AGENDA

Meeting Type	WORKSHOP
Date:	04/03/1995

City of Charlotte, City Clerk's Office

CITY COUNCIL WORKSHOP
Monday, April 3, 1995
AGENDA

5:00 p.m.	*City Within A City* • *First Ward Overview and Plan* • *Earle Village Renovation Update*
6:00 p.m.	*Dinner*
6:15 p.m.	*Restructuring Government: McAlpine Plant Privatization Feasibility Study Results*
7:15 p.m.	*Restructuring Government: Solid Waste RFP Update*
7:30 p.m.	*Economic Development: Airport Master Plan Update*
8:00 p.m.	*Adjourn*

Reminder: City Council Mini-Retreat, Wednesday, April 5, 12:00 p.m. to 7:00 p.m., Park Hotel/Terrace Ballroom, 2200 Rexford Road

COUNCIL WORKSHOP AGENDA ITEM SUMMARY

TOPIC: First Ward/Earle Village Master Plan

COUNCIL FOCUS AREAS: City Within A City and Economic Development

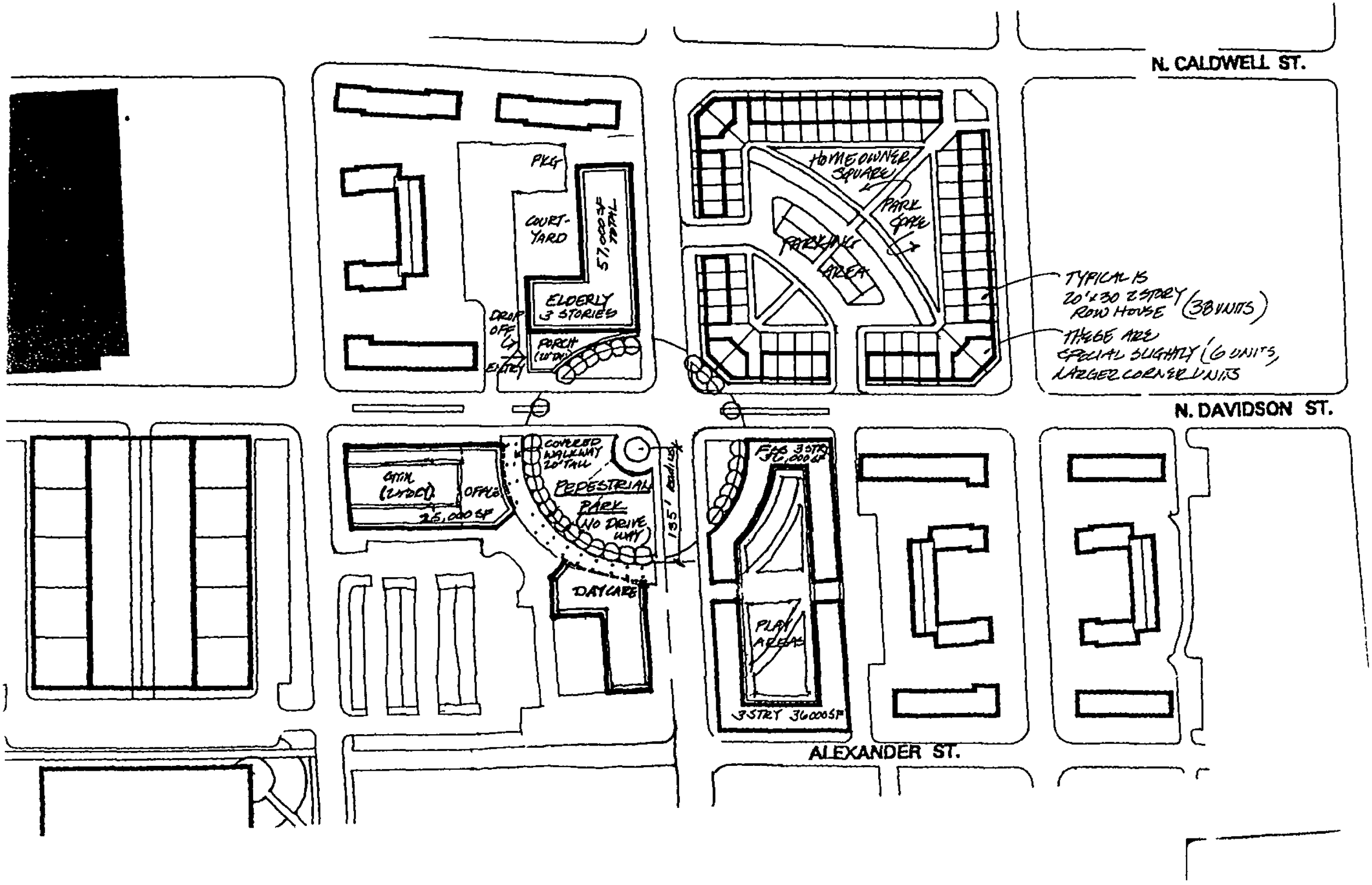
KEY POINTS (Issues, Cost, Change in Policy): The Board of Commissioners of the Charlotte Housing Authority has approved a Master Site Plan for the revitalization of Earle Village The approved plan calls for a community service and day care center, 61 new units and 109 renovated units for residents participating in CHA's "Family Self Sufficiency Program," a new building containing 68 elderly units, and 40 new townhouse units for homeownership

Additionally, the Planning Commission in conjunction with CUDC and NationsBank CDC, will be hiring a consultant to develop a master site plan and strategic development plan for the remainder of First Ward

OPTIONS: N/A

COUNCIL DECISION OR DIRECTION REQUESTED: No decision is needed The Charlotte Housing Authority wants to brief Council on the status of the Earle Village project and to identify future support that CHA may need from the City

ATTACHMENTS: Earle Village Site Plan Drawing


N. CALDWELL ST.
PKG
COURT-YARD
57,000 SF TOTAL
ELDERLY 3 STORIES
DROP OFF
ENTRY
PORCH (10' DP)
HOMEOWNER SQUARE
PARK SPACE
PARKING AREA
TYPICAL IS 20'x30' 2 STORY ROW HOUSE (38 UNITS)
THESE ARE SPECIAL SLIGHTLY (6 UNITS, LARGER CORNER UNITS
N. DAVIDSON ST.
GYM (2 STORY)
OFFICE
25,000 SF
COVERED WALKWAY 20' TALL
PEDESTRIAN PARK (NO DRIVE WAY)
135' Road Up
DAYCARE
4 & 3 STRY 30,000 SF
PLAY AREAS
3 STRY 36000 SF
ALEXANDER ST.

