

COUNCIL MINUTES
SPECIAL WORKSHOP MEETING

January 20, 2015

A special workshop meeting of the City Council of the City of Jacksonville was held Tuesday, January 20, 2015 beginning at 4:00 PM at the Jacksonville Youth Center, 804 New Bridge Street. Present were: Mayor Sammy Phillips presiding; Mayor Pro-Tem Michael Lazzara and Council Members: Jerry Bittner, Randy Thomas, and Bob Warden. Council Member Jerome Willingham arrived at 4:30 PM. Council Member Angelia Washington was unable to attend. Also present were: Richard Woodruff, City Manager; Ronald Massey, Deputy City Manager; Gayle Maides, Finance Director; Glenn Hargett, Assistant Manager for Communications and Community Affairs; Wally Hansen, Public Services Director; Reggie Goodson, Planning and Development Services Director; Mike Yaniero, Director of Public Safety; Susan Baptist, Director of Recreation Services; Michael Liquori, Director of Park Facilities; Carolyn Lampe, Deputy City Clerk; and John Carter, City Attorney.

*A video recording of the Council Meeting is presently available for review on the City's website.

CALL TO ORDER

Mayor Sammy Phillips called the meeting to order at 4:00 PM.

ADOPTION OF AGENDA

A motion was made by Councilman Bittner, seconded by Councilman Thomas, and unanimously approved to adopt the agenda as presented.

FY 15 BUDGET MIDPOINT REVIEW

Using the PowerPoint Presentation attached to the original minutes as Exhibit "A," Gayle Maides, Finance Director stated that the unassigned fund balance for FY14 was \$8.2 million with a projected decrease in balance to \$6.2 million in FY15 if all the amount budgeted was spent; however, she felt that the balance would probably remain the same as it was in FY14. For the General Fund, 81% and about a quarter of the sales tax had been collected which was in line with last year. Privilege license collections were down for this year and would be going away next year. This year's collections came only from businesses physically located in the City.

Mayor Phillips stated that there was talk from the legislature that they would allow \$100 per license, and asked if that passed, what would be the offset. Mr. Woodruff stated that analysis was done last year and he thought it would generate about \$200,000 to \$300,000.

Ms. Maides reviewed the other revenues and expenditures in the General Fund and stated some savings would be expected from the decline in fuel costs.

In reviewing the Water and Sewer Fund, she stated revenues were where expected; however, there had been an increase in expenditures due to failures such as pump failures at \$120,000, infrastructure repairs at \$105,000 and the Meadowbrook project, a sewer line collapse 40 feet underground, at \$260,000. Mr. Woodruff reminded Council that these projects were not Capital Projects so the costs came out of the operating side. If Council had not addressed the water and sewer rates previously, that would have put the budget into a bigger hole. This was why a healthy operating budget was needed in addition to a healthy fund balance.

Ms. Maides stated the Stormwater Fund was also where they expected it to be for revenues and expenditures. A debt service payment was being budgeted for the Downtown Central Project that was not being moved forward, so there would be savings there. Mr. Woodruff stated that in regard to the revenue, the commercial growth and its impervious surface resulted in more revenue to the Stormwater Fund.

In reviewing the Solid Waste Fund as a whole, Ms. Maides stated that revenues and expenditures were where they were expected to be. Some savings came from two trucks that were budgeted, but not yet purchased.

COMMERCIAL GARBAGE COLLECTION UPDATE

Using Exhibit "A," Kerry Terrell, Sanitation Superintendent reviewed the implementation of the commercial collection that began July 1, 2014 and the benefits of getting into this service. The customer service of the program was excellent and direct contact had been made with business customers developing good relationships. Dumpsters were supplied to businesses on Western Boulevard who did not have dumpsters in the past and staff was working on recycling with those that didn't currently have it.

Mr. Woodruff stated that from a customer service and quality of service standpoint, the goals set by Council were met. Unfortunately the service was not self-funded as had been projected. The Monday through Friday fees were as projected, as well as extra pickups; however, a 2008 truck was totaled in an accident and the effects caused expenditures that had not

been budgeted. No funding was budgeted for overtime which occurred because of equipment repairs and the accident which extended the time of the routes and a driver shortage for 10 weeks. This accounted for \$24,476 in overtime with another \$10,000 forecasted for the remainder of the year. As an overtime solution, a new driver was hired who had two years experience and a residential driver was being trained for part-time regular hours. It was discovered that commercial trucks had more expensive repairs than residential trucks and if repairs continued at the same pace, we would be \$180,000 over budget. All the trucks were now in better condition, but repair bills would still be substantial. Mr. Woodruff reviewed the Action Plan and possible options to take care of the problems.

Mayor Phillips asked if there were special pickups during the week. Mr. Terrell stated that they were very flexible in taking care of what the customer requested. There were restrictions on where they could go at certain times like apartment complexes and places close to residential areas, so they had to come back to those areas.

Mr. Woodruff reviewed several options for Council to consider on commercial service. Several lessons were learned to date and even though staff was able to give excellent customer service, it was not free and the service was not self-funding as planned. Mr. Woodruff recommended that bid documents be sent out for commercial service to see what current rates were and then Council could decide if they wanted to stay in the business or privatize it again. He also recommended that the Saturday rate be raised immediately by 36 cents so that the fee charged matched what Waste Management would have charged.

Discussion followed.

Mayor Pro-Tem Lazzara stated that as a commercial customer, the quality of service expectations had been exceeded. He asked if there was any analysis on doing away with Saturday service in lieu of raising the rate. Would the increase outweigh the elimination of the service. Mr. Woodruff stated that the number one customer on Saturday was restaurants. We were covering our cost, but should be making more profit to offset losses during the week. The provider on Saturday was charging \$300 a month and we weren't anywhere close to that amount.

Mayor Phillips asked if the rate was increased on Saturdays, how close would we be to our budget. Mr. Woodruff responded that there weren't enough customers to bring it close.

