

**HIGH POINT CITY COUNCIL  
SPECIAL MEETING  
(Pre-Budget Meeting #1)  
JANUARY 7 2016 – 3:00 P.M.  
3<sup>RD</sup> FLOOR LOBBY CONFERENCE ROOM**

**MINUTES**

**Present:**

William S. Bencini, Jr., and Council Members and Council Members Cynthia Davis (At-Large), Latimer Alexander (At-Large), Chris Williams (Ward 2), Alyce Hill (Ward 3), Jay Wagner (Ward 4), Jim Davis (Ward 5); and Jason Ewing (Ward 6)

**Absent:**

Mayor; Mayor Pro Tem Jeff Golden (Ward 1)

**Staff Present:**

Greg Demko, City Manager; Randy McCaslin, Deputy City Manager; Jeron Hollis, Communications & Public Engagement Director; Eric Olmedo, Budget & Performance Manager; Lauria Altizer, Senior Budget Analyst; Roslyn McNeill, Budget Analyst; Terry Houk, Director of Public Services; Robby Stone, Asst. Public Services Director; Derrick Boone, Stormwater Superintendent; Mary Sizemore, Library Director; Lorrie Russell, Assistant Director- Library; Lisa Vierling, City Clerk; Maria Smith, Deputy City Clerk

**Others Present:**

Elizabeth and Louis Thibodeaux; Sally Platt; Carol Forsyth

**News Media:**

Pat Kimbrough, *High Point Enterprise*

*The following handouts were distributed during the meeting and will be attached as a permanent part of the proceedings:*

- *Public Services Department- The Stormwater Program (PowerPoint Presentation)*
- *Two-Page Summary- Stormwater Management Improvement Program*
- *General Fund Overview- PowerPoint Presentation*
- *High Point Public Library- PowerPoint Presentation*

**1) Stormwater**

Terry Houk, Director of Public Services, provided an overview of the City of High Point Stormwater Division. He introduced Robby Stone, Derrick Boone of his staff. Mr. Houk started his presentation by briefing Council on the Stormwater Program History, which was initiated by the Clean Water Act of 1972 with the creation of the National Pollutant Discharge Elimination System (NPDES). The Water Quality Act of 1987 expanded the power of the NPDES and

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required municipalities with separate storm sewer systems (MS4s) to obtain permits in order to discharge into the receiving waters. High Point obtained its NPDES Phase I permit in 1990; and Phase II in 2003. The stormwater utility rate was established in High Point in 1992 (i.e. flat rates: \$1 per household, \$5 for commercial, \$10 for industrial) with the official Stormwater Division established in 1996.

He reported that the NPDES Stormwater Permit requires the following:

- Monitor illicit discharge
- Public Education
- Monitor for construction/run-off
- Conduct post-construction site inspections
- Involve the public in participation
- Do Total Maximum Daily Loads Management (TDMLs)
- Pollution prevention and good housekeeping for municipal operations

The City has approximately 1,100 stormwater outfalls; 470 miles of stormwater pipe.

Mr. Houk reviewed the Stormwater Maintenance Policy (all done in the public right-of-way). He reported that the City maintains the ditches, drains, etc..., but pointed out that the City does not maintain drain systems on private property. He advised there is a Stormwater Management Improvement Program to assist private property owners who receive stormwater runoff from City property or City-maintained streets. Council Member Alexander how to help a citizen understand this policy. Mr. Houk replied that right-of-ways would be identified on their deed map, and if there was not one noted, then it would not be the City's responsibility. Mr. McCaslin further advised it would be a right-of-way or public utility easement. Mr. Houk reiterated that the City will maintain what is within the right-of-way on both sides of the street, but once it crosses outside the right-of-way, it becomes private and belongs to the citizens and the City does not provide assistance in those situations. Mr. McCaslin mentioned some recent emails that several had received regarding a situation on Stanley Drive and pointed out that the City only maintains what is in the street, not on private property. He pointed out that the developer of that property did not grade the property properly.

Mr. Houk then provided information on the Stormwater Management Improvement Plan, which is available to assist property owners with storm drainage problems. The City will clean out debris and obstructions to improve water flow; perform bank and slope stabilization; install pipe to contain the flow. He referenced the handout that outlines the current policy. It also identifies who qualifies for the program and advised that this program does not apply to new construction projects or the maintenance of privately owned water quality devices, or pipes greater than 42 inches in diameter. The handout also identifies the Program Criteria the City uses when implementing the Stormwater Management Improvement Program. City Manager Greg Demko informed Council that he has received some calls as well regarding private property that is not part of the stormwater system, but are having to deal with their property being flooded. He reiterated that the City does not take care of this due to it being part of a personal, private property issue; the City only takes care of the City's stormwater flow system.

Mr. Houk advised that the City will provide all engineering, including the scope for the project; the means for doing the repairs; the schedule; and design the size and type of any materials necessary to complete the project. He pointed out the property owner is required to pay upfront for the purchase of materials for construction of the project.

