On a case-by-case?

**Angela Kirkwood:** Umm, since I've been here because it was in my offer letter that I did have to live in the City of High Point planning area, so all of the assistant department heads and department heads, that language has gone into their offer letters. Now prior to Greg and I, yes to answer your question.

**Council Member J. Davis:** Define hardship.

**City Manager Demko:** Well, hardship, there's several instances that we've had in the past where people have had their family properties, family farms that were outside the city and they were here and received promotions and were required to live inside the city. And actually I've been tossing around this idea of our residency and one of the expectations that was here before is that department heads live in the city and as Cynthia brought out, it was loosely defined how it was. But Angela visited about giving this type of flexibility. But also I think we really ought to consider something that is broader. Many places use response time or an area, basically 30 miles within the city to come in. And frankly, I got off the phone today, and had about a 45-minute conversation with our search firm for our police chief. And some of the direct recruitments that they are having, they said that I'm not moving my family there if I have to live in the city schools and other areas.

So for us to attract and retain the best talent that we've got, I would suggest that you give me the ability to do that.

**Council Member J. Davis:** You see, I kind of disagree to a certain extent. Some of the employees....I don't see that as an issue, but for a police chief or fire chief, I think most of our citizens would prefer those type of people live inside the city limits. You know like if we had a police chief that lived in Wallburg or Winston Salem. And I think somebody applying for that type of position and that salary level, especially our police department, you know, it's an award-winning police department. It's going to be, I would think, a well sought after job. Randy is shaking his head that it's not, but I would think that it would.

**City Manager Demko:** You would think so. I expected and our consultants expected 50-100 applicants. We got 18. That's a reality.

**Council Member J. Davis:** Well, why is that?

**City Manager Demko:** Again, some of the direct recruitments that they are doing for people that would be perfectly suited said, "I'm not moving my family there."

**Council Member C. Davis:** So basically what we could work in if we wanted to is actually as the city revitalizes and redevelops itself, then work it in at a later date based on....

**City Manager Demko:** Then we won't have to work it in.

**Council Member C. Davis:** Yeah, because they would choose to live here.

**City Manager Demko:** Then we won't have to work it in exactly.

**Angela Kirkwood:** And part of the competition right now is you have baby boomers that are retiring. So there are eight different police chief positions open right now in the State of North Carolina. So, you know, people have got a lot of cities to look at as a matter of competition.

**City Manager Demko:** The other thing is....like it or not, a lot of our leadership throughout our organization and our succession plan, we've got a lot of people ready to retire. We'll be replacing quite a few over the next four, five or six years.

**Council Member J. Davis:** I understand....to me it just seems like it would be hard, you know, like in that position to be a police chief if you don't live here and understand what's going on in the community. It would be kind of like me being elected, you know, if I live in Winston Salem and I'm representing High Point. I just don't understand that.

**City Manager Demko:** Well, there's a couple of different pieces. One, the city manager, city attorney, assistant city managers, definitely. Everything else comes out of the direction, policy of the City Council and direction of the manager's office. I expect and we've enjoyed a great level of professionalism and we will continue that and if you

are a professional, you are going to do the job. And if they don't do the job, then we've got a different issue.

**Council Member Hill:** You said response time would be a different criteria too? Because like Jim....and the police chief, they've got to be able to be here fast.

**City Manager Demko:** In Colorado, we used a response time piece of 25-30 minutes typically. Here, Durham is using 30 minutes, or 30 miles. Greensboro is using 30 miles.

**Council Member C. Davis:** Are we using that, or is that not in there?

**City Manager Demko:** Right now, the way it's proposed, and I just got this information today and it's worrisome. It's very worrisome and I needed to bring it out to you tonight. Because I was looking for the ability to have flexibility as we move on, but we've got to deal with it right now.

**Council Member J. Davis:** You know we have a police officer that currently lives in Climax. It's exactly 30 miles from his door to my door because I travel that way and I've clocked it many times. But that's a 45-minute drive in traffic. That's the best I can do it. If we go that route, then we've got a police chief that can conceivably live in Mt. Airy or somewhere else. I just..... have a little bit of heartburn over that one.

**Mayor Pro Tem Golden:** Greg, what's the primary reason we're hearing from people that don't want to live in High Point?

**City Manager Demko:** Schools.

**Mayor Pro Tem Golden:** Something we don't have any control over.

**City Manager Demko:** The consultants told me schools. Three different people told me.

**Angela Kirkwood:** And one thing that you can keep in mind is that by having the revision there at the beginning of the document that allows for Greg to come back and make changes as needed. If for whatever reason we need to make adjustments, then he can come back and change the policy. And once we start our downtown development and things are different, and the attraction to be here is different, we can entertain it at a later date as well and make a revision if we need to.

**City Manager Demko:** I just wanted to bring it out that it is a real issue. You're building in flexibility, but we probably need to do some more.

**Council Member C. Davis:** I agree with Jim in that it really needs to have the pulse of the city, but I understand the need to attract too. So it's sort of a hairy situation.

**Council Member Hill:** Are they saying schools in Guilford County, but not in High Point or are they outside in the county, or do you know?

**Mayor Pro Tem Golden:** Yeah, because now you're outside that 30 minutes.

**Council Member Hill:** I was just curious because we've got Say Yes and good things coming that could mitigate that a little bit.

**City Manager Demko:** It should and eventually will, but people aren't ready to uproot their families right now.

**Mayor Bencini:** Well this residency requirement will be the second change that Latimer and I have been through because we were on Council when it wasn't required not that many years ago. And we required it starting when, Latimer?

**Council Member Alexander:** Well with our former police chief, Jim Fealy. He lived in the planning area, not in the corporate area.

**Mayor Bencini:** But we made a change so that we could include a little bit broader area.

**Council Member Alexander:** Chris Thompson I think lived outside the corporate limits, but lived in the planning area. So, I mean, it really...when you start getting into some specialized jobs, the more flexibility that you give your manager, the better candidate he can bring to you. And it is a challenge to us to help our schools be better and insist on better local schools.

**Council Member C. Davis:** And if we cross-train our employees and they move up the ladder, we don't want to penalize them because they made an investment to live where they're currently at and not be able to become that director or that supervisor that we need.

**Angela Kirkwood:** And that's been some of the conversation that's been discussed with some of the internal candidates. They've shared in terms of them even being interested and applying for the chief opportunity because they're not going to give up their family homes where their kids are currently invested in the school systems. You know once you have kids in a school environment and they started either at that middle or high school, you kind of want them to finish where they are because it's your friendships and their foundation and stability.

**Council Member C. Davis:** Well there's more than one way to skin a cat, so maybe for the police chief, if that's a concern or the fire chief, that we require certain...I mean I don't know, we don't hire, you do, but the thought along the lines to keep them engaged within the community, "x" number of community hours within the community to keep our finger on that pulse of what's going on.

**City Manager Demko:** Well that's part of their job. That's something they'll be doing anyway with outreach and working with our community groups. So that's .....

