

FEBRUARY 8, 2011

MINUTES OF MECKLENBURG COUNTY BOARD OF COMMISSIONERS
MECKLENBURG COUNTY
NORTH CAROLINA

The Board of Commissioners of Mecklenburg County, North Carolina, met in Budget/Public Policy Session in Conference Center Room 267 of the Charlotte-Mecklenburg Government Center located at 600 East Fourth Street at 3:00 p.m. on Tuesday, February 8, 2011.

ATTENDANCE

Present: Chairman Jennifer Roberts and Commissioners Karen Bentley, Dumont Clarke, Harold Cogdell, Jr. George Dunlap, Vilma Leake and Jim Pendergraph County Manager Harry L. Jones, Sr. County Attorney Marvin A. Bethune Clerk to the Board Janice S. Paige

Absent: Commissioners Neil Cooksey and Bill James

Commissioners Clarke and Cogdell were absent when the meeting was called to order and until noted in the minutes.

The meeting was called to order by Chairman Roberts, after which the matters below were addressed.

(1) DELOITTE CONSULTING REPORT ON FINANCIAL BUSINESS PROCESSES

County Manager Jones gave introductory remarks regarding the Deloitte Consulting report on financial business processes.

Commissioners Cogdell and Clarke entered the meeting.

The following was noted:

- The business case developed by Deloitte identifies the potential for improving procurement and accounts payable processes and enhancing general accounting capabilities that would result in an annual cost savings between \$13 - \$20 million.
- Implementing Phase 1, which would focus on procurement, is projected to save \$6 - \$10 million.
- The County would pay a base fee to Deloitte with the majority of Deloitte's payments being contingent upon achieving savings and other benefits projected in the business case.
- Deloitte is risking 80% of its fees on the County achieving the projected savings.
- Based on this business case and payment model, the County has negotiated an addendum to its current agreement with Deloitte to implement Phase 1.

County Manager Jones gave the history of how the County got to this point.

Christina Dorfhuber and Jerry O'Dwyer with Deloitte presented the report.

The following was covered:

- Project Scope

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- Approach for the Assessment
- Approach to Prioritizing Opportunities
- Summary of Recommendations and Business Case Outputs
- Phase One
- Potential Future Phases
- Performance Based Arrangement

A copy of the report is on file with the Clerk to the Board.

Comments

Commissioner Clarke asked staff to give their perspective of what it was Deloitte was proposing to do.

Finance Director Dena Diorio commented. It was noted that as a result of this Finance would be able to automate a lot of its processes. She said on the procurement side, they'll be able to be a lot more strategic about what is bought and when it's bought. They'll also be able to look across the entire organization from this perspective, which currently is not possible.

Commissioner Clarke asked had staff talked with others that have gone through this type of process. *The response was yes and that they were all pleased with the results.*

Commissioner Leake asked how this would impact current staff, would jobs be lost.

County Manager Jones said it was difficult to answer at this time, but he would anticipate that over time it could lead to reductions in staff because of the savings that would be realized.

Commissioner Leake said she'd like a response regarding how do you save manpower versus the other process.

Commissioner Leake asked was Deloitte the only company the County was working with. *The response was yes. Deloitte was the only company that responded that was willing to provide their services pro bono or at a steep discounted rate.*

General Manager John McGillicuddy said there would not be any head count reductions in Phase 1.

Commissioner Dunlap with respect to purchasing in bulk, asked would additional storage be needed. *The response was no.*

Commissioner Dunlap asked who would pay for the technology that would allow Finance to have an organizational-wide view with respect to procurement. *The response by Deloitte was that during the course of the project, Deloitte would bring that technology at no additional cost.*

Commissioner Dunlap asked would the savings be more if the City was involved. *The response from Deloitte was that was a very valid hypothesis.*

General Manager McGillicuddy said the City of Charlotte was aware the County was doing this and that representatives from the City of Charlotte were present.

Commissioner Cogdell asked what would be the benchmarks to see if the County was reaching its goals.

Director Diorio said the way the agreement was structured, there would be a compensation committee that would meet regularly and mutually agree on what the benchmarks need to be

for every category.

Chairman Roberts asked if staff was working with the Library and other groups with respect to this. *The response was no.*

It was the consensus of the Board that staff move forward.

