

CITY OF HIGH POINT

AGENDA ITEM



Title: Public Hearing – City of High Point FY 2022-23 Budget

From: Stephen M. Hawryluk
Budget and Performance Manager

Meeting Date: May 16, 2022

Public Hearing: Yes

Advertising Date May 3, 2022

Advertised By: High Point Enterprise

Attachments: City Manager's Message
Legal Advertisement

PURPOSE:

To receive public comment on the proposed City of High Point FY 2022-23 Annual Budget.

BACKGROUND:

Each year, prior to the adoption of the Annual Budget for the City of High Point, the High Point City Council establishes a public hearing date and time to received comments from the public. These comments are taken into consideration by Council prior to approval of the budget.

The public hearing date is Monday, May 16, 2022.

Public comments on this matter can be submitted by:

1. Calling 336-883-3522 and leaving a message, or by
2. Emailing written comments to publiccomment@highpointnc.gov, or by
3. Dropping written comments off in the city of High Point's utility payment drop-boxes located in the Green Drive and the Commerce Avenue parking lots on both sides of the Municipal Building located at 211 S. Hamilton Street.

BUDGET IMPACT:

N/A

RECOMMENDATION / ACTIONS REQUESTED:

None



May 2, 2022

Honorable Mayor and Members of the City Council
City of High Point, North Carolina

In accordance with the General Statutes of North Carolina, I am pleased to submit for your consideration the Manager's Recommended Fiscal Year 2022-23 Budget. The budget is balanced and was prepared in accordance with the provisions of the North Carolina General Statutes and the policies of the North Carolina Local Government Commission. It incorporates the priorities and policy direction communicated by the Mayor and City Council and reflects the City Council's commitment to responsible fiscal management, while continuing to provide services that improve the quality of life for the citizens of High Point. Additionally, the proposed budget decreases the property tax rate by 3.0 cents to 61.75 cents per \$100 of property value, which is based on a total valuation of \$12,864,013,741.

The Guilford County Tax Office conducted an appraisal of real property values in 2022. The revenue neutral rate (which is the rate that is estimated to produce revenue for the next fiscal year equal to the revenue that would have been produced for the next fiscal year by the current tax rate if no revaluation had occurred) is 52.97 cents.

A year ago, a budget was presented and adopted based on hope that the worst of the COVID-19 pandemic was behind us. Economic conditions were recovering faster than initially projected, vaccines were being deployed to the citizens of High Point and across the nation, capacity and social gathering limits were being relaxed, and federal stimulus dollars had been approved that would provide needed financial assistance to help the City make up for lost revenues realized during the pandemic and pay for additional costs incurred to safely deliver services and provide a safe working environment to our employees.

However, challenges have remained through FY 2021-22. The delta and omicron COVID variants reminded us that the pandemic is not over. Supply chain issues as the economy rebounded have caused us to rethink procurement strategies, the timeline of our capital projects, and the delivery of services. Inflation and fuel prices have been on an upward trajectory, causing financial strain, both for the city and our citizens. Lastly, High Point has not been immune from the effects of the Great Resignation. Balancing the planned retirement of long-term employees and employee retention, several service areas like Public Services and Parks and Recreation were experiencing double digit vacancy rates, and the competition to fill these positions continues to grow. Consistent with prior years, the city has engaged with a consultant to study groups of positions on a regular basis with the FY 2022-23 process



currently underway. Any recommended mid-year adjustments to positions or the overall pay plan will occur during the budget year provided adequate vacancy savings are available.

While these challenges have affected the city this year, and are expected to remain throughout FY 2022-23, the adaptability of all stakeholders – from elected officials to the executive management team to department heads to all city staff to our citizens – to meet these challenges have allowed High Point to continue to meet its vision as the single most livable, safe, and prosperous community in America.

The FY 2022-23 fiscal year looks to be one of continued adaptability, and the proposed budget reflects ways to combat these challenges, while also continuing to restore funding to pre-pandemic levels.

Below are highlights of the proposed budget:

- 3-cent decrease in property tax rate
- No increase to electric rates
- No garbage collection fee increase
- No stormwater fee increase
- 4% water/sewer rate increase
- Average 3% mid-year merit adjustment
- Increased city match for 401K/457 contributions from 1% to 3%
- The addition of 11 full-time and 3 part-time positions in Public Services, Fire, and the City Attorney's Office
- Restoration of funding for General Pay-Go capital projects
- \$5.1 million for new and scheduled vehicle and other rolling stock replacements

AMERICAN RESCUE PLAN

On March 11, 2021, the American Rescue Plan was signed into law. Included in this bill is direct financial assistance to local governments that have faced revenue losses and added safety expenses in dealing with the COVID-19 pandemic. The bill included over \$1.3 billion dollars for cities and towns in North Carolina. High Point is projected to receive \$22,699,511 million in direct assistance.

Thus far, the city has committed \$5,862,085 of these funds and staff will continue to work with the community and the Mayor and City Council on identifying the projects for the remaining funds.



TOTAL FY 2022-23 BUDGET OF ALL FUNDS

Funds included in the budget are adequate to continue providing the services that are expected by our citizens. The budget funds the critical elements of the City Council's Strategic Plan while looking forward to the needs of the future.

The total FY 2022-23 budgeted expenditures for the City of High Point amount to \$464,313,326. This is an increase of \$47,975,237 or 11.5% from the FY 2021-22 budget.