**Council Member C. Davis:** So you're not concerned about it?

**City Manager Demko:** Not at all. And in my past positions in other places, we've had response times or areas outside the boundaries, influence zones whatever.....not a requirement that they live inside the corporate limits.

**Council Member J. Davis:** I still have a little heartburn, you know, over a director or employee in that position not living inside the city limits. I think a lot of citizens are going to be upset if we hire outside the city. Especially someone that lives somewhere else and doesn't pay taxes here. I just think that we're going to take a hit on it, but that's my personal thoughts.

**Angela Kirkwood:** Again, it's an effort to try and attract the best individual for the position and that's what we want to be able to do for all of the department level positions because it just happens to be this year that the chief of police is retiring, but within the next five years, you've got about eight or ten department heads that are actually eligible.

**City Manager Demko:** And it will be an issue.

**Mayor Pro Tem Golden:** My fear is that at some point, all our department heads will live outside the city and I don't know how we will rectify that.

**City Manager Demko:** Well, and that's our job to make the city be a place that everybody wants to live. I mean that's what we need to do. Anything else, Angela?

**Angela Kirkwood:** There were just a couple of more examples and the last two. I'll just go over the last one that has to do with the shared sick leave. Section 6.6. The way that currently reads is if someone is out for an extended period of time and they're covered under FMLA, then they're eligible for shared sick leave. Making a change to the policy so if someone has a catastrophic illness and they haven't been with the city long enough. Say they've only been here three months, then they would be eligible to participate in the shared leave program. And I'm currently doing some research and looking at other opportunities for short term disability, long term disability. This is like putting a Band-Aid on the situation, but it's better than not doing anything to the situation, because we've had new hires come to the city. Accidents happen every day, you look up and someone has had a heart attack or someone has been in a really bad car accident and there's nothing that we have in place to help supplement the employees income, so by having that shared sick leave, we can give it to a brand new person who is new, who has a future with the city and again that whole thing, as we are attracting and hiring the best employees, we want to be able to keep people.

**City Manager Demko:** Pretty much, this was the city's response to having a disability program and I asked Angela to look at really protecting our employees. There are short

term and long term programs out there. This one is subject to a lot of different issues that are sitting there, so we're looking to clean up what's there currently and then make a move to do it the right way.

**Council Member Alexander:** Umm..go ahead Jim.

**Council Member J. Davis:** Thank you, Latimer. Angela, this overview the last Council asked David to get involved because we had a grievance that was filed against the manager and we really didn't have a process in place to handle that. And I noticed that you included that now for that process and it will go to you directly, but you didn't expand on that.

**Angela Kirkwood:** That's why David is here. What I was trying to do is go over the basic information and explain the history of what had happened and the intent of the policy. I know that the residency requirement issue was going to generate some discussion and that's why I put it on there, but my intent is to bring this before you and let you know that our Personnel Resolution should be reviewed like every three years to make sure that it's updated, current. The last time it was reviewed was in 2008. So when I first sat down with David and started going over it, there were quite a few things in terms of our current business practices as well as changes in the law. So he addressed all of those issues with me. We just flushed it out, cleaned it up, closed the loop holes in making sure that we're consistent in our practices, regardless of which department that you're in. You know we're treating all employees the same. Giving everyone the same opportunity and working with David, again, as you mentioned was one of those issues that was a pretty hot button with the City Council.

So I'll let David share the outcome of that in terms of the grievance process relating to the city manager.

**David Woodard:** So to answer your question, we had a couple of things that we could do with that situation. One of which would have resulted in making the Council essentially the personnel review board and put a process in place. There would be a process to be put into the resolution where somebody can essentially bring a discrimination grievance to the Council and Council, as a result of that, getting involved. Personnel actions that don't involve just their employee/manager and my recommendation is to avoid that because you're high level and probably don't want to get involved in that level of personnel action. So what we have done, what was missing before was a procedure that was put into the Personnel Resolution and into our Discrimination Harassment Policy that makes it clear that if an employee has an issue, whether it's going through the disciplinary or termination process, or in some other setting. If they have an issue where they need to bring a complaint against the city manager, there was nothing in the Personnel Resolution policies that spoke to that initially. Now there is. And they would initiate that complaint or concern with the Department of Human Resources. And at that point, if we stop there, which is what we have done, it becomes...if Angela and the city attorney, Angela and the outside counsel, Angela and the City Council whatever the specific circumstances require at the time



based on the complaint, would then decide whether or not...if it would stay with legal and be resolved or if it's something that needs to come to the City Council to be resolved or with the city manager directly. It kind of draws a line between you supervising the city manager and you inadvertently or intentionally getting involved in personnel actions that involve hourly employees, rather than supervisory employees that you don't directly supervise.

**Council Member J. Davis:** What happens in the case say that there is one and Angela handles it and the city manager doesn't accept that. Is she the mediator as the final outcome, or does that come to Council?

**David Woodard** I would say that Council is always the ultimate authority when it comes to....

**City Attorney JoAnne Carlyle:** She's certainly going to alert the attorney and the attorney has got an obligation to alert the Council because it's your employee.

**David Woodard:** We just don't have a written policy that ties your hands in any particular way as to how you handle it.

**Council Member Alexander:** And it will rise to the level of need. I mean if it's a serious action, it'll rise to the level of need.

**Council Member C. Davis:** I'd just like to point out that on this particular item, I understand that the last situation involved the city manager because of that hierarchy, but should we have it cover our city attorney and our city clerk who are also Council's employees? Because the city manager doesn't hire or fire those individuals. Council does.

**Deputy City Manager Randy McCaslin:** Those people don't have anybody reporting to them.

**Council Member C. Davis:** I know. I'm talking about a grievance being filed against them. That's what I'm talking about. I'm not talking about the instruction coming from the city manager. Greg you were nodding your head a minute ago.

**City Manager Demko:** I think that would be appropriate and we'd just bring it to y'all as a closed session.

**David Woodard:** We could either write it in or I would have to go back and look at this to be sure, but I think the grievance process now always ends up, or can end up with Angela, who has the ability to take it wherever it needs to be taken.

**Council Member C. Davis:** I guess I was discovering the fact that you've got the city manager that's Council's employee. You have the city clerk that is Council's employee and you have the city attorney which is Council's employee.

**City Attorney Carlyle:** But one of the thoughts, too, we had is because the HR Director is under the manager. The HR director is not under the clerk or the city attorney. So that was why we felt it was so important that the manager be set out specifically.

**David Woodard:** Right because there was nowhere to go above the city manager initially. If somebody had an issue with the city manager. And usually you're not getting employee complaints against the city attorney or clerk because they don't directly supervise.

**Council Member J. Davis:** If someone had a grievance against Lisa, who would they go to?

**Council Member C. Davis:** That's what I'm saying.

**City Attorney Carlyle:** To the Manager because they're employed by the manager.

**Council Member J. Davis:** Lisa is not employed by the manager.

**City Attorney Carlyle:** No, but they're an employee of the manager and he has the responsibility to address whatever problems his employees have.

