

**BUDGET REVIEW SESSION
MAY 28, 2015 – 3:00 P.M
3rd FLOOR LOBBY CONFERENCE ROOM (FISHBOWL)**

MINUTES

PRESENT:

Mayor William Bencini; Latimer Alexander (At-Large); Cynthia Davis (At-Large); Jeffrey Golden (Ward 1); Chris Williams (Ward 2); Alyce Hill (Ward 3); Jay Wagner (Ward 4); Mayor Pro-Tem James Davis (Ward 5) and Jason Ewing (Ward 6).

STAFF PRESENT:

Greg Demko, City Manager; Randy McCaslin, Deputy City Manager; Eric Olmedo, Budget and Performance Manager; Laura Altizer, Senior Budget Analyst; Roslyn McNeill, Budget Analyst; Jeron Hollis, Communications Officer; Jeff Moore, Director of Finance; Angela Kirkwood, Director of Human Resources; JoAnne Carlyle, City Attorney; Loren Hill, President, High Point Economic Development Corporation; Tom Vincent, Deputy City Clerk.

MEDIA PRESENT:

Paul Clark, *High Point Enterprise*

Budget Presentation and Discussion

Eric Olmedo, Budget and Performance Manager, gave a brief overview to City Council on the proposed 2015-2016 annual budget. There is a proposed 3.5% water and sewer increase; however, he noted this is the only major change in the Water/Sewer Fund as far as revenue goes. Mr. Olmedo stated the City has a practice of doing incremental 3% to 5% rate increases to avoid large rate increases of more than 15% as the City had to do in the early 2000s. The money is intended for future debt service. He noted on the expenditure side, there is an increase of 1.3%. Capital projects such as the incinerator upgrade are being budgeted on a pay as you go basis, rather than being included in operating expenses.

Mr. Olmedo reported there is no proposed rate increase in the Electric Fund and a 1.5% increase in revenues is anticipated. The majority of the Electric Fund expenditures are wholesale power purchases with some minor increases in personnel. He pointed out \$500,000 for replacement of underground infrastructure downtown, \$250,000 for the backyard digger; and \$200,000 for automated meter reading replacement. There was discussion about pole attachment fees and the location of the planned High Point University electric substation.

There is a proposed rate increase in the Stormwater Fund from \$2 per Equivalent Residential Unit) ERU to \$3 per ERU. He added that instead of using General Fund dollars to pay debt service on stormwater capital projects, the City will use this additional revenue. City Manager Greg Demko noted the \$3 fee still puts High Point below other cities in the area. Mr. Olmedo said on there will be a 7.4% increase on the expenditure side and explained the majority of that cost increase is due to the additional street sweeper and the position to operate that equipment.

Mr. Olmedo shared the Solid Waste Fund has a proposed increase of \$3(from \$8 to \$11 per month). He explained this is the second year of a three-year plan to move this from the General Fund to the Enterprise Fund. The expenditure side is decreasing by \$400,000. City Manager Greg Demko said staff was recommending setting aside the funds from the wholesale rate decrease into a rate stabilization fund.

At this time, City Manager Demko advised that there was a need for Council to go into a Closed Session to discuss a personnel matter.

Closed Session (Personnel matter)

Upon motion duly made and seconded, Council, pursuant to North Carolina General Statute 143-318.11(a)(6), went into a Closed Session at 3:30 p.m. for the purpose of discussing a personnel matter.

Upon motion duly made and seconded, Council reconvened into Open Session at 4:10 p.m. with an announcement that no action was taken as a result of the Closed Session.

Planning and Development Presentation- Fee Schedule

Lee Burnette, Planning and Development Director, distributed copies of the proposed fee schedule for 2015-2016. He explained ACCELA would enable staff to minimize the different number fees and make the process simpler. The system will be set up so customers will only have to purchase one permit instead of multiple permits (ex: electrical, plumbing, etc.). The information has been distributed to the Triad Real Estate and Building Industry Coalition (TREBIC) and is also viewable on the City's website. Deputy City Manager Randy McCaslin noted that High Point is in the middle compared to other jurisdictions in the area. Mr. Burnette said fees would be going up in part to compensate for higher advertising costs. City Manager Greg Demko asked Mr. Burnette to be available at the Manager's Briefing on Monday to answer any questions.