Below is a chart of total 2022-23 budgeted revenues and expenditures compared to the 2021-22 Adopted Budget:

CITY OF HIGH POINT TOTAL BUDGET OF ALL FUNDS SUMMARY				
Sources and Use of Funds	Adopted FY 2022 Budget	Proposed FY 2023 Budget	Amount Change	Percent Change
Revenues				
Fund Balance	\$17,449,698	\$21,926,081	\$4,476,383	25.7%
Property Tax	67,090,592	79,426,917	12,336,325	18.4%
Sales & Use Taxes	33,646,413	36,826,652	3,180,239	9.5%
Intergovernmental Revenues	18,494,377	20,093,449	1,599,072	8.6%
Licenses & Permits	6,056,850	6,328,675	271,825	4.5%
Charges for Services	240,153,925	252,349,693	12,195,768	5.1%
Miscellaneous Revenues	8,469,322	10,466,013	1,996,691	23.6%
Reimbursements	221,662	443,323	221,661	100.0%
Subtotal - Revenues	\$391,582,839	\$427,860,803	\$36,277,964	9.3%
Interfund Activities	\$24,755,250	\$36,452,523	\$11,697,273	47.3%
Total Revenues	\$416,338,089	\$464,313,326	\$47,975,237	11.5%
Expenditures				
Personnel Services	\$141,434,811	\$154,333,690	\$12,898,879	9.1%
Operating Expenditures	172,194,726	181,485,396	9,290,670	5.4%
Capital Outlay	30,091,244	41,821,215	11,729,971	39.0%
Debt Service	31,043,041	32,144,679	1,101,638	3.5%
Reimbursements	13,706,688	15,066,043	1,359,355	9.9%
Contingency	1,150,000	1,150,000	0	0.0%
Subtotal - Expenditures	\$389,620,510	\$426,001,023	\$36,380,513	9.3%
Interfund Transfers	\$26,717,579	\$38,312,303	\$11,594,724	43.4%
Total Expenditures	\$416,338,089	\$464,313,326	\$47,975,237	11.5%



FY 2022-23 MAJOR REVENUE RECOMMENDATIONS

The proposed FY 2022-23 budget reduces the property tax rate by 3.0 cents to 61.75 cents per \$100 of valuation. Of this total, 3.4 cents remain earmarked for the debt service fund.

There is no rate increase to electric fees, stormwater fees, or garbage collection fees but there are several proposed changes to fees in the proposed budget.

- A water/sewer rate increase of 4%. The increased rates will help fund increases in operating costs, including fuel and chemicals, as well as the infrastructure needs of the aging system.
- The proposed budget includes the addition of inspection fees, violation fees, permit fees, and other fees for service for the Fire Department. These fees will help the department solve compliance issues, hold people and businesses accountable for public safety, and recover the costs associated with non-compliance and repeated inspections.
- There are also changes to several program fees for Parks and Recreation. Greens fees at Blair Park and Oak Hollow golf courses are increasing from \$1-\$3 to help offset rising costs for maintenance of the courses. With the renovation to City Lake Park almost complete, fees for amusements, City Lake Marina, and shelter rentals are increased slightly. In addition, new fees for the meeting and events center rentals are proposed, at both resident and non-resident rates. Swimming pool fees at City Lake Park are also increasing, and a non-residential fee is proposed to be added. Lastly, shelter rental fees are increased at multiple locations across the city (Washington Terrace park, Allen Jay Recreation Center, Armstrong Park, Cedrow Park, and Deep River Recreation Center).
- Lastly, the proposed budget includes a new fee for obtaining records from the City Clerk on a USB drive, makes all library cards free with photo ID and proof of address, adds vendor fees for the Farmer's Market, and increases cemetery fees for Public Services.

FY 2021-22 EXPENDITURE CHALLENGES

The current fiscal year has included several expenditure challenges, including rising costs due to inflation and fuel prices, as well as the recruitment and retention of city employees.

Recruitment and retention of employees has remained a challenge in this current economic environment. Influential factors include competition from the private sector, competition



from other public entities, accelerating retirement rates, and a shortage of qualified applicants. Reliance on more expensive options have included the use of contractors to provide services and increased overtime costs. While it will take time to return to some level of normalcy with vacancy rates closer to the five-year average of 5-6% prior to the pandemic, an initial set of strategies was needed to help address employee retention and recruitment.

In February 2022, the Mayor and City Council approved initial strategies to address these historic staffing challenges. These included a \$1,000 bonus for all current full and part-time positions, a 2.5% increase to pay ranges and 2.5% Cost of Living Adjustment for all employees, an increase to any filled and future hired full time or part time positions to a \$15 per hour minimum rate of pay (based on 2,080 hours annually), the implementation of a recruitment bonus program providing a \$1,000 bonus to a current employee that refers a successful candidate, and a revised Police Vehicle Policy to include the ability to take vehicles home anywhere in Guilford, Randolph, Davidson, and Forsyth counties.

The annual costs, which were added to the base budget for FY 2022-23, totaled approximately \$3,225,000, driven by the 2.5% COLA and the increased minimum hourly rate of pay.

Since the beginning of the fiscal year, fuel costs have steadily risen, placing unanticipated strain on the fuel budgets for many city departments. In the spring of 2021, as the FY 2021-22 budget was under development, the cost of fuel was about \$1.61 per gallon (the city does not pay the 18.3 cents in federal gas taxes and the 38.5 cents in state gas taxes). In the fall of 2021, the cost had risen to about \$2.16 per gallon. This past February, the city was paying about \$2.49 per gallon and in mid-March, the cost was \$3.16 per gallon. The long-term effects of these increases are reflected in the proposed FY 2022-23 budget.

FY 2022-23 EXPENDITURE RECOMMENDATIONS

The needs, priorities and details of each fund are highlighted in detail throughout this document. Below are the major expenditure recommendations included in the FY 2022-23 Proposed Budget:

- Fully funds the City's Pay for Performance Program. An average 3% mid-year merit adjustment is programmed, at an estimated cost, including benefits, of \$1.86 million.
- Continued funding of the increased employer contribution to the Local Government Employees' Retirement System (LGERS) for regular, fire, and sworn police employees. The cost of this increase for FY 2022-23 is about \$2.03 million.