**Council Member J. Davis:** So what if it's a council member?

[laughter]

**City Manager Demko:** We'll bring it to Council.

**Council Member Ewing:** We'll tweak the policy when that happens.

**David Woodard:** One thing to remember is these are resolutions that apply....these are employee relations issues, so it's kind of a reduced risk.

**Council Member J. Davis:** you know you and I talked early on in this process and you saw a lot of things that needed to be fixed. Do you feel comfortable now that ....

**David Woodard:** that we've got it where it needs to be? Yes, I feel good about it.

**Council Member Alexander:** If we're finished with that topic, I wanted to review something else. Holiday and leave, with respect to military service either direct military, draft or national guard or that kind of thing.....we do hold their job at pay until they are returned?

**Angela Kirkwood:** Yes, there is a five-year holding period and if they are....say if they are on any type of special assignment, then that five-year period is extended, provided that the orders are sent in and we have that documentation. But it's five years and if

there's been any advancements in the salary, then they are entitled to those as well. So they lose nothing.

**Council Member Alexander:** Thank you.

**David Woodard:** You were referring to the holiday leave, but I don't know whether you've gotten to it yet, but the entire military.....

**Council Member Alexander:** I saw 6.8 in there. But it wasn't as clear as I wanted it to be.

**Council Member C. Davis:** How much time do we have to review all this Greg before we vote on it?

**City Manager Demko:** Well, you've got options. We can either do it now if you wanted to vote on it now, or we could do it at our next meeting. The residency piece that I was kind of hoping that I could get a revised job announcement out. We've got ten more days and I really don't want to push the process back. In talking with our consultants, they felt that that ten days and the contacts they made may make a difference.

**Mayor Bencini:** If our management team needs a change in order to attract people for those positions, I think we can go ahead with the residency piece now.

**Council Member Alexander:** Since this is a council meeting, **I'LL MAKE A MOTION TO SUSPEND THE RULES TO CONSIDER ACTION ON THE PERSONNEL RESOLUTION REVISIONS.**

**City Attorney Carlyle:** You don't need to suspend the rules. It's already on the agenda. If I can just mention just a couple of procedural points as well. First, I just want to say that we've been through some rough times over the past few years with regards to some personnel matters, but the positive thing about that is that now what you have before you is a heavily vetted document that's been reviewed by a number of people, up down from the perspective of the problems that we've had, as well as making sure that everything is in alignment with the current laws and also something that's more applicable for your human resources director to apply to things that she had seen that we didn't have the capability of really having language apply to. One thing I want to try to get straight with everyone about what a resolution is. This is a Personnel Resolution. Just like any other resolution that you guys pass. If it is amended, it has to come back to you. There's been some confusion about whether or not.....

What happened was there was a case and I think it was out of the Raleigh area years ago. The Supreme Court had some discussion at that point in time and said, okay, if you've adopted an ordinance, then perhaps it could be interpreted as similar to the State Personnel Act and what that means is that there are property rights that up the due process. So everybody scurried around at that point in time and tried to switch

everything they had from an ordinance to a resolution, just to try to protect ourselves with that at-will employee nature that we have. So if you adopt, however, a resolution and you put in there that you're going to give some authority to the manager or whomever, the authority to make amendments without coming back, then you can do that. But we haven't had that in the past. What we were going to recommend today is kind of splitting the baby. In fact, Dave and I have had some discussions about the statutory authority and it's not really clear whether or not they can delegate all of it. So what we would recommend today, if you are in agreement with the terms with what you've heard set forth, is a motion to **APPROVE THE RESOLUTION AS YOU'VE RECEIVED IT. IN ADDITION TO THAT, GRANTING THE AUTHORITY TO THE MANAGER TO AMEND ANY APPENDICES AS IS NECESSARY BECAUSE THOSE ARE GOING TO BE THE THINGS THAT HE AND THE HUMAN RESOURCES DIRECTOR USE ON A DAY-TO-DAY BASIS TO REALLY GET THE JOB DONE.**

So that would be my recommendation.

**Council Member Alexander: I'll MAKE THAT IN THE FORM OF A MOTION.**

**Mayor Bencini:** We have a motion, is there a second?

**Council Member Wagner: SECOND.**

**Mayor Bencini:** We have a motion and a second, any further discussion?

**Council Member C. Davis:** I don't have a problem, Mayor, addressing Section 5.3 as you recommended to have further discussion about the residency, but I don't feel comfortable voting for something that I haven't had time to read.

**Mayor Bencini:** Any other comments? [none] All those in favor, say Aye. Aye. Opposed?

**Council Member C. Davis: No.**

**Mayor Bencini:** That motion carries. [8-1 vote] [Council Member C. Davis dissenting]

2. **Proposals Received for Material Recovery Facilities (MRF) Operations/Services**

**Deputy City Manager McCaslin:** To kind of set the stage because all of you haven't been here through the whole process. About two or three years ago, we entered into a contract with HDR Consulting firm to do a study and give us specs and a plan for updating the MRF including equipment, manpower, etc... We got most of the way through that, went to bid, and when we got to Council, Council basically said we want you to look at some other options. So that's what we've done. We've invited David and his group here to take a look at our current operations and we've actually gone out to bid

twice. The first time....and we'll cover this in the presentation, but the first time we got no takers because we were looking at an apple-to-apples comparison. We wanted to see if the private sector was willing to perform everything that performed as far as the MRF goes. That didn't work, so we had to turn around and go back and this is the results of the second proposal.

**Council Member J. Davis:** Before you get into the presentation, if I recall you bid out the MRF. Council ultimately approved spending the \$5 million and you bid it out, but there was some issues with design/equipment or something so it never took place. Then we kept pulling it back and ended up buying a baler system—a new baler.

**Deputy Manager McCaslin:** That's correct. We did buy the baler to get us through to get to this point. That's the only part of that money that has been spent other than engineering fees. Okay, Terry is going to kick us off.

**Terry Houk, Public Services Director:** There's not much to say. I think Randy summed it all up. I think back in May of last year that we made a presentation to the Finance Committee and at that time they wanted us to look at alternative outsourcing possibilities. Out of this, we selected an on-call firm that was pre-qualified, CDM has a lot of experience in solid waste and recycling. And today, David Collins, who is Vice President of CDM is going to make a presentation on the results of the RFP.

**David Collins, Consultant:** Okay, thanks Terry. So you guys were blessed to hear from two David's in a row. Although I go by Dave, not David too terribly often. My mom called me David. So I don't have the long history with your facility. We were brought on in the last six months or so. You know if you kind of look at it from a distance and try to work to help develop an RFP. So I don't have the years and the background of the history of whatever may have happened. So you'll have to forgive me if you ask me a question from way back because I don't have the answer.

So let me tell you a little bit about what we're talking about here. The Material Recovery Facility—it's called the MRF—opened in 1990 twenty-five years ago as a dirty MRF. So that means that all the garbage that was picked up went through there and people were picking. Picking the recycling materials. That switched in 1996 and became a clean MRF, which means that it was only processing recyclable materials that were collected.

