



**MINUTES OF THE CITY OF BURLINGTON
CITY COUNCIL WORK SESSION
Monday, April 1, 2019**

The City Council of the City of Burlington held a regularly scheduled work session in the Municipal Conference Room, 425 South Lexington Avenue, Burlington, N.C., on April 1, 2019, at 5:00 p.m.

Council Members Present:

Mayor Ian Baltutis
Mayor Pro Tem Kathy Hykes
Council Member Robert Ward
Council Member Harold Owen

Council Members Absent: Council Member James Butler

Staff Present:

City Manager, Hardin Watkins
City Attorney, David Huffman
Interim City Clerk, Beverly Smith

Rachel Kelly, Nolan Kirkman, Bob Patterson, Scott Bibler, Peter Bishop, Al Cablay, Jeff Knight, Todd Lambert, Morgan Lasater, Tony Laws, Amy Nelson, Mike Nunn, Jeff Smythe, Peggy Reece, Lisa Wolff

Media Present: Kate Croxton, Times-News, Tomas Murawski, Alamance News

A. Water Meter Infrastructure Assessment for Advanced Water Metering Technology Report

Presented by:

Bob Patterson, Water Resources Director

City Manager Hardin Watkins announced the consultant would not be presenting this evening to allow staff to more time to work on the report and that the item will be presented at a future meeting. He stated at the 2019 Goal Review Workshop discussion about growth issues happening in the southern area of the City prompted their thinking about the site plans in those areas and staff needing to prioritize those projects related to water and sewer long term capital needs, therefore the Advanced Water Metering project discussion will be slowed down a little to allow staff to review three, five, and seven year needs. He explained Water Resources Director Bob Patterson will present an overview of projects on the horizon to give everyone a perspective.

Mr. Watkins stated once the City gets through the FY 19-20 budget planning process, there will be more conversations with Council and an invitation to Mr. Joey Mitchell with Utility Metering Solutions to present at a future Work Session. He asked Council to provide some direction to staff before June 30 where to encumber those funds in the next fiscal year to determine a timeline to implement the project.

Water Resources Director Bob Patterson presented an overview of the Water & Sewer Department capital improvement projects and how the City has funded some of these projects. He stated general obligation bonds were utilized in the early 1990's for the Great Alamance Creek Sewer Outfall, certificates of participation were issued for water infrastructure projects in the mid-2000s and in 2010-11 the City utilized revenue bonds for Cammack and Stoney Creek dam stabilization and nutrient updates at the east and south plants.

Mr. Patterson stated since the early 2010s the City has budgeted a range of \$4 million to \$6 million dollars annually for pay-as-you go capital funding. He stated the City uses these funds for projects that are performed year to year which also includes vehicle and construction equipment. He stated an Annual 5-year CIP projection is determined and a 10-year CIP projection is determined for project planning on the horizon.

Mr. Patterson provided a brief summary of the following Capital Improvement Projects:

- Automated Metering project ~ \$11.5M
 - Multi-year project to replace meters and related infrastructure
- Water line replacement ~ \$7.4M
 - \$275K-\$325K/year – 2” water line replacement program
 - \$2M – Raw Water line from Stoney Creek to Ed Thomas
 - \$800K – Greeson Road (Guilford County)
 - \$1.7M – East Webb Avenue
 - \$150K – Union Avenue
 - \$525K – Chapel Hill Road
 - \$725K – West Webb Avenue
- New water line extensions ~ \$1M
 - \$350K – West Old Glencoe Road
 - \$175K – St. Marks Church Road
 - \$400K – Greeson Lane (Alamance County)
- JD Mackintosh Water Plant ~ \$7.3M
 - \$3.2M – Convert from chlorine gas to bleach disinfection
 - \$3M – Rebuild filters & install air scour system
 - \$500K – Replace 18 MGD pump with 6 MGD Pump with variable speed drive
 - \$600K – Replace generator switchgear/plc
- Ed Thomas Plant ~ \$10.6M
 - \$2M Install carbon feed system
 - \$6.6M - Building and structural repairs
 - \$2M? – Electrical & backup power supply at Stoney Creek Raw Water Pump Station
- Sanitary Sewer Rehab/Replace ~ \$13M
 - \$400K-\$450K/year sewer lining project
 - \$150K-\$200K/year replacement of old 6” mill lines
 - \$400K Replace Ava Street Area sewer
 - \$3.2M rehab/replace 21” Little Alamance Creek Interceptor
 - \$1.6M rehab/replace 33” Little Alamance Creek Interceptor
 - \$275K – various smaller sewer repairs/replacement
 - \$750K – Replace Whitsett Pump Station force main
 - \$1.2M – Replace Morningside Dr./Oakdale Ct. Sewer
 - \$2.6M – Upgrade/refurbish Dry Creek Lift Station