COUNCIL WORKSHOP AGENDA ITEM SUMMARY

TOPIC: Preliminary Feasibility Study - Sale of McAlpine Creek Wastewater Treatment Plant

COUNCIL FOCUS AREA: Restructuring Government

KEY POINTS (Issues, Cost, Change in Policy): The Preliminary Feasibility Study is intended to identify the financial, regulatory and legal issues involved with selling the wastewater treatment plant

OPTIONS:

- Move forward with the Full Financial Feasibility Study
- Terminate further studies of the asset sale at this time

COUNCIL DECISION OR DIRECTION REQUESTED: Council is asked to review the feasibility study, consider the options and give staff further guidance

ATTACHMENTS: Preliminary Feasibility Study

PRELIMINARY FEASIBILITY STUDY

OF A SALE OF

THE MCALPINE CREEK

WASTEWATER TREATMENT PLANT

APRIL 3, 1995

SECTION I

INTRODUCTION

On January 9, 1995, the City staff presented to the City Council a process to evaluate a proposal to purchase the McAlpine Creek Wastewater Treatment Plant This relatively new concept of selling existing treatment plants seemed to be in concert with the Council's policies on asset privatization and was worthy of consideration

The Council agreed that a preliminary study should be undertaken that would include a preliminary financial analysis, and reviews of legal issues, state and federal regulatory issues, the experience of other communities and various policy issues

The following are the results of the Preliminary Feasibility Study which identify key issues that need to be considered in deciding whether or not this concept should be further pursued in Charlotte

SECTION II

DESCRIPTION OF THE FACILITY

Originally constructed in 1966, the McAlpine Creek Wastewater Treatment Plant is the largest of the Charlotte Mecklenburg Utilities' five wastewater treatment facilities This facility is located off of Highway 521 South of Pineville and serves the rapidly growing southern part of Charlotte and Mecklenburg County The current capacity of the McAlpine Plant is 48 million gallons a day Design is under way for an expansion to 64 million gallons a day which is scheduled for completion in 1997 With this expansion, McAlpine will account for 60% of the total wastewater treatment capacity in Mecklenburg County and become the largest plant in the Carolinas

This Plant is not, however, a stand-alone facility since it is part of a larger system through its connections to the Sugar Creek and Irwin Creek Wastewater Treatment Plants On a regular basis flow from the Sugar Creek Plant is diverted to McAlpine and under periods of high flow, wastewater from Irwin Creek is diverted to McAlpine, This integrated system serves 87% of the population of Mecklenburg County and accounts for 92% of the total wastewater treatment capacity The characteristics of the waste includes residential 63% and industrial/commercial 37%

Even though McAlpine is being expanded to 64 million gallons a day and Sugar and Irwin are each undergoing extensive upgrades, long-range planning continues to take place It is estimated that capacity will be adequate until 2005 and the City is already exploring other treatment alternatives such as a regional plant in South Carolina, expansion to the five existing facilities and/or construction of new plants in Mecklenburg County An integrated approach to planning that looks at multiple solutions is important in long-range planning

SECTION III

EXPERIENCE OF OTHER CITIES

At the present time, there have not been any sales of existing wastewater treatment facilities to private companies utilizing the provisions of the 1992 Presidential Executive Order No 12803 There is one proposed sale, however, that is currently awaiting EPA approval That sale is of the Franklin Area Wastewater Treatment Plant owned by the Miami of Ohio Conservancy District to Wheelabrator, EOS The Conservancy District is a regional flood control and water resource management agency serving southwest Ohio (Dayton area) In the 1960's and 1970's, the District performed water quality planning for the area and it was determined that the opportunity to obtain federal and state grant money was greater for regional plants operated by a regional district Rather than hiring district staff to operate the plant, Wheelabrator, EOS was selected as the contract operator The District decided in the early 90's that it wanted to divest itself of wastewater treatment services and go back to its primary mission of providing for regional flood control Based on extensive analysis, including a study performed by Raftelis Environmental Consulting Group (RECG) , a decision was made to negotiate a sale of the 4 5 million gallon a day plant to Wheelobrator, EOS All of the negotiations are complete and the District is waiting on the final approval of the concept and sale by EPA

For the purpose of this evaluation, other cities surveyed were Indianapolis, IN, Philadelphia, PA, Wilmington, DE, Cincinnati, OH, New York, NY, and Petaluma, CA Information obtained from these cities, and information that has been gathered by other cities considering the sale of a wastewater treatment plant, indicate that in most all cases, the motivating factor has been the desire to raise capital None of the other cities who have considered the sale of a wastewater treatment plant have proceeded any further with the exception of Wilmington, Delaware The Raftelis firm is also assisting Wilmington as they structure their deal and seek EPA's approval

In smaller cities, an asset sale is often looked upon when major capital improvements are needed A dilemma often arises when there has not been a long-term capital improvements plan and bonding capacity is not available, or if it is available, there would be a sudden dramatic rise in rates to pay for capital improvements Smaller cities often do not have the ability to spread rate increases over a large base

Section III continued

Another scenario that has been seen in larger cities, is when the city as a whole is facing a financial crisis A good example of that situation is in Wilmington, Delaware, where the sale of a plant is being actively pursued since the City is facing severe financial difficulties The sale of the plant would provide for a quick infusion of cash, that given the current bond rating, might be difficult to raise through the debt market These funds could pay down existing debt, provide for additional capital, and perhaps be available to help with the general city-wide financial requirements

Another reason cities consider an asset sale is to solve labor union problems Labor contracts in some areas drive up costs and add additional constraints to plant operations

Other cities, such as Indianapolis and Philadelphia, considered the concept for some of the above reasons, but decided not to pursue it due to a financial analysis and public policy considerations such as loss of control in dealing with economic development and in addressing environmental protection issues

SECTION IV

STRUCTURE OF PROPOSED ASSET SALE AND CONTRACT OPERATIONS

The privatization of a wastewater treatment plant involves two distinct but inter-related transactions

1 The sale of the wastewater treatment plant to a private company would be at the net-book value established by a valuation approach There would not be a competitive bidding process for this part of the transaction