Mr. Houk referenced a series of large rain events that occurred in 2003 which prompted some areas to be identified as potential flood areas. He explained at this time, staff was instructed to examine the overall City, and come up with a list identifying potential flood areas. Staff was then asked to reduce the list to seven primary areas. He noted this was the City's first attempt in addressing major flood mitigation and addressing major problems beyond the right-of-way and staff used engineering estimates based on previous projects to derive an estimated cost for the 2004 Bond Referendum (\$15.4 million). The cost breakdown was as follows:

| 2004 Bond Referendum- Cost Estimates |                           |              |
|--------------------------------------|---------------------------|--------------|
| Preliminary Basins Study             |                           | \$548,850    |
| Hamilton/Montlieu                    | 4 of 5 projects completed | \$6,060,041  |
| Hospital/W. Ray                      | 0 of 6 projects completed | \$813,084    |
| Rockford/Country Club/               |                           |              |
| Kensington/Rotary/Farriss            | 2 of 9 projects completed | \$1,685,926  |
| Jacob's Place/W. Green               | 4 of 7 projects completed | \$3,164,789  |
| Sherbrook                            | 2 of 2 projects completed | \$2,578,462  |
| Total Completed Projects             |                           | \$14,851,152 |

Regarding the Hospital/W. Ray project, he clarified that although none of the projects have been completed, the City incurred \$800,000 in engineering fees and additional fees for acquiring right-of-way and purchasing vacant houses for the project. He explained the project was terminated after some issues came up and it was determined that some of the citizens were not in favor of moving forward with the project.

| <b>Estimated Cost to Complete Projects Identified for the 2004 Bond Referendum</b> |  |   |  |   |
|--|--|---|--|---|
| <b>Project</b>   | <b>Design/<br/>Construction<br/>Sequence</b> | <b>Est. Engineering &amp;<br/>Construction<br/>Time</b> | <b>2004<br/>Engineer's Cost Est.<br/>(\$ Millions)</b> | <b>2015 Est.<br/>Cost<br/>(\$ Millions)</b> |
| Country Club/Rockford/<br>Westchester/Dovershire/<br>Kensington                    | 1  | 2 years   | N/A  | \$1.54                                      |
| W. Ray/Hospital- 2   |  |   | \$1.64   | \$2.13                                      |
| W. Ray/Hospital- 3a  |  |   | \$2.28   | \$2.96                                      |
| W. Ray/Hospital- 3b  | 2  | 5 years   | \$4.35   | \$5.66                                      |
| W. Ray/Hospital- 3c  |  |   | \$2.14   | \$2.78                                      |
| W. Ray/Hospital- 3d  |  |   | \$0.62   | \$0.81                                      |
| Hamilton/Montlieu- 2   | 3  | 2 years   | \$1.21   | \$1.57                                      |
| Rotary/Farriss- 2  |  |   | \$0.14   | \$0.18                                      |
| Rotary/Farriss- 4  | 4  | 2 years   | \$0.11   | \$0.14                                      |
| Rotary/Farriss- 7  |  |   | \$0.02   | \$0.03                                      |
| Rotary/Farriss- 12   |  |   | \$0.04   | \$0.05                                      |
| Jacobs Place/Green- 7  | 5  | 3 years   | \$2.54   | \$3.30                                      |
| <b>Total Cost</b>  |  |   | <b>\$15.09</b>   | <b>\$19.62</b>                              |

He noted these are in the order of priorities based on the original studies. Mayor Bencini pointed out the discrepancy in numbers for the W. Ray/Hospital project between the 2004 estimates and the 2015 estimated costs. Mr. Houk explained the studies that were conducted revealed a lot more issues than realized. He recalled there was also some opposition regarding this. Council Member Alexander noted there was a dry pond that was going to be created near Ray and many neighbors had issues with the dry pond. He pointed out the city did a dry pond in the Westwood area and it has worked great with no complaints from the neighbors.

Mr. Houk then reported on the “Pay-as-you-go Projects” as follows:

**Pay-as-you-go Projects (since 2003)**

| <b>Completed Project</b> | <b>Cost</b>        |
|--------------------------|--------------------|
| Asbill Ave.              | \$85,596           |
| Barbee Ave.              | \$171,032          |
| Charlotte Ave.           | \$1,033,795        |
| Coltrane Ave.            | \$146,123          |
| Delk Dr.                 | \$279,016          |
| Mint Ave.                | \$74,958           |
| Rock Bridge Rd.          | \$47,447           |
| Wayside St.              | \$66,290           |
| Hall St.                 | \$86,898           |
| Carolyndon Dr.           | \$42,114           |
| *Sunset Ave.             | \$227,471          |
| <b>TOTAL COST</b>        | <b>\$2,260,740</b> |

Mr. Houk reported that the \*Sunset Ave. Project was originally identified as a CIP project, but the project was completed with Pay-as-you-go.