It's a pretty large building. It's about 57,000 square feet on about 12 acres of property. So the main things that it takes there is single stream, which is your straight recyclables at curbside collection. Furniture Market is a very main component of what they do. And special waste and I'll talk a little bit about what those special wastes are, the other thing to be aware of when you're talking about your recycling program. So since the MRF opened, you processed over 200 million pounds of recyclable materials. So there is a benefit to recycling and one of the benefits that you see is that it saved almost 7.5 acres of landfill space. So when you take the cost of the landfill space you would have had to create, you've saved almost \$3 million over the course of the life of the facility so far. So there are benefits outside of just selling the commodities, the plastic and paper. There's a savings association with the landfill itself.

So a little bit about the MRF. You're currently budgeted with 23 full-time employees. They're currently operating with 19. Rolling stock equipment is just, you know, the loaders, forklifts, trucks, sweeper, Gboom, two conveyors, two balers. You just mentioned the balers. One is reasonably new and one is 25 years old. I point out and talk about the years because one of the things that you're going to be challenged with is this facility is 25 years old. The equipment is old. You only have a given life associated when you're talking about mechanical equipment. I mean it's currently being held together. You can see here, using duct tape. It has reached the end of its useful life. The challenge that you're facing then is the improvements project if you want to move forward in doing it yourself.

**Council Member C. Davis:** Dave, in your opinion, the duct tape and such, how does that impact employees safety?

**David Collins:** I don't think there's a safety issue with it, but I think it's indicative in that it's along the conveyor belt, which isn't a safety issue I don't think, but it just goes to show that it's 25 years old. I mean you've got to do something and it's been postponed. It's been bid. It's been rebid. You know hopefully we've gone through this exercise and it can help you guys make a decision to move forward.

**Deputy Manager McCaslin:** There are some safety issues in there. Like part of the upgrade is a fire suppression system that needs to be done in order to continue operating out of the buildings. So there are some safety issues to it, but it doesn't have to do with the conveyor belts, etc..

**David Collins:** So let's talk a little bit about some of the things that happens at the MRF. One of the things you do is single stream recycling processing. So basically it's your residential, curbside collection program and recycling drop-off sites. You're taking and processing all of the materials. It's a manual sort so if you haven't been there, you have to imagine a long conveyor that's this wide with people standing on it literally picking the stuff as it's moving past them, the cans, the plastic bottles, the newspapers, and separating them out. So it's literally a total manual sort. You process between two and three tons per hour. Things you collect, plastics, glass containers, paper, cardboard, pizza boxes, aluminum, steel cans, etc....this year so far you've processed about 7 million pounds in this fiscal year, well about seven months.

So one of the other services that's provided is associated with the Furniture Market and other showcase events. So the largest events are held in April and October. You all know that. The pre-market and after-market period is created of about ten weeks increased activity. So about a 300% increase in volume. You can see....you keep this stuff stock-piled up to the ceiling. You're open for the most part during that time 24/7 for four weeks. That's the kind of material that's coming in. You use a ton of temporary staff, a lot of staff over time to do that. It's a key component because it's a critical aspect associated with the Furniture Market. You continuously get the bulky material, large boxes, wood pallets, Styrofoam and all that stuff. So it's a service that's being provided by the city.

Okay, so the last is special waste services. So you're prohibited from bringing these special wastes to the landfill. So some of these special wastes, white goods, your dishwashers, your washers/dryers when they're done, they've got to do something with them because you guys process them here. Electronics waste and all those old TV sets, they get hauled out here. Old computer equipment, all needs to be processed. They have tubes and stuff that you don't want to get in your landfill.

Lastly medical waste and ABC beverage containers are also processed there. It's the only drop-off site for residents, businesses, and city staff. Your staff does help out. You see some of the white goods in the roll-out container here. Your staff does help out people unloading them so there's no safety issues with them. FY 2015, that's not this year, but the previous year, you processed about 150,000 pounds.

**Council Member J. Davis:** What's the ABC beverage....why is that prohibited in a landfill?

**David Collins:** It's statewide. You know the ABC beverages, the glass bottles are recyclable. There's not a very good market for it right now, but they are recyclable and the state law requires them to be collected. So the actual....and I'm going to be a little bit outside of my comfort zone, but I think what happens is people that have an ABC liquor license, they have to and they have to document it. They bring their bottles to your site, staff signs off so they can present it to the ABC Board to prove that they've done what they are supposed to do and recycle them. So it's a state requirement.

**Mayor Bencini:** So it's a forced recycling.

**David Collins:** Absolutely. So that's a little history of your MRF and why we're talking today. So we initiated this RFP. So some of the goals that were established. And the first thing that we did when we got involved was talk to staff and say what do you want to do. They said we want an RFP to look for a third party to come in and take over recycling. That's what we were tasked to do. To get a quote. Find out what it's going to cost for you to have somebody else do it rather than you spend the money right now in upgrading the facility.

So the things that were identified.

- Continue to take your single stream.
- Keep taking special waste.
- Make sure that there's no problems during Furniture Market, as well as other showcase events.

So pretty much you're saying if we're going to be out of the business, we're out of the business. We want somebody else to take care of it. So we had to do it twice. The first time we did it, we issued it in September of last year and received them towards the end of October. We made it clear that they had to bid on all of those services and they couldn't take any exceptions. We didn't get any responsive bids. Everybody took exceptions or didn't bid. So we went back and said, okay we need to be a little bit more flexible. And quite frankly, some of the reasons without getting too much into it, some of these people are in the recycling business, but they're not in the medical waste and they

don't want to deal with that. I don't want to deal with white goods, so they were saying I'll do some, but I won't do other parts. So they all ended up being non-responsive.

So we did it again in November of last year. We had them do it December 30<sup>th</sup> so between Christmas and New Year's they had to submit their bid. We did allow exceptions, so we had some flexibility with the potential vendors out there....okay, tell us some options. What would interest you to do this. We did receive proposals from three vendors:

- North Davidson Garbage services
- ReCommunity
- Waste Management

So I'm going to spend a few minutes on the evaluation of the proposals that we have gotten and try to explain to you how we came up with what we are going to recommend.

The first thing I want you to look at and you guys have all got this, this criteria down on the left hand side was identified in the RFP itself. So we said this is the criteria that's going to be used to evaluate your proposal. So we received the proposals from everybody and I'll go into more details with them, but just kind of bear with me a bit.

The first one is vendor experience with similar services. So show us where you've been doing this work, what kind of work it is and that's kind of a subjective thing. So you can see Waste Management, that's the WM, and ReCommunity. They both got 5's. They've been doing it for big municipalities for a long time. North Davidson, they accept recycling currently from Forsyth County, Jamestown, Davidson County, Asheville and Thomasville. They've been in operation for about six years. So a little bit smaller, not as long in business, so we only gave them 3 points.