- Additional changes to employee benefits were researched and our benefits package was compared with other municipalities. Among the benefits considered were an increase to the city's 401K/457 match, currently at 1%, paid parental leave, and an employee health clinic. The benefit to our employees, as well as the fiscal impact were considered in the decision.

As a result of this research, the proposed budget increases the city's 401K/457 match, established several years ago, from 1% to 3%, at a cost of approximately \$786,000, effective January 1, 2023. An employee needs to contribute at least 1% to receive the 3% city match.

- An increase to fuel budgets of \$1,625,000. Unleaded gasoline is \$1.55 (nearly double) higher per gallon than last spring and diesel is \$2.31 (more than doubled) higher per gallon than last spring.
- Increased outside agency funding to reflect the increased value of one-third of a cent on the property tax rate, to a total proposed amount of \$425,160.
- Funding for Forward High Point downtown development group of \$250,000.
- Furniture Market Authority funding of \$240,000.
- Funding for the repayment of the twenty-year internal loan for the Catalyst Project land purchases. The amount is \$443,323.
- Incremental tax revenue payment for the Catalyst project of \$1,470,892. The taxable value of this area is increased \$238,201,159 from its 2017 assessed value.
- Investments in the City's Information Technology network including updated software, maintenance of systems and applications, and upgraded infrastructure, totaling \$314,000.
- Replaces \$4.115 million in vehicles funded with pay-go funding from the Fleet division of the Central Services Fund. Planned fleet purchases include one tandem dump truck, an articulated dump truck, ten police patrol vehicles, three police SUV's, two fire SUV's, three automated refuse trucks, small SUV's, light duty pickup trucks, and other necessary rolling stock.



In addition, the proposed budget restores the fire apparatus replacement program, budgeting for the replacement of a dive truck (\$100,000), and an engine (\$751,400), for the Fire Department.

- The addition of 11 full-time and 3 part-time positions, highlighted below:

Department	Position	FY 2022-23 Cost
Full-Time		
City Attorney's Office	Assistant City Attorney (2)	\$228,238
City Attorney's Office	Paralegal	60,956
Fire	Battalion Chief (2)	137,158
Electric	Power Line Technician	68,606
Public Services - Water/Sewer	Water Plant Supervisor	121,792
Public Services - Solid Waste	Grounds Maintenance Supervisor	86,219
Public Services - Solid Waste	Solid Waste Manager	129,231
Public Services - Solid Waste	Assistant Solid Waste Superintendent	110,173
Public Services – Stormwater	Stormwater Superintendent	121,259
Subtotal – Full-Time		\$1,063,632

Department	Position	FY 2022-23 Cost
Part-Time		
Public Services - Solid Waste	Groundskeeper (3)	\$140,075
Subtotal – Part-Time		\$140,075

In addition to the above recommended position additions, the proposed budget includes 8 full-time and 2 part-time position titles added within the General Fund.



Department	Position
Financial Services	MWBE Coordinator
Engineering Services	Engineering Project Manager
Police	Building Maintenance Technician
Police	Community Outreach Coordinator
Parks and Recreation	Groundskeeper
Parks and Recreation	Park Attendant (2) (PT)
Library	Groundskeeper
Library	Librarian
Planning and Development	Senior Planner

In order to reduce the fiscal impact of funding these positions and to not add further to the overall FTE count, existing long-term vacant positions will be repurposed to meet the needs for these positions. Vacant positions will be identified in the first quarter of FY 2022-23 and reclassified for the positions above. Aside from one patrol position to support the Police Community Outreach Coordinator, sworn police and certified fire positions will be exempt from this reallocation of positions.

2022-23 MAJOR FUND SUMMARIES

GENERAL FUND

The 2022-23 General Fund Budget of \$132,829,069 is \$15,056,679, or 12.8% more than the adopted 2021-22 budget of \$117,772,390. The FY 2022-23 General Fund Budget is balanced with current revenues and a does not include an appropriation of fund balance reserves.

General Fund revenues and expenditures are summarized below:



CITY OF HIGH POINT GENERAL FUND BUDGET SUMMARY				
Sources and Use of Fund	Adopted FY 2022 Budget	Proposed FY 2023 Budget	Amount Change	Percent Change
Revenues				
Fund Balance	\$550,000	\$0	(\$550,000)	-100.0%
Property Tax	63,597,720	75,100,167	11,502,447	18.1%
Sales & Use Taxes	33,161,913	36,342,152	3,180,239	9.6%
Intergovernmental Revenues	10,680,198	11,289,623	609,425	5.7%
Licenses & Permits	3,966,850	4,238,675	271,825	6.9%
Charges for Services	4,885,929	5,211,335	325,406	6.7%
Miscellaneous Revenues	929,780	647,117	(282,663)	-30.4%
General Fund Revenues	\$117,772,390	\$132,829,069	\$15,056,679	12.8%
Expenditures				
Personnel Services	\$84,577,027	\$92,222,714	\$7,645,687	9.0%
Operating Expenditures	23,107,226	25,585,529	2,478,303	10.7%
Capital Outlay	0	1,418,900	1,418,900	0.0%
Debt Service	1,612,586	1,614,886	2,300	0.1%
Contingency	400,000	400,000	0	0.0%
General Fund Expenditures	\$109,696,839	\$121,242,029	\$11,545,190	10.5%
Interfund Transfers	\$8,075,551	\$11,587,040	\$3,511,489	43.5%
Net Expenditures	\$117,772,390	\$132,829,069	\$15,056,679	12.8%

GENERAL FUND REVENUES

Below is a summary of major General Fund revenue changes:

- Property tax revenues represent 56.5% or \$75,100,167 of the total General Fund revenues. Property tax collections are projected to increase approximately \$11,502,447, or 18.1%. The projected collections are based on a collection rate of 99.3%. The increase in revenues is a combination of the proposed General Fund property tax rate of 58.35 cents, and the increased assessed valuation from the Guilford County revaluation.
- Sales tax revenues represent 27.4% or \$36,342,152 of General Fund revenues and are projected to increase approximately \$3,180,239, or 9.6% due to strong increases in retail sales tax during the current year and projected to continue in FY 2022-23. Sales tax revenue is estimated to increase approximately 4% above the year-end estimates.