Prior to 1992, proceeds from the sale of such an asset would first have to pay off any and all EPA grants and loans In 1992, President Bush signed Executive Order No 12803 that states that EPA funds only have to be paid after the grantee's investment and related transaction costs have been returned and then only on a depreciated basis Given that scenario, the proceeds from the sale of McAlpine would first go to repay any outstanding debt followed by reimbursement of any local funds that have gone into the construction and subsequent capital improvements at McAlpine Once the local share has been distributed, any remaining funds would then go to repay state and federal grants and loans The reimbursement for non-debt city funds could be used to repay debt on other wastewater system improvements or to pay for future capital improvements

2 The provision of wastewater treatment services to the customers would remain the responsibility of the City The private owner would operate the plant under a long-term service contract for the City There would be a competitive bidding process for this service The City would also maintain ownership of all of the collection lines The City would bill customers for services and in turn pay to the private owner a fee for treating waste at the facility The service fee paid to the private owner/operator would include all normal operating costs plus a recovery of capital investment, and returns on that investment, for the purchase Future capital improvements could either become a part of the service agreement and be justification for an increase or could be funded directly by the City

Section IV continued

The most crucial point that needs to be made in order to understand this concept is that the proceeds from the sale of the plant which are going to the City, are in reality a borrowing since the private companies' cost of capital will be included in the service contract Unlike the sale of a coliseum or other city property where the city is getting out of the business, the private owner of a wastewater treatment facility will still have the city as its sole customer Any business has to recover its capital costs, therefore, the purchase price will be included in the service fee which the city will be paying to the private owner/operator

The structure of the bids is important since

- Bids are not for the sales price, but rather for the service fee, since,
- The higher the sales price above a certain level, the more of the proceeds would go to the State and Federal Governments
- The ideal arrangement is to have the sales price equal to the local share, therefore,
- The City maximizes its proceeds from the sale and minimizes the service fee

SECTION V

FINANCIAL ANALYSIS

A Financial Analysis related to selling the McAlpine Creek Plant was performed by Raftelis Environmental Consulting Group The following three schedules were prepared using reasonable assumptions

The first schedule establishes the net-book value of the plant to be $152 1 million The City's share would be $136 2 million with $63 9 million going to defease debt, and $72 3 million available to the City for other qualifying purposes under Executive Order 12803 The remaining $15 9 million would go to the Federal and State government to repay previous grants

A second schedule compares revenue requirements before and after privatization This analysis indicates that it would cost an additional $3 4 million a year to privatize the plant

The third schedule answers the question of what would it take to make privatization work from an economic standpoint? The break-even point would be achieved if the private owner/operator could attain an annual operating savings of 49% compared to public operations

SCHEDULE 1

SALE OF THE MCALPINE CREEK TREATMENT PLANT

DISTRIBUTION OF PROCEEDS FROM SALE

Original Funding Sources for WWTP Assets

Estimated Original Cost of WWTP FY 1994	$102,000,000
Filter Complex	4,200,000
Plant Expansion (to 48 mgd)	11,000,000
Plant Expansion (to 64 mgd)	30,000,000
Flow Equalization	10,300,000
Composting Project	22,150 000
Estimated Original Cost FY 1998	$179 650 000
City of Charlotte Funding	$134,150,000
State of North Carolina Funding	7,700,000
Federal Funding	37,800 000
Total	$179 650 000

Distribution of Sale Proceeds

Sale Proceeds (@ Current NBV)	$152,050,000
Distribution	
City of Charlotte	
Capitalized Costs	(134,150,000)
Other Non-Capitalized Costs	(2 000,000)
Total City of Charlotte	(136,150,000)
State of North Carolina	(7,700,000)
Remaining Funds	8,200,000
Federal Government	(8 200 000)
Undistributed	$0

Allocation of Remaining Net Book Value (NBV)

Net Book Value FY 1994	$80,800,000
Depreciation FY 1995 - FY 1997	(6,400 000)
Net Book Value (before improvements)	74,400,000
Filter Complex	4,200,000
Plant Expansion	41,000,000
Flow Equalization	10,300,000
Composting Project	22,150 000
FY 1998 Book Value of Sold Assets	$152 050 000
City of Charlotte Share of Book Value	$114,050,000
State of North Carolina	5,800,000
Federal Share of Book Value	32,200,000
Total	$152,050,000

City of Charlotte's Use of Sale Proceeds

Sale Proceeds to City of Charlotte	$136,150,000
Defease Existing Debt	(33,500,000)
Defease New Debt Debt	(30 320,000)
Net Sale Proceeds	$72,330,000

SCHEDULE 2

CHARLOTTE MECKLENBURG UTILITY DEPARTMENT

PRELIMINARY FEASIBILITY STUDY
SALE OF THE MCALPINE CREEK TREATMENT PLANT

Comparison of Revenue Requirements Before and After Privatization
($1 000 s)

Revenue Requirements	Fiscal Year Forecast Period																			
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Status Quo																				
O&M Budget	$7 084	$7 297	$7 516	$7 741	$7 973	$8 213	$8 459	$8 713	$8 974	$9 243	$9 521	$9 806	$10 101	$10 404	$10 716	$11 037	$11 368	$11 709	$12,061	$12 422
Existing Debt Service	3 662	3 546	3 523	3 535	3 533	3 526	3 510	3 484	2 443	2 324	2 124	1 880	1 829	1 765	1 766	1 739	1 753	1 750	1 700	1 644
Estimated Additional Debt Service (1)	1 838	2 372	2 372	2,322	2 372	2 322	2,322	2 322	2 322	2 322	2 322	2 322	2 322	2 322	2 322	2 322	2 322	2,322	2 322	2 322
Revenue Requirements	12 584	13 165	13 361	13 598	13 828	14 060	14 291	14 519	13 739	13 889	13 966	14 008	14 251	14 491	14 803	15 098	15 443	15 782	16 082	16 388
After Privatization																				
Privatizer's O&M @ 92% of CMUD	$6 518	$6 713	$6 915	$7 122	$7 336	$7 556	$7 782	$8 016	$8 256	$8 504	$8 759	$9 022	$9 293	$9 571	$9 858	$10 154	$10 459	$10,773	$11 096	$11 429
Privatizer's Debt Service (2)	16 067	16 067	16 067	16 067	16 067	16 067	16 067	16 067	16 067	16 067	16 067	16 067	16 067	16 067	16 067	16 067	16 067	16,067	16,067	16 067
Revenue Requirements	22 585	22 780	22 982	23 189	23 403	23 623	23 850	24 083	24 324	24 571	24 826	25 089	25 360	25 639	25 926	26 221	26 526	26 840	27 163	27 496
Benefit From Net Sale Proceeds (3)	(6 564)	(6 564)	(6 564)	(6 564)	(6 564)	(6 564)	(6 564)	(6 564)	(6 564)	(6 564)	(6 564)	(6 564)	(6 564)	(6 564)	(6 564)	(6 564)	(6 564)	(6 564)	(6 564)	(6 564)
Net Revenue Requirements	16 020	16 216	16 417	16 625	16 838	17 059	17 285	17 519	17 759	18 007	18 262	18 525	18 795	19 074	19 361	19 657	19 962	20 275	20 599	20 932
Privatization Premium	($3 437)	($3 051)	($3 056)	($3 027)	($3 010)	($2 998)	($2 995)	($3 000)	($4 020)	($4 118)	($4 296)	($4 517)	($4 544)	($4 584)	($4 558)	($4 560)	($4 519)	($4 494)	($4 516)	($4 543)