Haul distance from the centroid of city to MRF. This is the 100 point total and these added up for what percentage of the points that we're giving it. So the haul distance, that's another key component. How far away are we going to have to drive our collection trucks outside of town to drop them at your facility and how far is it going to then require a resident who wants to take white goods and medical waste to your spot to go? So the one that is closest is WM. They got 10 points. ReCommunity is next. Waste Management is 13 miles away from the city centroid; 16 miles for ReCommunity; 20 miles for North Davidson. I can show you the calculation. Basically we gave most points for where you're at and then just did a ratio of how much further you'd have to drive and that's how we scored that times 10 points and that's how we got it.

**Council Member Ewing:** How far is our current facility from the center of the city?

**David Collins:** Three to four miles. We had to have a basis....you know we could have said from the existing spot, but we said we're just going to pick here because you're collecting from all different parts.

The next was Responsiveness to submittal requirements. They all passed. They did all things. The paperwork was signed and they did what they were supposed to do.



So the biggest part was the competitive pricing. Now the weighting criteria were developed by our firm and worked with city staff. So one could argue one way or another, but that's the way we did it. Seventy percent of the value of this is going to be based on their costs that they proposed.

So North Davidson proposed the lowest number. I'm just going to take one second and show you this because I think it will make it clearer. So this is how we calculated it. The lowest bid price was North Davidson at \$50,000 a year. The next lowest was WM alternative pricing. Seventy points were the number of points I identified that it was worth out of a possible 100. So \$50,600 your low price divided by the next guys price is 40% times 70 gives you 28.5. Does that make sense to everybody?

**Council Member Alexander:** That's a .....regardless of the price of the recycled.....

**David Collins:** If you'll bear with me just a minute, I'll be able to explain that. And the last thing I want to talk about is that this pricing is only for single stream recyclables. It's the only price that everybody bid on. So Furniture Market did not have everybody bid on it. So we took single stream recycling across and that's how we came up with this cost.

The next one is deviation from the city's existing delivery model. WM when they proposed, they proposed doing all of the services that I mentioned earlier, the special waste, the e-waste, Furniture Market, single stream recycling. They didn't get the full 10 points because they are located out of town and that requires your citizens to have to drive to their spot. So there's a slight deviation.

North Davidson, they proposed on the single stream recycling as well as Furniture Market. They just didn't bid on ABC, medical waste and e-waste.

ReCommunity only bid on single stream recycling and didn't bid on Furniture market, so that's why they got the low score there.

Then the last five points was identified just an operational plan. WM had a very detailed operational plan on how they were going to handle it, what their staffing is like.

North Davidson and ReCommunity got a little bit lower because they didn't give us quite the plan that we thought they would.

So when all was said and done, out of a total possible 100 points, North Davidson came in with the lowest price at.....most points, mainly because of their low price of 87.5. So out of the proposals that we received, the recommended lowest responsive bidder would be North Davidson.

Okay, there's two steps. The first step was we got these proposals in. We looked at them, we evaluated them, we put criteria to it. The current winner is North Davidson.

So now let's look at it in a different way and let's add the CHP. So you now get a feel what it's costing you to do these services versus what it's costing them, the proposers to do the services. I included the other...WM and ReCommunity, just for completeness sake because it still turns out that North Davidson is still the least expensive option, but I

wanted to include them all even though we've already identified from our scoring criteria, that North Davidson would be the recommended one.

So I'm just going to take my time if I may and I hope I'm not blocking too many people. So \$7.50 was their straight bid. Now these numbers were calculated and I'm just going to show you one other thing. So in the RFP we identified the volumes. So we're saying this is way....this is the tons per year of recyclable and furniture, so we told them how much they're going to be....how much they would be processing and we used those numbers as we calculated that number. So the \$7.50 is times the number that we showed for recycling and that's how we got their annual cost.

WM base was \$45; they did provide some alternate pricing. Their alternate pricing is the shared cost. So what we asked for is give us a cost, a fixed price for five years. That's a fixed cost for five years. That's a fixed cost for five years. This price is ....they proposed some cost-sharing. Right now the commodities market is very depressed. Very low dollars for everything. For the glass, paper, plastic products. Very low prices. What they've proposed in this alternative pricing and I don't really want to get into it because ReCommunity did the same thing, was a base processing fee of \$75 a ton and depending on changing monthly whether the market is going up or down, they would then give you a credit. If that credit got to be the ....right now it's \$75 processing fee minus like \$40 and that's how they got to their \$18. They're saying per ton, it's currently worth \$40. If the market changes and gets better, then that number would change every single month, potentially they would say if the market got great, they would actually be paying you or doing some sharing in cost with you. But we really evaluated on the cost that they provided....this was the cost at the end of December. ReCommunity was the same way. If you're going to compare, we can only compare the straight line numbers. There's risks associated and that's why they put in this alternate pricing. ReCommunity is saying, hey, if the market goes up we'll share it with you. If the market goes down we share it with you.

Furniture Market services were bid by everybody. That's the numbers that they have. The red means that they didn't bid on it. I'm trying to get an annual first year cost to do each of these, so if you didn't bid on it, we assume that the city's going to have to do it and we used the city's number. Same number. So currently the city takes \$115,000 to process Furniture Market. We're assuming that we'd have to do that for them. You can see these are red, so that's a subtotal of recyclables during Furniture Market, subtotal for special waste it's black because WM said that they would do it and they gave us a price and we multiplied it out. This is what it costs the city to do it, so North Davidson didn't give a bid for all that special waste. So \$96,000 a year. \$96,000 a year. \$96,000 a year. \$96,000 a year. So they're all even and that's assuming that the North Davidson isn't doing it, so the CHP is going to have to do it.

We also added in depreciation. So we did a straight line 15 year depreciation of that ...I think it's like \$4.2 million project to carry....that's the capital cost that you would have to spend to build the improvements that we talked about. So \$285,000 a year for that. There will be additional operating costs incurred by the city that you're not currently incurring. A couple of those things would include:

- A cost for a program manager. Somebody to manage the contract with the recycling vendor.
- An enforcement officer.
- Truck drivers.
- Two trucks.
- The project that we talked about, safety, the sprinkler system,
- You also have to do some other utility upgrades.
- Forced main and a pump station that has to be built

So the reasons the numbers are a little bit different is it depends what they were planning on providing. Basically, the city's number...if you were to do the improvements, all the improvements including the bathroom upgrade and the sprinkler system and all that stuff is included in these numbers, but for the city...for the depreciation to be included in this number because that's where it was all captured.

**Council Member Alexander:** This never happens. All of our citizens are extremely conscientious when they put things in the recycling toter. You do not have a line on there for tipping fee for non-recyclables. Where's that?

**David Collins:** The residuals is what you call stuff that came in that shouldn't have come in and didn't get put in a bin. And that's included in the price that we asked the vendors to provide to us. So we told them what your spoilage, what your residuals is. Well here is what it has averaged historically. So when they put that together, they included that in their bid price of handling that.

**Council Member Alexander:** Okay, so we don't get another charge regardless of how .....

**David Collins:** No, there will be some debate if there's a load that's really bad and nothing but garbage and not recyclable. I think they would stop it. They would probably call the program manager to come look at it and talk about it and work it out. But for the most part, we've given them your average residual rate that you've seen over time and put that as part of the RFQ and you're going to have to deal with it and you can't bring it to our landfill.

