

**BUDGET REVIEW SESSION
JUNE 2, 2015 – 3:00 P.M.
3RD FLOOR LOBBY CONFERENCE ROOM**

MINUTES

Present:

Mayor Bill Bencini; Mayor Pro Tem James Davis (Ward 5), and Council Members Latimer Alexander (At-Large), Cynthia Davis (At-Large), Jeff Golden (Ward 1), Alyce Hill (Ward 3), Jay Wagner (Ward 4) and Jason Ewing (Ward 6).

Absent: Chris Williams (Ward 2).

Staff Present:

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

News Media Present:

Pat Kimbrough, *High Point Enterprise*

In response to citizen comments regarding expanding the library hours, City Manager Greg Demko asked Council to revisit this. Deputy City Manager Randy McCaslin advised it would cost \$95,000 to add one hour each weekday and three hours on Saturday and noted the hours were cut during the last recession. Mr. Demko noted the General Fund could handle the additional cost.

Council Member Alexander moved to return the library hours to the pre-recession hours (8 hours per week; 400 hours per year). Council Member Ewing made a second, the motion carried unanimously. [8-0 vote, Council Member Williams was absent].

[Note: the new library hours will be 9:00 a.m. to 8:00 p.m., Mon. – Thurs.; 9:00 a.m. – 6:00 p.m., Fri. – Sat.; Sun. 1:30 p.m. – 5:30 p.m.]

Council Member Ewing asked about some departments that had employee numbers change, but the salary line amount did not change. Mr. Demko explained some departments had a certain amount of over hires and the dollar amounts were always in the budget, but not in the position count. He explained by listing the total number of positions it makes things clearer and more transparent.

Council Member Cynthia Davis said if Council was interested in coming up with additional funds for street maintenance with some cuts that would be made to some of the City Manager's proposals. She suggested instead of four additional Code Enforcement Officers come down to two, which saves \$159,000 and instead of doing the Street Sweeper position now; maybe look at that position and the equipment next year, that would save \$313,465. Council Member Davis said instead of doing three full-time positions and five seasonal, cut it to two full-time and three seasonal and that will save \$190,291. Council Member Ewing said because of some of the changes the Manager has imposed if there are dollars to be saved he would rather give the Manager a directive to shave off the money where he thought best rather than direct him where to cut. Council Member Cynthia Davis said the budget is presented to Council to look at and if all Council was supposed to do was rubber stamp something, then she questions the point of having budget review sessions. She said she was trying to look for funds to repair the roads without raising any more debt. There was a discussion about the costs and benefits of increased code enforcement and the funds allotted for demolition of blighted properties. Council also discussed the need for more street sweeping and maintenance of medians.

Council Member Alexander said he would like Council to find \$1 million to put into additional street repairs. He said the City was at over \$2 million in 2005-2006 and at that point it was not adequate to maintain the streets. Mr. Demko advised other programs would have to be cut to come up with the \$1 million. Mayor Pro Tem James Davis asked what it would look like if the City did a .5% or 1% cut across the board in all departments to come up with the money. Council Member Cynthia Davis said the \$300,000 set aside for the economic development effort could be used elsewhere because nothing is final on that yet. She added if the façade match was not increased that would be money saved that could also be spent elsewhere. Council Member Cynthia Davis felt some things on the wish list could be deferred until next year and everything did not have to be done at once. Mr. Demko noted things needed to be done that would increase values in the City and he did not anticipate any more money next year. Mayor Pro Tem Jim Davis agreed if the City starts cleaning up blight, cleaning up streets and repaving streets it will create pride in the City and a positive atmosphere. Council Member Alexander noted that in 2001 or 2002 the City's street repaving budget was \$100,000. Deputy City Manager Randy McCaslin said in 2009 the budget was \$500,000 and has been slowly increased since then.

Council Member Alexander said if a penny on the tax rate is \$900,000, he could support a penny over what the Manager's recommendation is. He added he would support sixty-six cents and for that penny to go directly to street maintenance. Council Member Ewing said there was definitely a consensus that Council needs to do something about street maintenance and he would rather ask staff to find the best way to get the \$1 million. Mayor Pro Tem Jim Davis said he would not support a tax increase. He added that he thought \$1 million was a little unrealistic this year, but he could see \$500,000. Council Member Cynthia Davis said citizens were looking for the tax rate to go down, not up, and she was looking for cuts to make elsewhere. Council Member Alexander said if street maintenance was neglected it would be more expensive in the future. Council Member Cynthia Davis pointed out some citizens could not afford to pay more taxes or fees. There was some discussion about accessing money from the Fund Balance. Council Member Alexander noted the Enterprise Fund the City has gone to with garbage has shifted the burden to smaller taxpayers. Mayor Pro Tem Jim Davis said he thought the tax rate was too high especially compared to neighboring cities and that the garbage fees were a fairer system.

Council Member Alexander moved to lower the tax rate from 66.4¢ to 66¢ and take the \$900,000 in savings and use it for street maintenance. The motion died due to lack of a second.

There was some discussion about charging businesses for recycling services. Mayor Bencini said the City would have to pay for street maintenance sooner or later and the question was if the City goes about it in an orderly, businesslike fashion or put it off and end up with a large debt. Council Member Cynthia Davis suggested staff go back and look over the budget and determine which items could be cut back. City Manager Greg Demko said he would not suggest an across-the-board cut. The Council discussed Department's cutting their budgets or using money from the Fund Balance. City Manager Greg Demko noted the City's operating costs on a grand scale were in line with comparable cities. Council Member Cynthia Davis suggested cutting non-essential training. She added she would almost say the budget is not satisfactory and that it be sent back to staff for them to find the money. City Manager Greg Demko said as staff prepared this budget it was keeping all current levels of service and programs with some additional money to help improve the City's appearance. He added it would be helpful for staff if Council would share some ideas/suggestions of things they might want to eliminate or reduce. Council then discussed employee pay raises and potential savings from cutting merit raises from 2% to 1%.

City Manager Greg Demko said if is Council's direction that they want to find \$500,000 to put toward street repair that staff can take a look at it and reconvene at the Finance Committee on June 11.

Council Member Alexander moved to forward the proposed FY 2015-2016 Budget as recommended by the City Manager to Council with a favorable recommendation for approval Council Member Wagner made a second to the motion, which carried by a 7-1 vote as follows:

Yes: Mayor Bencini, Mayor Pro Tem Jim Davis, Council Members Alexander, Ewing, Golden, Hill and Wagner.

No: Council Member Cynthia Davis

[Council Member Williams was absent]

There being no further discussion, the meeting adjourned at 4:35 p.m.

Respectfully Submitted,

Thomas Vincent, Deputy City Clerk