



City of Greensboro

Meeting Agenda

City Council Work Session

Thursday, April 25, 2024, 2:00 p.m.

Plaza Level Conference Room

300 West Washington Street

Greensboro, NC

This Agenda has been reposted to include presentation. Greensboro City Council work sessions are available via [https://www.greensboro-nc.gov/government/city-council/council\[1\]meetings](https://www.greensboro-nc.gov/government/city-council/council[1]meetings), or the live stream on the city's YouTube page, at <https://www.youtube.com/user/CityofGreensboroNC>.

Any individual with a disability who needs additional information or assistance, please contact the City Clerk's Office at 336-373-2396.

	Pages
A. <u>Call To Order</u>	
B. <u>Presentations</u>	
B.1 2024-310 M/WBE Disparity Study Review Presented by: Griffin & Strong, PC Senior Director Michele Clark Jenkins and Project Manager Cadeala Troublefield	2
B.2 2024-309 Budget Review Presented by: Water Resources Director Mike Borchers	24
C. <u>Adjournment</u>	



City of Greensboro

Melvin Municipal Office Building
300 W. Washington Street
Greensboro, NC 27401

Work Session Presentation

2024-310 M/WBE Disparity Study Review

Presented by: Griffin & Strong, PC Senior Director Michele Clark Jenkins and Project Manager Cadeala Troublefield

CITY OF GREENSBORO, NORTH CAROLINA

2024 DISPARITY STUDY

FINDINGS AND RECOMMENDATIONS

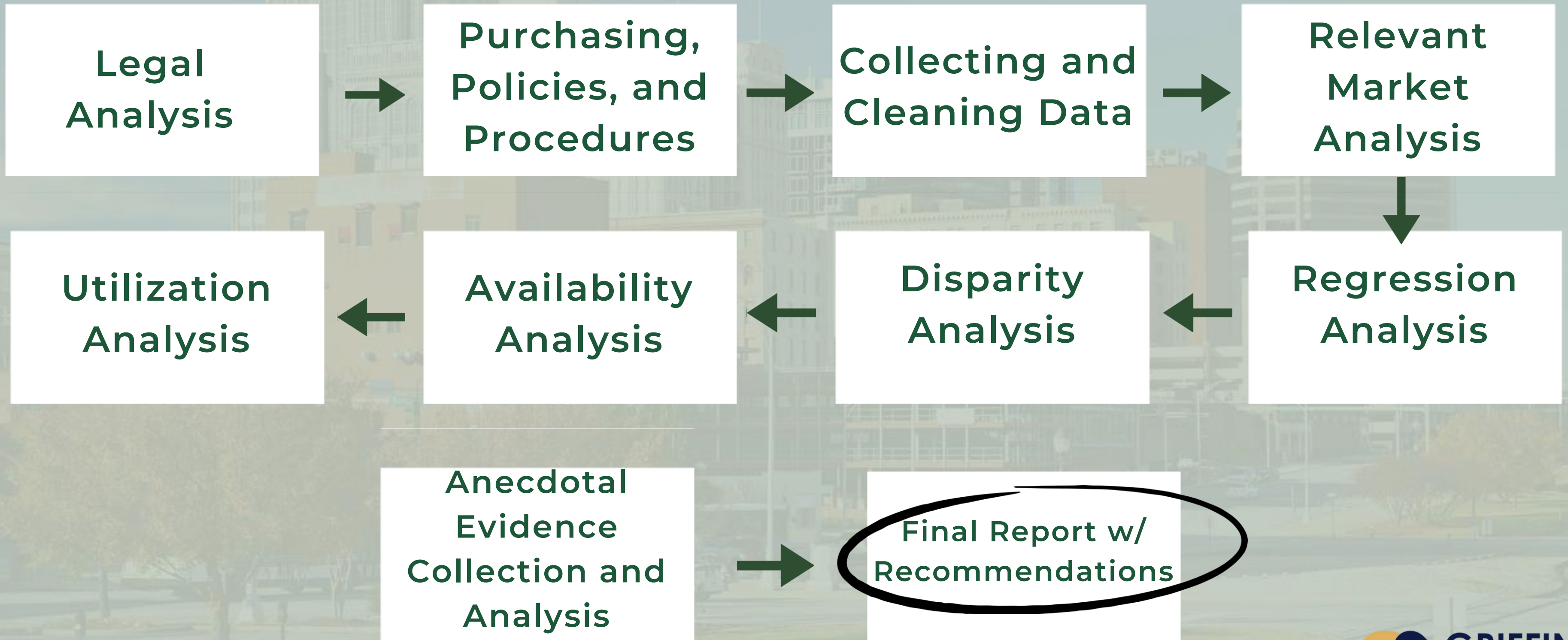


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AGENDA

1. Study Methodology
2. Study Parameters
3. Relevant Market
4. Statistical Findings
5. Overall Findings
6. Commendations
7. Recommendations

Study Methodology



Study Parameters

Specific framework utilized to shape the methodology

Study Period



**July 1, 2018
through
June 30, 2022**

Industry Categories



**Construction
Professional Services
Other Services
Goods**

Relevant Market

- ◎ The Relevant Market analysis reflects the geographic location where Greensboro spent approximately 75% of its dollars.
- ◎ Greensboro's Relevant Market was determined to be the Greensboro MSA plus NCDOT Divisions 5,7,8, and 9. This is consistent with the previous Study's Relevant Market
- ◎ Industry Categories:

Construction: 74.17%

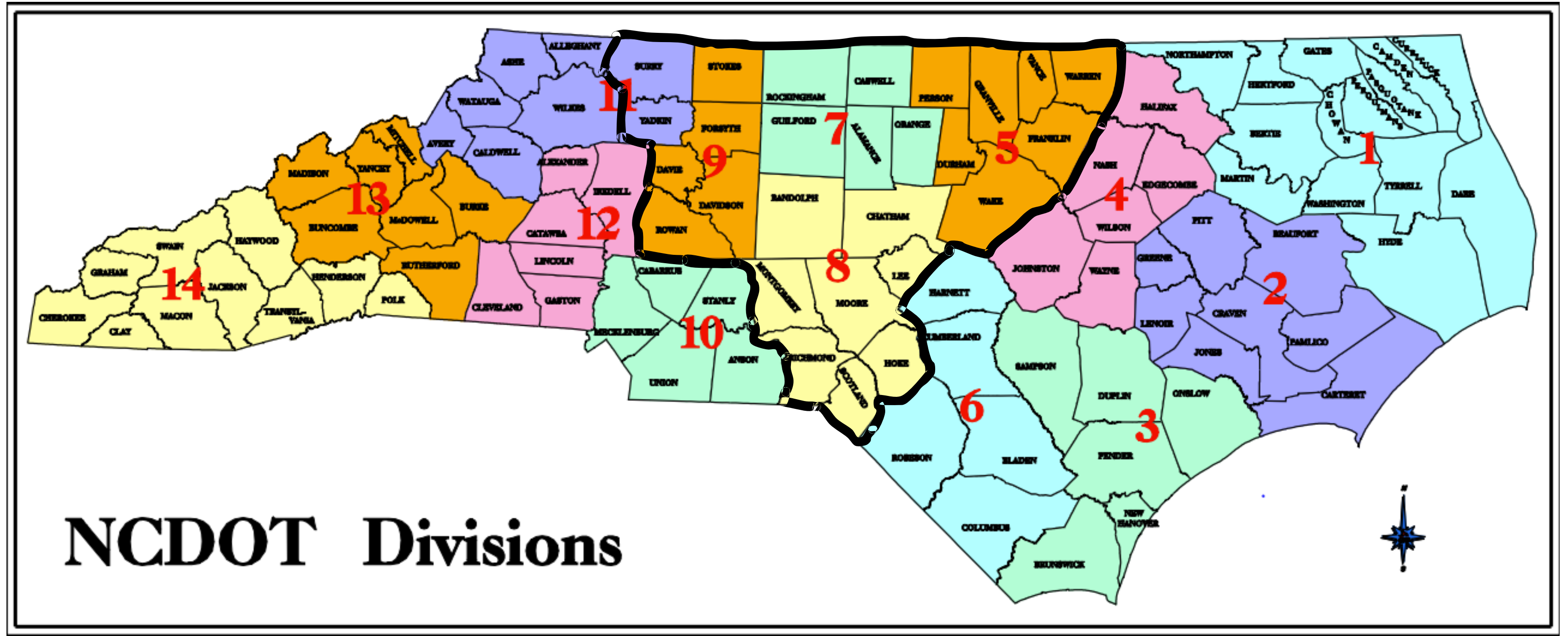
Professional Services: 75.5%

Other Services: 65.48%

Goods: 55.24%

Total: 71.40%

Relevant Market



Summary of MWBE Availability by Industry Category

Business Owner Classification	Construction	Professional Services	Other Services	Goods
African American	18.70%	20.00%	15.76%	11.43%
Asian American	1.30%	2.62%	0.84%	1.18%
Hispanic American	5.05%	1.14%	1.21%	1.65%
Native American	0.49%	0.33%	0.29%	0.14%
TOTAL MINORITY	25.54%	24.09%	18.09%	14.41%
Non-Minority Woman	13.40%	8.45%	4.48%	7.81%
TOTAL MWBE	38.94%	32.53%	22.57%	22.22%
TOTAL NonMWBE	61.06%	67.47%	77.43%	77.78%
TOTAL	100.00%	100.00%	100.00%	100.00%

Griffin & Strong, P.C. 2024

Summary of Prime Utilization by Industry Category

Business Ownership Classification	Construction	Professional Services	Other Services	Goods	TOTAL
	(\$)	(\$)	(\$)	(\$)	(\$)
Black American	\$ 8,213,512	\$ 3,193,811	\$ 7,598,846	\$ 552,476	\$ 19,558,645
Asian American	\$ -	\$ 64,965	\$ 66,259	\$ 867	\$ 132,091
Hispanic American	\$ -	\$ 5,520	\$ 1,415,962	\$ 1,619	\$ 1,423,101
Native American	\$ -	\$ 191,810	\$ 1,019,465	\$ -	\$ 1,211,275
TOTAL MINORITY	\$ 8,213,512	\$ 3,456,106	\$ 10,100,531	\$ 554,962	\$ 22,325,111
Non Minority Female	\$ 31,847,302	\$ 1,283,186	\$ 4,130,365	\$ 953,224	\$ 38,214,077
TOTAL MWBE	\$ 40,060,813	\$ 4,739,292	\$ 14,230,896	\$ 1,508,187	\$ 60,539,188
TOTAL NON-MWBE	\$ 329,591,447	\$ 66,245,038	\$ 181,714,058	\$ 103,707,246	\$ 681,257,789
TOTAL FIRMS	\$ 369,652,261	\$ 70,984,330	\$ 195,944,954	\$ 105,215,432	\$ 741,796,977
Business Ownership Classification	Construction	Professional Services	Other Services	Goods	TOTAL
	(%)	(%)	(%)	(%)	(%)
Black American	2.22%	4.50%	3.88%	0.53%	2.64%
Asian American	0.00%	0.09%	0.03%	0.00%	0.02%
Hispanic American	0.00%	0.01%	0.72%	0.00%	0.19%
Native American	0.00%	0.27%	0.52%	0.00%	0.16%
TOTAL MINORITY	2.22%	4.87%	5.15%	0.53%	3.01%
Non Minority Female	8.62%	1.81%	2.11%	0.91%	5.15%
TOTAL MWBE	10.84%	6.68%	7.26%	1.43%	8.16%
TOTAL NON-MWBE	89.16%	93.32%	92.74%	98.57%	91.84%
TOTAL FIRMS	100.00%	100.00%	100.00%	100.00%	100.00%

Summary of
Statistically
Significant
Underutilization in
Prime Contracting

Business Owner Classification	Construction	Professional Services	Other Services	Goods
African American	X	X	X	X
Asian American	X	X	X	X
Hispanic American	X	X	X	X
American Indian	X			X
Non-Minority Women	X	X	X	X

Statistical Findings in MWBE Overutilization

Some MWBE groups were overutilized for prime payments less than \$1 Million, less than \$500,000, and less than \$300,000:

Under \$1,000,000

- Non-Minority Woman owned firms in Construction
- American Indian owned firms in Professional Services
- Black American, Hispanic American and Non-Minority Woman owned firms in Other Services

The following categories were overutilized for Under \$500,000 and Under \$300,000

- Black American and Non-Minority Woman owned firms in Construction
- American Indian owned firms in Professional Services
- Black American, Hispanic American and Non-Minority Woman owned firms in Other Services

Summary of Total Utilization (Prime + Sub)