- License and permit fees are projected to increase \$271,825, or 6.9% due primarily to increased building permit activity.
- Charges for Services are increasing by \$325,406, or 6.7% due to increases in Parks and Recreation program revenue, including at Blair Park and Oak Hollow golf courses and at Oak Hollow Campground.

TAX RATE AND COLLECTIONS

The proposed FY 2022-23 tax rate is 61.75 cents, a 3-cent decrease from the FY 2021-22 approved rate. The value of one cent in tax rate will produce approximately \$1.275 million of revenue. The total proposed tax rate is divided between the General Fund and the General Debt Service Fund. The General Fund receives 58.35 cents, and the General Debt Service Fund receives 3.4 cents.

A collection rate of 99.3% is planned for the proposed tax year collections.

CITY OF HIGH POINT TAX RATE HISTORY	
Year	Tax Rate
FY 2013-14	\$0.6750
FY 2014-15	\$0.6640
FY 2015-16	\$0.6500
FY 2016-17	\$0.6475
FY 2017-18	\$0.6475
FY 2018-19	\$0.6475
FY 2019-20	\$0.6475
FY 2020-21	\$0.6475
FY 2021-22	\$0.6475
FY 2022-23 (proposed)	\$0.6175

ASSESSED PROPERTY VALUES

The combined total assessed valuation estimates for our four County taxing authorities are \$12.864 billion for FY 2022-23, for a 24.5% increase over the estimated current year valuation.

Below is a chart of our historic assessed value history:



CITY OF HIGH POINT ASSESSED VALUE HISTORY					
Fiscal Year	Real Property	Personal Property	Public Service Companies	Total Assessed Value	% Inc yr/yr
2007	7,088,165,767	1,409,442,958	122,178,728	8,619,787,453	
2008	7,502,491,522	1,441,055,968	131,332,066	9,074,879,556	5.3%
2009	7,645,813,914	1,452,697,393	131,984,351	9,230,495,658	1.7%
2010	7,771,067,755	1,417,186,050	131,456,290	9,319,710,095	1.0%
2011	7,682,834,650	1,402,419,615	129,766,404	9,215,020,669	-1.1%
2012	7,655,916,694	1,455,701,042	129,074,157	9,240,691,893	0.3%
2013	7,236,973,161	1,501,465,603	148,989,146	8,887,427,910	-3.8%
2014	7,434,609,523	1,489,840,190	128,387,727	9,052,837,440	1.9%
2015	7,247,442,751	1,555,428,785	126,857,380	8,929,728,916	-1.4%
2016	7,278,714,107	1,587,787,369	140,281,138	9,006,782,614	0.9%
2017	7,365,385,961	1,674,065,813	141,688,783	9,181,140,557	1.9%
2018	7,711,594,730	1,724,751,200	144,885,945	9,581,231,875	4.4%
2019	7,802,334,510	1,774,628,867	142,350,789	9,719,314,166	1.4%
2020	7,919,440,619	1,765,251,099	146,722,026	9,831,413,744	1.2%
2021	8,206,133,469	1,853,256,085	132,238,810	10,191,628,364	3.7%
2022 (est)	8,297,637,439	1,914,514,749	119,329,377	10,331,481,565	1.4%
2023 (est)	10,686,307,506	2,057,263,691	120,442,544	12,864,013,741	24.5%

SALES TAX

The sales tax category includes sales tax related to retail sales, utility sales tax, room occupancy tax and rental vehicle tax. Current year sales taxes are expected to outpace budgeted projections by 5.6% or \$1.87 million, and FY 2022-23 sales taxes are projected to increase 9.6%, or \$3.18 million from the current fiscal year budget. Below is a chart of our historic sales tax history:



CITY OF HIGH POINT SALES TAX HISTORY						
Fiscal Year	Sales Tax	Utility Sales Tax	Room Occupancy Tax	Rental Vehicle Tax	Total Sales Tax	Percent Change
2017	18,475,363	6,361,380	1,702,471	170,329	26,709,543	
2018	19,202,141	6,516,346	1,792,063	177,452	27,688,002	3.7%
2019	20,521,699	6,834,619	1,750,000	180,000	29,286,318	5.8%
2020	20,899,026	6,536,427	1,615,129	218,620	29,269,202	-0.1%
2021	23,674,132	6,486,006	1,146,876	264,225	31,571,239	7.9%
2022 (est.)	26,322,569	6,545,950	1,884,812	278,651	35,031,982	11.0%
2023 (proj.)	27,367,152	6,800,000	1,900,000	275,000	36,342,152	3.7%

GENERAL FUND EXPENDITURES

Below is a summary of major General Fund expenditure changes:

- Personnel services are increasing \$7,645,687 or 9.0%. This includes increases to fund the following:
 - 2.5% COLA approved during FY 2021-22: \$1.47 million
 - Increase to a \$15/hour minimum rate of pay approved during FY 2021-22: \$503K
 - Average 3% mid-year merit increase: \$1.03 million
 - Required increase to the City's contribution to the Local Government Employees' Retirement System (LGERS) for regular, fire, and sworn police employees: \$1.27 million
 - Increased city contribution to 401K/457 from 1%-3%, effective January 1, 2023: \$550K
 - Increased employer costs for health insurance plan: \$596K

The General Fund budget also includes an additional 5 full-time positions, as outlined earlier in this message.

- Operating expenditures are increasing \$2,478,303 or 10.7%. This is driven by a 72.4% increase (\$684K) to fuel budgets due to the higher cost of gas and a \$465K increase for vehicle replacement charges. Phone and utility budgets are increased by \$440K, due to rising costs, and computer and software licenses are increased by \$370K.