Following a brief discussion with Council and City staff, City Manager Watkins noted that Council will hear from Mr. Joey Mitchell in early summer.

B. Resolution to Reject Municipal Agreement for NCDOT Project EB-5882

*Presented by:
Todd Lambert, City Engineer*

City Engineer Todd Lambert informed Council the City had entered into an agreement on December 4, 2018, with the North Carolina Department of Transportation (NCDOT) for the construction of a sidewalk on Graham Hopedale Road from Mebane Street to Hanover Road including ramp improvements at all intersections which is identified as NCDOT Project EB-5882. He reported the City has been recently notified about a funded project; NCDOT U-6014, that includes widening of Graham Hopedale Road from Hanover Road to Morningside Drive to multi-lanes with bicycle pedestrian accommodations.

Mr. Lambert explained the City would build a sidewalk next year in FY 19-20 if continued efforts were made with Project EB-5882, then have NCDOT remove those sidewalks within the next two years once the U-6014 project began. He indicated the City must adopt a Resolution to reject the previously executed municipal agreement in order to facilitate the inclusions of elements of EB-5882 into U-6014.

Mayor Baltutis asked about the timeline of completion of the U-6014 project.

Mr. Lambert responded the expected time would be around the year 2022. He stated there are other projects for safer intersections on Graham Hopedale that would not be affected by this change and the future project would be an improvement like the project being completed near St. Mark's Church Road.

With no further comments, Council consensus was to place an addition on the April 2, 2019 consent agenda for Council to adopt a Resolution rejecting the executed municipal agreement with North Carolina Department of Transportation for Project EB-5882.

C. NCLM Broadband Goals and Draft Broadband Resolution

*Presented by:
Rachel Kelly, Assistant City Manager*

Assistant City Manager Rachel Kelly reported that the North Carolina League of Municipalities has released a report, *Leaping the Digital Divide*, in March 2018. She stated the report can be boiled down into 7 findings which have informed the League's community-led broadband advocacy:

NCLM LEAGUE OF MUNICIPALITIES

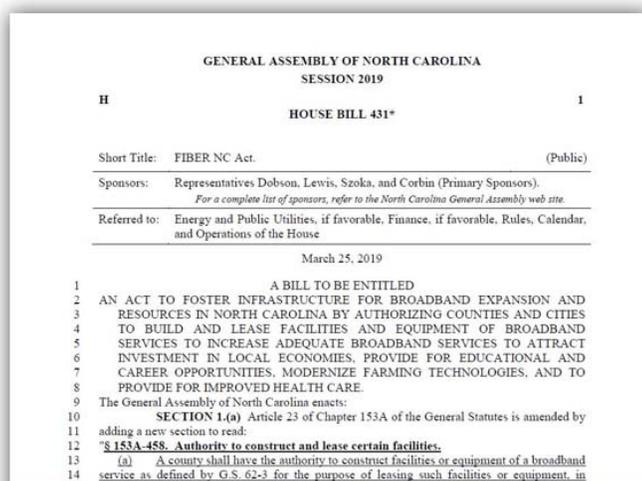
- ✓ Broadband networks are the roads and electricity of today
- ✓ Broadband attracts capital investment
- ✓ Underserved sections exist within urban areas
- ✓ Primary function of government is to build infrastructure
- ✓ Public-private partnerships represent a promising means toward solutions
- ✓ Current NC law creates hurdles to public-private broadband partnership
- ✓ Legislation is required to unleash full potential of public-private broadband partnerships