Net Difference Expressed In Future Dollars	($77 841)
Net Present Value of Differences Expressed In FY 1998 Dollars (4)	($40 585)
Average Difference Expressed In FY 1998 Dollars	($2 029)
% Average Annual Difference Expressed In FY 1998 Dollars	26%

(1) Estimated Additional Debt Service

Year Issued / Rate	Principal	Level Debt Service	Begins
FY 1996 @ 6 5%	$12 000	$919	FY 1997
FY 1997 @ 6 5%	$12 000	$919	FY 1998
FY 1998 @ 6 5%	$6 320	$484	FY 1999

(2) Level debt service on $152 05MM debt issued for 20 years @ 8 5% $16 067

(3) Net Sale Proceeds is assumed to be used by the City to finance additional capital

Level debt service equivalent to borrowing $72.33 MM proceeds to City @ 6 5% for 20 years ($6 564)

(4) Discounted to 1998 @ 7 3% estimated cost of capital

	Dollars	Interest Rate	Weighted Average Cost of Capital
Debt	$613 568	6 50%	
Equity (10 Yr T Note rate)	671 947	8 00%	7 3%
	$1 285 515		

SCHEDULE 3

CHARLOTTE-MECKLENBURG UTILITY DEPARTMENT

PRELIMINARY FEASIBILITY STUDY
SALE OF THE McALPINE CREEK TREATMENT PLANT

Breakeven Comparison of Revenue Requirements Before and After Privatization
($1,000's)

Revenue Requirements	Fiscal Year Forecast Period																			
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Status Quo																				
O&M Budget	$7 094	$7 207	$7 516	$7 741	$7 973	$8 213	$8 459	$8 713	$8 974	$9 243	$9 521	$9 806	$10 101	$10 404	$10 716	$11 037	$11 368	$11 709	$12,061	$12,422
Existing Debt Service	3 662	3 546	3 523	3 535	3 533	3 526	3 510	3 484	2 443	2 324	2 124	1 880	1 829	1 765	1 766	1 739	1 753	1 750	1 700	1 644
Estimated Additional Debt Service (1)	1 938	2 322	2 322	2 322	2 322	2 322	2 322	2 322	2 322	2 322	2 322	2 322	2 322	2 322	2 322	2 322	2 322	2,322	2 322	2 322
Revenue Requirements	12 694	13 165	13 361	13 598	13 828	14 060	14 291	14 519	13 739	13 889	13 966	14 008	14 251	14 491	14 803	15 098	15 443	15 782	16 082	16 388
After Privatization																				
Privatizer's O&M @ 51% of CMUD	$3 613	$3 721	$3 833	$3 948	$4 066	$4 188	$4 314	$4 444	$4 577	$4 714	$4 856	$5 001	$5 151	$5 306	$5 465	$5 629	$5 798	$5 972	$6 151	$6 335
Privatizer's Debt Service (2)	16 067	16 067	16 067	16 067	16 067	16 067	16 067	16 067	16 067	16 067	16 067	16 067	16 067	16 067	16 067	16 067	16 067	16 067	16 067	16,067
Revenue Requirements	19 680	19 789	19 900	20 015	20 134	20 256	20 381	20 511	20 644	20 781	20 923	21 069	21 219	21 373	21 532	21 696	21 865	22 039	22,218	22 403
Benefit From Net Sale Proceeds (3)	(6 564)	(6 564)	(6 564)	(6 564)	(6 564)	(6 564)	(6 564)	(6 564)	(6 564)	(6 564)	(6 564)	(6 564)	(6 564)	(6 564)	(6 564)	(6 564)	(6 564)	(6 564)	(6 564)	(6 564)
Net Revenue Requirements	13 116	13 224	13 336	13 451	13 569	13 691	13 817	13 946	14 080	14 217	14 358	14 504	14 654	14 809	14 968	15 132	15 301	15 475	15 654	15 838
Privatization (Premium) or Savings	($537)	($59)	$75	$147	$259	$369	$474	$573	($340)	($328)	($397)	($496)	($403)	($318)	($165)	($34)	$142	$307	$428	$550

Net Difference Expressed in Future Dollars $206

Net Present Value of Differences Expressed in FY 1998 Dollars (4) ($91)

Average Difference Expressed in FY 1998 Dollars ($5)

% Average Annual Difference Expressed in FY 1998 Dollars 0%

(1) Estimated Additional Debt Service

Year Issued / Rate	Principal	Level Debt Service	Begins
FY 1996 @ 6 5%	$12 000	$919	FY 1997
FY 1997 @ 6 5%	$12 000	$919	FY 1998
FY 1998 @ 6 5%	$6 320	$484	FY 1999

(2) Level debt service on $152 05MM debt issued for 20 years @ 8 5% $16 067

(3) Net Sale Proceeds is assumed to be used by the City to finance additional capital

Level debt service equivalent to borrowing $72 33 MM proceeds to City @ 6 5% for 20 years ($6,564)