**Mayor Bencini:** Adjustments will be made in further contract renewal periods.

**Deputy City Manager McCaslin:** Latimer, also he mentioned an enforcement person. On our Monday/Tuesday routes we get a lot more contamination than our Wednesday/Thursday routes. So what we're going to put in there for an enforcement officer, someone that can go around in front of the truck, actually do some inspections and we may get to the point where someone is constantly putting things in there that are not recyclable that would possibly contaminate the load, that we stop that. We actually take their toter and actually stop. We would give them a couple of warnings. We'd work all that out, but an enforcement officer is in there as a cost. And that person will also be responsible for doing some considerable education. We're going to try the education first. But if they continue to put contaminants in there that could contaminate the whole load, then we're going to take some action.

**David Collins:** The last thing I want to point out and this is my last slide, unless you have questions. The cost for Furniture Market, we reduced it because the equipment that would be built is much more efficient and much more automatic and you wouldn't have all that overtime 24/7. You probably wouldn't need a 24/7 operation. So that's how we came up with that. So when it's all said and done, you're looking at this number which is Year One cost to maintain your current service, whether you're doing it yourself. Currently it's going to cost you \$1 million. If you make your improvements, it's going to cost you \$660,000. North Davidson almost \$500,000 and then WM and ReCommunity. So if you broke it down in cost per ton, the lowest cost per ton is North Davidson at \$57.20 and then the next is WM with the alternative pricing which is the changes as the market goes up and down and then the CHP is at \$78.74 per ton if you make the investment and make the improvements to it.

**City Manager Demko:** And that amount includes the depreciation of the equipment?

**David Collins:** Yes. Your capital cost will be \$4.2 million or something like that, you depreciate it 15 years, even though you've kept yours 25 years. But assuming 15 years, it's \$285,000 a year, so that's included in that.

**Council Member J. Davis:** How did you include the numbers in there. Like if we elect NDGS, the existing staff that we have already budgeted for and the benefits and the trucks that we already run on the road, the fuel costs, etc.... how do you factor that in there?

**David Collins:** Well, I'm glad you asked.

**Deputy City Manager McCaslin:** Jim, we would still regardless of which option we go with, we're still responsible for collection. So from the standpoint of our existing trucks and existing drivers, that would remain the same. The only thing that would change are the employees that are employed at the MRF.

Plus we're having to add two more trucks and one more driver regardless of which option we go with, unless we stay in-house.

**David Collins:** We did capture these costs....if you want to look in your thing if you can read it....we did capture the cost. We annualized it. So we did talk about adding two new trucks, so \$86,000 is what we're including for that. Then we calculated the additional drive mileage that would be required and added that for additional fuel on an annual basis. How much your existing fleet of four vehicles would have to drive further outside of the city, how much fuel is that. Additional maintenance for your new trucks, plus you'll be driving more miles, additional maintenance costs associated with your existing fleet. So we captured all of those costs and they were all....when I said additional costs for the city to operate and that included enforcement and the fire sprinkler, now these are all annualized costs. You know the bathroom upgrade. So all those costs were brought in to these numbers. So when we added in addition to, this is what their regular bid is, here's all the extra that it's going to cost you for the drivers, and labor and fuel and maintenance and everything we could think of that would have an impact. And the reason that you have to make some of the improvements to your facility

even though you're getting out of...if you got out of the recycling business and you have somebody else do it, because you're still operating the special waste component, you still need to get the bathrooms fixed, you still have to take care of the sprinkler system that's there and some of the other improvements to the facility itself just to keep the facility in operation.

**Council Member Alexander:** David, all of us have bought programs with vendors where we outsource. We did it before with picking up at apartments and that kind of thing. We do it every year with the insurance and other things like that. You're giving us a going in the front door. At the end of five years, what's your experience when cities go back for rebidding? Are you going to be facing significant increases?

**David Collins:** I guess...I'll answer that with two comments on it. First, you know, right now you're able to compare it with doing improvements to your existing facilities. If you opted to go into a 5-year contract with somebody, most likely you're going to demolish that equipment. It will become a safety hazard just being there. So when you go to five years...well first it's a five year contract and two, two-year extensions. So you could go as long as nine years if things were going well. If things were going well and you wanted to rebid it completely, the option of coming back...you're kind of stuck because now you've emptied it. It's all gone. You don't have anything that you can work with and you've allotted the equipment that you no longer need. So this cost will probably go up if you did that and decided to change over time. In this contract, the way it was put on the street, you have to guarantee five years with a straight number. You can't change this number for five years. If you want to extend for two more years, you use a CPI index with a maximum of...I think it was a 4% increase. So you've capped it. So it can't go way up. Then another CPI index for the next two terms after that. I think it was 4% associated with an index, so there is an ability for the costs to escalate, but it's a controlled escalation based on the CPI. And you chose not to do that, then you can just cancel after five years and move on.

**Council Member Alexander:** WM is a publicly traded company with extremely deep assets. I don't know anything about ReCommunity and I don't know anything about NDGS. My problem is if we were...and I'm not in favor of moving away from the city house doing it, but if you're working with a vendor and all of a sudden the vendor turns upside down, you're out there stuck.

**David Collins:** Yes, sir. I'm not here today recommending that you go with NDGS. I'm presenting the results of the evaluation. I think as you make that decision, there's costs that is certainly a component, but risks are a component. You know if I'm the CHP, you know the Furniture Market is really important to me and do I really feel like outsourcing a component of that and trusting them with it? I mean it's a decision that you have to make because it's a difference between \$666,000 and \$484,000. So there are risk components associated with it. There is a risk....well WM probably wouldn't, they're a huge company, but NDGS is a smaller family-owned company. If something happened and they did go out of business. Suddenly you don't have a MRF anymore because you dismantled it and you're probably getting under some kind of emergency procurement to do the other guys that are still in operation. I mean it's a risk. I'm not saying anything negative about NDGS. I don't know the financial situation, but as you make decisions

like this, there are risk components that you have to weigh. And is it all just about the dollars or, you know, the potential outsourcing of a critical city function. You do run the risk of a smaller, not publicly traded company having financial issues. I don't know.

**Council Member J. Davis:** Randy, what happens to the \$4.5 million we've got set aside for that if we decide to go this route and we don't spend that money?

**Deputy City Manager McCaslin:** It stays in the Landfill fund.

**Council Member J. Davis:** So in five or nine years if we needed to, we could re-up because we've got the money to put in new equipment in there and....

**Deputy City Manager McCaslin:** As Dave said, the only out in this is they would have to give us a year's notice and we anticipate that within a year that we could go back through the process and hopefully be operational or very close to it at the end of that year. Terry and his people have gone down to NDGS. They've gone through the operation. They do feel like they can currently handle our tonnage, etc.... I just want to lay out some considerations for you:

- NDGS is the lowest. If you're looking to save money, then it saves you money.
- We do have some of our Furniture Market that collects their cardboard and their waste and brings it to our facility. We would have to tell them that they need to work out a deal with NDGS, if the Council chose to do that. So we're going to have some of our Furniture Market taking their stuff directly there.