Note: The above is not inclusive of every comment.

(2) REVENTURE PARK PROJECT UPDATE

Bruce Gledhill, Director, Solid Waste Services and Tom McKittrick, President, Forsite Development addressed the status of the proposed ReVenture Park Project.

Note: ReVenture Park is a proposed renewable energy industrial park to be located on the Clariant Corporation property in western Mecklenburg County. One proposed anchor project within the ReVenture Park is a 20 – megawatt Waste-to-Energy Facility. This Facility is being designed, and proposes to handle all of Mecklenburg County’s residential waste. On June 1, 2010, the Board of Commissioners approved an amendment to the County’s Ten-Year Solid Waste Management Plan incorporating the ReVenture Park project as a disposal option for the County’s residential waste. Since that date, all six Mecklenburg County municipalities have approved similar Plan amendments.

The following was addressed:

- Solid Waste System Goals
- Service Agreement Objectives
- How We Got Here
- Who is ReVenture
- Facility/Technologies Description
- Environmental Impact

A copy of the presentation is on file with the Clerk to the Board.

Bill Gupton with the Central Piedmont Sierra Club presented the Sierra Club’s findings with respect to ReVenture. The following was addressed:

- Central Piedmont Sierra Club Position on the ReVenture Park
- ReVenture Financial Viability
- ReVenture Project Management
- ReVenture Disclosure
- ReVenture Impact – Public Health – Public Safety- Environmental- Jobs
- Incineration and Gasification
- How Does Waste To Energy Compare
- Areas of Support
- Recommendations

A copy of the presentation is on file with the Clerk to the Board.

Comments

Chairman Roberts asked in light of comments made regarding Forsite’s debt, if Forsite Development went away “tomorrow” would that put the County at any risk. *Director Gledhill said no.*

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Director Gledhill clarified that the Memorandum of Understanding (MOU) that the County has is non-binding.

Chairman Roberts asked were any taxpayer dollars being committed for this project. *Director Gledhill said the only County dollars associated with this, if the project were to move forward, was a tipping fee. He explained how the tipping fee currently works and how it would work if the ReVenture project moves forward.*

Director Gledhill said if the County was to enter into a relationship with ReVenture and if their facility failed in any way, they would be responsible, at their own cost, for providing the County with landfill capacity.

Commissioner Dunlap asked would the proposed project's pollutant emittants exceed what's currently required by law. *Director Gledhill said no.*

Commissioner Dunlap asked if the County didn't pay ReVenture or someone else for waste reduction or getting rid of the County's solid waste, would the County still have the expense of doing that. *Director Gledhill said the County was committed through 2028 by interlocal agreements to dispose of every ton of trash that the seven municipalities bring to the County.*

Director Gledhill said the County has that obligation whether it goes with ReVenture or some other contracting party, or put the waste in the County's Foxhole landfill.

Commissioner Dunlap asked would the cost of doing business with ReVenture exceed the County's current cost. *Director Gledhill said no, that it's believed that the \$25 per ton escalated at CPI (3%), the lesser of the two, is highly advantageous from a cost perspective.*

Commissioner Bentley asked about the gasification process and the health issues cited by Mr. Gupton, which was addressed by Mr. McKittrick.

Mr. McKittrick said health issues were critical issues and have to be addressed. Mr. McKittrick said they plan to go above and beyond what's required. He said it was not required for them to do continuous air monitoring under this type of permit, but they plan to do that. Mr. McKittrick said if they're ever out of compliance with the permitted levels, the facility would shut down.

Mr. McKittrick said there would also be an on-going citizens advisory group that would meet monthly at the site reviewing data and emissions control.

Mr. McKittrick said they plan to have complete transparency with the community to ensure that nothing that they're doing was harming the environment or health. He said they were willing to do whatever was needed to make sure this doesn't cause any air emissions problems.

Mr. McKittrick said gasification was the "next big thing." He said what they like about what they're proposing was its simplicity, a straight forward design. He said the remainder of the plant was off the shelf proven technology.

Commissioner Bentley asked about the County's role in the permitting process which was addressed by Air Quality Director Don Willard.