**Pay-as-you-go Projects (other)**

| <b>Planned Project</b>                | <b>Appropriated Funds</b> |
|---------------------------------------|---------------------------|
| Meredith St. (under contract)         | \$76,066                  |
| *Edgedale/Woodbrook (design complete) | \$303,162                 |
| *Gatewood/Westwood (design complete)  | \$350,280                 |
| Hedrick/Chandler (design complete)    | \$137,420                 |
| *Jacobs Pl. 1 & 5 (under design)      | \$3,817,525               |
| <b>TOTAL COST</b>                     | <b>\$4,684,453</b>        |

Staff anticipates bidding the Edgedale/Woodbrook; Gatewood/Westwood; Hedrick/Chandler in the Spring of 2016. Regarding the Jacobs Pl. 1 & 5 project, based on current issues that have been encountered, staff does not believe \$3.8 million is sufficient to do this project. Council Member Alexander asked staff to explain how the priorities were derived for these projects and asked if they were not prioritized by potential life and property damage. Derrick Boone confirmed this was correct and staff has been working off the list. He noted that the W. Ray/Hospital project was also a high priority and the list was sorted based on those priorities. Council Member J. Davis pointed out Charlotte Avenue was a short street and felt the estimated

cost for this project was steep for the length of the street. Mr. Boone explained it went from Charlotte Avenue all the way up to Bridges, which was a very large area.

Mr. Houk then shared a map of the Rockford/Country Club drainage system (original project area at an estimated cost of \$510,000). He advised the project was not completed in 2004 due to staff not being able to obtain all the required right-of-way to complete the project. The project is moving forward again and Council and staff has and continues to receive comments from citizens on this project. He further advised that a public hearing was held in December of 2014 which resulted in an expansion of the project, which included the Kensington channel and the Kensington/Dovershire interesections; these additions increased the total cost of the project to an estimated \$1.5 million.

Council Member Alexander inquired about what happens to the property down-basin from this area. Mr. Houk explained the idea is to slow down the velocity or increase the velocity to get the water through, in an effort to minimize impacts downstream. He further explained when staff does a study of a basin, they determine what areas will be impacted and ideally would want to do the whole basin, but due to the limited funds available this is not possible. Mr. Boone advised that the basin is problematic due to it being such a tight area with many houses, making it difficult to try to solve flooding upstream and not increase the velocities downstream. Council Member C. Davis asked staff if the velocities have increased in this area and Mr. Boone replied "yes" and explained there is a lot of water being stored upstream on Westchester in yards. Mr. Houk reported that staff is in the process of executing a contract for a more detailed study to move forward on this project.

Council Member Wagner asked about a timeframe for the project. Mr. Houk confirmed it would be two years, once staff gets the design and construction and funding to complete the project. Council Member C. Davis noted she never got an update on the additional right-of-way that might be needed for the project and asked how it might impact the project. Mr. Houk explained they determined what areas need to be obtained. Mr. Boone noted the contract with Jewell Engineering Consultants is being routed for signatures and once this is done, they will be able to move forward with the more detailed design. He advised a few months back, staff did meet with the property owners and shared the suggested improvements with them per Jewell to see if they could get their agreement to move forward with those projects on their property and it was acceptable by most to do that. This will allow staff to move forward with more detailed negotiations and design in the very near future. Council Member C. Davis asked how much of the right-of-way was needed. Mr. Houk advised that the amount of right-of-way needed varied for the project. Mr. Boone noted a lot of it depends on when the final design is complete and once that is done, then staff and the city's right-of-way agent would meet with the property owners to discuss the project.

Council Member J. Davis pointed out this is an older neighborhood and asked if these problems have been going on for fifty years or if they were just starting to come to a head now. Mr. Houk assumed that these problems have been there for years and explained to retrofit systems, they design for a ten-year flood. Council Member J. Davis questioned the cause since some of the neighbors are saying they have never had flooding and have been living there 34 years, now all of a sudden they are having major flooding issues. Mr. Houk conveyed this has been a very wet

year and felt this has contributed to the flooding/stormwater issues. Council Member Wagner explained these are older neighborhoods and were not designed to handle a lot of water. Mayor Bencini explained in the W. Ray/Hospital area, the explosive growth of the hospital/medical area helped to create impervious surface, which also contributes to flooding. Council Member Alexander felt the city has done a tremendous job in understanding from a GIS and sizing perspective, what the underground system looks like and in years past, location and size of pipes underground were unknown. Council Member C. Davis noted that some of the neighbors in the Dovershire area shared with her that the banks have drastically deteriorated and eroded over the years. Mr. Houk reiterated that when these houses were built years and years ago, nobody wanted to talk about stormwater. Council Member C. Davis expressed concerns about how the city would address it so their foundations, etc.... stay intact because the city was adding additional water/velocity. It was noted that this area has already been built-out as far as development goes, and Council Member C. Davis suggested that the city would be piping over additional from Country Club over Westchester into that area. Staff noted the water is already going in this direction now and no additional water is being added. Council Member C. Davis asked if staff could clarify that they said the velocity would increase. Mr. Houk explained velocity would, but not volume. Council Member C. Davis suggested this still adds to the problem. Council Member Alexander disagreed and explained it really depends on how fast the water clears and how much rain comes down in a certain period of time.

Mr. Houk shared a map and a breakdown of the Rockford/Country Club, Kensington and Dovershire Project and reiterated that the estimated cost for the project initially was \$510,000 and with the additional area, it increases the estimate by another \$800,000. He reported that Dovershire bank stabilization portion is estimated at \$260,000; the culvert system is estimated at \$400,000 which brings the estimated total cost of this project to \$1.5 million. Council Member Alexander mentioned there are a number of residents that have bridges as you go downstream from Wales with defined banks and top rock which restricts the flow from going any farther south. He asked if these might be choke points posting the water here causing it to back up the basin. Mr. Boone advised it was part of the proposal from Jewell Engineering to do the Kensington/Country Club area and they will look further downstream and model it down to the Wales and Westminster section as well to determine the potential impact. Council Member Wagner believed this area is in a flood plain and expected to do this to some degree.

