

FINANCE COMMITTEE
Chaired by Mayor Pro Tem J. Davis
June 11, 2015 – 4:00 p.m.
3rd Floor Lobby Conference Room

MINUTES

Present:

James Davis, Chairman

Committee Members: Cynthia Davis, Alyce Hill and Chris Williams

Also Present:

Mayor William S. Bencini, Jr., and Council Members Jeff Golden and Jason Ewing (arrived at 4:10 p.m.)

Staff Present:

Greg Demko, City Manager; Jeff Moore, Director of Finance; Eric Olmedo, Budget and Performance Manager; Jeron Hollis, Public Information; Angela Kirkwood, Director of Human Resources; Amy Jarvis, Human Resources Manager; Terry Houk, Director of Public Services; Mike McNair, Keith Pugh, Director of Engineering Services, Director of Community Development & Housing; Carol McDowell, Assistant Director of Public Services; Joanne Carlyle, City Attorney; Lisa Vierling, City Clerk

News Media Present:

Pat Kimbrough, *High Point Enterprise*

Jordan Green, *Triad City Beat*

150193 Contract – Breece Enterprises – Emergency Water & Sewer Repairs

Council is requested to award contract to Breece Enterprises in the amount of \$937,480.00 to assist with emergency repairs and maintenance items on the city's water and sewer systems.

Keith Pugh, Director of Engineering Services, explained that this is an annual contract for emergency repairs and maintenance items on the city's water/sewer systems. In the past, staff has traditionally come to Council and asked for a 100% extension on the contract. Mr. Pugh pointed out there are no specific projects outlined in this contract. Committee Member C. Davis expressed concerns that only one bid was received and asked if it might be possible to rebid it. Mr. Pugh felt there would not be any competitive advantage in rebidding the contract, plus all the funds available have been exhausted to put in the previous contract. Chairman J. Davis felt there was an advantage in contracting with Breece because of them being a local company. Committee Member C. Davis asked

about contracts being included in the packets for Council's review. Mr. Pugh explained many of the contracts were too voluminous to include.

Chairman J. Davis moved to forward the contract with Breece Enterprises for emergency water/sewer repairs in the amount of \$937,480.00 to Council with a favorable recommendation for approval. Committee Member C. Davis made a second to the motion, which carried unanimously. [4-0 vote]

150194

Contract – Ward Tank Replacement – New Tank Design

Council is requested to award contract to CDM Smith in the amount of \$182,200.00 for the design of the Ward Water Tank Replacement which will be located at 1329 Potts Avenue.

Terry Houk, Director of Public Services, advised that the Ward Water Tank, built in 1929, needed to be replaced. This contract would include the design, permitting and bidding for the new tank. The old tank will be kept online during construction until the new tank is built and comes online. Randy McCaslin, Deputy City Manager, pointed out that Council previously approved the land for the new water tank.

Chairman J. Davis moved to forward the contract with CDM Smith in the amount of \$182,200.00 for the design of the Ward Water Tank Replacement to Council with a favorable recommendation for approval. Committee Member Williams made a second to the motion, which carried unanimously. [4-0 vote]

150195

Contract – Compensation Claims Solutions (CCS) – Workers' Compensation Program

Council is requested to award contract to Compensation Claims Solutions (CCS) in the amount of \$60,900 (annually) to provide third party workers' compensation claims administration. This is a three year contract beginning September 1, 2015 – August 31, 2018 in the total amount of \$182,700.00.

Angela Kirkwood, Director of Human Resources, advised that six companies responded to the RFP and staff recommends the contract be awarded to Compensation Claims Solutions (CCS) for four primary reasons: 1) They met all the terms of the proposal; 2) They were the only bidder that provided a comprehensive list of services in one flat rate; 3) They were the overall low bidder; and 4) They have provided excellent customer service to the city in the past. Chairman J. Davis thought it would be good to lock in the price for the contract with CCS and asked about the possibility of CCS extending the contract another three years at this price. Ms. Kirkwood pointed out in terms of being competitive in the industry, companies like to gage their services for a term and

not leap too far out in the future and further explained that it's tied to the cost of the workers compensation claims.

Chairman J. Davis then moved to forward the three-year contract with Compensation Claims Solutions (CCS) in the amount of \$60,900 annually (total contract amount \$182,700) to the Council with a favorable recommendation for approval. Committee Member Williams made a second to the motion, which carried unanimously. [4-0 vote]

150196 Budget Ordinance Amendment - Market Authority - Occupancy Taxes & Business Licenses

Adoption of an ordinance amending the 2014-2015 Budget Ordinance to appropriate funds received for the Market Authority for occupancy tax and showroom licenses that exceed the adopted budget by an estimated \$60,000.00.

