

**CUMBERLAND COUNTY  
FINANCE COMMITTEE MEETING  
THURSDAY, DECEMBER 3, 1998, 2:00 PM**

**Present:** H. Mac Tyson II, Chairman  
Ed. G. Melvin, Commissioner  
Rollin W. Shaw, Commissioner  
Cliff Strassenburg, County Manager  
James Martin, Deputy County Manager  
Cliff Spiller, Assistant County Manager  
Garrett Alexander, Tax Administrator  
Amy Cannon, Finance Director  
Larry Carter, Solid Waste Management Director  
Howard Abner, Finance  
Grainger Barrett, Senior Staff Attorney  
John Bittle, Solid Waste Management  
Johnnie Britt, Internal Auditor  
Tonya Harris-Council, Public Information Officer  
Darlene Smith, Solid Waste Management  
Bob Tucker, Finance  
Rhonda R. Davis, Deputy Clerk to the Board

Chairman Tyson called the meeting to order.

**INVOCATION:** Commissioner Ed Melvin

Chairman Tyson asked that the minutes reflect his appreciation to out-going Commissioner Rollin Shaw. He stated it had been a privilege working with her over the past two years.

Commissioner Shaw thanked Chairman Tyson for his kind words and stated she too had enjoyed working with him.

1. **Approval of Minutes: November 5, 1998.**

**MOTION:** Commissioner Shaw offered a motion to approve the November 5, 1998 Finance Committee meeting minutes.

**SECOND:** Commissioner Melvin.

**VOTE:** UNANIMOUS

2. **Review of Preliminary Analysis of Solid Waste Proposals.**

James Martin, Deputy County Manager reviewed the "Preliminary Analysis of Cumberland County Solid Waste Proposals" presented to the Committee just prior to the beginning of the meeting. He stressed the fact the information was *very preliminary*. He noted the information is a

listing by the proposer of their costs. He then reviewed the handout for the committee. He noted it was fair to say that no proposer has given a price to do a complete service. Things have been left out of the proposals that the County will have to ensure are done. The analysis shows the County's added costs or present costs to get the particular job done. He reviewed the totals and noted these totals are *as best as can be determined at this time*. He noted the second sheet in the analysis shows additional proposals for other services. The first sheet includes all the proposals for operation of current County facilities. Mr. Martin then reviewed the second page of the analysis. He noted it was safe to say that where they are after having done the best they can to complete this analysis, is to begin scheduling meetings with the companies who have submitted proposals and ask questions to see if County staff has understood the proposals. He thinks in trying to conclude he believes the County's operation is very competitive with the better numbers received in the proposals. He is not *totally* convinced, but he feels this is the case today.

Commissioner Melvin stated he wishes the Committee had asked that an analysis of the County's Solid Waste Management Department be included in the information provided to them today.

Mr. Martin advised the County is preparing such an analysis now.

Commissioner Melvin stated he is confused after seeing these figures because BFI has advised they can save the County \$3 million dollars per year.

Chip Dodd with BFI stated her company looked at the Ann Street Landfill and compared numbers with the County budget and added in where they thought the County should continue to sub-contract and computed a \$3.2 million savings annually. They hoped this would be something of interest to the Commissioners as there is a concern for recycling and other issues and felt these additional savings could be used to provide these types of services. She noted she would like the opportunity to sit down and discuss their proposal with County staff.

Commissioner Melvin stated the County needs to sit down with these companies and compare *apples to apples*.

James Martin stated \$3 million is certainly a good savings that they would be most interested in. He noted there are a number of contingencies in the Solid Waste Management budget that they hope they will never have to spend. Ms. Dodd may have been looking at those figures when she came up with her \$3.2 million dollar figure. He noted he feels the approach they have taken in this process is much better than the approach taken a year and a half ago when this same issue was discussed. Mr. Martin also noted that on the first sheet of the analysis there is a figure for Environmental Monitoring and Enforcement. Staff feels the County would still need to maintain its own environmental monitoring staff to do this work. They did not ask the companies to bid on this particular service.

Commissioner Melvin stated that when the Committee asked staff to solicit these bids, they were being advised that due to the loss in the amount of commercial solid waste being dumped in the landfill, the County would have to raise the household waste fee. Where is the County at with this fee after receiving these bids.

Mr. Martin stated the preliminary projections were done based on what the County would be losing based on what was being dumped in Sampson County at the BFI facility. The current projection is that the County will lose approximately \$1.4 million in tipping fees this fiscal year. He noted they are still projecting an eight month revenue as we are only four months into the current fiscal year. This is a projection based on the commercial waste tipping fees. He noted the County has lost all the City of Fayetteville's commercial solid waste. Currently, they feel the household fee can be held at the current level for another year based on current operations and the bids received. They must hold the tipping fee at the current level.

Mr. Strassenburg noted that while the County is losing revenue from the City's commercial solid waste, they are extending the life of the Ann Street landfill because we are saving landfill space.

Commissioner Melvin stated he is concerned with saving on the projected \$1.4 million in lost revenue. He asked when the Committee would be able to see a bottom line.