Mr. Houk advised the entire drainage basin they are looking at is approximately 400 acres. He noted the green on the map indicates areas where staff received additional complaints about flooding, but are not currently targeted to be part of this project as it is currently defined. Council Member J. Davis asked if the city offers a program where a resident can pay to have their problem fixed although it is not part of the actual project. Mr. Houk explained the city does offer assistance based on private property, but it would be too big for the city to do so it would have to be bid out.

He advised the next question would be how to pay for the projects. The current ERU is \$3 per household and is based on impervious surface (2.588 ft<sup>2</sup>). Commercial and industrial properties are charged based on their total ISA. He then shared a comparison of fees charged by High Point and other jurisdictions in the State as follows:

| <b>Comparison- Fee per month</b> |   |  |  |
|----------------------------------|---|--|--|
| <b>Jurisdiction</b>              | <b>2,500 ft<sup>2</sup> ISA<br/>Residential</b> | <b>20,00 ft<sup>2</sup> ISA<br/>Commercial</b> | <b>450,000 ft<sup>2</sup> ISA<br/>Commercial</b> |
| Greensboro                       | \$2.70  | \$21.23  | \$477.78   |
| <b>High Point</b>                | <b>\$3.00</b>                                   | <b>\$23.18</b>                                 | <b>\$521.64</b>                                  |
| Raleigh                          | \$4.00  | \$35.40  | \$796.46   |
| Asheville                        | \$4.20  | \$34.40  | \$773.96   |
| Concord                          | \$4.30  | \$27.56  | \$620.19   |
| Winston-Salem                    | \$4.50  | \$31.80  | \$715.39   |
| Durham                           | \$6.75  | \$35.40  | \$796.46   |
| Wilmington                       | \$7.23  | \$57.84  | \$1,301.40                                       |
| Charlotte                        | \$10.18   | \$75.56  | \$1,700.21                                       |

He noted that Archdale was charging \$5 per ERU in 2013, which was based on 3,600 ft<sup>2</sup>. Council Member Alexander asked if these fees were being used for the Pay-as-you-go projects or to defease the bond debt. Staff advised this fee covers operations, pay-as-you-go and bond debt.

Mr. Houk reported the future of the Stormwater Program involves staff projecting and planning for future funding sources for capital improvement projects and to ensure compliance with NPDES Phase II permitting requirements, which will become more stringent in the years to come.

Stormwater Division Financial Plan

At this time, Eric Olmedo, Budget & Performance Manager, advised that at the direction of the city manager, the Budget staff was asked to work with the various department heads on long-range business plans. He explained in the past, the General Fund property taxes paid for the \$15.4 million in debt that was issued in 2004 and when the ERU rate was raised by \$1, so now the system is paying for the debt service. He advised that the debt service would be paid off in 2030. Under Scenario 1 (no rate increase, cash affordability to fund future projects) it is anticipated that an estimated \$3.9 million over an eight-year period to pay for Pay Go projects. He pointed out this would not come close to funding the \$24,500,000 in total projects. Under Scenario 2 (cash fund future capital plan with one rate increase), the monthly ERU rate would need to be raised from \$3.00 to \$5.75 (raise it by \$2.75 per month) to cash fund all these projects in the future. He noted that building the fund balance would provide flexibility and the ability to cash fund even more projects in the future once identified. Under Scenario 3 (debt fund future capital with a rate increase), the rates would need to be increased from \$3 to \$4 to debt fund the future capital).

Council Member Alexander asked if the funding source would be revenue or general obligation bonds. Mr. Olmedo noted in the past, GO bonds were done, but the city does have the capability now that this is revenue supported, it could be folded into the combined Enterprise Fund and fund it that way with a Revenue bond. He advised this is one of the policy questions that



Council will need to determine. He explained this would debt fund the needed projects, but would still maintain the ability to cash fund the \$3.35 million throughout the 8-year period. He noted the Bond Rating Agencies like to see the city putting cash into the system and not just debt funding everything.

Mr. Olmedo advised the next steps for stormwater could include the following options: Pay Go and no increases (and not really affect the needed projects); Pay Go all of it and raise the monthly ERU rate by \$2.75; or do a bond issue. Council Member J. Davis believed the public would support a GO bond referendum for the stormwater. Mr. Demko advised there are several different options and noted since this is now set up as an Enterprise Fund, it was good to have the fee for the service in helping to pay for the debt as well. He felt to go the other way, it could be done, but it goes against the idea of a business unit paying for its own services. He shared the other piece of this was if Council chooses to do the Pay Go and no rate increase, the city could probably do about \$3.5 million in projects over the next eight years and pointed out the estimates for these construction costs would drastically increase in the future. He advised the key is how to cash flow the enterprises. He asked Council to give staff some guidance as to how staff can be building some of the items as the manager's recommended budget is prepared. Council Member J. Davis asked about the amount of the rate increase if Council goes the GO bond route and the public supports it. It was noted the rate increase would be \$1. Mr. Olmedo explained staff would continue to update the model and noted in 2030 the first part of the debt service goes away and this would create even more capacity. Council Member Wagner asked about the possibility of doing part of the projects on the \$24,500,000 list and Mr. Olmedo replied that Council could pick and choose how much of an increase, as well as consider a combination of the other funding options.