(4) Discounted to 1998 @ 7 3% estimated cost of capital

	Dollars	Interest Rate	Weighted Average Cost of Capital
Debt	$613 568	6 50%	
Equity (10 Yr T Note rate)	671 947	8 00%	7 3%
	$1 285 515		

SECTION VI

STATE REGULATIONS

The state of North Carolina is responsible for the regulation of publicly owned treatment works in accordance with EPA and State regulations In discussing a possible sale of McAlpine, a number of issues were raised by State officials

1 The National Pollution Discharge Elimination System (NPDES) permit that is currently held by the City could be issued to the private owner This permit sets limits on the discharge from a treatment plant If we were to sell the facility and contract with a private operator to operate the plant, there would need to be clear line of responsibility for the effluent The direct issuance of the NPDES permit to the private company would establish direct responsibility

2 If the private firm is the holder of the NPDES permit, any fines as a result of permit violations would be the responsibility of the private owner Under North Carolina State law, however, if the plant is not a Publicly Owned Treatment Works (POTW), the imposition of a moratorium could have a drastic impact on economic development For a POTW moratorium, the City can negotiate to allow additional flow and connections of individual customers based on an agreement to correct deficiencies at the plant This means that while corrections are being made, new customers can connect to existing lines and some additional flow is allowable A privately owned treatment plant that is in violation of its permit, is not allowed any additional flow, extensions or connections to the system If a moratorium were to be imposed on McAlpine due to permit violations, and if it is privately owned, there could be no extensions, connections or additional flow allowed into the plant until improvements were completed and permit limits were met

3 At the present time, an EPA grant in the amount of $9 4 million is paying for part of the construction of a composting facility at McAlpine It was indicated, that if we are seriously considering selling the plant, and knowing that these EPA grant funds might not be repaid, the state would seriously consider stopping any further payments on this grant Their authority to do so is unknown but the concern was raised

Section IV continued

4 The City would need to obtain a permit from the State to operate a collection system This permit would be necessary in order for the City to retain authority for its pretreatment program This is a new concept in the State of North Carolina and this is the best guess of the state regulators as to what would be required A final determination would be made only after further review

5 Since the City would not own the treatment plant, it would be categorized as a "significant industrial user " A pretreatment permit would be issued by the State and the City would be regulated like any other industry Testing would be required and the City would have to meet all permit limits for flow into the Plant This is also a new area for the state and final determination of the structure of such a permit could only be determined after additional investigation

6 The most advantageous method a private owner would wish to use for the purchase of a plant would be the issuance of Private Activity Bonds The State has indicated that they would not approve of this financing since it was not in accordance with the intent to create new jobs and investment More conventional financing will increase the cost to the private owner

SECTION VII

FEDERAL REGULATIONS

The Environmental Protection Agency is primarily involved with privatization in two areas In a situation where EPA grants will not be repaid, there must be a request for a grant deviation approved by EPA This allows the financial arrangements to go forward with EPA agreeing that their grants do not have to be repaid in full The grant deviation request by the Miami Conservancy, which is the only active request, has been approved by the state of Ohio, the EPA regional office, and is being forwarded to USEPA for final approval This process has taken approximately eight months

The second area of EPA involvement concerns the permitting and determination of a plant's status as a Publicly Owned Treatment Works Industrial discharge into a POTW falls under the regulations of the Clean Water Act Industrial discharge that goes into a privately owned treatment plant falls under the Resource Conservation and Recovery Act (RCRA) The regulations in RCRA are significantly more stringent than the regulations in the Clean Water Act Many industries in Mecklenburg County may be impacted by RCRA requirements

In order to insure that the Clean Water Act regulations would apply, the privately owned plant would need to be determined by EPA to be a POTW Preliminary indications from EPA are that some portion of the plant would need to continue to be owned by the City The City and the private operator would, therefore, be co-permittees The private operator would be the permittee responsible for treatment and discharge limits while the City would be responsible for the pretreatment program EPA attorneys are still dealing with this issue and it has not been ultimately resolved

SECTION VIII

LEGAL ISSUES

The extensive legal review that would be required to fully consider the sale of McAlpine is beyond the scope of this preliminary feasibility study An example of some of the legal issues that have to be addressed include

1 The General Statutes require a favorable vote of the people before a public enterprise can be sold or leased to a private entity This statute is most likely intended to cover the situation of a city wishing to divest itself of the assets and the responsibility for providing services While the proposed sale of the plant is not intended to remove us from the enterprise of providing wastewater treatment services, McAlpine is such a large part of our total system (60%) that there may need to be some legislation to clarify this issue

2 The proposed structure of a transaction involves selling the plant at an established fee and the competition or bidding would take place only on the service agreement The North Carolina General Statutes do not allow for the sale of real property under this structure since price is to be the only determining factor There may, however, be a provision under the City Charter to allow for a lease, but there is some question as to the City's authority to enter into long-term leases

3 There may be legal implications of losing the status of a publicly owned treatment works A privately owned treatment plant may affect the ability to regulate industrial dischargers and may preclude the self-permitting process that the City is currently pursuing

4 The tax exempt status of any outstanding bonds that are less than five years old may be in jeopardy A private letter ruling from the IRS, that involves complicated legal requirements, would be needed in order to keep the outstanding debt from losing its tax exempt status

5 A variety of issues concerning the repayment of outstanding bonds, the effects on existing bond holders and future bond ratings would need to be addressed by bond counsel and the Local Government Commission

COUNCIL WORKSHOP AGENDA ITEM SUMMARY

TOPIC: Solid Waste Services RFP Update

COUNCIL FOCUS AREA: Restructuring Government

KEY POINTS (Issues, Cost, Change in Policy): The service level described in the RFP reflects the City's solid waste collection ordinance City staff and the contractor will be held to the same collection standards The procurement process remains on schedule

The qualification process for vendors is underway and should be completed by April 12, when vendors will be told if they qualify

The RFP is being finalized and will be issued to qualified vendors on April 13, 1995

A preprosal conference is scheduled for April 20 and the bid opening will occur on May 26

OPTIONS: N/A

COUNCIL DECISION OR DIRECTION REQUESTED: This update is for information, as part of our ongoing effort to advise Council of progress on the Solid Waste RFP No action is required