Eric Olmedo, Budget & Performance Manager, explained that every year at this time, Jeff Moore, Director of Financial Services, does an analysis of collections in this area to determine where the city actually is compared to the amount budgeted. In this case, staff budgeted conservatively and the revenues came in in excess of what was actually budgeted.

Committee Member C. Davis made a motion to forward this Budget Ordinance Amendment to Council with a favorable recommendation for adoption. Committee Member Hill made a second to the motion, which carried unanimously. [4-0 vote]

150197 City of High Point/Forsyth County - Tax Collection

Council is requested to authorize the appropriate City Official to execute an agreement between Forsyth County and the City of High Point for the collection of the 2015 and for the collection of 2014 and prior years' taxes by the Forsyth County Tax Administration office for areas of High Point located in Forsyth County.

Jeff Moore, Director of Financial Services, advised that High Point has agreements for tax collection/administration with four counties: Guilford, Randolph, Davidson, and Forsyth and explained that Forsyth County is the only one that requires annual updates to their contract with the City of High Point (Davidson and Randolph contracts automatically renew until terminated; Guilford County's contract is for a four-year period and discussions on this renewal will take place next year). He noted this is only a formality and no additional cost would be involved.

Chairman J. Davis made a motion to forward the Contract with Forsyth County for tax collection/administration services to Council with a favorable

recommendation for approval. Committee Member C. Davis made a second to the motion, which carried unanimously. [4-0 vote]

150198

Contract – Community Housing Solutions

Council is requested to authorize the appropriate city staff to execute contract with Community Housing Solutions to construct two affordable properties in the Southside Community.

Mike McNair, Director of Community Development & Housing, reported that the contractor is ready to get started constructing two affordable homes in the Southside community. Construction is expected to begin on or shortly after July 1st and should be completed within 90-120 days. The completed houses will be made available to income eligible participants of the Lease Purchase Program and successful candidates will have lease payments not exceeding 30% of their income and will be expected to purchase the home within one year of occupancy.

Chairman J. Davis expressed concerns regarding the price per square foot and asked if the city would also be donating the lots, because this would drive the price up more. Council Member Ewing questioned whether the city would be subsidizing any amount since these would be lease purchased and asked about the dollar amount of the lease purchase versus the cost of the actual construction. Mr. McNair explained that there is a 15% contingency built into the contract and pointed out the houses are built to a pretty high standard and would be energy star compliant.

Chairman J. Davis mentioned a house that the city acquired on Dayton several years ago that the city rehabbed, but pointed out the house has been sitting there for sale for over a year. He noted this would equate to about \$80 a square foot for that particular house and pointed out he was not sure the city was getting the best bang for the buck building a house in the Southside neighborhood that would be around \$95 per square foot. Mr. McNair explained the city is doing a lease purchase development because houses are not moving well presently and noted the clock is ticking to use the federal funds because if the funds are not used in a certain period of time, the city will lose the dollars.

Chairman J. Davis asked about the number of houses the city has. Mr. McNair explained the city has 13 houses; five have been sold; one is under contract; one is pre-qualified; and one is for sale (house on Dayton); and the remainder are either sold or occupied. He shared that the candidates for the lease purchase program are required to participate in the IDA (Individual Development Account) Program to be trained on finances, budgeting with their progress being constantly monitored as well as their credit rating. Mr. McNair noted in order for candidates to be accepted into this class, they are

required to have a high enough credit score to forecast them as being mortgage eligible within a year.

Chairman J. Davis asked staff if this money could be used to rehab existing homes, or if it has to be used for new construction. He felt that the money might be better spent rehabbing some of the boarded up dilapidated houses in the neighborhoods, rather than putting up a couple of houses in a neighborhood. Mr. McNair explained the city already has a presence in the Southside neighborhood and has already made a commitment to this neighborhood and felt if the city is not willing to invest in this community, it would not change. He advised that spending the money for rehabbing existing homes would not be out of the realm of possibilities, but pointed out the city would have to pick specific locations. He noted there are some undesignated funds set aside in the Annual Action Plan that could possibly be spent in this manner.

Mr. McNair stated that it was a possibility that the city would take a loss building these two homes in the Southside community, but staff perceives it as an investment in the community. He explained this would not be done with HUD money, but is a grant and in this particular case if the city does not go ahead and use the money, the money would be lost and would go away.