Council Member Alexander felt one of the problems with going the GO bond scenario is the value of the property has nothing to do with the amount of the problem putting into the system, but doing it under a Revenue bond and funding it through an ERU rate would result in those using more of the system to pay more. Council Member J. Davis stated he understood this, but pointed out there will probably be other proposed rate increases this year. He believed many people are aware of the stormwater issues facing the city and would be supportive of GO bonds. Mr. McCaslin pointed out the GO bonds would still be paid off through the ERU rate. Mr. Demko noted comparing the Revenue bond versus the GO was really the type of security that goes behind the bond (tax authority or the revenue being pledged). He believed it was premature at this point to say there are going to be rate increases and noted this would be determined in the budget process after Council reviews the business plans for the departments. Council Member Hill asked if the city went with a combination and did some part of it through rate increase and part through GO bonds if, there would be more available short-term to address some of the projects. Mr. Olmedo replied it would, but it really depends on the size of the rate increase and the timing of the bond issue. Council Member Alexander questioned why the city would want a GO bond versus a Revenue bond. Council member J. Davis reiterated that his concern was with the rate increases that may be imposed with the adoption of the budget that will result in an increase in the utility bill. Mr. Olmedo clarified that the \$2.75 proposed ERU fee would cash fund it over eight years and the \$1 does bond fund it. Council Member Ewing suggested there has to be a balance between some of the complaints that Council gets about issues that can be fixed by a rate increase versus those that complain about a rate increase. Council Member

Alexander shared an example and noted that the hospital does not pay property taxes, but does pay the ERU stormwater fee.

Mr. Demko pointed out the \$2.75 is the proposed amount, but it could be a different amount depending on the degree that Council wants to take care of the stormwater issues. Council Member J. Davis believed that if the city is going to tackle the stormwater issues, they should go ahead and fix it, otherwise they would not be gaining ground. Mr. Demko recommended to keep it as a borrowing and not identify at this point whether or not to do a Revenue bond or a General Obligation bond. He noted personally he would want to take care of the issues, borrow the money and increase the ERU rate \$1. He pointed out the current financial plan shared earlier reflects the city could raise \$24 million with a \$1 over the next 20-30 years. He pointed out the decision would be entirely up to the City Council.

Council Member C. Davis felt the increases would not be so bad if Council would focus on higher paying jobs within the city because there are so many people that are unemployed or retired. She pointed out people just do not have a lot of money to do a whole lot more with. She suggested as Council goes through the budget process, they might want to downsize the amounts to contribute in order to do the things the city is truly responsible for doing. She clarified that she is certainly in support of doing this, but did feel like as Council moves forward, they need to look at the budget in its completeness and see what needs to be done to take care of the things that really need to be done. Council Member J. Davis noted he would support Revenue or GO bonds and would prefer to do the whole project all at once. Council Member Alexander pointed out there were also issues regarding retention ponds/homeowners, etc.... and asked if the city ever came up with a strategy to make the homeowners responsible for the maintenance of those. Mr. Demko replied that a good plan has not been devised for this yet.

### **General Fund Revenue Overview**

Eric Olmedo, Budget & Performance Manager, shared some preliminary estimates of General Fund revenues and presented some policy issues related to General Fund revenue. He shared a chart of major revenue sources and provided some history starting with FY 2010-2011 by the following categories:

- Other Revenues
- Admin. Reimbursement and Transfer
- Charges for Services
- License and Permits
- Intergovernmental
- Sales & Use Tax, Occupancy Tax
- Property Tax

He advised that the property tax revenue is the biggest revenue source in the General Fund. He pointed out the revenue has declined due to the lowering of the tax rate over the last couple of years from 0.675 to the current 0.65. He noted the projection is based on the Environmental Services transition into an Enterprise Fund. There is a projected 1.25 cent property tax decrease, as well as an increase in the solid waste collection fee from \$11.00/month to \$14.00/month. Mr. Olmedo shared that he ran into some problems because Guilford County did not provide a

breakdown between residential, commercial and industrial on the tax rolls, then they started reporting it again. He explained this makes it difficult to do a comparison over the years, but the County did recognize there was an issue and reworked the categories. He advised overall the reevaluation depicts some slight increases, bringing the total estimated for next year at \$9.1 billion. Mr. Demko noted one of the targets being discussed is how to raise values within the city. Mr. Olmedo stressed the importance of the ability to raise property values. Council Member Wagner asked if these numbers reflect the new POLO facility. Mr. Olmedo explained the numbers reflect part of the facility due to it being valued during construction.

Property Tax Policy Issue. Mr. Olmedo noted the property tax from a policy issue standpoint, based on the 3-year plan to move the Environmental Services and garbage collection over to an Enterprise fund, staff is looking at dropping the tax rate again to 0.6375 and increase the solid waste fee by \$3 (from \$11.00 to \$14.00).