ATTACHMENTS: Solid Waste Services Collection Procurement Schedule

CITY OF CHARLOTTE

COLLECTION PROCUREMENT SCHEDULE

	TASK/DECISION POINT	DATE (1995)
I.	**RFQ Finalization, Issuance, Evaluation and Short-List Decision**	
1	Consideration of Qualifications Criteria (P/CAC)	January 26
2	*Draft RFQ and Associated Documents, Publicize*	*January 26-February 8*
3	*Issue RFQ*	*February 10*
4	Deadline for Submittals by Vendors	March 10
5	*Evaluation of Qualifications, Possible Clarifications*	*March 10-March 31*
6	Consideration of Shortlist (P/CAC)	April 6
7	*Vendors Notified*	*April 12*
II.	**RFP Finalization, Issuance, Bid Opening and Award**	
1	*RFP Work Session*	*January 26*
2	*RFP Revision*	*January 27-February 8*
3	*Revised RFP Disseminated to Vendors, P/CAC*	*February 10*
4	Receipt of comments from vendors and P/CAC	February 16
5	Discussion and Consideration of Comments/Issues Raised by P/CAC and Vendors at P/CAC Meeting	February 23
6	*Revision of RFP and Development/Review of Contract Principles and Associated Documents*	*February 24-March 14*
7	*Submit Revised RFP to City Council*	*March 14*
8	City Council Discussion of and Approval of RFP for Issuance	March 27
9	*Final RFP Preparation/Revision*	*March 28-April 11*
10	*Issue RFP to Short-Listed Vendors*	*April 13*
11	*Preproposal Conference*	*April 20*
12	*Issue Conference Report and Addenda, If Required*	*April 21-April 28*

CITY OF CHARLOTTE

COLLECTION PROCUREMENT SCHEDULE
(Continued)

	TASK/DECISION POINT	DATE (1995)
13	*Bid Opening*	*May 26*
14	*Evaluation/Confirmation of Bids, Clarification If Necessary*	*May 29-June 14*
15	Consideration of Bids (P/CAC)	June 15
16	*Submit Recommendation to City Council*	*June 20*
17	City Council Decision on Bid Award	June 26
19	Estimated Start Date	September 30

Notes

1 *Italicized tasks are those delegated to the City/Consultant team*

2 P/CAC refers to the Competition/Privatization Advisory Committee

3 Schedule assumes that consideration called for at P/CAC meetings on the schedule is conducted, and guidance provided at the time of the meeting Additional data collection or discussion may result in delay of key deadlines.

4 Schedule assumes simultaneous review of draft RFP by vendors and P/CAC, with resolution of issues by P/CAC at their February 23 meeting. No second review by P/CAC is anticipated before submittal to City Council

COUNCIL WORKSHOP AGENDA ITEM SUMMARY

TOPIC: Airport Master Plan

COUNCIL FOCUS AREAS: Transportation and Urban Economic Development

KEY POINTS (Issues, Cost, Change in Policy): The three major issues facing the City during the Airport Master Planning process are the third parallel runway, the FAR Part 150 Noise Compatibility Program and the Strategic Development Plan This process will include updates to the current Airport Master Plan and Noise Compatibility Program The estimated cost is $1 5 million, of which 75% is funded through a Federal Aviation Administration (FAA) Grant

OPTIONS: n/a

COUNCIL DECISION OR DIRECTION REQUESTED: This presentation is for Council information only, no action is necessary now The Aviation Department is moving forward with this planning process and will recommend to Council in September the award of a consultant contract and acceptance of the FAA Grant

ATTACHMENTS: Summary of the recommendations in the current plans, consultant selection process and committee, and a flow chart outlining the planning process and its timeline

CHARLOTTE/DOUGLAS INTERNATIONAL AIRPORT MASTER PLAN UPDATE
FAR PART 150 NOISE COMPATIBILITY PROGRAM
E.I.S. FOR THIRD PARALLEL RUNWAY

BACKGROUND

The *Airport Master Plan Update* establishes a direction for airfield and landside development at Charlotte/Douglas International Airport The purpose of the *Plan* is to establish a general direction for airport development and to provide a basis for the many development decisions which will be faced by the City Included in the *Plan* is a program for acquisition of land for airport expansion and property in the airport's highest noise level zones The *Airport Master Plan Update* was prepared during 1985 & 1986 using 1984 data and was adopted by Charlotte City Council in 1987

The *FAR Part 150 Program* was also adopted by Charlotte City Council in 1987 The purpose of this *Program* is to promote land use development which is compatible with airport operations Included in the *Program* is a plan for acquisition of property in the highest noise level zones around the airport and sound insulation in private residences, churches and schools

CURRENT STATUS

Airfield Improvements

- 1,000 foot extension to Runway 36R with projected air traffic delay savings of $3 4 million annually by the year 2000
- Various taxiway and apron improvements

Facility Improvements

- $29 million terminal expansion opened in 1994 adding 193,620 square feet
- Concourse D (international/commuter operations and FIS) opened in 1990 with four gates and sixteen ground level commuter gates
- Twin parking decks completed in 1990 adding 2,713 spaces
- USAir Maintenance Hangar completed in 1990 with over 416,000 square feet

Master Plan Land Acquisition

- 373 acres acquired out of the 612 recommended, for an estimated $30 million
- Remaining 239 acres will cost an estimated $30 million to acquire

FAR Part 150 Land Acquisition

- 255 homes acquired and relocation of residents for approximately $31 9 million
- 3 schools sound insulated for approximately $561,000

USAir

- The financial instability of our hub carrier, USAir, and the entire airline industry creates a unique challenge in planning for the future development of the airport

ISSUES

Third Parallel Runway

- Recommended by Airport Master Plan Update and 1991 FAA Capacity Enhancement Plan
- Estimated annual delay avoidance savings to the airlines of $10 3 million in 1990, increasing to $20 6 million in 1999
- Increase capacity and provide additional flexibility in runway use
- Exact location has not been determined
- Environmental impact to the community
- Land acquisition cost
- Source of funding

Noise Compatibility Plan

- Actual current noise measurements indicate that project 1994 contours are overstated
- FAA requires new measurements when the difference is greater than 1-1/2 decibels
- Fewer residents will be offered a noise remedy program because of the shrinking noise contours

Airport Strategic/Economic Development Plan

- Intent is to understand the airport as a component in a global network and maximize its potential
- Detailed study of land use and marketing strategies
- Address need to diversify airport revenues
- Evaluate transportation alternatives
- Airport is a viable location for new economic development opportunities

