

LAW AND FINANCE COMMITTEE MEETING
Wednesday, September 12, 2012
1:00 P.M. – Council Chambers

The Law and Finance Committee met on Wednesday, September 12, 2012, at 1:00 P.M. in the Council Chambers at City Hall. The following people were present:

Law and Finance Committee:

Mayor Cornelia Olive	Mayor Pro Tem Sam Gaskins
Council Member Rebecca Wyhof	Council Member Walter H. McNeil, Jr.
Council Member James Williams	Council Member Jimmy Haire
Council Member Charles Taylor	City Attorney Susan Patterson
City Manager Hal Hegwer	Deputy City Clerk Janice Cox

Absent:

Council Member L. I. (Poly) Cohen
City Clerk Bonnie White

Consider Resolution in Support of the Temporary Closure of a Portion of Maple Avenue

Mr. Darlymple representing the Bread of Life Ministry explained that they are requesting to close a portion of Maple Avenue on September 29 between 9:00 A.M. and 5:00 P. M. This closure is between Third Street and Market Street, but will not cross Third Street.

Consider Approval of Documents Related to the NC Housing Finance Agency 2012 Urgent Repair Project

Community Development Manager Karen Kennedy explained that the following three items are needed for moving forward with the 2012 Urgent Repair project.

- City of Sanford Assistance Policy
This policy describes in detail how the project works, who is eligible for the project, and the process for submitting applications. The application process closed last week.
- City of Sanford Procurement and Disbursement Policies
These are the rules that tell how to hire contractors and work with any firms we provide services for within the context of the project.
- Agreement for Professional Services with the Wooten Company
This is the agreement to work with the Wooten Company for professional services and for helping administer the rehabilitation portion of the project.

At Mayor Olive's inquiry, Mrs. Kennedy stated that they received about sixty applications and will be able to accommodate about eighteen. Some are repeat applicants and some bids were just taken for some processes for Urgent Repair 11 and the list is being whittled down. Mrs. Kennedy stated there would always be a long waiting list for this. Mayor Olive asked if there were things that local volunteers can do for those who applied, but cannot be

served at this time. Mrs. Kennedy stated that Council Member Taylor, she, and the Housing Task Force had had a conversation about once they had the new list of applicants and had decided who we could help through the city program, then if there were specific projects left such as handicapped modifications or other simple projects that local volunteer groups could do, she will make that information available to Council Member Taylor and to the Housing Task Force. There are a lot of handicapped modifications needed at this time.

Council Member Taylor stated it would be nice if council members could get that information by ward, so each council member can have a copy of their respective projects and try to meet those needs. Mrs. Kennedy stated that once she gives the list of names and addresses to Strategic Services Administrator Don Kovasckitz, he will make the ward maps. Mayor Olive thanked Mrs. Kennedy for administering this program so well.

Consider Approval of offer from Eddie and Cecilia Taylor to Purchase Block P Along Hudson Avenue in the Washington Park Community Development Area

Community Development Manager Karen Kennedy explained that this property adjoins Mr. Taylor's property and he has been maintaining it for years. He would like to own the property outright. The legal department placed the advertisement in the paper and there were no upset bids received. Mayor Olive asked if it could be arranged for him to make payments on time for the property, but one lump sum is required for payment.

Consider Discussion About Purchase of Recycling Carts

Solid Waste Superintendent Larry Craig updated the status of the purchase of recycling carts. A grant, through the Department of Environment and Natural Resources (NCDENR), in the amount of \$75,000 has been received. There was earlier talk of a purchase of \$425,000 for carts minus the \$75,000 grant; there would be a General Fund expenditure of approximately \$350,000. In May, Waste Management's quote was \$1.44 per household for every other week pickup which was \$1.05 less per cart (if they own the cart) than us purchasing our own. That equates to \$111,000 per year difference if we own our carts. Staff had recommended to council at that time to look into purchasing our own carts. It would be roughly 3.2 years to pay back this amount. If bids come back in higher, the payback will take longer.

Kathy McNish, who presented the Waste Management proposal, has taken an early retirement. The new manager was reluctant to back up the disposal fee quoted earlier, but they will accept the quote on the carts. Mr. Craig wanted council to be aware that if we order carts and get them in place by Christmas or the first of the year and get a six-month's feel for how this is going, there will not be a disposal credit.

Mr. Craig stated they would like to follow the piggyback exception to the North Carolina formal bidding requirements under NCGS§143-129(g) to purchase these carts. Four cart manufacturers were interviewed that had piggyback prices in contracts. For the low bid and cart, Cascade was chosen. The advantages of piggy-backing are to save time and money. The town, chosen through a bid process, to piggyback on has 62,000 households versus our 8,825, so there is buying power there. Council Member Taylor asked if there were any restrictions with the carts on waste companies picking up the carts. Mr. Craig stated that in recycling carts, there are two types. One is the old style like Waste Management is using that uses the rear truck. It has to

have the bar in the bottom that the lifter hooks into to dump it. It is called universal because it can be dumped with the automated truck or old style. The other style is just a recycling cart that only that truck can dump. Mr. Craig stated they are talking about buying a cart that can be emptied both ways.