Mayor Pro-Tem Lazzara asked if the decrease in fuel cost had helped. Mr. Woodruff stated the projection would have been worse had there not been a fuel decrease.

Councilman Thomas commented that looking at the figures for the past six months to meet expenses, the City would have to increase the tipping rate by 60%. So far, 82% of the budget was spent with 50% of the revenue.

Discussion followed on bidding and personnel.

Mayor Phillips stated that everyone should have done a better analysis including Council, but the number one reason we got into this area was the level of service being provided. The intent and effort were there to make this work. Better service was accomplished. His position was to take it out to bid again and look at what the private sector was offering. It might be something to continue at a better rate.

Mayor Pro-Tem Lazzara stated that based on our experience, on a conservative level we needed to decide what the rate should be so this conversation would not come up again. Mr. Woodruff stated the rate would be calculated this week based on the current numbers.

Councilman Warden asked why the City had the responsibility for putting commercial rates out for bid and why restaurants shouldn't make their own arrangements directly instead of the City acting as a third party or service provider.

Mr. Woodruff stated there was power in bulk buying which was the only justification for the City to become involved. There was no requirement that the City had to provide this service.

Councilman Warden said the problem was that the City had the responsibility to respond, but had little authority to make anyone meet quality service requirements.

Mayor Pro-Tem Lazzara stated that the City needed to stop providing the billing and collection service for the private operators if the commercial service was going to be sent out for bid.

Councilman Bittner stated that we needed to bid the same time period (three, four, five years) and if we were still concerned about the quality of service, there should be a penalty clause for missed service as the City would guarantee that commercial garbage was collected even if it cost us overtime.

Mr. Woodruff stated that in the last bid document there was a substantial improvement in the issue of missed calls. He recommended that bid documents be prepared including the points that Council just discussed. After the bids were received, Council could then decide if they wanted to get into the business directly, indirectly or not at all. Under the former system, the

City guaranteed 100% collection. If collection wasn't made, the City was still responsible for payment to the provider. This was the reason the bids came in so low.

Councilman Thomas stated that if we were truly worried about our commercial customers, the blanket bid had to give them the best value. He didn't see the administrative part as much on our part because we were already sending out the water bill; however, the cost may be more for a private provider. We didn't get bids the last time because some providers wanted exclusivity which we gave to ourselves. He asked if the Ordinance giving exclusivity to the City could be revised.

John Carter, City Attorney stated that as we were going through the bidding process last time, it was clearly discovered that Council never made the Waste Management contract an exclusive contract. Council never made bidding exclusive for a private vendor. Everyone just assumed it was exclusive. Mr. Carter pointed out that before bids were sent out, Council needed to decide if they wanted the contract to be exclusive or non-exclusive and then take appropriate legal actions to make it that way.

RECESS/RECONVENE

Mayor Phillips recessed the meeting at 5:06 PM for a short break. Mayor Phillips reconvened the meeting at 5:24 PM.

FY15 CAPITAL IMPROVEMENT PLAN (CIP) UPDATE

Using Exhibit "A," Deanna Young, Capital Projects Administrator began her review of the status of the 32 FY15 CIP projects and stated that within 30 days staff would provide Council with the draft FY16 CIP. Fire Station #2 was at 90% completion with interiors being finalized. The projected completion date was the end of January, beginning of February. The two completed recreation projects included Jacksonville Landing which final signoff should be within the next few weeks and Jack Amyette. The NC 24 Lejeune Trail and Greenway was finally out to bid with a mandatory pre-bid meeting next week and bids due back in February.

Councilman Thomas asked about the Center for Public Safety. Ms. Young stated that the building was now occupied, the contractor was working on removing the asbestos and completing the abatement on the old building, and demolition should occur within the next few weeks.

Ms. Young stated the Public Services Phase II project had been in the CIP for a number of years. The project initially consisted of a much larger scope, but was well over budget. After

working through issues, the project now consisted mainly of a grading and paving project with the construction of a new wet stormwater pond (BMP) in the back. Design issues were worked through and construction started. The project was being funded in part with Federal Transportation Administration funds and had a hard deadline completion date of June 1, 2015.

Councilman Bittner asked what the project consisted of. Ms. Young stated that paving and stormwater drainage pipes would be installed up front. The paving was for buses around the front of the complex and beside by the Fleet complex so the buses could be driven around the building.

The automated step screens project initially consisted of replacing the mechanical bar screen with an automated bar screen, but with more in-depth conversations to identify the need, the project scope increased. Now it also included some type of enclosure so that it didn't freeze in cold temperatures with some type of heating element and electrical component. Construction was being postponed until FY16 with the FY15 funding used to begin the preliminary design. The Parkwood Regional and Western Trunk Sewer project was delayed as a result of having to obtain easements through Burton Park. With those obtained, the project was back on schedule.

Mr. Woodruff stated that as part of the Interlocal Agreement with the County, in exchange for the easement, the City would remove the Tax Office building. That work would be performed when the easement became active which was scheduled to occur on December 15, 2015. In recent discussions with the County, the Northwest Lift Station of ONWASA and the force main along Route 258 were underway and on schedule with the anticipation of completion being late summer. If that occurred, County staff was in agreement to recommend to the County Commissioners that the activation date be moved up or stay firm. At that point, the City would proceed to take down the Tax Building and complete the parking lot. There was a direct nexus between the two and the easement must be activated first.

Mr. Carter stated that funding was not a General Fund obligation and would come from the Water and Sewer Fund. Ms. Young stated that it would be better defined in the FY16 CIP as notated on the CIP form.

The Downtown Central Stormwater Phase I project was in final design and ready to go out for bid when further analysis determined the benefits did not justify the expenditure and return. The scope was reduced to install only two BMPs which would be located at the entrance

to the Sturgeon City site and benefit the Sturgeon City Civic and Environmental Education Center.