Source: www.NCLM.org/Broadband

B Leaping the Digital Divide: Report Findings

Ms. Kelly explained these findings closely mirror the calls to action being seen across our state at all levels of government and on both sides of the aisle. She stated in working toward their goals of providing tools that facilitate public-private partnerships the NCLM has worked with Representatives Dobson, Lewis, Szoka and Corbin to draft House Bill 431, FIBER NC Act which was filed on March 25, 2019. She noted that Representatives Ross and Riddell have both signed on as co-sponsors of the bill.

Ms. Kelly stated the NCLM indicates that a companion bill should soon be filed in the Senate. She stated the bill provides authority for local governments to construct facilities or equipment for broadband service for the purpose of leasing to non-governmental units. She explained the legislation allows cities to use ad valorem tax levies, grants, or any other unrestricted funding source to construct these facilities.



Ms.

Kelly provided an overview of how these arrangements work and who are the potential private partners. She explained that local government leases either existing assets like underground fiber used to run stop lights or 911 centers, utility poles or access to water towers or invests in new assets that are leased to the private internet service provider. She indicated that those private ISPs then operate the networks and run the retail service. She explained local governments do not run networks or acts as a retail provider of internet services. She reported this bill would allow any willing provider to respond to a local RFP including larger providers (ISP). She stated there are also several smaller ISPs operating in North Carolina, some of them home-grown, creating jobs and helping meet people’s residential and business internet needs. She indicated that some of them are already embracing the public-private partnership model, but only by jumping through significant regulatory hoops.

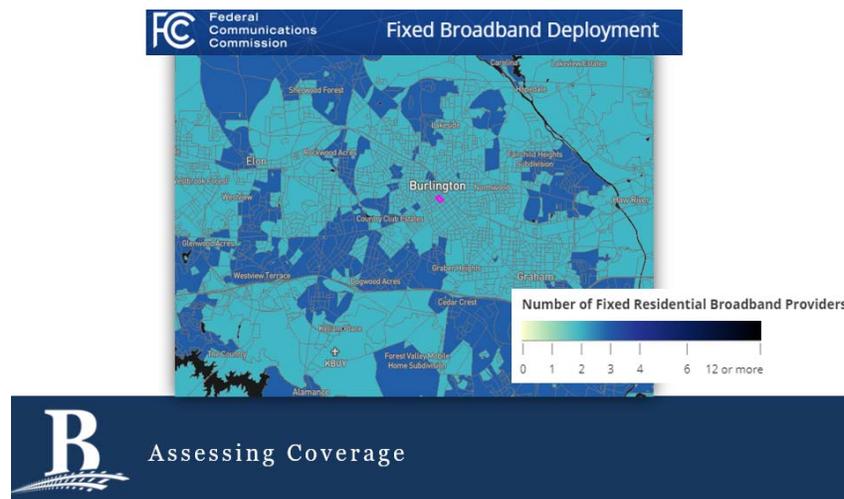
Ms. Kelly explained this legislation would broaden local government authority so that all partners – public, private and non-profit could join in arrangements that make the most sense for each. She noted that most of these smaller companies do not have large amounts of capital to invest and local

governments can borrow money cheaply and over long horizons, bringing to the table a significant financial tool.

Ms. Kelly reiterated the primary goal of this effort is to leverage existing municipal assets to encourage the growth and development of high-speed broadband (gigabit fiber) networks in the Triad Region and surrounding communities to meet the technological needs of current and future businesses, public institutions, educational institutions, and local residents. She noted the following improvements:

- Provide comprehensive broadband infrastructure with capability for expansion
- Ultra-high-speed service (up to 1Gbps) with support for voice, video and data
- Free or heavily discounted services to low-income neighborhoods
- Increase free wireless networks in parks and public areas
- Encourage hi-speed internet access for downtown businesses
- Promote economic development sites by providing fiber connectivity

Ms. Kelly reported that in November 2016 an announcement was made of Tri-Gig’s selection of North State Communications. She stated the following are Tri Gig partners: City of Greensboro, Guilford County, City of Burlington, University of North Carolina Greensboro, North Carolina Agricultural and Technical State University, and the City of High Point.



