

MINUTES OF A BUDGET WORK SESSION HELD BY THE MAYOR AND COUNCIL  
OF THE TOWN OF CHAPEL HILL, TUESDAY, MAY 16, 1989, 7:30 P.M.

Mayor Howes called the meeting to order.

Council Members in attendance were:

Julie Andresen            David Pasquini  
Joe Herzenberg         Arthur Werner  
                                 Roosevelt Wilkerson, Jr.

Council Members Godschalk, Preston and Wallace were absent excused.

Also in attendance were Town Manager David R. Taylor, Assistant Town Manager Sonna Loewenthal, Town Attorney Ralph Karpinos, Finance Director James Baker, Public Works Director Bruce Heflin, Personnel Director Pat Crotts, Planning Director Roger Waldon and Housing and Community Development Director Tina Vaughn.

Landfill/Solid Waste Management

Public Works Director Bruce Heflin said the regional landfill is jointly owned by the Towns of Carrboro and Chapel Hill and Orange County, with the Town operating the landfill. Mr. Heflin said the federal government would be adopting more stringent environmental protection landfill regulations in the fall. Mr. Heflin said the Town made a conscious effort to keep pace with these regulations.

Mr. Heflin said projections indicated that the current landfill site north of Eubanks Road would be full in less than three years. He stated that excavation of the site south of Eubanks would begin shortly. Mr. Heflin stated that best estimates indicated that this site would last until 1997. Mr. Heflin said permitting of a landfill ordinarily takes between five and six years.

Mr. Heflin cited the fact that 67,500 tons of refuse were landfilled in 1984-85, compared to 110,000 tons in 1988-89. Council Member Andresen asked what contributed to the recent dramatic increases. Mr. Heflin said more people were using green dumpster boxes in the County; Chapel Hill was generating more brush and curbside trash; and Carrboro was generating more commercial waste.

Mr. Heflin said a significant increase in the current recycling program was proposed in the Manager's recommended budget. Mr. Heflin said two additional pilot programs are also proposed: cardboard recycling and glass from restaurants and bars.



Council Member Andresen inquired whether any thought had been given to having a non-profit organization operate the recycling program. Mr. Heflin said that a non-profit organization had done this in the past. He stated that such programs were best done under the auspices of the Town, to add stability to such programs.

Mayor Howes inquired about the status of the Greene tract as a potential site for a landfill. Mr. Heflin said this was a prospective site, but had the drawback of not being large enough to provide a ten year life. Town Manager Taylor stated that the Greene tract had originally been thought of as a twenty year site, but would more likely provide only five to seven years of landfilling capacity. Town Manager Taylor said a good site would ideally provide approximately 1,000 acres.

Council Member Werner said there had been no Town push to get businesses to recycle. Mr. Heflin stated that one private businessman had contracted with local paper producers, such as copy centers, to handle their recycling.

Council Member Werner inquired about recycling efforts at Blue Cross and Blue Shield. Mr. Heflin said the Boy Scouts of America have an agreement with BC/BS to handle recycling.

Council Member Werner inquired about the status of handling household hazardous wastes. Mr. Heflin said the recent effort in Raleigh had generated more interest than anticipated. Mr. Heflin said Town staff was conferring with Raleigh city staff on how to coordinate such an effort locally.

Council Member Andresen inquired about how disposal of the wastes had been handled. Mr. Heflin said the City of Raleigh entered into a contract with TSX for disposal of the wastes. Mayor Howes asked where the materials had been hauled to. Mr. Heflin said a secured landfill. Town Manager Taylor said the City of Raleigh is considering a special tax for household hazardous waste disposal.

Council Member Pasquini said he understood that a nearby county had banned landfilling of cardboard. Mr. Heflin said Alamance County had recently instituted such a policy. Mr. Heflin said cardboard is a significant recyclable portion of the overall wastestream in a manufacturing economy like Alamance County's.

Council Member Pasquini asked whether the Town was considering similar measures requiring the recycling of cardboard products. Mr. Heflin said not yet, since the ability to recycle cardboard in the immediate area does not currently exist.

Council Member Pasquini asked why the Town was spending \$100,000 on a solid waste alternatives study, if the search for a landfill site had already begun. Mr. Heflin said the study was looking at

the wastestream to identify the best targets for recycling. Mr. Heflin said the next level of the study would examine waste to energy and refuse derived fuel alternatives.