Mr. Woodruff stated that negotiations with DENR caused those projects not to be funded. We had hoped to create a regional stormwater facility that would generate credits so as redevelopment occurred in the downtown area, a party could develop property and buy credits in the stormwater pond. DENR management did not see that as a positive stating it would only help the environment. Staff could not find justification to build the facility without grant funding. Only Councilman Willingham had been asked for his input on the project because it was in his Ward.

Councilman Warden asked with the change in governors would the proposal now be received more favorably. Mr. Woodruff stated that the controller of this project was in Wilmington instead of Raleigh. Raleigh saw the value in the project, but the Wilmington Director did not see it the same way and would not concur. Mr. Carter stated that there were also other issues with the land involving getting clear title to the property.

Councilman Willingham stated that the struggle we were having seemed a little illogical when seeing best practices at conferences showing there was an effort to consolidate ponds as an incentive especially in downtown redevelopment where space was limited.

Ms. Young stated the Sturgeon City Civic and Environmental Education Center was at 100% design and ready to go out for bid about a year ago when environmental issues with the State came up. Staff was working to resolve those issues.

Councilman Bittner asked what the issues were. Ms. Young stated that the State determined contamination was on the Sturgeon City site outside the park area, but the limits of contamination were high enough to investigate. The parking lot was in the area of concern and not the building. Based on preliminary conversations, she felt land restrictions could be met, but wanted those restrictions in hand before proceeding. Also over the course of the past year, the State determined that when prequalified contractors were used there had to be a prequalification policy for construction in place along with an application and criteria specific to the project. Ms. Young stated that at the next Council meeting a contractor prequalification policy would be presented for Council's consideration. This policy was used for the Sturgeon City project and the Center for Public Safety project and was modeled after the State construction office and their criteria.

Councilman Bittner asked if the policy would resolve the issues over the increase costs of the facility and would the costs come in over what was originally planned. Mr. Woodruff stated that the latest opinion of probable costs showed that even after all the modifications, we were still about \$300,000 underfunded and that figure was about a year old. If Council was going to move forward with the current Sturgeon City project, the bond funding would not be sufficient.

Using Exhibit "A," Greg Meshaw, Senior Civil Engineer reviewed the streets assessment ratings regarding serviceability, the work that was done, and the outcome.

Mr. Woodruff stated that the street conditions overall in Jacksonville needed more attention than we had funding. Powell Bill was the primary source which was about \$1 million a year. By combining several years we are able to get better bids. If we had twice the funding every year, we would still be chasing road conditions. The decision to catch the roads at the "C" level, before they got worse was the right decision and the data presented proved it.

Mayor Pro-Tem Lazzara asked if staff had looked at what it would take to subsidize the program. Mr. Woodruff stated that had not been done, but staff would look to see how much more could be done.

Councilman Bittner asked if staff was expecting a decrease in Powell Bill funding this year. Gayle Maides stated that we should know in March or April what the funding would be.

INTELLIGENT TRANSPORTATION SYSTEM (ITS) UPDATE

Anthony Prinz, Transportation Services Administrator stated they had been in the signal business for the past six months and received a lot of good feedback from the citizens and City staff regarding better travel times. He reviewed what made up the system and stated all of the technology came back to the operation center located in the Center for Public Safety. The 87 traffic signals in the ITS system did not include the traffic signals on Piney Green Road. Those signals were controlled by the contractor in charge of the construction, but they had an agreement with the contractor to check-in periodically on the operation especially where Piney Green connected to Marine Blvd and to Lejeune Blvd. Those signals would be added to the system when construction was complete either late this year or early next year.

Councilman Thomas asked about the traffic counters. Mr. Prinz stated they were in-payment loops at traffic signals. They were there not only to determine signal timing, but to also count the vehicles. Loops were also midstream on some streets and were strictly for counting traffic.

Mr. Prinz stated one preventative maintenance cycle was complete with every component in the field being looked at. It was found that the system wasn't in the shape anticipated. The ITS project updated all of the technology, but didn't include a comprehensive round of preventative maintenance. As an example, when the traffic center was turned on, it went through a self-diagnostic process and identified over 100 loops that weren't operational. Repairs were made and in some cases even rewiring had to be done. It was also identified that the emergency preemption system was not operating at full capacity. Up until two months ago, only 50% of those locations were working properly. It would be two to three more full weeks to make sure all the locations were operable. Optimization was what they were after to make sure traffic was flowing smoothly through Jacksonville. It would take about six to eight months to complete the work, but in the past three months substantial progress was made.

Councilman Bittner asked how many staff members provided the service. Mr. Prinz stated the traffic signal crew consisted of a supervisor and 2 technicians that rotated on call 24/7 to respond to emergencies.

Councilman Bittner asked if there was a service agreement with NCDOT. Mr. Prinz stated that all of the infrastructure that the City maintained was owned by NCDOT, so when we called their on-call contractor, the bill was sent to the Division Office. On an emergency repair, if a piece of equipment needed replaced, we put what we had in stock into place and they replenished it. This did away with reimbursement paperwork.

Mr. Prinz stated that one of their accomplishments had to do with optimization. They started on the western part of the City and were moving east. The corridors of Richlands Highway, Wilmington Highway, Marine Boulevard, Gum Branch Road, and Bell Fork Road had been completed and they were in the process of taking on Western Boulevard. Runs were taken prior to and after optimizations to get real time figures which showed reductions in travel time, delays, stops, and fuel consumption. Investing in ITS was a very cost effective decision. The first cycle of optimization should be completed within the next few months and then they would start over again. They wanted to be able to adapt the system to accommodate changing travel patterns and continue to develop timing patterns for various events whether it be National Night Out or a 96 hour Base holiday. A Memorandum of Understanding was being worked on with the Base to integrate the Camp Lejeune traffic signals into the ITS system to improve efficiencies of traveling on and off Base. One of the challenges for FY16 was a proposed reduction to the

Schedule C which set the parameters on how the system was maintained and amount NCDOT would reimburse for associated costs. We were told that reimbursements would be reduced by 25% or \$45,000.