CONSULTANT SELECTION PROCESS

- Charlotte/Douglas International Airport (CDIA) staff develops workscope with FAA on 3/2/95

- Airport Advisory Committee's (AAC) Planning Subcommittee reviews workscope and timeline on 3/6/95

- AAC reviews and approves workscope and timeline at their regular meeting on 3/7/95

- Neighborhood Task Force reviews workscope and timeline at their regular meeting on 3/16/95

- CDIA staff makes presentation to City Council at their workshop/dinner meeting on 4/3/95

- CDIA staff prepares Request for Qualifications (RFQ)

- Selection Committee develops list of criteria for evaluation, meets to review RFQ, selection criteria and workscope

- CDIA staff receives A/E list from City Engineering and mails RFQ's to consultants listed

- Advertise RFQ in Charlotte Observer, AAAE and ACI

- Receive consultant's qualifications

- CDIA staff prepares Executive Summary of consultant's qualifications and forwards to Selection Committee

- Selection Committee selects short list of candidates

- Selection Committee interviews the short list candidates and select consultant

- CDIA staff negotiates the contract

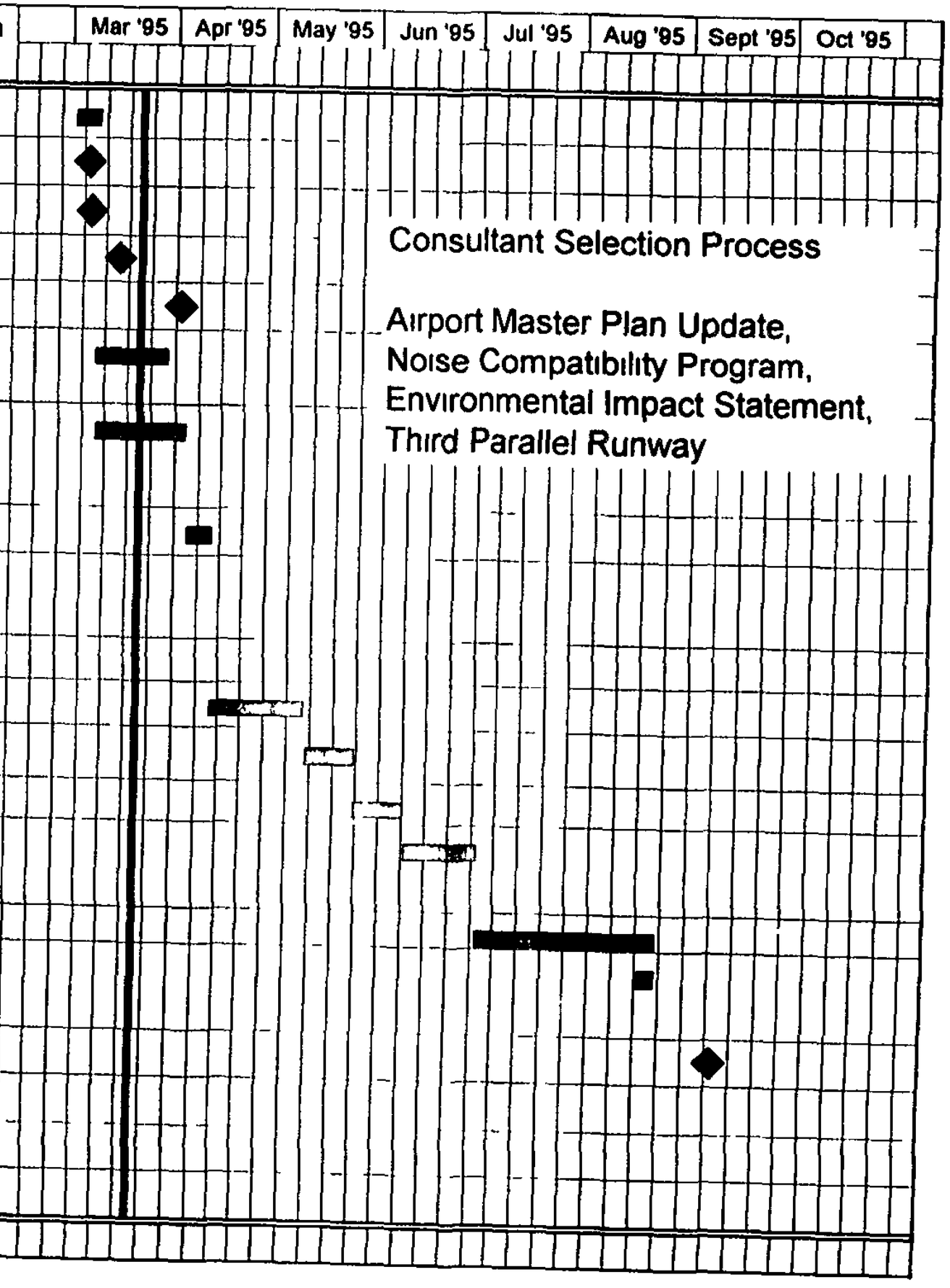
- CDIA staff prepares council action for AAC and approval of City Council

- City Council awards contract and accepts FAA grant

Consultant Selection Committee

Organization	Representatives
Airport Advisory Committee *Ralph L. Easterling, Sr* *Dr Henry Nicholson, Jr*	2
Neighborhood Task Force *Jim Niell*	1
Charlotte-Mecklenburg Planning Commission *Martin R Cramton, Jr*	1
Charlotte Chamber Aviation Committee *Art Fields*	1
Charlotte/Douglas International Airport *T J Orr*	1
TOTAL	6