Business Ownership Classification	Construction	Professional Services	Other Services	Goods	TOTAL
	(\$)	(\$)	(\$)	(\$)	(\$)
African American	\$25,432,913	\$7,448,842	\$7,740,162	\$938,233	\$41,560,151
Asian American	\$1,655,835	\$193,634	\$66,259	\$867	\$1,916,595
Hispanic American	\$5,322,407	\$477,409	\$1,384,842	\$1,619	\$7,186,277
Native American	\$531,720	\$204,607	\$1,019,465	\$-	\$1,755,792
TOTAL MINORITY	\$28,647,142	\$8,324,493	\$10,210,728	\$940,719	\$48,123,082
Non-Minority Women	\$53,935,607	\$3,251,069	\$4,025,768	\$1,302,432	\$62,514,876
TOTAL MWBE	\$82,582,749	\$11,575,562	\$14,236,496	\$2,243,151	\$110,637,958
TOTAL NON-MWBE	\$287,069,512	\$59,408,768	\$181,708,458	\$102,972,281	\$631,159,019
TOTAL FIRMS	\$369,652,261	\$70,984,330	\$195,944,954	\$105,215,432	\$741,796,977
Business Ownership Classification	Construction	Professional Services	Other Services	Goods	TOTAL
	(%)	(%)	(%)	(%)	(%)
African American	6.88%	10.49%	3.95%	0.89%	5.60%
Asian American	0.45%	0.27%	0.03%	0.00%	0.26%
Hispanic American	1.44%	0.67%	0.71%	0.00%	0.97%
Native American	0.14%	0.29%	0.52%	0.00%	0.24%
TOTAL MINORITY	7.75%	11.73%	5.21%	0.89%	6.49%
Non-Minority Women	14.59%	4.58%	2.05%	1.24%	8.43%
TOTAL MWBE	22.34%	16.31%	7.27%	2.13%	14.91%
TOTAL NON-MWBE	77.66%	83.69%	92.73%	97.87%	85.09%
TOTAL FIRMS	100.00%	100.00%	100.00%	100.00%	100.00%

Summary of
Statistically
Significant
Underutilization in
Total Utilization
(Prime + Sub)

Business Owner Classification	Construction	Professional Services	Other Services	Goods
African American	X	X	X	X
Asian American	X	X	X	X
Hispanic American	X	X	X	X
Native American	X			X
Non-Minority Women		X	X	X

Changes Since Last Study

MWBE PRIME UTILIZATION

In the last Study MWBEs were paid:

- **6.16% of Construction**
- **5.54% of Professional Services**
- **7.37% of Other Services, and**
- **1.18% of Goods.**

MWBEs received 4.94% of prime payments (\$36.4 million over 5 years).

During this Study Period, MWBEs received 8.16% of prime payments (\$60.5 million over four years) across all purchasing categories. MWBEs were paid:

- **10.84% of Construction**
- **6.68% of Professional Services**
- **17.26% of Other Services**
- **1.43% of Goods**

Annual prime spending with MWBEs more than doubled (107.6% increase).

Changes Since Last Study

MWBE TOTAL UTILIZATION

For Total Utilization, data was only available for Construction and Professional Services from the last Study. The following chart shows an increase in tracking subcontracting data and an increase in MWBE participation.

	2018 Disparity Study			
	MBEs		WBEs	
	Dollars (approx)	%	Dollars (approx)	%
Construction	\$10 million	3.38%	\$23.7 million	8.02%
Professional Services	\$6.9 million	5.73%	\$3.6 million	3.01%
	2024 Disparity Study			
	MBEs		WBEs	
	Dollars (approx)	%	Dollars (approx)	%
Construction	\$28.6 million	7.75%	\$53.9 million	14.59%
Professional Services	\$8.3 million	11.73%	\$3.2 million	4.58%
Other Services	\$10.2 million	5.21%	\$4 million	2.05%
Goods	\$940,719	0.89%	\$1.3 million	1.24%

Griffin & Strong, P.C. 2024

MBE annual Total Utilization per year increased almost two and half times in Construction (257.9%) and rose 50.1% in Professional Services. Non-Minority Woman owned firms annual Total Utilization almost doubled in Construction (184.1%) and 11.5%% rise in Professional Services.

Overall Findings

GSPC found that the City of Greensboro has a factual basis for continuing their race and gender-conscious efforts with the MWBE program, along with race- and gender-neutral remedies. Though the research conducted presented some strides in utilizing MWBE firms, there was statistically significant evidence of underutilization for Minority owned and Non-Minority Women owned firms.

A regression analysis found that disparities by race, ethnicity, or gender, status of the firm owners remained after controlling for capacity and other race gender-neutral factors.

The anecdotal evidence and policy review also support the findings of the statistical and regression analysis.

Commendations

GSPC would like to highlight the following commendable efforts that the City has made since the last Disparity Study :

- Hiring a Senior Program Manager for the MWBE Office
- Tracking and Reporting Sub Data with B2GNow
- Applying Goals on Some Projects
- Removing the Goal Setting Committee
- Making Progress Towards Establishing an SBE Reserve Program
- Collaboration with Non-Profits in Economic Development Incentive Projects
- MWBE Utilization Increased Since Last Study
- Usage of Mentor Protégé Programs on CMAR Projects
- Encouragement of Primes to Utilize New Firms on On-Call Contracts

RECOMMENDATIONS

*The following recommendations are subject to
Legal Review and Approval by the City
Attorney's Office*

1

Monitor MWBE Utilization on On-Call Contracts, particularly for Professional Services projects, and Maintain Equitable Vendor Rotation

2

Consistent Use of Contract-by-Contract Goals

- Updating Formulas and Ensuring the Formulas are Based on the Availability of Firms
- Set Goals on Professional Services, if legally permissible
- Set Separate MBE and WBE Goals on Projects

3

Enhance Communications and Marketing Resources

- Forecasting
- Targeted Outreach (Advertising Outside of Construction Projects)
- Enhance Outreach and Establish a Marketing Campaign to Increase Vendor Registration/Certification

4

Increase Efforts in Reviewing Contracts Based on Size (Unbundling)

5

Review Bonding Requirements in Construction, if legally permissible

RECOMMENDATIONS

***The following recommendations are subject to
Legal Review and Approval by the City's
Attorney's Office***

6

Institute Robust Contract Compliance

7

Implement Commercial Non-Discrimination Policy to Authorize the City to Make Further Inquiries to Prime Contractors to Ensure the City is Not a Passive Participant in any Prime Contractor's Active Discrimination (if legally permissible)

8

Streamline the Bidding Process and Limit Paperwork

9

Review Autonomy of MWBE Office

Data Reform

01

Vendor System/File: Add Unique Vendor Numbers and Confirm Vendors Input Correct Information

02

Subcontractor Data: Enhance Efforts on Tracking Subcontractor Data

03

Awards: Track full award amounts and any amendments throughout the life of contracts. Connect Awards to Payments

04

Commodity Codes: Consistent Usage of NIGP Codes

05

Bid tabs: Create a database for bid tabs that is readily available.

NEXT STEPS FOR THE CITY

1. Accept the Study and its Recommendations;
2. Conduct a Gap Analysis (What needs new legislation and what can be implemented under current authority);
3. Plan for Implementation (Steps, Phases, and Tasks);
4. Revise Program Plan;
5. Determine Budget and Staffing Needs for New Program Elements; and
6. Develop a Training Protocol and Train Staff.