Commissioner Bentley acknowledged receipt of emails regarding potential conflicts of interest on the part of some ReVenture Advisory Council members. *Director Gledhill said members always excused themselves when they felt there was a conflict.*

Commissioner Pendergraph asked staff to address concerns regarding property values, which was addressed.

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Mr. McKittrick said they were “100%” confident that what they’re doing would create an employment hub, and an energy hub that would increase property values.

Mr. McKittrick said he was willing to put together a property protection plan to address any concerns to make sure there’s a mechanism in place to give them absolute confidence that there’s no detraction from property values.

Commissioner Pendergraph asked was there another waste to energy facility that’s burning municipal waste in this same exact manner anywhere in the United States. *Mr. McKittrick said no, not in this same exact manner.*

Commissioner Pendergraph asked Mr. McKittrick how he knew the pollutants wouldn’t exceed the standards, when they don’t have any experience in this yet.

Mr. McKittrick said this gasifier exist and has been burning similar fuel to what they would be creating. He said testing has occurred to come up with the modeling. He said the inventor of the primary emissions control piece was guaranteeing that emissions don’t go out of compliance.

Commissioner Pendergraph asked how long would it take for the Board to be notified and residents in the area, if they were to become out of compliance. *Director Willard said typically the emissions would not be visible, so if residents were to see something that would mean they were out of compliance and residents should make that known and the company should likewise start doing things to shut the facility down.*

Director Willard said ReVenture has committed to putting in continuous monitoring devices.

Director Gledhill said the County would not only look for ReVenture to provide continuous emissions monitoring but also that they have a website available so that anyone could go on-line and see what the emissions monitoring was.

Commissioner Pendergraph said concern for traffic in the area had also been expressed. *Mr. McKittrick said trucks entering the site would not be going through any neighborhoods. He addressed how the trucks would enter the site.*

Commissioner Cogdell asked about the duration of the MOU. *Director Gledhill said it had expired but discussions continue under the same terms.*

Commissioner Cogdell asked if the County still had the opportunity to renew its contract with Republic. *Director Gledhill said Republic had indicated that they would be willing to talk with the County regarding that, but they have not made a specific offer.*

Commissioner Cogdell asked was the County required to indicate its intent to Republic.

Director Gledhill said there’s no specific requirement to give intent. He said the agreement just expires.

Director Gledhill said the County was quickly coming upon a date, however, where it has to know what it’s going to do with its waste in 2012. He said either the County would need to do substantial capital expansion of the Foxhole landfill, negotiate a new agreement with Republic, or have a firm and binding commitment with ReVenture to take it in 2012 with substantial financial and operational penalties if they don’t.

Director Gledhill said Board direction was needed now.

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Director Gledhill said per ReVenture, they would provide a facility to take the County's solid waste on July 1, 2012, if the County proceeds with the project.

Director Gledhill said staff and the County Attorney have concerns about managing that risk and making sure they're held accountable. He said all of those concerns haven't been resolved yet.

Commissioner Cogdell asked when the Board would get feedback regarding whether or not those concerns have been addressed and receive a recommendation from staff. *Director Gledhill said staff would report back in a couple of months because the clock was "ticking."*

Director Gledhill said some of the initial measures necessary to prepare capacity at the Foxhole landfill were being taken to make sure that capacity is available, if no other capacity is available to the County.

Commissioner Cogdell asked Mr. Gupton to clarify the Sierra Club's opposition or concern. *Mr. Gupton said they believe the incineration portion of the ReVenture project has too much risk, in terms of its emissions profile. Mr. Gupton said there were merits to the ReVenture project, but there were still a lot of unanswered questions and concern for public health and safety.*

Mr. Gupton said gasification high temperature, low oxygen units have a poor track record in terms of performance.

Commissioner Clarke asked was any state of N.C. money involved in this project. *Mr. McKittrick said no.*

Commissioner Clarke asked why not use the Foxhole landfill. *Director Gledhill said the Foxhole landfill was a great asset. He said it has years of capacity. Director Gledhill said the County would never site another landfill in Mecklenburg County.*

Director Gledhill said if the County could find alternative capacity that would take that same waste and provide the County with recycling, waste reduction options associated with it, to increase the County's recycling rate and still preserve the Foxhole landfill to be the County's safeguard for the future, then that's a good solution.