At this time, Committee Member C. Davis asked Chairman J. Davis if his comfort level would increase if the amount of money allocated is reduced based on the actual cost of construction since the land has already been acquired. Chairman J. Davis replied it would not and he still questioned whether or not it would be worth it to take a risk/gamble knowing the city would end up taking a loss to make a change in this neighborhood. Council Member Ewing pointed out the city already takes losses on a majority of city services (i.e. MRF, transportation, etc...). He also advised that long-term, it would result in an increase of tax value on the property and the city would eventually get the money back.

Chairman J. Davis then asked if there were any additional comments or questions for staff. There being none, he stated he would be willing to take a risk and approve it.

Chairman J. Davis then moved to forward this matter to Council with a favorable recommendation to approve the contract with CHS, Inc. in an amount up to \$287,038 to build the two houses in the Southside community. Committee Member C. Davis made a second to the motion, which carried unanimously. [4-0 vote]

150199 Contract Renewal - The Ferguson Group

Council is requested to authorize the renewal of contract with The Ferguson Group (TFG) for the period of July 1, 2015 – June 30, 2016.

Chairman J. Davis asked Mayor Bencini to report on this matter. Mayor Bencini pointed out when this subject was previously discussed during a budget review, questions were directed to the city manager as to what the correct amount for the contract should be and if there was some expectation on different level of services because the amount of the contract was less than what had been budgeted previously. City Manager Greg Demko advised that Jennifer Imo with The Ferguson Group would be briefing Council during a Manager's Briefing on Monday, June 15th regarding the services they offer as part of the contract. He noted that the \$50,000 for The Ferguson Group was incorrect and he is proposing to keep it funded at the current level of \$80,000.

Committee Member C. Davis suggested adding the \$5,000 identified for reimbursement to the contract amount of \$80,000 to make it \$85,000. City Manager Greg Demko clarified that the contact would be for \$80,000 plus costs, expenses.

Chairman J. Davis then moved to forward the contract with The Ferguson Group to Council with a favorable recommendation for approval. Committee Member Williams made a second.

Committee Member C. Davis offered a friendly amendment to the motion to increase the amount of the contract to include the \$5,000 for costs, expenses. Chairman J. Davis and Committee Member Williams agreed to forward the contract with The Ferguson Group in the amount of \$85,000 to Council with a favorable recommendation. The motion carried unanimously. [4-0 vote]

Discussion Regarding Increasing Council's Travel Line Item for FY 2015-2016

Chairman J. Davis stressed the importance of face-to-face meetings and forming relationships with our legislators. He suggested that the Council's travel line item in the proposed budget be increased. Mayor Bencini mentioned the upcoming ElectriCities Conference to be held in Myrtle Beach, SC and noted the cost of this conference alone would be around \$2,000 for each Council Member. Eric Olmedo, Budget & Performance Manager, advised that \$1,500 per Council Member is currently proposed in the budget. Mayor Bencini also felt the Council's travel line item should be increased. City Manager Greg Demko agreed that this was an area that should at least be doubled.

150200 High Point Convention & Visitors Bureau – 2015-2016 Annual Budget/Contract

City Council is requested to approve the annual budget for the High Point Convention & Visitors Bureau (CVB) for FY 2015-2016 and authorize the City Manager to execute contract between the High Point Convention and Visitors Bureau for FY 2015-2016.

Eric Olmedo, Budget & Performance Manager, advised this was merely a pass-thru in the city's budget. City Manager Greg Demko pointed out that the Convention & Visitors Bureau requested a 3-year contract, but staff is recommending a one-year contract as has been done in the past.

Chairman J. Davis made a motion to forward this matter to Council with a favorable recommendation for approval. Committee Member Williams made a second to the motion, which carried unanimously. [4-0 vote]

150201 International Home Furnishings Market Authority – 2015-2016 Annual Budget

City Council is requested to approve the FY 2015-2016 annual budget for the International Home Furnishings Market Authority (Market Authority).

Chairman J. Davis made a motion to forward this matter to Council with a favorable recommendation for approval. Committee Member Williams made a second to the motion, which carried unanimously. [4-0 vote]

150202 City of High Point 2015-2016 Budget Ordinance and Related Documents

City Council is requested to adopt the FY 2015-2016 Budget Ordinance for the City of High Point and related ordinances and/or resolutions.

Chairman J. Davis advised that the Finance Committee is not ready to move forward with this matter at this time.

Committee Member C. Davis moved to continue this matter until a later date. Committee Member Hill made a second to the motion, which carried unanimously. [4-0 vote]

There being no further business to discuss, the Finance Committee Meeting adjourned at 4:45 p.m.

Respectfully Submitted,

James C. Davis, Chairman

Attest:

Lisa B. Vierling, MMC
City Clerk