Mr. Taylor stated we need to be mindful of increased recycling costs when we go to a bigger cart. He stated that Recycle American fees would increase with additional recycling. He believes the amount they are paying to Waste Industries will decrease. Mr. Craig stated that all of that would have to be factored in by bidders. Mr. Hegwer stated we could go on with it now or we could wait. Mr. Craig noted there is a twelve-month limit on a piggyback. The contract has to have been awarded within the past twelve months. Garland, Texas runs out February 12, 2013. If bids came in in late January, he was not sure we could still piggyback with Garland. Mr. Hegwer stated that if you wait, you just don't have the expense up front. The citizen would benefit if they want to recycle more, but we would not see any impact in terms of dollars. Mr. Craig stated that the new management of Waste Management would have to look at this. Mr. Craig stated they were hoping to get the carts situated and ordered before talking to the Cascade representative. All of the cart bidders were interviewed.

Council Member Taylor stated that our original intent was to reduce our carbon footprint, so to do it now would make more sense. Also, the carts are a resin-based product, so as oil prices go up, you don't know what you might get at the beginning of the year with the volatility of oil prices now at \$95 a barrel. He encouraged council to go ahead with the purchase now. Mr. Hegwer stated that it is a win-win situation all around when you get a larger cart to reduce our carbon footprint and save money at the same time. Mr. Hegwer stated that the revenue for these carts is not budgeted, so it would be a fund balance appropriation.

Mayor Pro Tem Gaskins asked how the price of carts at \$47 compared to original estimates. Mr. Craig stated it was low as the range went from \$47 to \$55. He felt we got a good deal. Each company came and gave a presentation to Public Works and gave quotes for piggybacking. Currently, we are at about 169 pounds per household. The state average is 301 pounds. Mr. Craig said he would like to see about a 60 percent increase in recycling. Piggybacking requires advertising ten days prior to regular council meetings. This needs to run before the next meeting.

Consider Reimbursement Agreement with DOT

City Manager Hegwer asked to add this item to the agenda. Community Development Director Bob Bridwell stated that recently council passed a line item transfer to appropriate money for the crossing in Jonesboro on Main Street where there are new sidewalks. The agreement has come back from DOT. He is asking for a resolution at next council meeting authorizing the mayor to execute that agreement. This money is coming out of an appropriation left over from CDBG, and the transfer was made back about a month ago. He also reported that some negotiations are going on for Autumn Oaks which has been approved for Phase II. Phase II is about forty to forty five additional units. Mr. Hegwer noted the infrastructure is there to fill in vacant property in the city rather than moving out. The grand opening will probably be in October.

Other Business

Council Member Wyhof congratulated Greenwood Elementary School for a wonderful ceremony commemorating their achievement for being a “Head of the Class” school—a great public-private partnership. She congratulated everyone involved in that project.

Council Member Haire stated he would like to put a discussion of the sweepstakes rooms on the agenda for Tuesday night.

Council Member Taylor commented that he received the notice yesterday on the McGill Associates item from staff with the liquidated damages clause, and he is perplexed as to why we still have the \$250 a day clause. It went from \$1,000 to \$250. He stated we had dragged our feet on this project for over two years now, and we are still going to put a clause that if someone doesn't have it finished by a certain date, they will be penalized. He stated that this is why we have high quotes because people have to take into account that they may be thirty days over a project. Thirty days over a \$100,000 project would be \$7,500. He stated he could understand a company deciding not to enter this bid process because of the risk or to raise their price due to the risk.

Mr. Hegwer stated that liquidated damages are not in there necessarily as punishment, but to keep a project on schedule. There are administration costs. He was not aware of more than one contractor who had been assessed such damages. He stated the city has a good relationship with contractors and works with them. The liquidated damages are in there for those who ignore and don't obey the rules. There have been some situations in the past where projects have gone way over and neighborhoods get very upset. Mr. Hegwer stated if this was a concern, council could come back and talk about all contract requirements. Mr. Hegwer stated that no one has complained about it to him.

Mr. Taylor stated that he is not talking about big projects, but small \$100,000 projects. He stated it was a wonderful deterrent if you didn't want somebody to bid it. Mr. Taylor stated he wanted to make it fair for small businesses to bid projects and not limit competition. Mr. Hegwer restated council could discuss it and make changes. City Attorney Patterson advised City Manager Hegwer that we needed to be careful if we are not going to have the bidding requirement the same on the majority of our projects. She stated that for at least the last thirty years, we have had at least \$100 per day in liquidated damages in contract performance times. She stated that she did not get an email on McGill's information, so she does not know of the specifics Mr. Taylor is talking about.

Mayor Olive congratulated the Lions Club for staging the biggest and best fair they have ever had. She encouraged everyone to go.

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Adjournment

Council Member James Williams made the motion to adjourn; seconded by Council Member Walter McNeil, the motion passed unanimously.

Respectfully submitted,

Cornelia P. Olive, Mayor

ATTEST:

Janice Cox, Deputy City Clerk