Budget Review

Mayor Pro Tem James Davis expressed concern about what would happen in the future with electric rates because of the new restructured debt ElectriCities is taking on. He noted the City had been promising a rate decrease in 2020 and now apparently that would not happen and rates would likely increase. City Manager Greg Demko said if the City puts money in the rate stabilization fund, the City could mitigate some future increases. There was discussion about ElectriCities plans for future rate increases and Council Member Alexander talked about the process by which the ElectriCities board decided to take on more debt for the Catawba Nuclear Plant. Mayor Pro Tem James Davis encouraged Council Members to take a tour of the Catawba Nuclear Power Plant.

Council Member Cynthia Davis asked about Police, Fire, 911 and Call Center over hires. City Manager Greg Demko stated that in the past, the dollar amounts for the training positions were in the budget but the Full-Time Equivalents (FTEs) were not recognized in the budget. He explained he wanted to show both categories in the new budget. Council Member Cynthia Davis asked why the Internal Auditor position was eliminated. Mr. Demko said he recommended the Internal Auditor be eliminated because the organizational structure he hopes to put into place will eliminate or reduce the need for an Internal Auditor's position. He noted the new organizational structure would assist with transparency and accountability. Currently, there are 21 Departments to supervise. Council Member Cynthia Davis pointed out there was a City Manager, a Deputy City Manager and two Assistant City Managers and wanted to know if that was a typographical error. Mr. Demko responded that it was correct. He added the Assistant City Manager that is currently being recruited should have expertise in planning, development and downtown development. Mayor Pro Tem James Davis asked when Mr. Demko was going to implement the organizational changes. Mr. Demko said he was still looking for the first Assistant City Manager and added when the new Assistant City Manager got on board they would begin deciding which departments would report to whom.

Mayor Pro Tem James Davis said he would like to see what the City contributes to organizations such as the Chamber of Commerce. He noted the City was a "Vision Partner" with the Chamber for \$20,000 a year and questioned the benefits from that. Mr. Davis said he was also surprised that the City has as

many as fifty parks, plus a Human Relations Departments, a Library and a Theatre. He added that he was not advocating to get rid of the Library or the Museum, but wanted to look at perhaps closing some of the underutilized parks and questioned whether the City needed a museum, theater or a Human Relations Department. Mr. Davis said the City has fallen behind on street repairs and he would like to look at some of the items he just mentioned and reallocating those funds towards street repair. Council Member Alexander said he would like to know if all the fifty City Parks are actually parks because the City puts all the land needed for public services in the Parks Department and gave several examples of such areas. City Manager Greg Demko informed Council that an inventory and a map would be provided at the Monday Manager's Briefing. Council Member Alexander pointed out the Parks Department generates a lot of revenue for the City and pointed out the popularity of certain parks in the City.

Council Member Alexander agreed with Mayor Pro Tem Davis that the City should focus on street repaving. He explained those funds were cut to help balance the budget during the recession. Council Member Cynthia Davis said she had some issues with the Wi-Fi being provided at some of the recreation centers and questioned why Washington Terrace and other parks were not selected. Deputy City Manager McCaslin replied that the recreation centers chosen had the largest after-school programs. Council Member Cynthia Davis called attention to the High Point World Religions Forum which was added to the budget this year. She said she did not think the City should be funding a religious forum when people are so adamant about religion and government lines not being crossed. She shared that she attended HiFest in the past and noted it was poorly attended. She added there is a SoSi (Southside) Festival around the same time and suggested the City could partner with that event. She questioned the use of the \$4,000 for the Student Human Relations Commission. Deputy City Manager Randy McCaslin explained the money was spent on flyers and also snacks and materials for their activities. Council Member Cynthia Davis questioned whether or not the City should be funding the Student Human Relations Commission conference at all. Council Member Golden pointed out the value of the Human Relations Department and felt it would be a shame to do away with the Department. Mr. Golden said if someone felt they were discriminated against; they would have nowhere to go. Mayor Pro Tem James Davis pointed out cities of comparable size do not even have a Human Relations Department. Council Member Ewing felt there is a value in some of the things the Human Relations Department does and suggested it may be better as a non-profit with the Human Relations Commission being a bridge to the City government.

ADJOURNMENT

The meeting adjourned at 5:05 p.m. on a motion duly made and seconded.

Respectfully Submitted,

Thomas Vincent, Deputy City Clerk