Sales and Use Tax Revenue. He reminded Council that the State Legislature has made a lot of changes in the way local governments are able to raise money to fund operations. One of the things they did was to move several things to sales tax. Prior to 2014-2015, the city was averaging about \$17.2 million in revenue, but the switch by the Legislature from a utility franchise fee to utility sales tax, resulted in the city collecting \$6.4 million last year. The city is looking at little growth next year.

Council Member J. Davis inquired about the vehicle tax and asked if counties and municipalities all operate in the same manner. Mr. McCaslin pointed out this has to be done according to legislation they all do not have it and depends on how it was originally authorized through the General Assembly. Mr. Demko explained the occupancy tax is restricted by legislation to items that help promote tourism.

Sales and Use Tax Policy Issue. Mr. Olmedo advised that the Legislature has made a series of change in the last couple of years to expand the base of what is taxable with an additional expansion that will be effective on March 1, 2016 on the sales tax base for repair, maintenance and installation services on tangible personal property (including motor vehicles). This revenue will start coming in through the July 1, 2016 distribution.

Charges for Service (user fees). He pointed out the largest part of this was through the Parks & Recreation programs and Theatre fees and various other fees that the city charges. Staff discussed the level of cost recovery expected in some of these areas. He then shared some cost recovery comparisons with cities such as Hickory, Concord, Winton Salem, Salisbury, Wilson, Greensboro, Asheville, Apex, Greenville, Cary, and Burlington. In 2013-2014, the city recovered 18% of the direct costs (comparisons range from 33.60% down to 4.60%). These comparisons do not include campgrounds, golf courses...but does include the tennis centers). Randy Hemann, Assistant City Manager, shared the golf course are performing really well reflecting an increase in revenues. Mr. Demko advised this information is not intended to drive policy decisions right now, but was being shared with Council for awareness.

Mr. Olmedo then shared the cost recovery comparison for the **Theatre** which included Morganton, Paramount Goldsboro, Clayton Center, Paramount Burlington, Carolina Durham and

Carolina Greensboro. He noted the closest one to what High Point does would be the facility in Morganton where they subsidize more than their users. Mr. Hemann asked Council to keep in mind in most of the cities, the Theatre experience is not just the Theatre, it's what is around the Theatre that helps drive that and High Point does not have anything else to help drive this right now. He noted the potential is there for the city to grow its downtown with the Theatre experience. Council Member Alexander as about the rentals for the Furniture Market, etc.....; it was noted this revenue was included. Council Member J. Davis noted since this is an old report, he would be interested in seeing if the Theatre's artist fees increase has made a difference in revenues.

Intergovernmental Revenue. Mr. Olmedo stated these are revenue sources that the city has no real control over (miscellaneous, state/federal grant, payment in lieu of, hold harmless [no longer receive hold harmless revenue], video program fee, beer & wine/ABC, county funds, Powell bill/DOT funds, Utility franchise tax). He noted included in the County funds that the city receives is funding for the Library, SROs in schools and Deep River Fire Station. He advised the main policy discussion this area would be about Powell Bill and how funding is no longer based on gas tax revenues. It is now a direct appropriation from the General Assembly.

Licenses and Permits. A majority of these revenues come from the building and development permits. He pointed out the business license revenue has gone away. Building Inspection cost recovery comparisons were done for Wilson, Burlington, Cary, Concord, Apex, Greenville, Greensboro, Winston, and Asheville. The City of High Point recovered almost 49% of direct costs through these fees with the others cities collecting higher amounts. Council Member Alexander recalled in years past, High Point was in the 80+ percentile and asked if it would be possible to go back and review the previous benchmarking reports. Mr. Hemann suggested it might be helpful, too, to take a fresh look where High Point is as far as how we related to others around us. He noted that the city would really have to have top-notch services before looking at rates and management is currently working on the service aspect of this.

Mr. Olmedo reported that the State Legislature did approve for all municipalities to increase their **municipal vehicle tax** (up to \$30 annually per vehicle). The City of High Point is currently at \$5, which funds the Transit operations. He pointed out the additional revenue must be used for city street maintenance and construction. He advised that each additional \$5 fee increment would generate \$390,000 in revenues. A Municipal Vehicle Tax Comparison was done, which included Greensboro, Cary, Durham, Winston Salem, Concord, Charlotte, Carrboro, Raleigh, Chapel Hill and Matthews. High Point was the lowest at \$5.00 with both Chapel Hill and Matthews charging the highest at \$30.00. Mr. Olmedo advised the current cap is \$30 and noted a \$30 fee would generate an additional \$1.9 million. Council Member Ewing suggested another thing to consider would be as the property tax rates have been reduced over the last few years, it reduces it on vehicles also, so a \$5 rate increase could be a revenue neutral from this standpoint.

**High Point Public Library**

Mary Sizemore, Director of the High Point Public Library, introduced Lorrie Russell, the Assistant Director of the High Point Library.