Mr. Strassenburg stated the next phase is to begin talking to all the companies that submitted a bid to understand and make sure they interpreted the information correctly. He noted the second handout that was presented, outlines the questions and issues that remain to be clarified.

Commissioner Shaw asked if the second page of the analysis where it shows costs for operation of countywide curbside collection and recycling of solid waste means there would be no more convenience centers.

Mr. Strassenburg and Mr. Martin advised the information does mean that if this were instituted, there would be no more convenience centers.

Commissioner Shaw stated when the Board of Commissioners looked at countywide recycling in 1991, it was ultimately not approved because of a projected additional cost of \$21.00 per month to the taxpayers. She asked if it was too early to project if this operation will cause an additional cost to the taxpayers.

Mr. Strassenburg advised it was too early to project the cost at this point.

Commissioner Shaw stated she would like to see the Board seriously consider this service even if there is a cost because of the benefit it would be to the community.

Chairman Tyson questioned the projected \$1.4 million loss in revenue. He asked for the current losses to date.

Mr. Strassenburg stated the loss averages to approximately \$116,000 per month, based on the projected total.

Mr. Martin noted the tonnage of commercial waste dumped in the landfill has steadily dropped since the beginning of the fiscal year.

Mr. Martin then reviewed the third page of the analysis, the "Income Statement". He noted this page compares the cost of what the County is presently spending and what is being proposed. He noted the County's present cost is \$6.4 to \$6.5 million.

Chairman Tyson stated he would like to see countywide curbside service if that is at all possible. He asked if management had any type of recommendation at this point.

Commissioner Shaw stated there is no bottom line at this point.

Chairman Tyson stated the Board could say they want a bid on the total package and if no one can do that then they should not submit a bid at all.

Commissioner Melvin stated the main concern when this process was begun was to discuss private enterprise to help keep the household solid waste fees down.

Mr. Martin reviewed the income statement. He reviewed the County's revenue and noted the household fee would be kept at \$48.00.

Mr. Strassenburg noted only two of the bids received would allow the County to keep the household fee at \$48.00.

Chairman Tyson asked if the bottom line figure on the income statement indicated the County would be handling household solid waste.

Mr. Martin noted the figures indicated the County would be doing some of *all* of the services.

Commissioner Melvin asked how the figure could remain at \$48.00 when management was projecting the fee would have to be raised to over \$70.00 in July.

Mr. Martin stated staff was working with one month's figures at the time the original report was given to the committee. They tried to give the committee a worst case scenario. He noted the current Solid Waste Management budget also shows \$2 million in BCH expenses, which may have

been considered by some of the companies submitting proposals when they projected the savings they could give the County.

Amy Cannon, Finance Director stated that in July the staff was looking at budgetary numbers and did not have the end of the year expenses when they made their projections. They now have the final figures and can make a more accurate projection.

Chairman Tyson asked how long the figures submitted by the companies will be good for.

Mr. Martin stated he feels there is a yearly inflation added or CPI increase for each year.

Chairman Tyson asked Chip Dodd of BFI if her company has ever signed a contract for a five year period without a CPI increase added in.

Ms. Dodd advised her company has not signed such a contract. She noted the CPI has been approximately 1.8%. The figure used to be higher but has gone down over the past few years.

Commissioner Bacote arrived at the meeting.

A representative from Santek stated his company has for many years forfeited CPIs for up to three years. He stated he would like to sit down and discuss the savings they would be able to provide to the County.

Commissioners Tyson and Melvin stated staff would sit down with all the companies and speak with them about their proposals.

Mr. Strassenburg advised that after talking with all the companies they will have hard costs for a presentation to the committee.

Commissioner Melvin thanked the staff for all the time they have put into these presentations. The entire Finance Committee thanked staff for their efforts in this process.

Larry Carter, Solid Waste Management Director stated that if recycling becomes feasible economically or politically and if the market for recyclables turns around and becomes good, the process of curbside recycling would be an additional cost to those citizens in the County due to collection costs.

Chairman Tyson stated to each of the representatives of the companies who submitted a proposal, if they are wondering what they can do to get this contract with the County, for him, it would be their ability to produce a \$6.5 million dollar package with no increase in fees and offer curbside recycling collection service.

Mr. Strassenburg advised management has been contacted over several months by an individual who wants to talk waste-energy. Staff will be speaking with this individual shortly and see what their proposal is.

Chairman Tyson stated he hopes staff will have an open-minded approach to the meetings and work ahead of them in this process.

Mr. Martin stated the credit for the work done so far in this process should go to the Solid Waste Management Department, Finance Department and Budget. These departments are where the credit is due for all the hard work that has been done.

Chairman Tyson again thanked the employees for their hard work in this process.

Mr. Strassenburg stated he hopes to have had the meetings with the various companies by the time the Finance Committee meets again in January, 1999.

Commissioner Shaw also expressed her thanks to all the staff members in the departments mentioned who have worked on this project.

**3. Other Committee Concerns.**

No other committee concerns were raised.

**MOTION:** Commissioner Melvin offered a motion to adjourn.

**SECOND:** Commissioner Shaw

**VOTE:** UNANIMOUS

Meeting adjourned at 2:45 PM.