Q & A



City of Greensboro

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300 W. Washington Street
Greensboro, NC 27401

Work Session Presentation

2024-309 Budget Review

Presented by: Water Resources Director Mike Borchers

Water, Sewer, and Stormwater FY 24-25 Budget

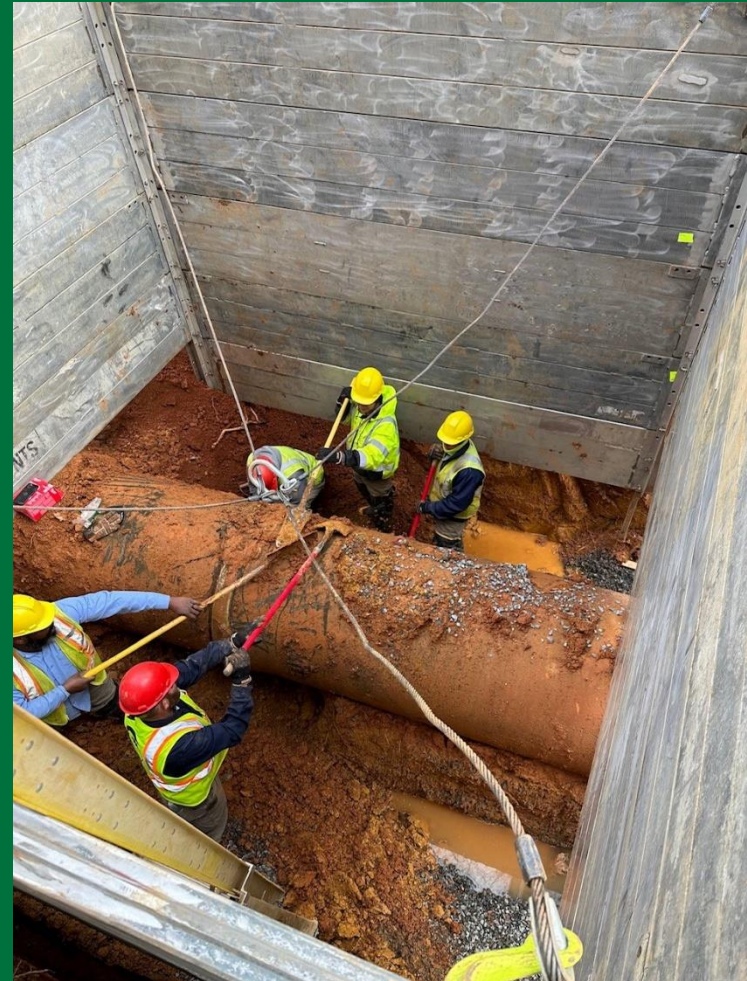


City Council Work Session

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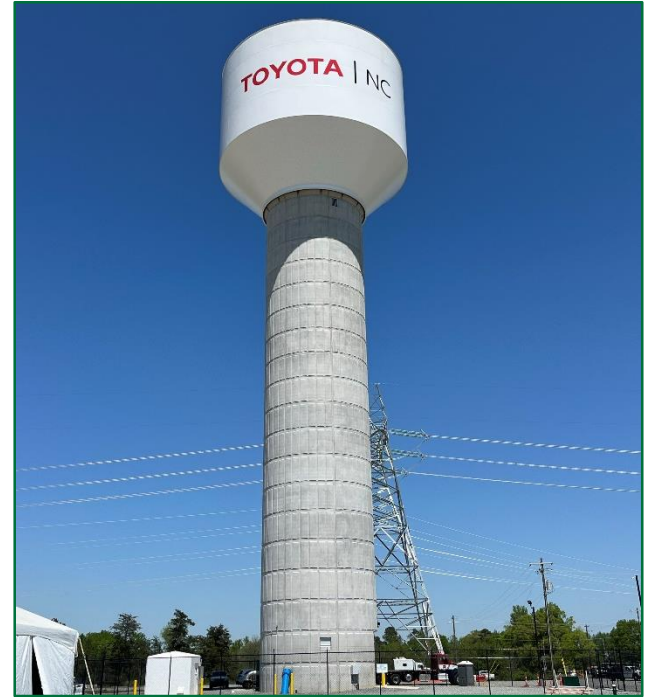
FY24 -25 Water and Sewer Enterprise



FY 2024 Update

Rate Increase Projections for FY 24-25

- Current rate model calls for an average increase of 8.5% for inside and outside customers
 - 10.25% for Water
 - 7.25% for Sewer



Liberty Road/Megasite
Water Tank

5-Year Rate Proposal

FY 24-25
1.4¢ per
gallon

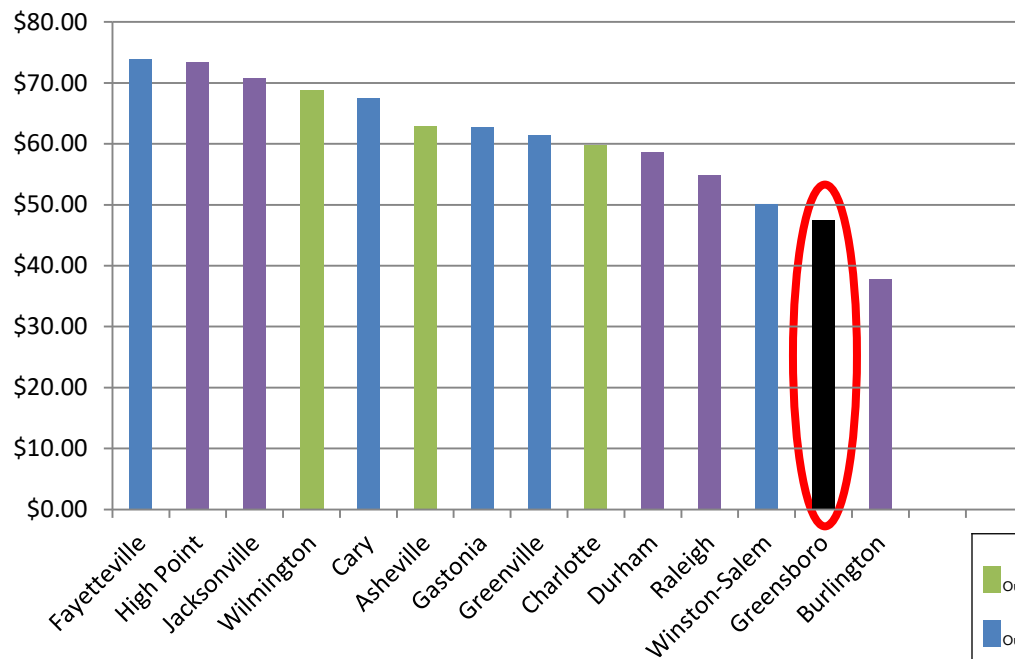
	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29
Inside Water %	10.25%	10.25%	11.25%	11.25%	11.00%	11.00%
Inside Sewer %	7.25%	7.25%	8.25%	8.25%	8.00%	8.00%
INSIDE BILL*	\$47.55	\$51.60	\$56.53	\$61.93	\$67.71	\$74.05
Outside Water %	10.25%	10.25%	11.25%	11.25%	11.00%	11.00%
Outside Sewer %	7.25%	7.25%	8.25%	8.25%	8.00%	8.00%
OUTSIDE BILL*	\$118.53	\$128.64	\$140.93	\$154.42	\$168.84	\$184.65
Outside / Inside	2.5	2.5	2.5	2.5	2.5	2.5