Ms. Sizemore then provided some significant facts and figures regarding the use at the Library and the Museum as follows:

| <b>Facts &amp; Figures</b>  |  |  |
|-----------------------------|--|--|
| <b>Library &amp; Museum</b> | <b>Library</b>                                 |  |
| 168,635 website visits      | 701,395 items circulated                       |  |
| 366,063 in person visits    | 71,649 computer users                          |  |
| 4,415 programs              | 17,823 wireless sessions                       |  |
| 43,592 program attendance   | 312,413 materials owned                        |  |
| 177 community partners      | 260,524 e-content available                    |  |
| 105,205 reference questions | 24,222 job or technology transactions/programs |  |

She shared about ten years ago, experts in planning library facilities recommended to start phasing out spaces for computers because they thought eventually everybody would have a computer and libraries would not need to provide them. She pointed out that has not happened in High Point. Council Member Williams asked Ms. Sizemore to expound on community partners. She explained the Library has 177 community partners which includes the hospital, different county agencies, Guilford County Cooperative Extension, GTCC Small Business Center, Guilford County Non-Profit Consortium, etc.....

Organization. The Library is organized into nine divisions: Lending Services, Children’s Services, Research Services, Readers Services and Museum. These five divisions actually work with the public. The remaining four divisions: Technical Services, Maintenance Services, Information Services, Administration work behind the scenes and run the day-to-day operation and support the public service divisions. The Library has 52 full-time and 30 part-time staff with 20 professional librarians that hold a Master’s degree in Library Science.

Lending Division. She noted that Lending is probably the most visible and familiar to most people. There are ten full-time and four part-time employees in the Lending. These employees man two staff stations and two self-check stations, drive-thru window, customer service kiosk and work with collection access, checking in/out of materials, customer service, patron accounts. Ms. Sizemore shared that last fiscal year, each full-time employee staff checked in 75,000 items.

Children’s Services Division. This division consists of five full-time and five part-time employees. This division provides books, services, programs to children from birth to early teens. She pointed out staff is working really hard to support the local school curriculum and as a result, they are doing more and more S.T.E.M related programs. She noted this is one reason why they are really excited about the new Plaza area because of the increased opportunity to do Science related programs. She shared that the Realtor’s Association donated \$3,500 towards the

sound system for the outdoor plaza and noted the Chamber of Commerce is also committed to helping with the S.T.E.M program. She also reported this division has two part-time outreach staff that visit home daycares with the mobile Library. A second outreach person visits the larger institutional pre-schools. During the last fiscal year, the Children's Services Division conducted over 2,200 programs with over 30,000 in attendance.

Research Services Division. This division manages the public computer center, which has 51 computers with current software, and access to printing. She noted part of the lab can be closed off for a 15-person classroom, which is used by city departments, library staff for training, the public, outside agencies do job training courses, resume writing, etc.... They also have a growing foreign language collection which consists of eleven different languages represented in this collection. This division also does a lot of specialized assistance for businesses and non-profits to help with research demographics, Census, marketing information. They also do a lot of cultural programming and manage on-going exhibits of artwork by local artists and musicians. During the last fiscal year, this division had about 1,600 programs with 5,700 attendees.

Reader's Services Division. This division has all the adult and teen fiction and a very large DVD collection. She noted this is taking up more and more of staff time in the budget as they try to incorporate that into their collection. She explained the Library does not actually purchase e-content, but accesses it through a variety of sources and the Library belongs to a consortium of about twenty other libraries and buy content and the platform for access to some of these other vendors. During the last fiscal year, the circulation or downloaded materials reached over 39,000 (20% higher than last year) and it continues to grow. Ms. Sizemore noted they also serve homebound citizens and provides a part-time staff member who takes materials to homebound individuals and also takes materials to nursing homes/assisted living. This employee does programming, but because she is only part-time at 25 hours per week, she is very limited. During the past year, she made 254 deliveries.

High Point Museum. Ms. Sizemore shared that the High Point Museum became a division of the Library in 2009, with the Museum Director reporting to her. The Heritage Research Center (HRC) is part of the Museum division. The Museum has three staff members: one research associate and two professional Librarians—one of whom serves as the Archivist.

Technical Services Division. This division is comprised of four employees. Ms. Sizemore explained they literally touch every single item that is on the shelf from unboxing it as it comes in, from cataloguing it, processing it and getting it on the shelf.

Other personnel consists of the maintenance staff (one maintenance worker, three custodians); Information Systems (division manager and two IT specialists), and Administration (two office support, assistant director and director). City Manager Demko reported that the work on the exterior of the Library is about complete and noted the lettering has been repainted. He encouraged Council to go by and take a look and noted this is part of the effort in identifying city buildings and bringing pride to the community. Mayor Bencini pointed out the exterior of the Library has been an issue since the Library was built and asked if this has been resolved. Mr. Demko explained the first two attempts at cleaning the exterior were not a success, but the third time it turned out a whole lot better.

Ms. Sizemore reported that Information Systems manage 212 computers used by the public and the staff, plus other computers throughout the community. She noted that Administration consists of two full-time office support that report to the assistant director and the director.

Budget. The current budget for the Library is \$4,966,787; revenue sources (City of High Point \$4,541,027; Guilford County \$359,960; copies, fines, fees, miscellaneous \$65,800). Additional funding is received from the State Aid to Public Libraries and varies annually (currently \$82,000). Council Member Alexander asked about the number of municipal Libraries in the State and pointed out generally libraries are County functions. Ms. Sizemore replied there are eleven state-aid eligible municipal libraries and noted there are some smaller libraries like the Jamestown Library, Gibsonville Library that gets funding from the County, but do not get money from the State because they do not meet the requirements to receive funding. Mr. Demko added that most of the libraries in North Carolina are provided by the Counties.