Commissioner Clarke asked for an estimate on how much it would cost to expand the Foxhole landfill. *The response was \$7 million - \$8 million for the first phase, which is within its current footprint. He said Phase 1 does not expand the landfill, it's just building the next phase out.*

Commissioner Clarke asked about tipping fees. *Director Gledhill said the Board would have to establish a tipping fee for residential waste at the Foxhole landfill. Director Gledhill said he would estimate the fee being close to what it currently was \$25 - \$26 a ton, which would be paid by the municipalities.*

Commissioner Clarke asked would the cost be same with the ReVenture project. *Director Gledhill said the unit cost per ton that the municipalities would pay would be about the same.*

Commissioner Clarke asked how the two compared from a risk point of view. *Director Gledhill said it depended upon the contract entered into with ReVenture. Director Gledhill said the primary purpose of that contract would be to manage that risk, so the County would have a sure solution and a fixed price.*

Commissioner Clarke said he doesn't see how you can eliminate the risk associated with a contract with ReVenture.

Commissioner Clarke said the only remedy would be specific performance. He said you can't

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seek financial remedies. He said you'd have to have someone who could provide you with specific performance. *Director Gledhill said he agreed.*

Director Gledhill said the remedy being discussed was specific performance that would be required to contract with a back up landfill if their facility didn't work.

Commissioner Clarke said he remained to be convinced that the County should move forward with this because of the risks, such as litigation risks and performance risks.

Commissioner Cogdell asked what the lifespan of the Foxhole landfill was. *The response was about 18 years.*

Commissioner Bentley asked about the Brownfield program, which was addressed.

Commissioner Dunlap asked about the Speedway landfill. *Director Gledhill said there was plenty of capacity at the Speedway landfill, but the County doesn't control that site. He said if they offer the County a continuation of a contract, which he thinks they would, the question was, at what price.*

Chairman Roberts asked if staff felt Republic would be willing to do a year by year contract. *The response was yes, at some financial penalty.*

Chairman Roberts asked would that cost the County more. *The response was yes.*

Chairman Roberts asked Mr. Gupton if the Sierra Club was supporting landfills. *The response was no. Mr. Gupton said in terms of capacity, if the County became aggressive in terms of putting in place very good education programs, incentives and disincentives, to encourage recycling and re-use, and got its waste stream up, to say increase it, three or four times, you reduce and save landfill capacity.*

Mr. Gupton said their goal was to put as little as possible in the land by recapturing those natural resources.

Chairman Roberts said with respect to waste to energy, there was a right way to do it and a more risk way to do it. Chairman Roberts said if you do this the right way it makes sense from a job creation perspective and from a long term planning capital perspective.

Chairman Roberts said the County would need to monitor this very closely and carefully, the actual technology and whether the contract was being followed and to make sure the advisory board was keeping up with what was going on and to hold public hearings.

Mr. McKittrick said they would be willing to hold public hearings. Mr. McKittrick said they understand the County can't incur any risk. He said their back stop was to partner with a landfill operator that's willing to take that waste at the same tipping fee that's negotiated with the County.

Mr. McKittrick said there were several private landfill operators interested in partnering with them to make this project a reality.

Mr. McKittrick said he felt all of the risks could be mitigated contractually.

Commissioner Cogdell requested feedback from the Waste Management Advisory Board and the County Manager's Office on what happens in the short term and does the County need to be looking at a capital plan to get the Foxhole landfill ready for use. *Director Gledhill said staff discussed this and would be reporting back.*

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Shannon Bennon with Sustaining Charlotte said an issue that had not been addressed was what would actually be burned, which he addressed briefly.

This concluded the discussion.

It was the consensus of the Board for staff to move forward cautiously and to report back to the Board.

Commissioner Clarke requested a list of the pros and cons of the three alternatives.

Note: The above is not inclusive of every comment but is a summary.

ADJOURNMENT

Motion was made by Commissioner Cogdell, seconded by Commissioner Pendergraph and unanimously carried with Commissioners Bentley, Clarke, Cogdell, Dunlap, Leake, Pendergraph, and Roberts voting yes, that there being no further business to come before the Board that the meeting be adjourned at 6:03 p.m.

Janice S. Paige, Clerk

Jennifer Roberts, Chairman