Average 8.5% Increase = \$4.05 per Month for Avg. Inside Customers

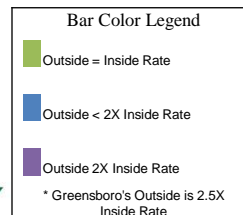
Average 8.5% Increase = \$10.11 per Month for Avg. Outside Customers

Rate Comparison to Other NC Cities

Rates as of January 1, 2024 (Avg. Residential Customer – 5 units)



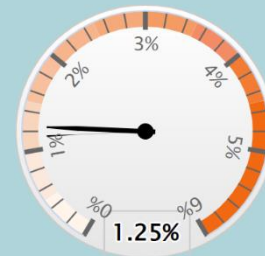
OWASA provides water to Carrboro-Chapel Hill Community



Inside Customer Affordability

Median Affordability

Annual Water & Sewer Bills as % MHI



UNC Environmental Finance Center

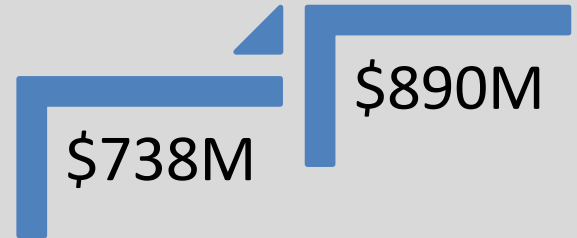
Increases Planned for Other NC Cities Range from 4% to 15%

Higher Costs*

- Townsend Major Electrical Upgrade \$47.9M
- Mitchell Emerging Contaminants \$177M
- Water Line Rehab \$45.2M
- Sewer Line Rehab \$51.5M
- Camp Burton Outfall \$22M
- North Buffalo Outfall \$9M

* Expected costs over next 5 years

**FY 24-25 to FY 28-29
5-Year CIP**

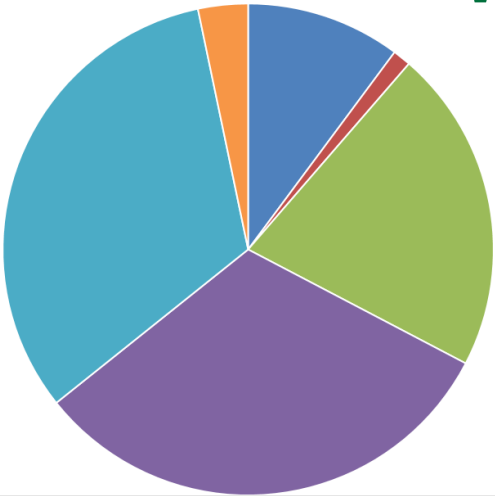


21% higher



FY 24-25 Recommended: \$191,559,696

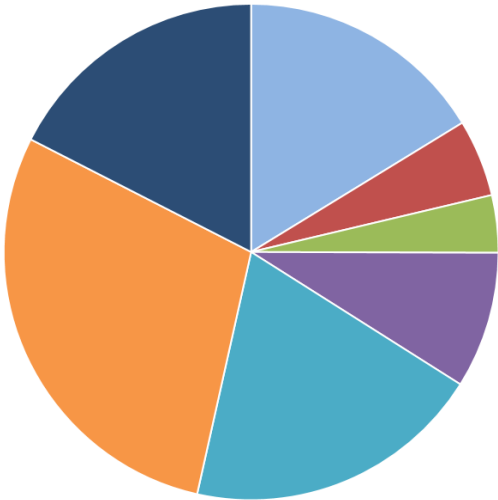
Revenues



- Appropriated Fund Balance
- Connection & Capacity Use Fees
- Billing & Availability Fees
- Water Revenue
- Wastewater Revenue
- Other Revenue

Water & Sewer

Expenses



- Salaries & Benefits
- Indirect Costs
- Water Purchases
- Fuel, Chemicals, Utilities
- Other M&O
- Debt Service
- CIP/Equipment

Federal and State Grants Received

- Golden Leaf \$7M for Megaside Sewer
- NC Dept. of Commerce \$1.4M for Megaside Water
- ARPA \$10M for Camp Burton Water Main and Sewer Lift Station



Emerging Contaminant Update

- On April 10, 2024 EPA announced the final National Primary Drinking Water Regulation (NPDWR) for six PFAS
 - Greensboro's Detected Contaminants – **PFOS, PFOA, PFHxS,** and PFBS
- Mitchell WTP Improvements – Granular Activated Carbon Contactors
 - Treat below MCL compliance level of 4 ppt
 - Engineering design of GAC contactors, chemical storage, upgraded controls / automation, maintenance facility, and site security improvements through mid 2025
 - CMAR project delivery and commissioning 2027- 2028 ahead of 5-year regulatory compliance window.
 - Total Project Cost ~\$177M