Councilman Bittner asked why NCDOT was proposing the reduction. Mr. Prinz stated that it was due to the new funding system that NCDOT put in place. This was the same reason we may see differences in the Powell Bill distribution. The reduction in funding was being spread across the Divisions, so NCDOT was looking for ways to cut and Schedule C was a low priority for them. With the reduction, they weren't expecting us to maintain the signals at such a high level. Mr. Woodruff stated that the challenge in maintaining them only once a year instead of twice a year would catch up with us over time. Mr. Prinz stated it could also put us in the same situation that we inherited.

RECESS/RECONVENE

Mayor Phillips recessed the meeting at 6:15 PM for a short break. Mayor Phillips reconvened the meeting at 6:24 PM.

FY16 REVENUE FORECAST & BUDGET PLANNING ASSUMPTIONS

Using Exhibit "A," Ms. Maides reviewed FY16 budget assumptions. She said that the County felt there may be some appeals on the property tax this year, but they didn't feel it would be a huge number so property taxes would not change. The City should get about \$100,000 to \$150,000 more in sales tax because of the change in the property tax levy last year. There would be no increase in the water and sewer rates, stormwater fees, and residential solid waste fees; however, the annual subsidy from the General Fund would continue. To deal with the loss of the Privilege License revenue, spending would be cut and new revenue sources were being looked at. The maximum that had been paid for fuel was significantly less than what was budgeted, so she felt comfortable in reducing fuel pricing, but not to the levels of today.

Discussion followed on fuel pricing. Mr. Woodruff stated that Council would be presented gross numbers using different fuel price levels for all departments and individual departments.

Councilman Thomas stated that it was important in the long term to look at ways to reduce total consumption overall.

Mr. Woodruff stated that Michael Liquori, Director of Park Facilities was experimenting at converting some of our large mowers from gasoline to propane. Ed Richards, Fleet Supervisor was also looking at alternatives for our vehicles.

Councilman Bittner stated that research was available on using propane and natural gas in municipalities and state government across the country.

Ms. Maides stated that health care was very difficult to predict and was running high this year. The projected national average health care cost projection for next year was 8% and ours was usually not as high.

Mr. Woodruff stated that the money that was left over on the health insurance program each year stayed in a health insurance fund. For the past two years a rate increase was not passed on to the employees because the fund was up to \$1 million. Wellness was a direct benefit in keeping health insurance premiums the same and our wellness initiatives would continue.

In regard to revenues, Ms. Maides stated that they were predicting the same amount of revenue in FY16 as in FY15. Mr. Woodruff stated that different scenarios would be prepared for Council on the possible effects of pending legislation that could change sales tax distribution.

Ms. Maides stated the current uncommitted balance in the Council Initiatives fund in Capital Reserves was \$1.15 million which could be used to complete Fire Station #2, Sturgeon City or other projects.

Councilman Bittner asked if Fire Station #2 wasn't budgeted. Mr. Woodruff stated that the station was on track to be completed within the budget, but there were certain elements not included in the bid including the exhaust system.

Mr. Woodruff reviewed the dates of the budget schedule and stated staff believed it was a budget that Council may be able to adopt in early May.

Councilman Bittner asked about the cost sharing agreement with the Sturgeon City Building. Mr. Woodruff stated that by memory, \$4 million in bonds was set aside which included architectural fees. The payment plan was roughly \$300,000 per year split three ways - \$75,000 from Sturgeon City Board; \$75,000 from General Fund; and \$150,000 from the Jacksonville Tourism Development Authority.

Mayor Pro-Tem Lazzara asked what would happen with the funding if the building did not become a reality. Mr. Woodruff stated it would become a legal question because the City said in the bond issue that three buildings were to be built.

Mr. Carter stated there would be a legal issue with the bond if the environmental issues could not be remediated and we didn't build. Staff had been in contact with the office of the Assistant Attorney General to DENR monthly to track the progress. If prudent, he would see if the matter could be expedited as time was of the essence.

Councilman Thomas said that a sales tax increase on new levies was mentioned and asked if there was any anticipation of a sales tax gain in totality. Ms. Maides stated that some of the articles she has read pertained to that, but we had to be really careful because we did not see the decreases in early 2000 as other communities did.

PROGRESS REPORT - \$750,000 REDUCTION GOAL

Using Exhibit "A," Mr. Woodruff updated Council on what had been done to date to help with the \$750,000 loss in revenue due to the loss of privilege licenses. He stated that currently every vacant position was analyzed as it came open. The only positions not held were for police and fire as those were life safety issues. There were six vacant positions put on hold for a \$400,000 savings in salaries and direct benefits. We were not laying off employees, but downsizing through attrition. Studies were also done on the three E's and some savings were realized on copiers, printers and cell phones. State law permitted the fire department and City to file a claim when there was an accident with a hazmat spill. Mr. Woodruff stated the only thing the City was allowed to collect from accidents was hazmat spills, so we were now diligently looking at recovery which could save \$40,000 to \$50,000 per year. It was not a direct bill to the person involved in the accident, but a recovery through insurance. Another income opportunity was passport processing and the City received approval on January 14, 2015. Current staff would be used with a potential benefit of \$40,000 to \$50,000 per year. These potential fees and savings were coming to us before losing the privilege fees and were adding to the general fund this fiscal year.