**Council Member J. Davis:** Can we negotiate that and the special waste since they didn't bid on it?

**Deputy City Manager McCaslin:** Special waste....we're going to have to pick up. If we go with NDGS, special waste we're going to have to continue to do in-house at our MRF and you see the dollars up there associated with that. So that will stay in operation. Obviously at a much smaller employment situation out there, but we will have to do that in-house.

If you outsource and go with NDGS, we're going to lose about 12 jobs there. Again, that's 12 jobs. It's not highly skilled labor, but it's 12 good jobs here in town that will be lost.

**Council Member J. Davis:** Well, no offense, but I don't know if everybody has had an opportunity to visit the MRF, but I'm surprised that you're able to ever find anybody that wants to work there. I mean it's a dungeon.

**Melanie Bruton, MRF Superintendent:** None taken.

**Deputy City Manager McCaslin:** that's why we're going to have to do some improvements out there even if we.....

**Council Member Ewing:** Are those 12 full-time, actual full-time employees and not temps?

**Melanie Bruton:** They're full-time.

**Deputy City Manager McCaslin:** One other thing on WM alternate, you heard....Dave said it was based on \$40 a ton now and basically it would have to get up to \$80 before there would really be any cost-sharing and in today's market, in a five-year period that's probably going to be very unlikely that it gets to that point, so there is probably not going to be any cost sharing in the next five years due to a severely depressed market.

And another thing, we really need an answer quick on this. I know you can vote on it tonight if you're willing. That would be great. But if you don't we need an answer quick. We can't wait until the budget's adopted on this because our equipment is falling apart out there and if we're going to stay in-house, we've got to get the process going replacing that equipment. If we're going to contract out, we've got to get some extra trucks ordered so that we will be able to handle the load when we do contract it out, whatever that effective date would be.

Plus, quite honestly, we've got some employees out there that have been on the edge about whether they're going to lose their jobs for three or four years now and we need to give them an answer too. So we really need an answer from you as quick as possible.

**David Collins:** The only thing I would add to that is the bids that we received on December 30<sup>th</sup> are good for 90 days. Now we haven't gone back and asked for an extension of time with the low bidder, but there is a 90-day.....and I think that's standard in your contract.

**Deputy City Manager McCaslin:** So by March.....second meeting in March, we need to have this on the agenda for approval.

**Council Member Ewing:** We'll continue to bill residents as we are. It wouldn't be billed from NDGS?

**Deputy City Manager McCaslin:** Correct.

**Council Member Alexander:** you know we went the route of picking up, privatization picking up apartment complexes. We saw those costs every year bumped, bumped, bumped. I mean it was.....and we seriously thought about bringing it back inside because it's cheaper, but we had given up the equipment and we just never did it. It was on the front end....it was a cheap way going and on the back end, it was an expensive way to serve the need. I think our best bet is to make our improvements on the MRF and continue that way because if you look at WM base and look at ReCommunity's base, we're a lower cost there. The only difference is NDGS and I know nothing about their company, but if they left you high and dry, you wouldn't get those numbers from WM or ReCommunity, they'd know they've got you.

**Deputy City Manager McCaslin:** Well you see the difference in the bids per ton. It's obvious that NDGS wanted our tonnage very badly. There's that big of a difference between the options. But our people have looked at them and they feel comfortable that they can handle the load. Y'all have to decide. It's a policy decision. You have to decide which way we're going with it.

**Council Member J. Davis:** You said NDGS handled Davidson County, Jamestown, Asheville and Thomasville.

**Council Member Wagner:** They do Wallburg too. And I'll tell you from my personal experience with them. And of course the Town of Wallburg is nothing compared to the CHP, our size. But that's who does....they do all the garbage collection and all the recycling out there and it was a very smooth process contracting with them. I drafted the contract for it. They've had zero complaints and I believe they're three years into it now. They have had no complaints to the city over the service at all. They've been very professional and very easy to deal with. That's just been my experience with them. My personal feeling is I don't think....I really have two main trains of thought on this.

One is more a functional train of thought. I think we can provide this service to our citizens cheaper than we can right now. We're subsidizing the MRF, I know it's been over a \$1 million a year for a long time.

My other train of thought is we're in the recycling business against private companies. We're subsidizing to the tune of \$1 million or whatever it was per year. Over a \$1 million a year, a business that's in competition with private companies, which to me in the market place just seems unfair. It's no different than if we had a neighborhood that didn't have a grocery store and we decided to go open a grocery store there and we didn't care if we lost \$1 million a year and compete against Food Lion, Harris Teeter, whoever is a private company and they don't get a government subsidy of \$1 million a year.

**Deputy City Manager McCaslin:** It's actually more like \$600,000 a year.

**Council Member Wagner:** Whatever that figure is.

**Council Member J. Davis:** It'll take us twelve years to recover that \$4.5 million.

**Council Member Wagner:** Well, supposing that if we get to the point where the MRF is actually going to make any money.

**Deputy City Manager McCaslin:** It's not going to make money.

**Council Member Wagner:** I know that. That's what I'm saying.

**Mayor Bencini:** The recycling is a losing business.

**Council Member Wagner:** Well somehow, they're making money, enough to be willing to do it.

**Mayor Bencini:** This is costing us regardless. It's going to cost the CHP regardless. So for the city and I'm not talking about the private industry, providing the services is a loser. We're going to lose money. The recycling business itself is a losing business.

**Council Member J. Davis:** The way I look at it is we've got to spend \$4.5 million today and it's going to take us 12 years to recover that to get the \$666,000 figure. Then in 12 years, that equipment is going to be obsolete and worn out and then we're starting all over again with another \$4-\$5 million.



**Council Member C. Davis:** How much do the trucks cost, Randy?

**Deputy City Manager McCaslin:** I don't remember. Two trucks @ \$250,000 each. Which we're going to have to do anyway. If you contract out...the only way we wouldn't buy two trucks is if it stays in-house.

**Council Member C. Davis:** Well the only reason I asked the question was I'm doing the math over here in regards to savings versus what the trucks are going to cost and what-not, so that's why I asked the question.

**Council Member Wagner:** Well isn't that all figured in?

**David Collins:** That is built into this, which is why..... the only thing that the CHP has kept in here after you've made your improvements is the cost of the enforcement officer. So trucks got included. They were annualized, but the trucks were included in those costs.

**Council Member Wagner:** There are very few cities that still have their own MRF. Very few in North Carolina.

**Council Member Williams:** Well, but there's only one city in the region that has a Furniture Market.

**Deputy City Manager McCaslin:** Correct me if I'm wrong down there, Terry, but if we pick up.....those that put it on the street now and we pick it up, we'll continue to pick it up.

**Terry Houk, Public Services Director:** Yes.

**Deputy City Manager McCaslin:** Those that deliver to us have a contract with WM or something like that and they bring it to our MRF facility now, they're the ones that have to work directly with NDGS or whoever we select.