Utility Financial Planning

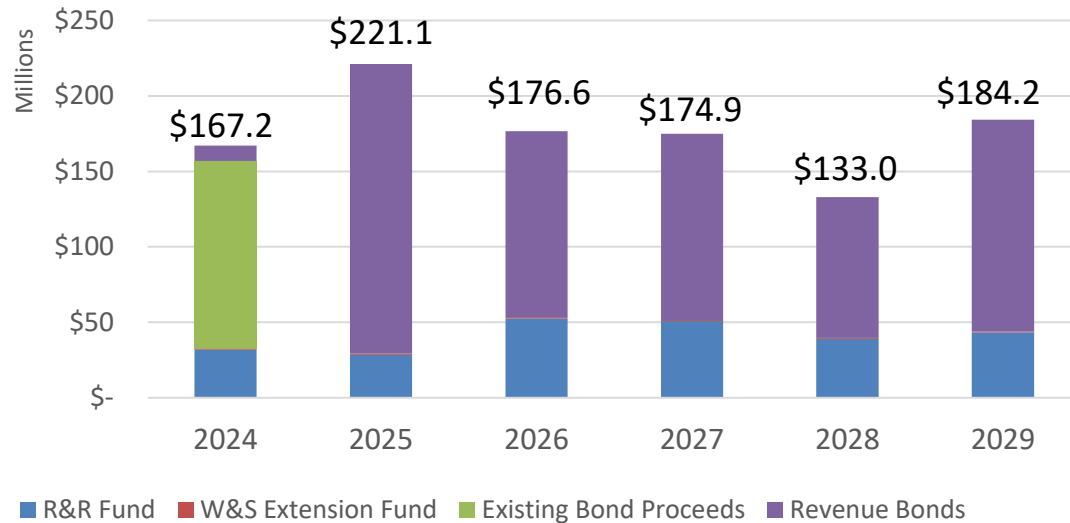
- As an enterprise fund, the utility must run like a self-supporting business
- Scale of operations, infrastructure, and investment requires thoughtful planning for future needs

Objective: Balance system reliability, sustainability and financial integrity with customer costs & impacts

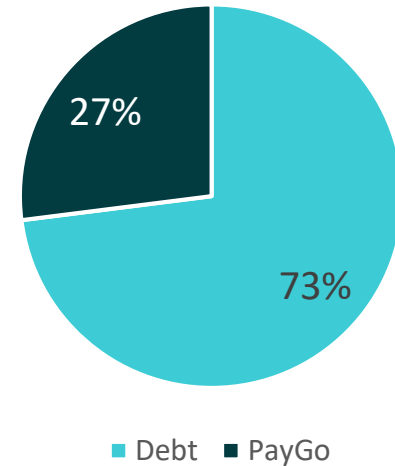


Capital Improvements Plan

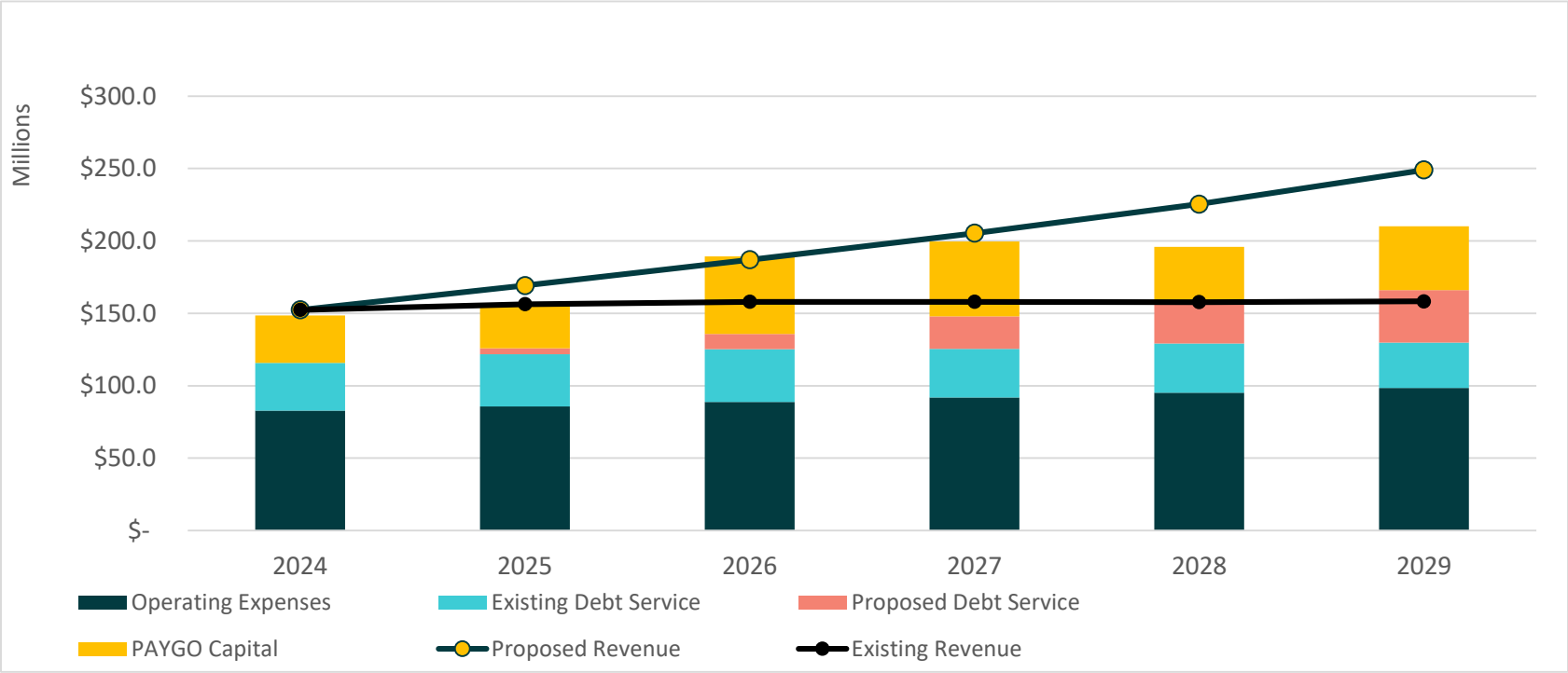
CIP Financing



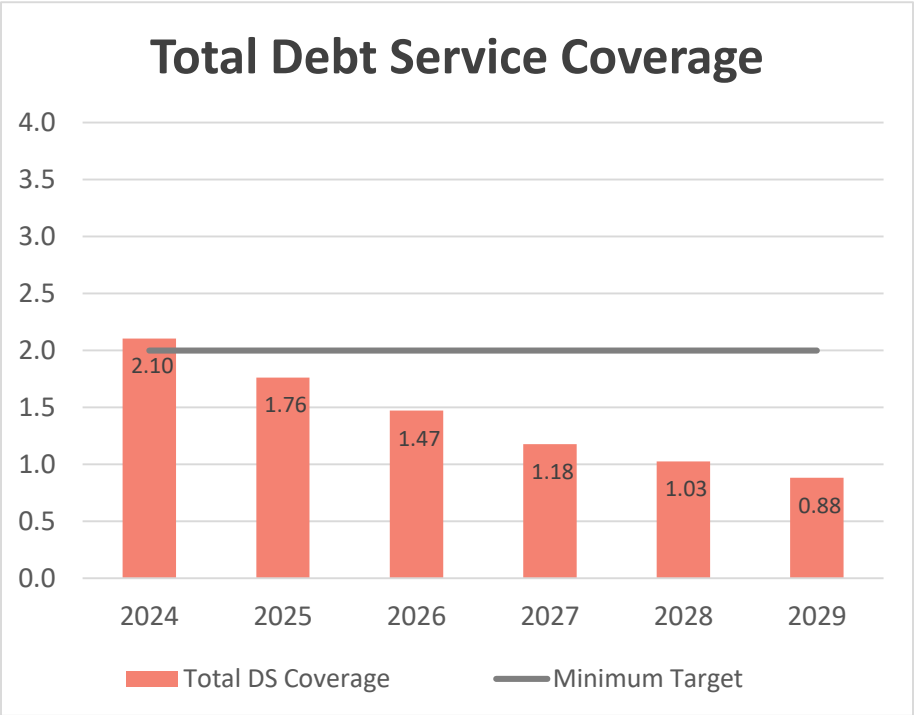
Debt/PayGo



5-Year Financial Plan



Financial Metrics (No Rate Increase)



*Excludes Repair & Replacement and Extension Funds as they are not included in Days Cash calculation.