ADVISORY COMMITTEE SUMMIT REPORT

Mr. Woodruff stated the Advisory Committee Summit occurred about a month ago. There were 56 members in attendance breaking down 23 things that they liked and 24 things that they would like to change about Jacksonville. The top likes included safety, small town feel, citizen involvement with the City, City-Military relationship, military friendly community, trails and bike routes, recreation and sports activities, beautification and cleanliness, and quality City services and transparency. Public Safety was making a difference in this community with 7 lives

saved in 2014 and response times decreased for both police and fire with over 123,000 calls for service. Several examples of each of the top likes were reviewed. The top changes that the committee members would like to see included improve older developments, build a civic or convention center, build a pool or splash pad, increase jobs in the area and lower taxes. Mr. Woodruff stated that the streets presentation by Mr. Meshaw showed how the City was trying to stretch the funding they had for paving and street repairs. He then reviewed several examples of each of the top changes.

FY16 MAJOR TASKS

Mr. Woodruff stated that Council needed to identify over the next month anything that they wanted staff to include in the budget in the form of tasks. This did not include Capital Improvement items as those would go into the fourth or fifth year.

ADJOURNMENT

A motion was made by Councilman Bittner, seconded by Councilman Willingham, and unanimously adopted to adjourn the meeting at 7:12 PM.

Adopted by the Jacksonville City Council in regular session this 17th day of February, 2015.

Sammy Phillips, Mayor

ATTEST:

Carmen K. Miracle, City Clerk

Exhibit "A"

Jacksonville City Council



**Budget Workshop
January 20, 2015**

Agenda

1. FY15 Midpoint Review
2. Commercial Garbage Collection Status
3. FY15 CIP Update
4. Intelligent Traffic System Update
5. FY16 Revenue Forecasts & Assumptions



Agenda

6. Progress Report - \$750,000 Reduction Goal
7. Advisory Committee Summit Report
8. FY16 Major Tasks
9. General Discussion




**FY15 Budget
Midpoint Review**

FY15 Fund Balance

Unassigned Fund Balance

FY12	\$8.0M
FY13	\$5.4M
FY14	\$8.2M
FY15	\$6.2M*

*Based on Budget



General Fund
Six Months ending December 31
In Millions

Revenues	FY14 YTD	FY15 YTD	Budget Amended FY15	%
Ad Valorem Taxes	15.9	18.8	23.1	81%
Sales Tax	2.5	2.7	10.3	26%
Fund Balance Appropriations	0	0	2.6	
All Other Revenues	5.7	6.4	11.2	57%
Totals	24.2	27.9	47.2	59%
Expenditures	24.7	22.4	47.2	47%



Water & Sewer Fund

Six Months ending December 31
In Millions

Revenues	FY14 YTD	FY15 YTD	Budget Amended FY15	%
User Fees	9.5	10.1	21.6	47%
Facility Fees	.4	.3	.8	38%
Fund Balance Appropriations			4.6	
All Other Revenues	0.6	1.0	1.5	67%
Totals	10.5	11.4	28.5	40%
Expenditures	11.8	10.9	28.5	38%



Stormwater Fund

Six Months ending December 31
In Millions

Revenues	FY14 YTD	FY15 YTD	Budget Amended FY15	%
Charges for Services	1.4	1.5	2.8	54%
Fund Balance Appropriations			(0.1)	
All Other Revenues			.1	
Totals	1.4	1.5	2.8	54%
Expenditures	1.4	1.2	2.8	43%



Solid Waste Fund

Six Months ending December 31
In Millions

Revenues	FY14 YTD	FY15 YTD	Budget Amended FY15	%
Charges for Services	1.8	2.2	4.2	52%
Fund Balance Appropriations	0	0	0.2	
All Other Revenues	1.0	1.0	1.8	56%
Totals	2.8	3.2	6.2	52%
Expenditures	4.0	2.7	6.2	43.5%



Solid Waste Fund

Commercial Collections
Six Months ending December 31
In Millions

Revenues	FY15 YTD	Budget Amended FY15	%
Charges for Services	367,835	705,855	52%
All Other Revenues	8,346	10,000	84%
Totals	376,181	715,855	53%
Expenditures	589,734	715,855	82%



Commercial Garbage Collection Update



Report Components

1. Implementation
2. Revenue
3. Expenditures
 - Expenditure Issues
4. Customer Service
5. Moving Forward



Implementation

- Hired 6 employees
 - 4 Drivers
 - 1 Back-up/Support Driver
 - Heavy Truck Mechanic
- Purchased Equipment
 - 5 refurbished front-end trucks
 - Purchased 1 container truck
 - Purchased 60 recycling dumpsters
- July 1, 2014 City began service



Benefits

- City controls the quality of service to customers
- Ability to address customer complaints
- Real time information
- Fewer missed pick-ups
- Flexibility to respond quickly to customer service requests
- Opportunities to expand services
- Ability to encourage recycling participation



Commercial Dumpster Program

	Contractor (June 2014)	City (December 2014)
Business customers	839	854
Commercial Dumpsters	1,120	1,135
Collections/per week	2,418	2,529
Dumpster Recycling Customers	54	58
Recycling/roll-out customers	165	174
Commercial Dumpster Rental Customers		7



Budget

- Enterprise Fund
- Self-Funded
- Fee and Service Level
- FY15 Budget Amount: \$1.3M



Revenue

Source	YTD	Budget
M-F Fees	\$367,835	\$705,855
Extra Pickups	\$8,033	\$10,000
Dumpster Fee	\$312	\$0
Other Items		
Insurance Recovery	\$104,967	\$104,967
Fund Balance Loan	\$227,481	\$227,481



Expenditures

Source	YTD	Budget
Salaries	\$72,720	\$159,535
Overtime	\$24,476	\$0
Fleet	\$117,944	\$72,492
Fuel	\$58,153	\$53,617
Insurance	\$148,716	\$192,649
Capital Equipment	\$454,731	\$455,7



Salaries

Status: Within Budget 5 Drivers 1 Mechanic	Assumed: 5 Trucks 5 Routes M & F 4 Routes T, W, Thur 1 Route Saturday
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Overtime

Status: Not in Budget \$24,476	Causes: Equipment Repairs Accident 10 weeks only 4 Drivers Saturday Service
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Overtime