**Council Member Ewing:** Those are the ones that we process for no fee because they are under contract for someone else.

**Deputy City Manager McCaslin:** No, we actually charge them a fee. We charge Waste Industries and they charge IMC a pick-up fee and then we charge them a tipping fee to bring it to our facility.

**Council Member J. Davis:** Are you saying that everybody that puts it on the street is not going to see any change in service because the city is....

**Council Member Wagner:** It's still going to get picked up.

**Council Member Williams:** It's going to be a change just with the distance alone because I can tell you now, when we have trash on the docks and everything, that we depend on that truck getting back in an hour or it slows down the ability for us to even receive products into the building. So it's going to be a change and trust me it's like an

hour flip for a truck to come, get up and go and then come back for us to be able to continue service. So if you're talking about double or triple the distance....

**Council Member J. Davis:** Alright, we're going to add two trucks, will that fix that problem?

**Council Member Alexander:** You're only adding one driver.

**Deputy City Manager McCaslin:** No because he's picked up by a private company. He's talking about Waste Industries picking up and taking it to the MRF.

**Council Member Ewing:** It will double their cost.

**Deputy City Manager McCaslin:** Yeah, it will increase their cost.

**Council Member Ewing:** It won't affect our cost.

**Council Member Alexander:** Well, NDGS, David as you said with \$7.50 a ton, they're buying that business.

**David Collins:** I think it's clear that they're buying the business. Now whether it's because they have the capacity built into their MRF already and can absorb it without having a major capital improvements and they're just gaining money. Or maybe they're just gambling on the commodities market going up. I mean I'm not that kind of gambler, but I don't know how. They made it clear when we toured their facility that they know their numbers. They know their business and they stand by their numbers.

**Council Member Alexander:** Yeah, but if you're in a 9-year contract with somebody that's buying the business and the market moves away from you, thank you very much you're going to be outside the ballgame.

**Council Member Wagner:** I'm pretty sure....did the guys tell you at NDGS....haven't they built an addition on to that building in the not to recent....

**Terry Houk:** I don't know about an addition, but they have an area that they designated to be for Furniture Market. They're going to convert that for more area.

**Mayor Pro Tem Golden:** Did I understand you to say that the white items will still have to be taken there by the citizens?

**David Collins:** If you choose to go with NDGS, they won't take your white goods, your electronic waste, your e-waste. You will still have to keep....the cost, and that's how we built it in there. You would have to still keep employees on-site at your existing MRF just to handle those special wastes.

**Deputy City Manager McCaslin:** We would still provide those services for our citizens and our MRF. So if you had white goods or if you had a TV, you'd bring it to the existing MRF facility just like you do now.

**Council Member Alexander:** We can either vote today or we can delay it a month. If we delay it a month, is there any more information that we would get than we have right now?

**No.**

**Council Member C. Davis:** I'm fine with voting on it today.

**Council Member Alexander:** I MAKE A MOTION THAT WE MAKE THE IMPROVEMENTS TO OUR MRF AND MOVE FORWARD INTERNALLY.

**Council Member Williams:** SECOND.

**Council Member J. Davis:** I'D LIKE TO MAKE A SUBSTITUTE MOTION. I think this is a very important decision for the citizens of the city and most of us on the old Council has spent two or three years now discussing this and talking about it and just getting the information and then having to make a vote on it tonight. If that's what you want to do, my vote is going to be no.

**Mayor Bencini:** What's your SUBSTITUTE MOTION then Mr. Davis?

**Council Member J. Davis:** THAT WE PUT IT ON OUR AGENDA FOR MARCH. That gives us some time to think and talk about it.

**Mayor Bencini:** We have a SUBSTITUTE MOTION. Is there a second?

**Council Member Wagner:** I'LL SECOND THAT.

**Mayor Bencini:** We have a SUBSTITUTE MOTION AND A SECOND. Any further discussion?

**Mayor Pro Tem Golden:** He said he needed a decision soon. Is that soon enough?

**Mayor Bencini:** Thirty days is the max-out time.

**Deputy City Manager McCaslin:** It will have to be. It can't go any longer than that. We can't wait until the budget is adopted.

**City Manager Demko:** The bids are good for 90 days, the March meeting and we've got employees....

**Deputy City Manager McCaslin:** So March 21<sup>st</sup> is our next meeting.

**Council Member Alexander:** Well there's no more information. I mean this is it.

**Council Member C. Davis:** I call the question.

**Mayor Bencini:** The question has been called. ALL THOSE IN FAVOR OF THE SUBSTITUTE MOTION TO DELAY FOR ONE MONTH (THE DECISION), SAY AYE.

**Council Members Ewing, Wagner and J. Davis:** Aye.

**Mayor Bencini:** Raise the hands on the Noes.

**Mayor Bencini, Mayor Pro Tem Golden, and Council Members Alexander, C. Davis, Williams, and Hill:** No

**Mayor Bencini:** THAT MOTION FAILS. [3-6 VOTE]

**NOW BACK TO THE ORIGINAL MOTION. ANY FURTHER DISCUSSION ON THE MOTION TO MAKE THE IMPROVEMENTS TO THE MRF AND RETAIN THAT SERVICE AS A CITY SERVICE? [NONE]**

**ALL IN FAVOR, SAY AYE.**

**Mayor Bencini, Mayor Pro Tem Golden, and Council Members Alexander, C. Davis, Williams, and Hill:** AYE.

**Mayor Bencini:** OPPOSED?

**Council Members Ewing, Wagner and J. Davis:** NO.

**Mayor Bencini:** That MOTION CARRIES. [6-3 vote]

**3. Retreat- March 22nd**

**City Manager Demko:** Real brief...the last piece on your agenda deals with our program that we've got for our workshop and retreat on March 22<sup>nd</sup>. And we're looking for input from City Council. This is a paper copy. I will be sending you an electronic copy in an email very soon. In fact, I'll do it tonight right after the meeting. One of the things I'd like for you to do by March 1<sup>st</sup> and email it directly back to Meridith Elliott Powell. I'll send her contact information. This is a SWOT Analysis, your opinion of our strengths, weakness, opportunities and our threats, as well as external influences that are out in the city. We'll be using this to help build the Strategic Plan. We'll be using your input directly. I also have our departments working on this, so we'll blend information together and work with it as a group on March 22<sup>nd</sup>.

I just wanted to put this in front of you today and if you have any quick questions, try to address them. Otherwise, we can deal with it as you work with it. I'll send you an email with the direct links and you can send it right to Meridith. There's no wrong answer and it's your feelings, your opinions, your vision for what the city is or for what you see the city as it currently is. I'll just leave it right there and let you know that's coming out later.

Is there anything else from City Council?

**Mayor Bencini:** I don't think so. Thank you, Mr. Manager.

There being no further business to come before Council, the meeting adjourned at 4:55 p.m. upon motion duly made and seconded.

*Respectfully Submitted,*

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*William S. Bencini, Jr., Mayor*

*Attest:*

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*Lisa B. Vierling, MMC  
City Clerk*

DRAFT