- Capital outlay funding has been restored to \$1,418,900 for FY 2022-23. This is driven by maintenance and repairs for Parks and Recreation, and the restoration of the fire vehicle and apparatus replacement program, budgeting for the replacement of a dive truck (\$100,000) and an engine (\$751,400).
- Interfund transfers out are increasing by \$3,504,374. The major drivers of this increase are general debt service (\$927K), general capital projects (\$1.42 million), and the general fund subsidy for transit (\$1.11 million)

WATER AND SEWER FUND

The \$62,609,236 Water and Sewer Fund Budget for FY 2022-23 represents a 9.8% or \$5,565,096 increase from the 2021-22 adopted budget, as summarized below:

CITY OF HIGH POINT WATER/SEWER FUND BUDGET SUMMARY				
Sources and Use of Funds	Adopted FY 2022 Budget	Proposed FY 2023 Budget	Amount Change	Percent Change
Revenues				
Fund Balance	\$0	\$0	\$0	0.0%
Charges for Services	55,239,140	60,807,236	5,568,096	10.1%
Miscellaneous Revenues	1,805,000	1,802,000	(3,000)	-0.2%
Water/Sewer Fund Revenues	\$57,044,140	\$62,609,236	\$5,565,096	9.8%
Expenditures				
Personnel Services	\$11,209,611	\$12,431,153	\$1,221,542	10.9%
Operating Expenditures	13,920,009	15,777,546	1,857,537	13.3%
Contingency	300,000	300,000	0	0.0%
Debt Service	15,626,535	15,188,143	(438,392)	-2.8%
PayGo Capital	8,605,000	10,343,350	1,738,350	20.2%
Reimbursements	7,332,985	8,020,044	687,059	9.4%
Water/Sewer Fund Expenditures	\$56,994,140	\$62,060,236	\$5,066,096	8.9%
Interfund Transfers	\$50,000	\$549,000	\$499,000	998.0%
Net Expenditures	\$57,044,140	\$62,609,236	\$5,565,096	9.8%



WATER AND SEWER FUND REVENUES

Below is a summary of Water and Sewer revenue changes:

- The proposed budget increases water and sewer rates by 4%. The increased rates will help fund increases in operating costs, including fuel and chemicals, as well as the infrastructure needs of the aging system.
- The proposed budget for water and sewer operations does not include any appropriation of reserves.

WATER AND SEWER RATES

The 2022-23 Water and Sewer Fund includes an increase to water and sewer rates of 4%.

Below is a history of water and sewer rate increases:

CITY OF HIGH POINT HISTORIC ANNUAL WATER AND SEWER RATE INCREASES			
Fiscal Year	Effective Date	Water % Change	Sewer % Change
FY 2000-01	7/1/2000	17.20%	15.70%
FY 2001-02	7/1/2001	5.00%	22.20%
FY 2002-03	7/1/2002	8.00%	15.00%
FY 2003-04	7/1/2003	6.30%	14.50%
FY 2004-05	10/1/2004	4.90%	4.90%
FY 2005-06	10/1/2005	4.90%	4.90%
FY 2006-07	10/1/2006	4.90%	4.90%
FY 2007-08	11/8/2007	4.85%	4.85%
FY 2008-09	10/1/2008	5.90%	5.90%
FY 2009-10	10/1/2009	5.00%	5.00%
FY 2010-11	10/1/2010	4.90%	4.90%
FY 2011-12	10/1/2011	4.90%	4.90%
FY 2012-13	no increase	0.00%	0.00%
FY 2013-14	no increase	0.00%	0.00%
FY 2014-15	7/1/2014	3.00%	3.00%
FY 2015-16	10/1/2015	3.50%	3.50%
FY 2016-17	10/1/2016	4.00%	4.00%
FY 2017-18	10/1/2017	3.00%	3.00%
FY 2018-19	10/1/2018	3.00%	3.00%
FY 2019-20	10/1/2019	4.00%	4.00%
FY 2020-21	10/1/2020	2.00%	2.00%
FY 2021-22	no increase	0.00%	0.00%
FY 2022-23 (proposed)	10/1/2022	4.00%	4.00%



Water and sewer revenue rates are a critical component of funding the operation, maintenance and needed capital improvements for water treatment facilities and distribution lines, and for wastewater collection lines and treatment systems. Property taxes are not used to finance water and sewer utility services.

WATER AND SEWER FUND EXPENDITURES

Below is a summary of Water and Sewer Fund expenditures:

- Personnel Services is increasing \$1,221,542, or 10.9%, due to the 2.5% cost of living adjustment (COLA) that was approved in February 2022, an average mid-year merit adjustment of 3%, and an increased employer contribution for retirement.
- The proposed budget includes the addition of one water plant supervisor. This position will serve as the lead helping meet the new regulations for lead and copper testing that are upcoming in the next several years.
- Operating expenses are increased \$1,857,337, or 13.3% due to significant increases in costs for chemicals and fuel, and repairs/replacement of equipment at Eastside Wastewater Treatment Plant and the East Fork Lift Station.
- Pay-go capital includes \$10,343,350 in funding for water and sewer capital projects.

ELECTRIC FUND

The 2022-23 Electric Fund Budget of \$140,038,844 represents a 4.0% or \$5,383,430 increase from the 2021-22 adopted budget. The proposed budget includes no changes to electric rates. Currently, our rate consultant is finalizing a rate study for a restructuring of rates on the commercial/industrial side. Once complete, the findings will be presented to the City Council.

Wholesale power cost for FY 2022-23 is budgeted at \$96.15 million, which is the single largest expense in the Electric Fund and citywide budget.

The budget plan continues to invest funds to maintain electric infrastructure and includes \$11,340,000 in major capital projects. These routine capital investments are necessary to maintain efficient and ongoing operation of the Electric System.