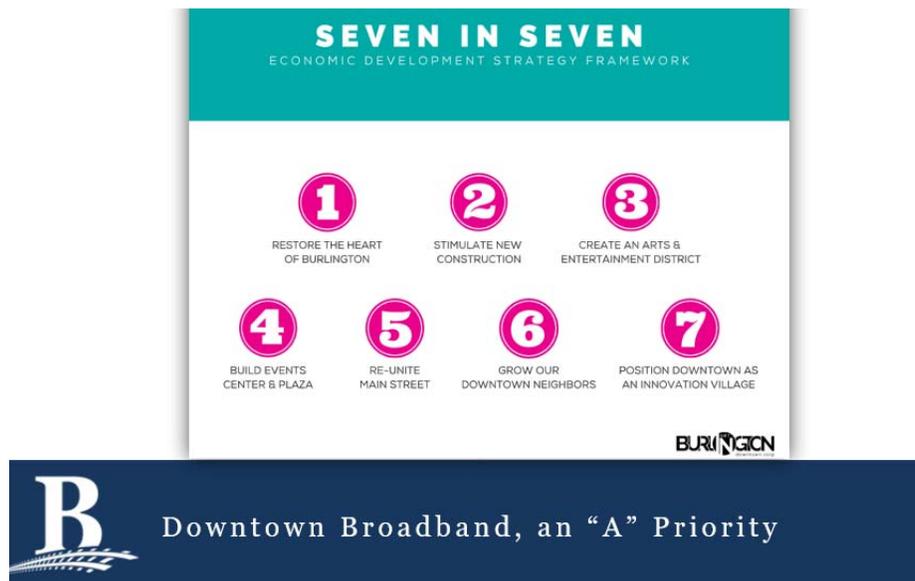
Ms. Kelly explained the June 2017 Report for City of Burlington by ECC Technologies performed an assessment of broadband services and City-owned fiber within the City. She stated this data changes rapidly and is difficult to validate as the data is self-reported by ISPs and is tracked by the FCC by census-blocks.

She pointed out in the above map that if there is some presence of broadband in the block, the entire block is represented as covered. She stated to get a better grasp of current coverage, available providers, and internet speeds, the City will work to obtain recent survey data from both the Burlington Downtown Corporation and Alamance County. She stated it is safe to say that most residences in Burlington do have the ability to access internet at their homes and some have several ISPs from which to choose, However, fewer have ultra-high-speed fiber to the home available.

Follow this link to see coverage areas: <https://broadbandnow.com/North-Carolina/Burlington?zip=27215>

Ms. Kelly reported Burlington businesses have several internet connection options as well, but downtown Fiber connections continues to be challenging due to the cost of installing underground utilities in the built-out district. She shared the Digital Divide might be physical in rural areas but often economical in urban areas, where services are often available but higher speeds can remain unaffordable for some.

In conclusion, Ms. Kelly reported that City Council did move Downtown Broadband to an A Priority during the Goal Review Workshop in March 2019.



Ms. Kelly stated City staff is currently working to engage ISPs in an ongoing dialogue about infrastructure installation during a sidewalk replacement project. She stated written commitments would be needed before moving forward with the sidewalk replacement project and staff’s direction was to work with the Burlington Downtown Corporation and a consultant to design a comprehensive and logical strategy to the major downtown projects on the horizon. She explained a phased plan for sidewalk replacement and ISP infrastructure installation is a project that should take place in tandem with examining the depot move, main street re-connection, plaza creation, and DFI sites to ensure a holistic approach to major downtown investment.