Credit Rating Agency Factors

Financial Strength

Debt coverage, cash, operating ratios

System Characteristics

Size & condition, service area wealth, customer base

Management

Rate management, regulatory compliance, capital planning, policies

Legal Provisions

Strength of bond covenants

Adequacy of Water Supply

Local Economy & Future Outlook

Comparative Financial Data – Water & Sewer Utility

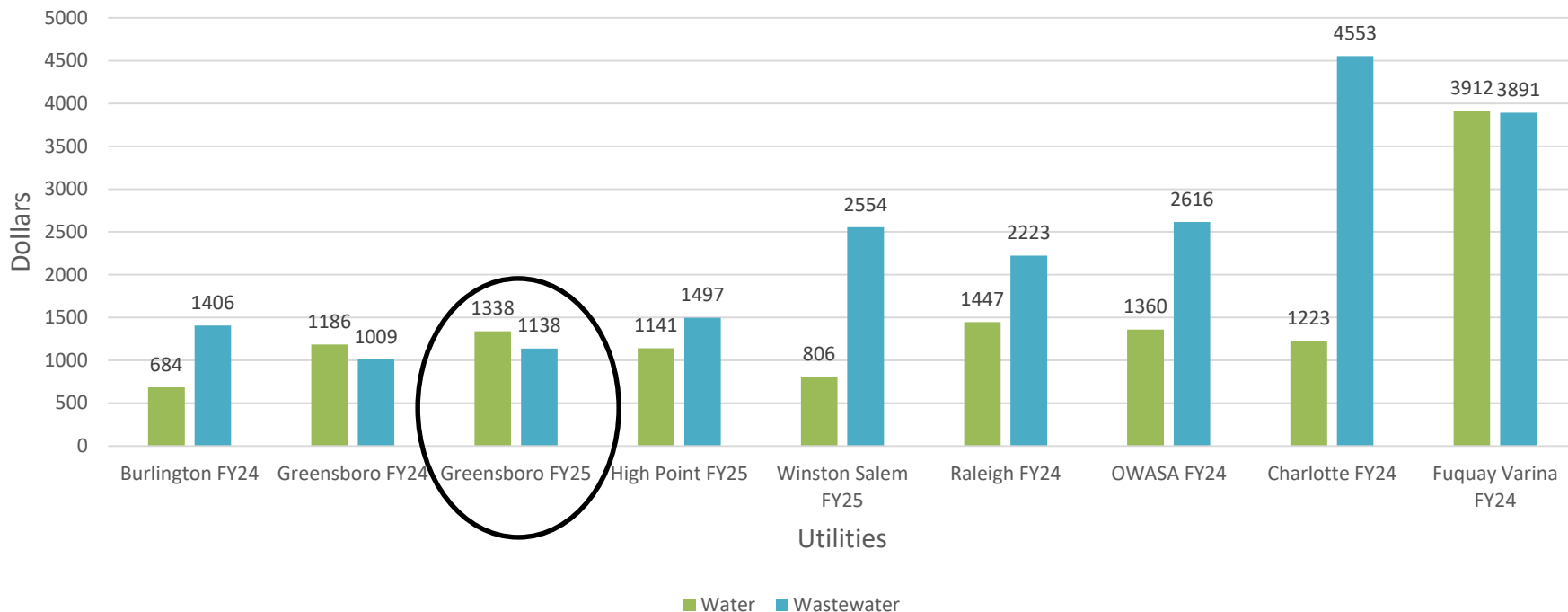
	GSO	High Point	Durham	Winston-Salem	Raleigh	Charlotte	National Median	
							Aa1	Aaa
Moody's Credit Rating - 2023	Aa1	Aa2	Aa1	Aa1	Aaa	Aaa	Aa1	Aaa
Cash on Hand	\$44,218	\$43,146	\$87,654	\$103,995	\$462,700	\$340,580	\$87,654	\$340,580
Days Cash on Hand	201	436	427	711	1,358	504	463	870
Debt Service Coverage	2.7 x	2.0 x	3.7 x	2.3x	3.0 x	2.2x	2.9 x	3.0 x
Operating Expenses	\$80,127	\$36,131	\$74,920	\$53,382	\$124,351	\$246,491	\$59,774	\$105,199
Unrestricted Reserves as % of Operating Expenses	55%	119%	117%	195%	372%	138%	129%	238%

System Development Fee

- In 2017 the General Assembly created a standard SDF methodology for recovering capital costs attributable to new development
- City Council approved SDF's effective July 1, 2018 equal to its previous Capacity Use Fee, though the study recommended higher fees
- A new study, required every 5 years, was approved by Council on July 1, 2023
- The 2023 study recommended a substantial increase in fees, and Greensboro chose to implement incremental increases over a 5 year period. Year 1 increase was effective July 1, 2023.
- In year two, we remain competitive with Triad cities

System Development Fee

System Development Fee Comparison of Utilities in NC (2024)



FY24 -25 Stormwater Enterprise

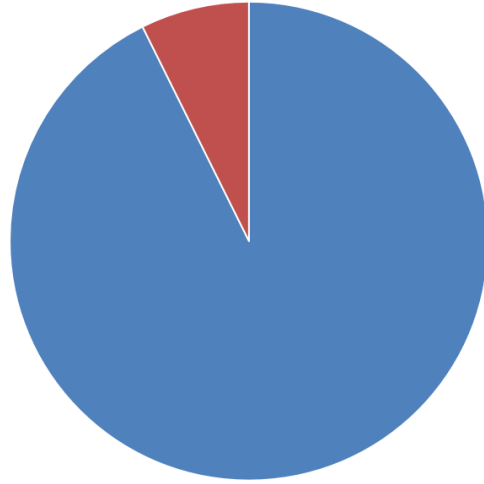


Stormwater Enterprise

- Created in 1995 to comply with unfunded Federal and State NPDES Permit Requirements.
- Includes traditional stormwater maintenance activities, flooding mitigation, etc.
- No rate increase in over 20 years
- Lowest rate for any large City in NC