CITY OF HIGH POINT ELECTRIC FUND BUDGET SUMMARY				
Sources and Use of Funds	Proposed FY 2023 Budget	Proposed FY 2023 Budget	Amount Change	Percent Change
Revenues				
Fund Balance	\$10,424,000	\$12,160,000	\$1,736,000	16.7%
Charges for Services	123,215,210	126,403,100	3,187,890	2.6%
Miscellaneous Revenues	794,542	1,032,421	237,879	29.9%
Reimbursements	221,662	443,323	221,661	100.0%
Electric Fund Revenues	\$134,655,414	\$140,038,844	\$5,383,430	4.0%
Expenditures				
Personnel Services	\$11,850,807	\$13,122,768	\$1,271,961	10.7%
Operating Expenditures	8,503,222	8,882,803	379,581	4.5%
Wholesale Power Cost	96,137,849	96,154,151	16,302	0.0%
Capital Equipment Outlay	3,617,000	3,406,000	(211,000)	-5.8%
Contingency	450,000	450,000	0	0.0%
Debt Service	0	0	0	0.0%
PayGo Capital	8,650,000	11,340,000	2,690,000	31.1%
Reimbursements	4,336,536	4,873,122	536,586	12.4%
Electric Fund Expenditures	\$133,545,414	\$138,228,844	\$4,683,430	3.5%
Interfund Transfers	\$1,110,000	\$1,810,000	\$700,000	63.1%
Net Expenditures	\$134,655,414	\$140,038,844	\$5,383,430	4.0%

CAPITAL IMPROVEMENT PROGRAM

Capital investments and reinvestments are critical elements in the City's total financial program. Capital improvements are financed by one of four basic methods.

The first method involves the issuance of voter approved general obligation bonds generally backed and paid by property taxes. The second method is a slight variation of the first and allows the City to issue small amounts of what are known as two-thirds general obligation bonds from time-to-time that do not require tax increases or voter approval. The third method involves revenue bonds, backed and paid by revenues from our water and sewer and our stormwater system. Revenue bonds do not require voter approval. Both general obligation and revenue bond financing involve principal, interest, and cost of issuance expenses. The fourth method is pay-go capital financing. The pay-go alternative, developed and expanded in the past ten years, allows us to finance needed capital improvements from current revenues, grants, and other funds, thereby avoiding the additional and higher cost associated with the issuance and financing of long-term debt.



The City has engaged Davenport & Company, LLC of Richmond, Virginia as our financial advisor since 2003. Davenport has assisted the City with general obligation and revenue bond planning and modeling, financial policies, rating agency strategies and interactions, bond issuance, investment analysis, and bond refunding analysis.

Capital investments are necessary for a city to replace existing infrastructure and to invest in new infrastructure. Debt financing of this infrastructure is a sound financial strategy as long as the borrowing is done in a strategic and conservative manner. Local policies are in place to ensure that borrowing is done responsibly, and oversight of our borrowing practices are in place through the Local Government Commission. The City is well prepared to address replacement of existing infrastructure to meet and provide for future growth and development.

GENERAL OBLIGATION BONDS

General obligation bonds are a common type of municipal bond that are secured by the full faith and credit of the tax rate to repay bond holders. This debt instrument was used to fund the 2004 bond authorization and will be used to fund the \$50.0 million authorization that was approved by voters in 2019. The authorization is for the following uses:

- Streets and Sidewalks - \$22,000,000
- Parks and Recreation - \$21,500,000
- Housing - \$6,500,000

The first tranche of bonds was issued in FY 2021-22.

TWO-THIRDS GENERAL OBLIGATION BONDS

Two-thirds bonds are State authorized General Obligation bonds that may be issued without voter approval. The statute allows a local government to issue up to 2/3 of the amount of GO bonds that were paid off in the previous year. These bonds can be used for any other general obligation purpose other than the financing of auditoriums, coliseums, arenas, stadiums, civic centers or convention centers, art galleries, museums, historic properties, public transportation systems, cable television systems, or redevelopment projects.

WATER/SEWER REVENUE BONDS

Revenue bonds are municipal bonds that finance income-producing projects that are secured by a specified revenue source, such as water and sewer or stormwater rates. Revenue bonds are issued by the government agency for operations that run in the manner of a business, with operating revenues and expenses, such as our Water & Sewer Fund. The pledge to repay the bond is guaranteed by the rates of the Water & Sewer Fund.



Over the next five years, staff has identified an estimated \$162.4 million in additional major water and wastewater bond projects. The capital improvement plan anticipates cash funding of \$60.6 million and debt funding \$101.8 million in water and sewer projects.

BOND AGENCY RATINGS

The City's capacity to finance and pay for needed improvements is evaluated from time to time by the following rating agencies: Moody's Investment Services, Standard & Poor's, and Fitch Ratings. Protecting and enhancing our bond ratings is one of our highest priorities.

The City has seen a series of bond rating upgrades since 2003, including the addition of a AAA bond rating assignment by Standard & Poor's. The City's bond ratings were re-affirmed in conjunction with our bond sale in April 2022.

PAY-GO FINANCING

The City has made a commitment to fund a healthy level of pay-go financing for routine improvements, infrastructure maintenance, and grant matches of capital projects funded from state and federal grant programs. Below is a summary of pay-go projects in each fund.

GENERAL FUND PAY-GO

The proposed budget includes \$2,547,000 in general pay-go projects. In addition, with year-end projections showing a potential addition to general fund reserves, a mid-year amendment for additional general capital may be brought forward.