Following a brief discussion with Council and staff, consensus was to place an addition to the April 2, 2019, City Council Meeting to adopt a Resolution in support of the efforts to expand high-speed broadband coverage in our community and across the State and support legislation that allows communities to leverage public-private partnerships in achieving this goal.

D. Municipal Building Lighting Policy & Process

Presented by:

Rachel Kelly, Assistant City Manager

Assistant City Manager Rachel Kelly explained the City and some Council Members have received requests for changing the color of the flood lights on the Lexington Avenue entrance to the Municipal Building.

She stated the flood lights were installed in celebration of the City's 125th year. She stated Council and staff have received inquiries over the year regarding changing the light colors for cause awareness, celebrations and holidays. She expressed staff will need guidance regarding the possible implementation of Municipal Building Lighting Policy.

Ms. Kelly mentioned Interim City Clerk Beverly Smith and Community Engagement Manager Morgan Lasater have formed some language for the proposed policy. She stated Building Maintenance Division discussions determined that staff can reasonably accommodate a change in lights once per month. She stated the lights require colored films, which can be pre-ordered in set colors with a cost per light approximately around \$24.00.

Ms. Kelly mentioned some of the policy considerations are for organizations making requests to have a local connection, be not-for-profit and submitted annually. She stated the lighting requests should never be divisive and policy requirements could be considered for commercial, political, or religious purposes. She indicated a form would be provided to make the request, content of the request would include organization name, contact information, light color choice, purpose of the lighting and other pertinent information. She stated these would be reviewed by staff prior to seeking Council decision.

In conclusion, Ms. Kelly asked Council for guidance on whether the Council would like to consider lighting of the Municipal Building, and if so, asked for their advice or feedback in reference to policy and decision-making process.

Mayor Baltutis stated he's received requests from several organizations that loved the appearance of the lighting on the building and how it supports events going on in the community.

Mayor Pro Tem Hykes expressed staff could handle the requests and didn't necessarily need Council approval.

Mayor Baltutis and Mayor Pro Tem Hykes commented that a Proclamation provided to Council would be enough to notify them of the purpose of the color selection and time frame it will be displayed in the event of community questions.

Council Member Ward asked for clarification on when staff is suggesting the approval to begin allowing requests.

Ms. Kelly responded staff is asking for direction since there have been requests and if this is acceptable use of the lighting.

Council Member Ward asked for additional time to review the policy to provide feedback.

City Manager Watkins asked for guidance about staff being involved in the decision-making process.

Council Member Owen stated the policy could mention an advance notice requirement.

Council Member Ward mentioned requests for the same organization year after year be given preference to an organization that didn't have a lighting event the previous year.

With no further questions, consensus was to have City staff include recommendations from Council and proceed with an administrative policy.

E. Capital Programming: Funding Discussion & Review of Various Financing Options

Presented by:

City Manager Hardin Watkins

Peggy Reece, Director of Finance and Risk Management

City Manager Hardin Watkins presented an item that was a holdover from the March 8, 2019, Goal Review Workshop. He mentioned acknowledgments to Jack Vogt, Ted Cole of Davenport financial advisors, Renee Paschal, and Peggy Reece all of which provided guidance and materials that were used to make the presentation.

Mr. Watkins briefed Council on Fund Balance and how the City determines financing for projects. He stated the City's fund balance position is strong. He stated there are some funds available for usage if deemed appropriate by City Council. He stated experts in the field of capital finance advise that there is no right or wrong way to deploy cash. He identified how communities utilize their fund balance in differing ways such as:

- A way to help manage cash flow as projects timelines ebb and flow.
- Supplement the "payback" plan.
- Funds for things you can't easily borrow for.
- Items lacking strong public support (e.g. – jails).
- Dedicate it to non-bond, non-loan capital needs (e.g.-ongoing smaller capital items).