FY 24-25 Recommended: \$15,894,422

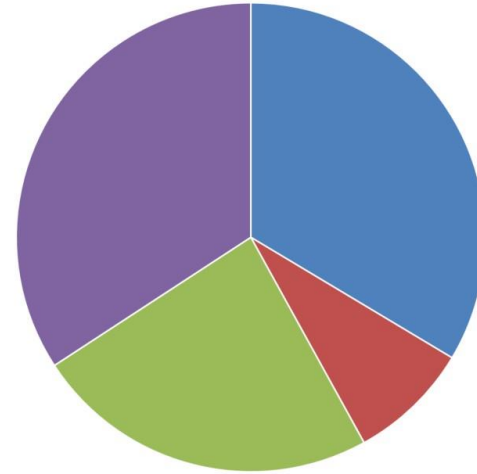
Revenues



- Stormwater Fees
- Other Revenue

Stormwater

Expenses



- Salaries & Benefits
- Indirect Costs
- Other M&O
- CIP

Major Stormwater Projects

- Flood Damage Prevention \$12M
- Stream Restoration / Stabilization \$3.1M
- Stormwater Pipe Improvements \$1.1M
- Cody-Voss Culvert Replacement \$1.1M
- Friendly Avenue Stormwater Reroute \$1.6M
- Fairview Street Pond Improvements \$3.08M

Stormwater Federal and State Grants Received

- NCDEQ \$400,000 for North Buffalo Watershed Master Planning
- NCDEQ \$375,000 for Fairview Street Stormwater



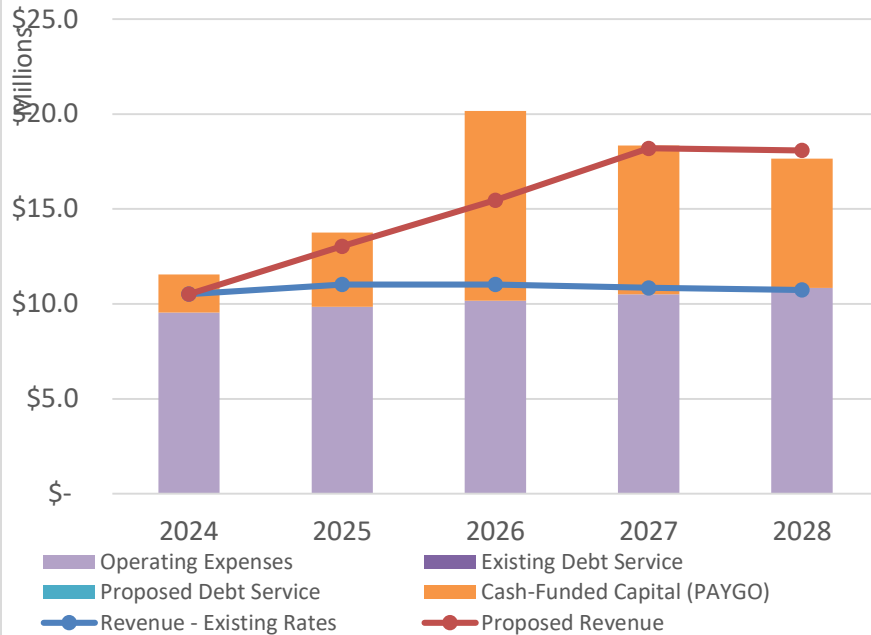
Stormwater Financial Overview

- Revenue has not kept pace with rising costs
 - Increasing operating expenses
 - Limited cash flow for pay-go capital
 - Negative change in net position (FY 2023)
- 5-year capital improvement plan is significant and will increase after completion of master planning studies
 - Infrastructure maintenance, flooding mitigation, water quality, etc.
- Phased rate increases to build revenue stream and finance capital program
 - Year 1 rate increase of 20%, or 54 cents per month on a typical customer

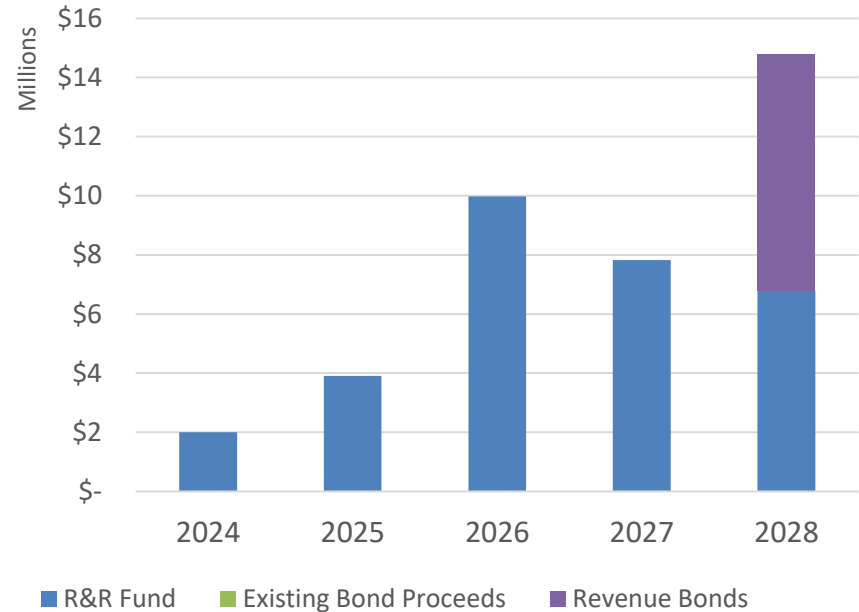


Stormwater Financial Plan

Financial Plan



CIP Financing



Stormwater Enterprise



Stormwater Enterprise



**District 2 – Revolution Mills
North Buffalo Creek**

Stormwater Enterprise



Stormwater Enterprise



**District 3 – Avondale Drive
North Buffalo Creek**

FY 2025 Overall Effect of Proposed Increases

Calculations based on 5 units of water and sewer and Tier 2 Stormwater
Average Units per Month 5

	FY24	FY25	
\$	2.70	\$ 3.24	Stormwater - middle tier 2,000-2,899 (Sq. ft)
\$	4.82	\$ 5.31	Water Availability Fee
\$	7.83	\$ 8.64	3 units of water
\$	7.52	\$ 8.28	2 units of water
\$	4.68	\$ 5.02	Sewer Availability Fee
\$	22.70	\$ 24.35	5 units of sewer
<hr/>			
\$	50.25	\$ 54.84	Total Average Bill

Overall Percentage Increase 9.1%