Council Member Pasquini questioned whether the studies were worth an outlay of \$100,000. Mr. Heflin said there are few viable, geologically appropriate landfill sites in Orange County. He said that ideally a large site will be identified, with the capacity lasting as long as possible. Mr. Heflin said that there are some proven technologies in volume reduction. In addition, he said that the science of incineration had been proven safe, but the politics of the use of such technology are difficult.

Town Manager Taylor said that no one wants a landfill, incinerator or composting in their area. Mr. Taylor said landfilling is still the least expensive alternative. Town Manager Taylor said additional regulations, including liner requirements, would drive up the cost of landfilling. He said that this fact would necessitate the examination of other alternatives. Town Manager Taylor said costs for investigation of such alternatives would be borne equitably by the University, Carrboro, Orange County and the Town, since funds would be drawn from the Landfill Fund.

Council Member Pasquini inquired why recycling was being pursued if its end benefit was uncertain. Mr. Heflin said that the current participation level could be improved. Mr. Heflin said participation in recycling programs was generally around 30%.

Council Member Pasquini asked whether the recycling program currently saved or cost the Town money. Mr. Heflin said the current cost of recycling was more than landfilling. Mr. Heflin said current efforts focus on increasing people's awareness. Mr. Heflin that as more people participate, unit costs will come down. Mr. Heflin said the Town had an eight to twelve year commitment to reduce the wastestream by 25 to 30 percent.

Council Member Herzenberg said Town residents had exhibited a willingness to accept front yard (curbside) recycling. He noted that a curbside refuse pickup program might be possible in the future.

Council Member Pasquini said he was not criticizing recycling efforts, although he did not see any evidence of possible payback in the future.

Mayor Howes stated that solid waste issues would pose difficult problems in the future. He said that investments should be made for the future in a sensible fashion.

Mr. Heflin said the study activities would rule out some alternatives. Mr. Heflin stated that waste-to-energy facility had fairly straightforward payback calculations, but involved a very controversial reclamation technique.

Council Member Wilkerson asked whether Town Manager Taylor anticipated the need for future tax increases due to solid waste programs. Town Manager Taylor said tax increases of one to two cents would likely be needed in future years.

Town Manager Taylor said solid waste management programs should involve a five-pronged approach: source reduction, recycling, composting, waste-to-energy (mass burn) and landfilling. Mr. Taylor said a combination of all five needed to be explored to be on track in the future.

Council Member Andresen said the one and a half cent proposed tax increase was attributable to more than new solid waste programs. Town Manager Taylor said policy debate was most easily focused on areas with the greatest proposed increases.

Council Member Wilkerson said solid waste will be a volatile area in the future, necessitating the making of difficult decisions.

Council Member Werner said solid waste would cost the Town money now or in the future. He noted that source reduction was the most attractive available alternative, although this is not a good option in Town, since there is very little industry.

Council Member Wilkerson said he would like the Town to examine the possibility of mandatory recycling for commercial sites.

Council Member Pasquini said it is difficult to separate technology from politics. Council Member Pasquini said it may be time to cut through politics .

Town Manager Taylor noted that solid waste management will be the major issue of the 1990's. He proposed that the Council set a work session in the fall to further explore the issue.

### Personnel

Town Manager Taylor said a number of employees felt the proposed 6 1/2% wage increase was insufficient. He stated that increase had been initially proposed as 8%, but had been reduced to 6 1/2%, since a five cent property tax increase would have been necessary to fund it.

Town Manager Taylor said the Town was approximately 4 1/4% behind other similar-sized Towns in terms of compensation. He also said that other Towns were anticipating increases of 4 to 5% next year. Town Manager Taylor said he felt comfortable about having the Town in the middle of these ranges.

Personnel Director Pat Crofts noted that more employers in the area had a 401-K plan than did not.

Mayor Howes asked how Town employees looked on the 401-K benefit. Ms. Crofts said long-term employees seemed to enjoy the benefit, while newer and lower salaried employees would prefer to receive the money up front.

Council Member Pasquini inquired about the scope of the 6.5% increase. Town Manager Taylor said that employees above their job rate would not receive the increase. Mr. Taylor said that exceptional performers were eligible to receive greater compensation than their job (market) rate. He noted that such increases would be re-earned each year. Town Manager Taylor stated that not all jobs had been analyzed this year, rather benchmark positions had been used for comparison purposes. Personnel Director Pat Crofts said a total of fifteen benchmark positions had been used for comparison purposes.