Mr. Watkins stated if you're not using fund balance, collateral is key. For example:

- General Obligation Bonds – Full faith and credit, taxing power.
- Real property asset you are financing (Installment Debt – COPs, LOBs)
- Revenues from the financed project (revenue bonds)
- Goal is to put up as much as needed without going over.
- Banks like 100% collateral

Mr. Watkins explained General Obligation (G.O.) Bonds are the classic way to fund large capital needs. He stated these require a public referendum since you are pledging "the full faith and credit" of the City as a guarantee to repay. He stated this does get you the best rate but cost of

issuance can eat into the savings. He indicated these are often used for city halls, police stations, schools, streets and roads, parks, greenways, open space, public works facilities, etc. He indicated the maximum term is usually 20 years and are typically used for needs that have strong community support. For example:

- What do people like?
- What can be presented to the citizenry that is popular?
- Provides guidance to elected officials.
- If a ballot question doesn't pass, City may be hamstrung on how to move forward with that need in the future.

Mr. Watkins explained the following highlights about revenue bonds.

- Security is revenue generated by project.
- No voter approval.
- Higher interest rates than GO bond, depends on rating.
- Typically used for water, sewer, and electric.
- Term can be up to 30 years.

Mr. Watkins defined installment debt, also called installment purchase agreements for items such as police cars, sanitation trucks, or fire trucks that are done on an annual basis. He stated some call that certificates of participation and some call them limited obligation bonds (LOBs). He stated there is not a big difference in the interest rates from GO bonds, its slightly higher with less issuance costs. He explained this kind of investment does require collateral.

Mr. Watkins explained funding through leases for equipment and vehicles. He stated that doesn't require Local Government Commission (LGC) approval if leased less than fifty-nine months. He stated you can't finance an item longer than its useful life, the interest rates are low because of short amortization, and they usually are not appropriate for large projects. He described pay-as-you-go for annual appropriations. He stated this is a good source but hard to afford in the days of growing operational needs, increasing health and retirement costs and inflation. He advised, if you can get in the habit of doing this, it's a powerful tool. He stated the City of Burlington typically allocates yearly contribution of about \$1.8 - \$2.0 million to pay installment loan debt and \$2.0 million for PAYGO capital needs.

Mr. Watkins explained the use of grants and donations. He stated staff is always searching for grant opportunities. He pointed out partnerships with Impact Alamance, providing access to a contract grant writer and expressed their interest in community involvement. He stated Council Member Butler has advised staff to seek federal BUILD grants and Toole Design Group will begin working on an application for the Maple Avenue Corridor needs. He shared other sources and partnerships including New Leaf Society, Impact Alamance, Federal Transit Administration, Community Development Block Grant and NCDOT.

Mr. Watkins stated the City has ample debt capacity. He stated we will never want to borrow more than we need to borrow, and the City is currently building a case to begin taking steps so we can position ourselves for the best interest rates. He stated if the City does need to borrow funds the following steps have been put in place.

- Revisit and refine policies on debt, fund balance, etc – policies and procedures to guide our planning effort.
- Begin setting aside annual monies for OPEB (Other Post-Employment Benefits). Rating analysts usually ask about OPEB – looking for evidence we've made planned adjustments to minimize growth of the liability, most cities are PAYGO, they are happy to hear that you are setting aside some money via annual budget.

Mr. Watkins concluded by sharing advice on when to use fund balance and provided ways to build support throughout the community and how to build public support and understand citizens interest.

Following a brief discussion with City staff, Council thanked City Manager Watkins and Finance Director Peggy Reece for the overview and information.

F. Boards and Commissions Reports

- Planning and Zoning Commission - **None**
- Traffic Commission – **None**
- Public Transit Advisory Commission (PTAC) - **None**

G. City Manager Comments

There were no additional City Manager comments.

H. City Council Comments

Mayor Baltutis provided an overview of his recent travel to the National Leagues of Cities conference in Washington, D.C. He provided notes to Council summarizing the event. He stated North Carolina had the best participation this year with 180 leaders from North Carolina in attendance.

ADJOURN Meeting adjourned at 6:30 p.m.

Beverly D. Smith
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Interim City Clerk