The Plan 1 Driver 40 Hrs Week 4 Drivers 160 Hrs Week 5 Drivers 200 Hrs Week	Actual 4 Drivers 182-234 Hrs Wk During December
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Thus 22-74 Hours of Overtime Each Week



Overtime: Solution

1. New Driver Hired
2. Train **PT Driver** from **Residential**

Forecast:

- \$10,000 Remainder of Year



Fleet Charges

Cause: • Used Equipment	Projection • \$183,000 Over Budget
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Examples

- Blown Engine \$16,000
- 2008 Truck \$40,000
- Tires \$36,000



Fleet Charges: Solution

- All Trucks now in better condition
- 2008 Truck Replaced with 2013 Truck



Fuel

Fuel	Budget
Budget	\$53,617
Year to Date	\$58,153
Prediction	-\$58,000

Cause:

- Assumed Trucks Run 6-7 Hours per day

Actual:

- 10 Hours per day
- Saturday Service



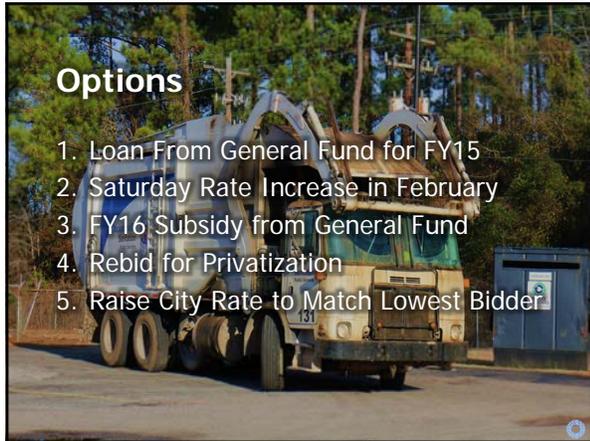
Action Plan

1. Monthly Review by CMO & Written Report to Mayor & Council
2. Saturday Pickup Rate Revised
3. Review all rates and level of service
4. Review all Routes for efficiencies
5. Prepare Bid Documents
6. Other Actions



Options

1. Loan From General Fund for FY15
2. Saturday Rate Increase in February
3. FY16 Subsidy from General Fund
4. Rebid for Privatization
5. Raise City Rate to Match Lowest Bidder



Bid Rates 2014

Waste Industries	\$6.76	\$0.36 Difference
Waste Management	\$5.99	
City	\$5.63	

Rate Increase of \$0.36 Benefit

Annual	\$45,072
March-June	\$15,024



Lessons Learned

1. **Customer Service** is not Free
2. **Privatization** has benefits & drawbacks
3. **Used equipment** is an unknown
4. **Efficiencies** are learned through experience
5. **Plan for the Unknown**
6. **Accidents** Happen
7. **Best intentions** are not enough



FY15 Capital Improvements Plan Update



FY15 CIP Update

FY15 CIP: 32 Projects

- 2 Public Safety Projects
- 23 Public Services Projects
- 4 Recreation and Parks Projects
- 1 Community Programs Project
- 2 Transportation Projects



FY15 CIP Update Public Safety Projects

Fire Department

	Planning	Design	Construction
Fire Station #2	█	█	█

Police Department

	Planning	Design	Construction
Center for Public Safety	█	█	█



FY15 CIP Update Recreation & Parks Projects

	Planning	Design	Construction
NC 24 Lejeune Trail	█	█	
Phillips Park – Phase I	█		
Jack Amyette – Phase II	█ Complete		
Jacksonville Landing	█ Complete		



FY15 CIP Update Public Services Projects

General

	Planning	Design	Construction
Public Services Phase II B	█	█	

Piney Green Road Projects

NCDOT Sewer Relocation	█ Complete		
NCDOT Sidewalk Installation	█ NCDOT Agreement Executed		
ONWASA/City Sewer Infrastructure Improvements	█ Complete		



FY15 CIP Update Public Services Projects

Sewer

	Planning	Design	Construction
Inflow & Infiltration Phase II	█ Complete		
Automated Step Screens	█		FY16
Park & Stratford Infrastructure	█		
Bell Fork Road Sewer	█	█	