City Hall Renovations	\$400,000
ERP Upgrade*	1,125,000
Fire HVAC Unit Replacement	350,000
Recreation Playground & Equipment	150,000
Southside Recreation Center Improvements	55,000
Morehead Recreation Center Improvements	70,000
Recreation – Fire Alarm Upgrades/Systems	52,000
Skeet Club Road Sidewalks	50,000
Mendenhall Terminal Improvements	120,000
Sub-Standard Streets Maintenance	125,000
Cemetery Paving and Asphalt Road Work	50,000
General Capital Total	\$2,547,000

*The ERP Upgrade includes funding from Water/Sewer (\$375,000), Electric (\$600,000), Solid Waste (\$105,000), and Stormwater (\$45,000).



WATER AND SEWER PAY-GO

Water and Sewer pay-go capital reinvestments are budgeted at \$10,343,350. A list of 2022-23 Water and Sewer pay-go investments are shown below:

Generators – Automation/Replacement	\$150,000
Replace Obsolete Neighborhood Water Lines	1,500,000
Replace Obsolete Neighborhood Sewer Lines	1,500,000
Alum Sludge Removal	375,000
CMMS Work Order System Upgrade	400,000
Watershed Protection Plan	150,000
Sewer System Improvements	125,000
Water System Improvements	125,000
Water Storage Tank Maintenance	100,000
NCDOT – TIP Program	350,000
Westside Centrifuge Upgrade	1,820,000
Water/Sewer Developer Reimbursements	150,000
Ward Water Plant Filters 1-4 Rebuild	780,000
Large Water Meter Change Out	150,000
E Washington Street	369,000
NCDOT – Scientific Street	300,000
Building Addition – W/S Facilities Maintenance	100,000
Compliance with Lead/Copper Rule Revisions	1,500,000
Pre-Heat Burner	399,350
Water and Sewer Capital Total	\$10,343,350

ELECTRIC PAY-GO

The Electric pay-go projects are budgeted at \$11,340,000. Projects include:

Area Outdoor Lighting	\$200,000
Street Lighting	300,000
Downtown Underground	200,000
Overhead to Underground Conversion	100,000
Medium Voltage (Outdoor) Breaker	750,000
Deep River Transformer 2 Replacement	40,000
Fairfield Transformer Replacement	600,000
Underground Subdivision Cable Replacement	600,000
Qubein Avenue Underground	1,500,000
NCDOT Sandy Ridge/Johnson Widening	450,000
Locker Room/Restroom Renovations	100,000



Automated Meter Reading Initiative	\$1,500,000
Jackson Lake Transformer	2,000,000
Deep River to Penny Rd. Transmission Line	3,000,000
Electric Capital Total	\$11,340,000

SOLID WASTE PAY-GO

The Solid Waste pay-go budget is \$5,929,000. The projects planned are:

Landfill Develop – Land Purchase	\$50,000
Kersey Valley Ph 1 – IV Post Closure – Reserve	171,000
Kersey Valley Landfill Phase VI Expansion	2,000,000
MRF Ongoing Maintenance	50,000
Wide Box Dual Ram Baler Replacement	1,033,000
Kersey Valley Road Relocation	2,125,000
Asphalt Underlayment – Ingleside/Kersey Valley	500,000
Solid Waste Capital Total	\$5,929,000

OTHER PAY-GO

The \$6,647,900 in other FY 2022-23 pay-go investments includes the scheduled replacement of vehicles, normal computer and radio replacements, routine stormwater projects, and others outlined below:

Fire Apparatus Replacement	\$851,400
Fleet Replacement Program	4,324,000
Fleet Shop Equipment	50,000
Stormwater Routine Projects	1,050,000
Asphalt Parking Lot Repaving – MOC	300,000
Computer System Replacements	72,500
Other Capital Total	\$6,647,900

FUND BALANCES/RETAINED EARNINGS

Fund balances and retained earnings are critical, but often misunderstood and an overlooked part of the Annual Budget. Fund balances and retained earnings consist of unencumbered and unappropriated monies. They are essential for maintaining our strong bond ratings as well as maintaining positive year-round and year-to-year cash flows. Strong fund balances are essential as we plan for subsequent budgets.

The North Carolina Local Government Commission recommends maintaining an 8.0% balance in each fund. This is necessary for maintaining positive year-round cash flows, reducing



the need for short term borrowing, and assisting in maintaining investment grade bond rating. The High Point City Council adopted Fiscal Policy calls for a minimum 10.0% fund balance of estimated expenditures as a signal of financial strength and fiscal stability. The City of High Point applies the policy to all operating funds *except* the Water-Sewer Fund, which calls for a 50% fund balance, and the Economic Development, General Debt, and General Capital Project funds, which are covered by more specific strategic plans.

STRATEGIC PLAN

In March of 2016, the City Council developed a strategic plan, which has been reaffirmed and expanded by the current City Council. The strategic plan has guided the last several budgets, although the fiscal realities during the pandemic have limited the amount of funding we could devote to these activities. The initial goals are below:

- Increase the population of active, engaged, and entrepreneurial and working young professionals living in High Point by 25%
- 100% proactive enforcement of codes
- Create a downtown catalyst project that produces:
 - 500 private sector jobs
 - 15-20 new restaurants and shops
 - 250 additional housing units
 - A centralized gathering place

The City Council met in February 2020 and added three new short-term goals:

- Design a marketing campaign focused on diverse groups, events, and quality of life
- Select target neighborhood and coordinate necessary city departments to implement holistic strategy
- Recruit 50 new office jobs and 5 new investors for catalyst project

Significant progress has been made on the goals of the plan with a marketing firm selected and embarking on the work to design a new campaign for the city.

Five new small-scale manufacturing producers are reactivating facilities in the city's southwest. These include Hot Shots, who distributes thousands of hot sauces and other fiery food products around the world from Southwest High Point. Ezine, Inc. has acquired multiple properties in the Southwest for renovations and revitalization. Stabb Designs expanded to a facility on W. Green Dr. The company designs, fabricates and installs "uniquely beautiful" solutions for client spaces. Ethnecraft USA tripled its distribution capability by adding an 80,000 square foot warehouse to its properties and created 18 new jobs. Lastly, Fitesa, a



Brazilian-based non-woven fabrics maker, located to the Southwest and has now announced an \$18 M expansion.