Ms. Sizemore reported one of the biggest things the Library did was migrated to a new integrated library service in 2012. She noted that this manages every single thing the Library does having to do with collection and patrons; they have all the records of their holdings; patrons accounts; what they use to catalogue to check things in and out; sends overdue notices (by phone call, email or text); and automatically contacts the collection agency for those patrons that are seriously overdue. Before this, the Library actually hosted their database in-house (since 1996). The servers reached their end of life and needed to be replaced, so the decision was made to migrate to TLC in 2012. This is a hosted site and Ms. Sizemore reported for the most part it has worked really well.

The Library is also trying to enhance the public technology access. Ms. Sizemore advised they took space where they previously stored tax forms, ripped out the shelves, painted the walls and put three express computer stations in. At the request of patrons, they also incorporate WiFi printing, which is very popular and has worked out very well. She reported they also used grant funds to purchase ten iPads for training staff and customers in the library and off-site. They also implemented archive technology, which allows staff to check in and out multiple items at one time. This is faster and customers love self-check. In the last year, about 25% of all check outs occurred at one of the self-check stations.

Limited Library Services. Ms. Sizemore reported that they started offering some limited library services outside the Library with the first one coming about as a result of some Town Hall meetings that Council Members Ewing and J. Davis had. This has been well received. She noted that library customers in the northeast of High Point can request that their holds be sent to the Deep River Rec. Center for them to pick up there. They can also return books there at any time. Since this service started in 2014, over 5,000 items have been sent to Deep River. She applauded the Parks & Rec. staff in accommodating them and making this possible. She reported that the Allen Jay Rec. Center did not feel this was something that would benefit them, but they did say they could use some assistance with their after school and summer camp programs, so the Library provided them with some homework help materials.

She pointed out that the Library also offers offsite service sites where the Library maintains computers in the community that computers are available free of charge (Community

Development, 4<sup>th</sup> Street- 12 computers; Macedonia Family Resource Center- 6 computers; and Fairview Family Resource Center- 5 computers). The Library a lot more non-traditional community programming (International Dance Week; Culinary and Nutrition Classes for teens and children which won a state-wide award last year; CSI Camp for Teens; on-going art displays and music programs. One of the biggest successes the Library is proud of is their Teaching Garden. They just finished the second year, with the Library spending only \$400 on this project. The Friends of the Library picked up the cost for everything beyond the initial \$400. It was a success due to the community volunteers who built the beds and master gardeners who offered classes. Ms. Sizemore advised that whatever foods were not used in class, were donated to various agencies. Edge Initiative grant funds were used to buy adaptive technology for the visually impaired.

Looking Ahead. Ms. Sizemore stressed the need to expand library outreach services to the seniors, daycares, pre-schools and pointed out there is a big need for the seniors as this populations continues to grow. They will also continue discussions with the Parks & Recreation staff about library services and partnerships at the various Rec Centers. The Library staff would also like to serve the business community more and as a result, they are shifting some staff responsibilities for research services to assist them in providing more of this type of assistance.

Ms. Sizemore mentioned they will be applying for some additional State funding next month to help them build an area that will have some computers, some additional resources and possibly close off this space. She shared the Library's biggest challenge is providing up-to-date technology and anticipating future needs. The Library staff will continue to use the Edge Initiative assessment tool to help identify technology needs and qualify for grant funds. The Library is also exploring the purchase of a discovery service.

Ms. Sizemore concluded her presentation and expressed excitement for the proposed Arts & Education Plaza construction and parking lot renovation. She also reported that they will kick-off the first Community Read, sponsored by the Friends of the Library and the Foundation, who will pick up the cost of the author's visit. The Library recently received word on Monday that they have been awarded a grant through the NC Humanities Council, which includes financial and programming support from the Greensboro Chapter of the National Railway Historical Society and an in-kind donation from Fast Signs.

Council Member Alexander asked how expansion of the Library hours has been received. Ms. Sizemore replied that it is going well and noted the new hours started in September. She believed many still do not know about the new hours and she would be talking with Jeron Hollis, Director of the Communications & Public Engagement Director, about helping to promote the new hours.

Council Member Alexander inquired about the Library card and check-out system and asked if this allows the Library staff a direct means of communication with the cardholders. He suggested this might be a means to take advantage of getting the word out. Lorrie Russell, Assistant Director of the Library was not sure the system has this capability and noted there are standardized messages that could be emailed out, but only if the cardholders select to have emails sent to them.



Mayor Bencini asked Ms. Sizemore to go into further detail about the downloadable content and the process for using this service and how long one can keep the information. She noted this includes novels; fiction; audiobooks; e-books; streaming content for videos, music, etc..... Ms. Sizemore explained the process that can be downloaded to any device that the cardholder has. It was noted the downloaded information terminates after three weeks. Each person is restricted to three check-outs per month because the Library pays for every check out.

Ms. Sizemore issued an invitation for Council to visit the Library and personally see the services they offer.

There being no further business to come before Council, the meeting adjourned at 5:05 p.m.

Respectfully Submitted,

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William S. Bencini, Jr., Mayor

Attest:

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Lisa B. Vierling, MMC  
City Clerk