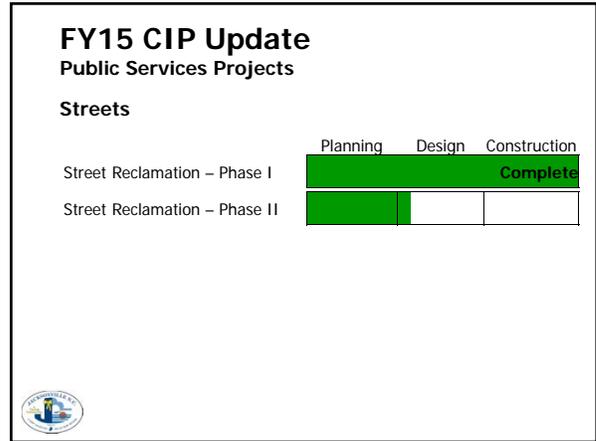
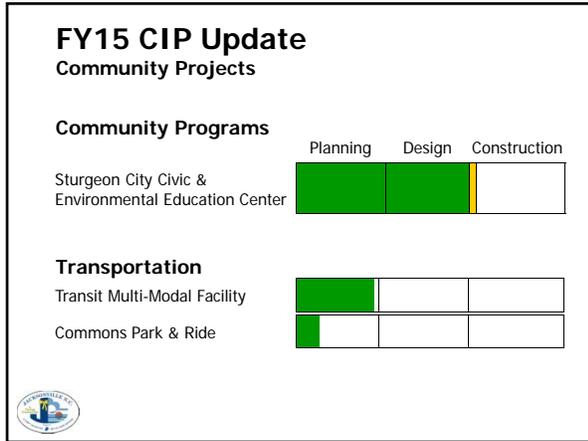
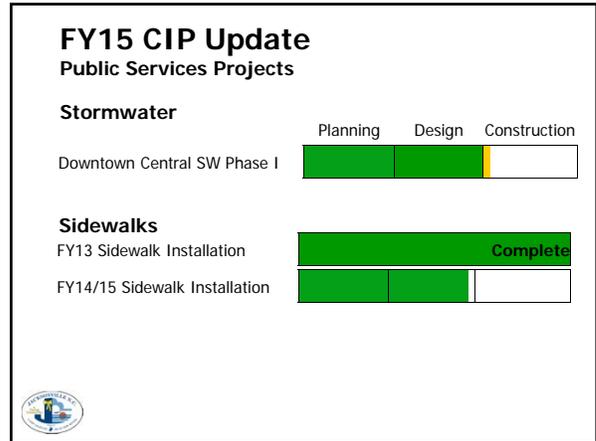
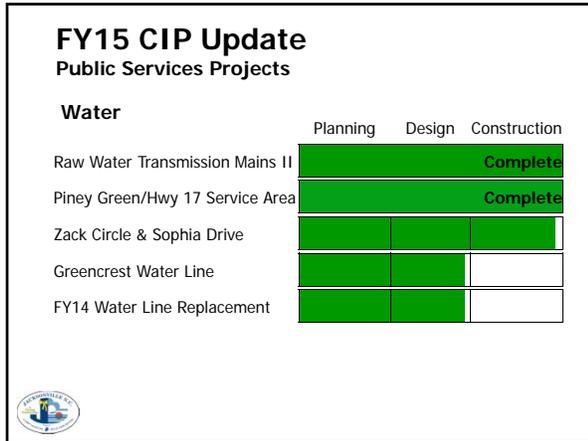


FY15 CIP Update Public Services Projects

Sewer

	Planning	Design	Construction
Memorial Lift Station	█	█	
Parkwood Regional Lift Station	█		
Western Trunk Sewer Phase I	█		
Brookview Force Main	█	█	
Barn Street Sewer	█	█	

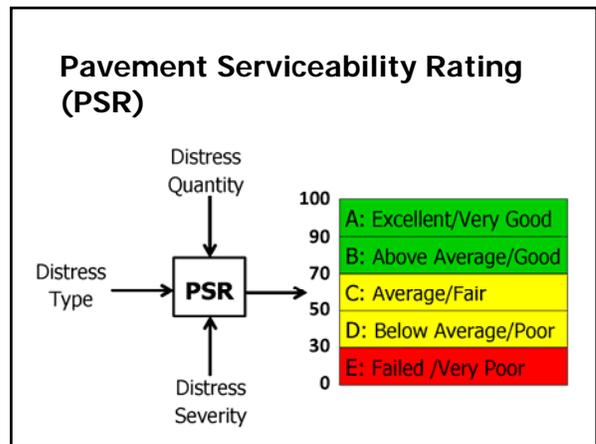




Streets Assessment

In-House effort begins March 2010

- Established rating formula
- Developed rating form
- Began rating the streets

Street Capital Projects

Prior to 2013

Focus

- Below Average/Poor Streets (D's)
- Failed/Very Poor Streets (E's)

Project Types

- Full Reconstruction
- Pavement Reclamation

Reconstruction/Reclamation Expenditures

- High Compared to Preservation Type Projects



Street Capital Projects

2013

March 3, 2013 Council Workshop

- Report of Planned Actions
 - Implement lower costing alternatives
 - Increase proportion of Powell Bill Funds to maintain category B & C streets
 - Decrease proportion of Powell Bill Funds on street reconstruction
- Goals
 - Address more streets
 - Extend life of "B" and "C" Streets
 - Reduce number of future failed streets



Street Capital Projects

Post-2013

FY13-14 Street Rehabilitation Project

- Twenty-three (23) Streets
 - Seventeen "C" Streets
 - Two "D" Streets
 - Four "E" Streets



FY13-14 Street Rehabilitation Project

Planning & Design

- Consulted with NCDOT
- Conducted Geotechnical Investigation
- Staff Site Visits
 - Looked for signs of base or subgrade failure
 - Attempted to ascertain nature of non-failure issues
 - Experienced traffic volumes & nature of truck traffic
 - Checked for potential vehicle bumper strikes at driveways



FY13-14 Street Rehabilitation Project

Planning & Design

- Select Method(s) of Rehabilitation for each Street
 - Mill and Overlay vs Reclamation
 - Reclamation was not selected for all "D" & "E" streets

Construction

- Pre-Construction Site Visits with Contractor
 - Identified potential constructability issues
 - Adjusted scope of work where necessary



FY13-14 Street Rehabilitation Project

Outcome

- Milling and Pavement Overlay of 22 Streets
 - 1 Street: Incidental Milling & Pavement Overlay
 - 11 Streets: Edge Milling & Pavement Overlay
 - 7 Streets: Complete Milling & Pavement Overlay
 - 1 Street: Edge Milling & "Beefed Up" Pavement Overlay
- Reclamation of One Street
 - Indian Drive



FY13-14 Street Rehabilitation Project

Outcome

- Mill & Overlay 12,899 linear feet (LF)
 - \$546,847
 - \$42.39 per LF
- Reclamation 1,420 LF
 - \$209,762
 - \$147.72 per LF



FY13-14 Street Rehabilitation Project

Outcome versus Goals

- Work performed at "C" streets versus just "D" & "E" streets
- 12,899 LF of Mill & Overlay was performed
 - Equals 3,700± LF of street reclamation
 - 3½ times more street



FY13-14 Street Rehabilitation Project

Lessons Learned

- One geotechnical boring per street not enough
- Limit milling depths to 1-inch where possible



Intelligent Transportation System Update

ITS System

- 87 traffic signals
- 200+ traffic counters
- 41 cameras
- 9 digital signs
- Fiber optic network
- Operations center