Council Member Werner asked how rates had compared. Ms. Crofts said that last July some hiring rates had gone up to set new job rates. Town Manager Taylor said hiring rates had gone up by about 3%. Ms. Crofts noted that approximately one-third of the Town employees were at or below their job rate.

Council Member Pasquini said he saw a major flaw in the analysis. He said he could not justify an increase on the basis of what might happen in other communities. Town Manager Taylor said not granting a 3% anticipated increase would put the Town in the position of a one-year lag. Town Manager Taylor said the figure was prospective, but he anticipated that market competitors will increase their salary ranges.

Council Member Pasquini asked how much the 3% increase would translate to. Town Manager Taylor said approximately \$180,000. He stated that the Town would be approximately 2% behind the market on July 2nd, even if the 3% adjustment were approved. Mr. Taylor said a 2% catch-up raise would likely be needed next year.

Council Member Werner said he foresaw a possible problem if raises in future years were dropped on a percentage basis. Town Manager Taylor said that two to three years ago, the Town was at market rates. He stated that the Town had fallen behind the market last year.

Council Member Werner said it may make more sense to keep adjustments on an equal level.

Town Manager Taylor said some employees had expressed concern that those above the job rate had to re-earn their merit increases. Town Manager Taylor said the purpose of the personnel compensation system is to quickly move employees to the job rate, with the goal of paying everyone at their job rate. He noted that exceptional performers would be paid above their job rate.

Town Manager Taylor said that not everyone would receive the market increase, since the increase would be based on individual employee performance.

Council Member Wilkerson inquired about the Town's current turnover rate. Ms. Crofts said this was approximately 7 to 9 percent. Council Member Wilkerson asked how this compared with the rate of other employers. Ms. Crofts said turnover in most organizations was between 7 and 10 percent. Town Manager Taylor said since the Performance Based Pay system was issued, the turnover rate had decreased significantly.

Town Manager Taylor said the Personnel Department will be holding classes for supervisors on effective supervision in the coming year. Town Manager Taylor said a slight improvement had been made to the Town's Longevity Plan. He said more of an increase would be needed in future years. Mr. Taylor said the plan is based solely on years of service, rather than an employee's level of compensation.

Council Member Pasquini said he was concerned about the structure of the compensation system and its application. Council Member Herzenberg said he felt too much value was placed on the weight of numbers. Mayor Howes said performance based pay systems tend to be subjective.

Town Manager Taylor said one of the most difficult tasks of any supervisor is to discuss past performance of the employees they supervise. He stated that individual perceptions of performance vary.

Council Member Pasquini asked how many grades would be increased by 6.5%. Mr. Taylor said between twenty-five and thirty. Mr. Taylor said that a full market analysis would ideally be done every year for each job.

Council Member Werner asked why money should be spent on such studies. Town Manager Taylor said this concern was why the full study is done only once every four years. Town Manager Taylor said historically norms and averages had worked well.

### Housing

Town Manager Taylor prefaced his remarks on possible housing programs by noting that the State Legislature had cut the Town's anticipated Fire Protection revenues by approximately \$100,000. He noted that this would necessitate an estimated tax increase of 2.1 cents rather than 1.5 cents, as originally anticipated. Town Manager Taylor said it was his sense that the maximum tax increase palatable to the increase was three cents, meaning that approximately 9/10 of a cent increase was earmarked for housing programs. Council Member Andresen asked how much this would equate to. Mr. Taylor said approximately \$130,000.

Council Member Wilkerson stated his perception of low-income housing was housing which was affordable for maids and servants at the University. He stated that thousands of individuals at the University work for minimum wage. He encouraged the Council to set aside funds for affordable housing.

Council Member Werner said that very low income was defined by the U.S. Department of Housing and Urban Development (H.U.D.) as those families making less than 50% of median family income; 50-80% is defined as low income and 80%-100% is moderate income. He concluded that there was consensus for the Council to do something for very low income residents and not to do anything for moderate income residents, while there appeared to be no consensus concerning those falling in the low income category.

Council Member Wilkerson proposed making use of the Habitat for Humanity program to construct affordable housing for very low income families. Council Member Werner expressed concern that Habitat for Humanity may only be able to construct a small number of homes. He said he would enthusiastically support any program that could build a reasonable number of units at an affordable price.

Town Manager Taylor suggested that the rule of two and a half should be applied to the case being considered by the Council. He said a family making \$20,000 per year could afford a home costing approximately \$50,000. He stated that Habitat for Humanity could best meet this need.