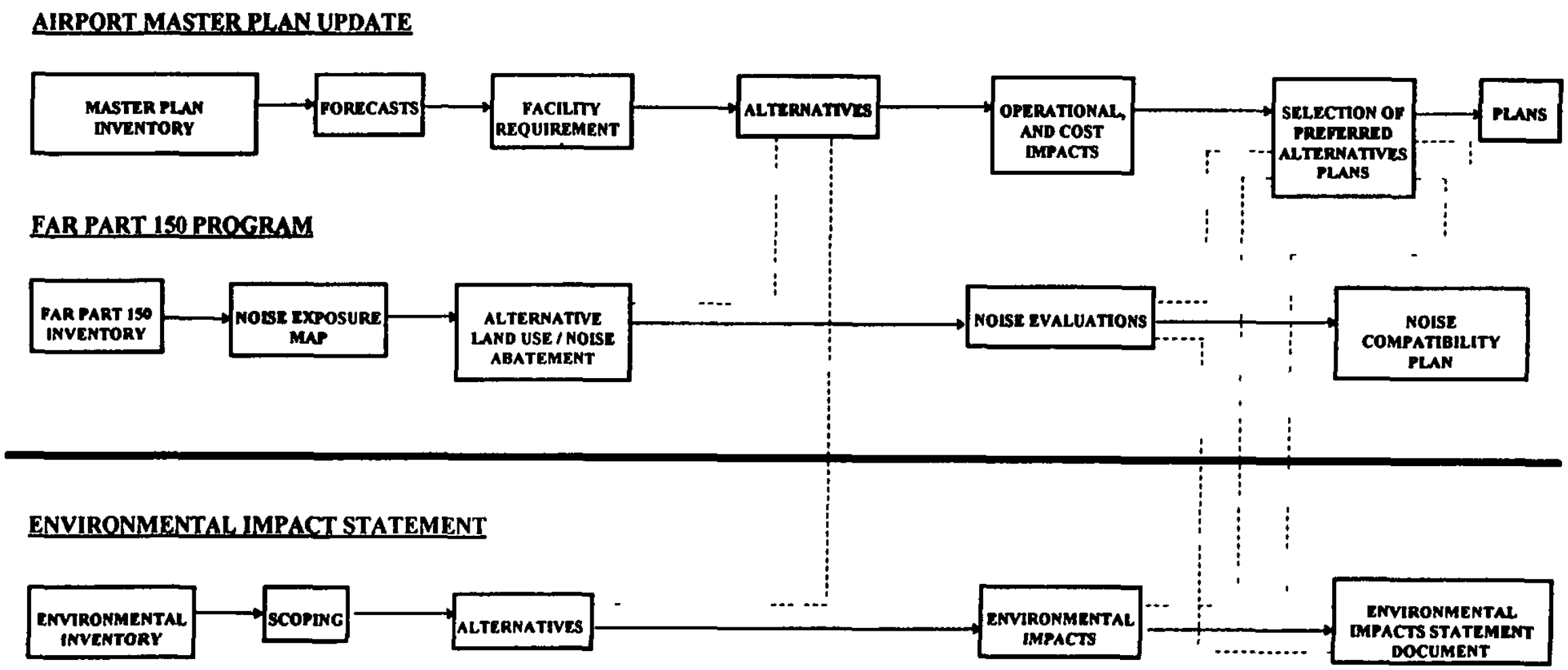
Activity Name	Start Date	Finish Date
CDIA develops workscope	3/2/95	3/9/95
AAC Planning Subcommittee	3/6/95	
AAC Meeting	3/7/95	
Neighboorhood Task Force Mtg	3/16/95	
City Council Workshop	4/3/95	
CDIA prepares Request for Qualifications (RFQ)	3/9/95	3/30/95
Selection Committee develops list of criteria for evaluation, SC meets to review RFQ, selection criteria and work scope	3/9/95	4/4/95
Public Advertisement	4/5/95	4/12/95
Approved A/E list from City Engineering, Mail RFQ to consultants listed		
Advertise in Observer, AAAE and ACI		
Receive Consultants Qualifications	4/13/95	5/11/95
CDIA staff prepares Executive Summary	5/12/95	5/26/95
Selection Committee selects short list	5/27/95	6/10/95
Interview short list candidates and select consultant	6/11/95	7/2/95
Negotiate contract	7/3/95	8/25/95
Prepare Council Action for AAC approval and City Council	8/20/95	8/25/95
Award contract and accept FAA grant	9/11/95	

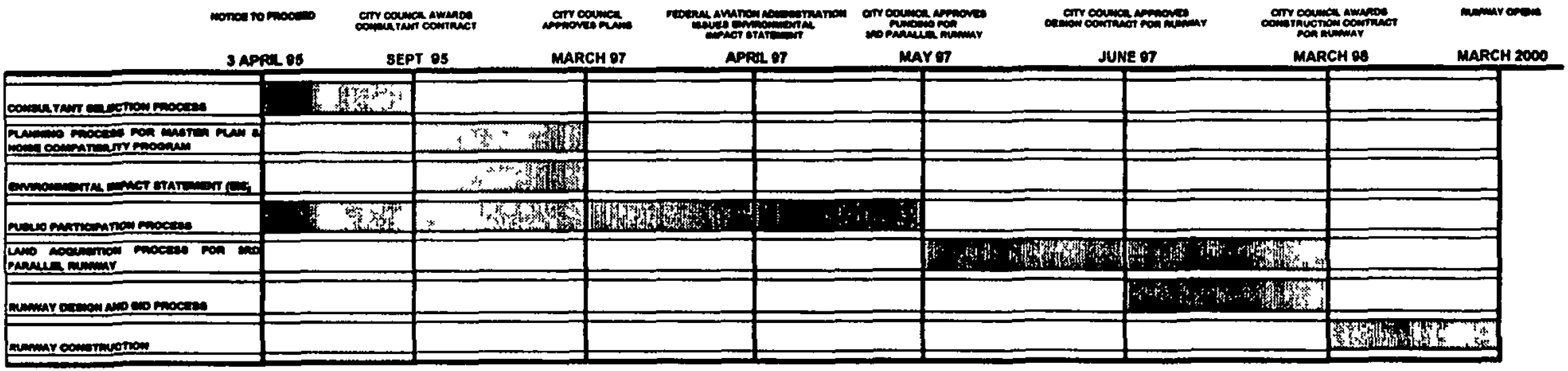


CHARLOTTE/DOUGLAS INTERNATIONAL AIRPORT

PROCESS FOR

AIRPORT MASTER PLAN UPDATE, FAR PART 150 NOISE COMPATIBILITY PROGRAM AND ENVIRONMENTAL IMPACT STATEMENT FOR THE 3RD PARALLEL RUNWAY



CHARLOTTE/DOUGLAS INTERNATIONAL AIRPORT

TIMELINE
AIRPORT MASTER PLAN UPDATE
FAR PART 150 NOISE COMPATIBILITY PROGRAM
ENVIRONMENTAL IMPACT STATEMENT FOR 3RD PARALLEL RUNWAY