FY 15 Accomplishments

- Preventative maintenance
- Preemption system repairs
- Emergency repairs
- Incident response
- Optimization

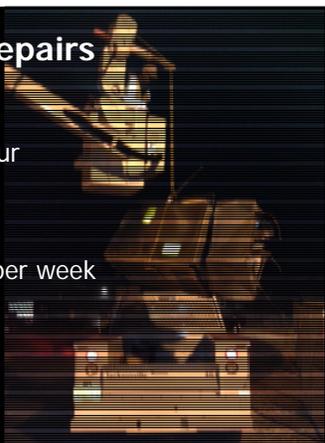


Emergency Repairs

Response <15 min
Operational <1 hour

3 knock-downs

Average 4-5 calls per week




Optimization – Gum Branch Rd

Afternoon rush hour:

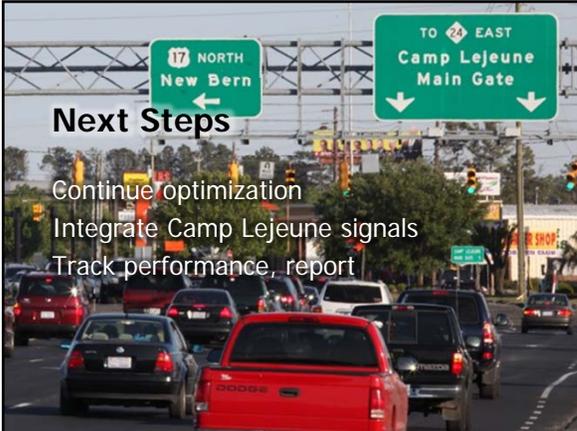
- ↓ 17% travel time
- ↓ 52% delay
- ↓ 62% stops
- ↓ 12% fuel consumption



Optimization – Marine Blvd

Morning rush hour:

- ↓ 24% travel time
- ↓ 55% delay
- ↓ 73% stops
- ↓ 13% fuel consumption

Next Steps

- Continue optimization
- Integrate Camp Lejeune signals
- Track performance, report

Reduction to Schedule C

FY 15 – \$179,000
FY 16 – \$134,000 (projected)
25% reduction





FY16 Revenue Forecast & Budget Planning Assumptions

FY16 Budget Assumptions

- No increase in property tax rate
- Sales tax will increase slightly
- Powell Bill funding remains stable
- No increase in Water or Sewer Rates
- No increase in Stormwater Fee
- No increase in Residential Solid Waste Fee
 - Annual subsidy from General continues



FY16 Budget Assumptions

Privilege License will not return

- \$750,000 loss of revenue
- Cut spending
 - Positions eliminated
- New or Increased revenue sources
 - Passports



FY16 Budget Assumptions

Fuel Pricing

- Unleaded at \$3.15 per gallon (FY15-\$3.60)
 - 3 year average \$2.6438
 - 3 year maximum \$3.1520
- Diesel at \$3.45 per gallon (FY15-\$3.95)
 - 3 year average \$3.0194
 - 3 year maximum \$3.4225



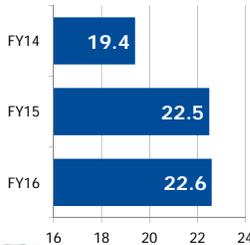
FY16 Health Care Outlook

- Health Insurance Fund history
 - FY12 \$520,944
 - FY13 \$ 47,583
 - FY14 \$249,048
- Projected health care cost increase 8%
- AHCA payment in FY16 \$46,000
- Wellness Initiatives
- Voluntary Benefit Improvements

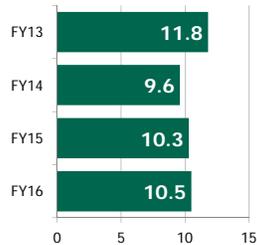


FY16 Revenue Forecast

Property Tax



Sales Tax



In Millions



FY16 Revenue Forecast

Powell Bill: Expected to remain stable



FY16 Capital Reserve

Council Initiatives

4¢ Established in 1998

1¢ = \$ 352K FY15

4¢ = \$1,409K FY15

Current Uncommitted Balance about \$1,150,000

Complete Fire Station #2

Sturgeon City

Other?



FY16 Council Initiatives Fund

Projects	Committed through	FY15 Amount
Jacksonville Landing	2018	\$242K
City Hall Renovation	2018	\$359K
Public Services & Fleet	2019	\$311K
Rails to Trails	2022	\$ 56K
Sturgeon City CEEC	2027	\$ 92K



Schedule

Dec – Feb	Staff Budget Preparation
January 20	Budget Introduction
February	CIP Draft
March	Management Finalizes Budget
April – June	Budget Workshops
May	Budget Public Hearing
May or June	Adopt FY16 Budget



\$750,000 Reduction Goal Status

Why?



Efforts To Date

- Analyzed Vacant & Currently Filled Positions
- Conducted 3E's Studies
- Researched Fee Potential
- Accepted Opportunities



Positions

6 Vacant Positions
 One Retrained & Filled
Savings \$400,000



Three E's Studies

- Meter Reading
 - No Change
 - Copiers & Printers
 - Some Savings
 - Cell Phone Adjustments
 - Some Savings
- Savings \$**



Fee Potential

HazMat Response

- State Permitted
- Filed by Fire and Emergency Services
- Paid by Insurance Companies

Savings \$40-50,000 per year



Opportunities

Passport Application Acceptance Agency

- Approved by US State Dept Jan 14, 2015
- Use of Current Staff
- \$25 per transaction fee

Benefit \$40-50,000 per year



Summary

Positions	\$400,000
3E's	\$20,000
Fees	\$40,000
Opportunity	\$40,000
Thus Far	\$500,000



Next Steps

1. Track Fees & Opportunities
2. Analyze Positions
3. New 3E's