The Catalyst Area saw the opening of the Congdon Yards campus, home to High Point's innovative THRIVE Minority Entrepreneurship Initiative and the commercial-grade woodshop, production, and prototyping facility, The Generator. Elliott Sidewalk Communities has made significant progress on the first of several planned buildings to create The Outfields with Key Risk, a workers' compensation insurance firm activating the space. Peters Development has begun work to increase residential options in downtown, and the development continues on the Nido & Mariana Qubein Children's Museum.

Positive strides are being made to connect our neighborhoods with development and business opportunities in downtown with the city being successful in securing a \$19.8 million RAISE grant to construct approximately 3.5 miles of shared-use greenway, approximately 1.2 miles of Complete Streets, and two blocks of bicycle boulevards in High Point. Many property owners are being responsive in addressing deferred maintenance as a result of proactive code enforcement efforts. Partnerships remain strong as the city looks to be a collaborative partner within the system to address the need for affordable housing options. With all that has been done, planned, and in development, each step taken to support the bold vision of this City will have a positive impact on the quality of life for High Point residents and businesses well into the future.

As we transition to the new fiscal year and the economic climate continues to rebound, investments, time, and resources will be focused on these short-term goals.

CONCLUSION

The past year has been challenging for our citizens and the organization, but they have adapted and shown great resiliency. While inflation, supply chain issues, retention and recruitment, and other issues are expected to remain in the new fiscal year, I am optimistic for the future as the City continues the path of growth and prosperity from prior to the pandemic.

I want to acknowledge all the staff members who assist in the preparation of this policy document. The efforts and professionalism of Deputy City Manager Greg Ferguson, Assistant City Manager Eric Olmedo, Managing Director Jeron Hollis, Financial Services Director Bobby Fitzjohn, Budget and Performance Manager Stephen Hawryluk, Budget and Evaluation Analysts Roslyn McNeill and Linda Price, Executive Assistant Amy Meyers, and the rest of our executive team are appreciated. I also want to thank all of the City's employees who have



adapted to the many challenges we have faced, and will face next year, while continuing to provide services that improve the quality of life for the citizens of High Point. Finally, I thank the Mayor and City Council for your leadership and commitment to the City of High Point.

Respectfully submitted,

Tasha Logan Ford
City Manager



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I will hold you in my Heart
until I can hold you again
In Heaven
We miss you Papa
Terri and Ashley

The family of Archie Mae Poke
would like to thank everyone
for their kind expressions.
Your phone calls, visits,
flowers, thoughts, and prayers
have all helped greatly during
our time of bereavement.
May God continue to bless
each of you, is our prayer.
Special Thanks to
Westchester Harbour and
Hospice of the Piedmont for
your remarkable care.

0900 LEGALS

This the 12th day of April, 2022.

Cindy Michelle Wear,
Cindy Wear,
Executor
9336 Lucielle Ln
Chapel Hill, NC 27516

April 12, 19, 26, May 3, 2022
NORTH CAROLINA
GUILFORD COUNTY

NOTICE

The undersigned, having qualified as Executor of the Estate of JENNY RUTH JOHNSON deceased, hereby notifies all persons, firms and corporations having claims against said Estate to present them to the undersigned on or before July 26th, 2022 or this notice will be pleaded in bar of their recovery. All persons, firms and corporations indebted to said Estate will please make immediate payment to the undersigned

This is the 26th day of April, 2022.

LISA LEANNE FORST
CHEATHAM
ADMINISTRATOR

James F. Morgan, Attorney
MORGAN, HERRING,
MORGAN,
GREEN & ROSENBLUTT, LLP
P.O. Box 2756
High Point, NC 27261

April 26, May 3, 10, 17, 2022

0900 LEGALS

Monday, May 16, 2022, at 5:30 P.M. The hearing will be held in the City Council chambers of the Municipal Building, 211 S. Hamilton Street, High Point, North Carolina.

Public comments on this matter can also be submitted by:

1. Calling 336-883-3522 and leaving a message, or by
2. Emailing written comments to publiccomment@highpointnc.gov, or by
3. Dropping written comments off in the city of High Point's utility payment drop-boxes located in the Green Drive and the Commerce Avenue parking lots on both sides of the Municipal Building located at 211 S. Hamilton Street.

Stephen Hawryluk
Budget and Performance Manager

May 3, 2022

**RESOLUTION OF THE
GUILFORD COUNTY BOARD
OF ELECTIONS**

Be it hereby resolved, that, in accordance with section 163-234 of the General Statutes of North Carolina, the Guilford County Board of Elections will begin counting absentee ballots for the Primary Elections on Tuesday, May 17, 2022, at 2:00 p.m. at the Old Guilford County Courthouse, 301 West Market Street, Greensboro. The results of the absentee ballot count will not be announced before 7:30 p.m. on Election Day.

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0900 LEGALS

City of Trinity City Council will hold a meeting on May 9, 2022. The meeting will be at the City of Trinity Annex Building located at 6703 NC Hwy 62. Start time will be at 6:00 PM. The following matters will be discussed.

1. Moratorium on major subdivisions and multi-family development except those approved by City Council before May 9, 2022.

If you have any questions, please contact the City of Trinity at 336-431-2841, or you come by 5978 NC Hwy 62.

April 26, May 3, 2022

NORTH CAROLINA
GUILFORD COUNTY

NOTICE TO CREDITORS

THE UNDERSIGNED, having qualified as Executor of the Estate of Conrad Charles Hoover, deceased late of Guilford County, this is to notify all persons, firms, and corporations having claims against said Estate to present them to the undersigned on or before the 14th day of July, 2022 or this Notice will be pleaded in bar of their recovery. All persons indebted to said Estate please make immediate payment to the undersigned.

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