Planning Director Roger Waldon outlined one method which the Council could follow to allocate funds and resources for housing programs. Mr. Waldon said the strongest consensus appeared to be spending monies on public housing. Mr. Waldon noted that HUD had recently allocated funding for twenty-four public housing units in Town. He noted that a \$150,000 supplement to the HUD budget was proposed for this project.

Council Member Pasquini said the program outlined by the Town staff was a fine one, adding that he was uncertain whether the Council could reach consensus on such a program.

Council Member Andresen asked whether lots or materials would be better utilized by Habitat for Humanity. Council Member Wilkerson said the provision of lots would be preferred. He noted the scarcity of affordable land in the area. Council Member Wilkerson said a unit could be constructed for \$25,000 and finished out with utilities for \$25,000.

Council Member Pasquini inquired about qualifications for buyers of Habitat for Humanity homes. Council Member Wilkerson said stringent criteria were applied, to assure that homeowners could meet their payment obligations.



Town Manager Taylor said bids for the IFC homeless shelter had totalled approximately \$675,000. He stated that the Town had appropriated \$175,000 to the shelter to date, and was proposing making \$125,000 of additional funding available for the project. Council Member Pasquini asked whether it would be possible to trim the budget of the proposed shelter project any further. Town Manager Taylor said there were few opportunities for cutting, since the project as proposed was fairly austere. Mayor Howes noted that the Town staff was working with the project architects to identify areas of possible cost reductions. Tina Vaughn, Housing and Community Development Director, said some of the costs might have to be rebid.

Town Manager Taylor said volunteers were in the process of raising monies for the homeless shelter. Town Manager Taylor noted that the heating system in the facility did not work, and thus required replacement. The major expenses of the renovation were for fundamental improvements to the structure. Mayor Howes noted that partitioning of the building would be one of its least expensive elements. Ms. Vaughn stated that the building also required a new sewage system.

Town Manager Taylor said he recommended \$130,000 from the General Fund be used for housing assistance programs for very low income families, applicable to homeownership or rental opportunities.

Town Manager Taylor said the \$140,000 proposed Housing Loan Trust Fund transfer could be dropped from current consideration. Council Member Werner asked whether this was a budget item to act on. Town Manager Taylor said no. He said monies would continue to be held in the Trust Fund.

Council Member Pasquini said he was uncertain about providing another \$125,000 for the homeless shelter project. He expressed additional concern that if a tax increase for housing were called for, it should not go to fund an undefined program. Mayor Howes stated that the monies would not be allocated until programs were in place.

Town Manager Taylor said \$130,000 from the General Fund would be used to fund very low income housing programs, including public housing. Council Member Pasquini said the allocation of \$130,000 to housing programs would necessitate a tax increase from 2.1 cents to 3 cents. He stated that the Council was scheduled to act on the budget on May 22, although he personally felt the Council was not near where it needed to be in budget deliberations.

Council Member Pasquini inquired about the status of performance agreement funding. Town Manager Taylor said total allocations of \$60,000 for Human Service agencies and \$50,000 for Hotel/Motel Tax revenues had been identified. Town Manager Taylor said

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allocation of those sums could be made at a later date if the Council wished.

Mayor Howes stated that the Human Services Advisory Board had done a very good job under difficult circumstances.

Council Member Werner asked whether allocation decisions were part of the budget process. Town Manager Taylor said no.

Mayor Howes noted that two of the Council Members, Dr. Godschalk and Dr. Pasquini, would be unable to attend the May 22nd Council Meeting, the proposed date of budget adoption. Council Member Pasquini said he would like the opportunity to vote on the budget.

Council Members Werner and Herzenberg expressed a preference to act on the budget on May 22, as scheduled.

Town Manager Taylor said that the University had requested 9,000 more transit service hours next year. He stated that UMTA and the University would bear the additional cost of \$270,000, part of which would be used to hire three full-time and two part-time bus drivers. Town Manager Taylor noted that Blue Line summer service had also been agreed to by the University.

Council Member Herzenberg asked why an additional supervisor was being requested for the Transportation Department. Town Manager Taylor said one of the most difficult supervisory situations in the Town was in the Transportation department. He noted that eighty drivers were currently supervised by five individuals. Mr. Taylor said the hiring of an additional supervisor could assist in doing a better job of supervision. Council Member Herzenberg said he was concerned about personnel problems. He expressed hope that the addition of the supervisory position would help to lessen the number of grievances received in transportation.