

MANAGER'S BRIEFING SESSION/BUDGET REVIEW SESSION
JUNE 15, 2015 – 3:30 P.M
3rd FLOOR LOBBY CONFERENCE ROOM (FISHBOWL)

MINUTES

PRESENT:

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

ABSENT:

Mayor William Bencini

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; Angela Kirkwood; Jeff Moore, Director of Finance; Loren Hill, President HP Economic Development Corp.; Sandy Dunbeck, Senior Vice-President HP Economic Development Corp.; JoAnne Carlyle, City Attorney; Lisa Vierling, City Clerk; Tom Vincent, Deputy City Clerk

OTHERS PRESENT:

Jennifer Imo and Heidi Schott, Ferguson Group

MEDIA PRESENT:

Pat Kimbrough, *High Point Enterprise*

MINUTES

Briefing From the Ferguson Group

Jennifer Imo, with The Ferguson Group, reported that she had a productive day meeting with City Department Heads. As a result of these meetings, she received some great ideas and projects to work on for the City. Her next step is to take the information received and do some research and to create a Federal Agenda for the City. She explained there is a matrix of all the programs they will be focusing on and identifying funding opportunities, legislative fixes and Federal agency work. The goal is to have the Federal Agenda completed by July 31st. Even though the City Council usually approves the agenda, it does not inhibit the Ferguson Group from working on other things.

Council Member Alexander noted there were new representatives at the Federal level: Representatives Adams and Walker and Senator Tillis. He also pointed out Senator Burr has an election coming up and wanted to know what his office was pushing and what they could deliver. Ms. Imo stated the new folks were eager to help and reported Senator Burr's office is always willing to help when asked. She noted Senator Burr's position on the Intelligence Committee makes him very committed to military issues, but he is also very interested in local priorities. Ms. Imo added that Senator Burr is a big proponent of the Land and Water Conservation Fund and has been pushing for additional funding in this area. She suggested that High Point communicate to Senator Burr's office their appreciation for his support of the fund. There was a discussion about the availability of Federal funds for completing some greenways in High Point. Mayor Pro Tem Jim Davis said Council had discussed going to Washington D.C. to have

face to face time with representatives. Ms. Imo said that was a good idea and should be timed right to maximize the effectiveness. There was a discussion about the City becoming a Designated Weatherization Contractor to take advantage of some Federal funding. Ms. Imo said there may be low interest loans available for water and wastewater infrastructure through the Water Infrastructure Finance and Innovation Act (WIFIA).

Retail Economic Development

Sandy Dunbeck, Senior Vice President of the High Point Economic Development Corporation, reported the City was working on a new economic development endeavor involving retail. She reported that it is a three-year program and they were working with Electricities and a group called Retail Strategies. She shared a draft of a marketing guide they were working on. Ms. Dunbeck said Retail Strategies focused on retail corridors and identified three main areas: north High Point, North Main and South Main. City Manager Greg Demko added that these groups know what retailers are looking for and they will be able to promote the City of High Point. Ms. Dunbeck noted the marketing guide identified focused properties. They also did a GAP analysis which showed that High Point needs more grocery stores. Council Member Alexander pointed out there are lots of opportunities along the I-74 corridor such as a hotel or restaurants such as Cracker Barrel. Ms. Dunbeck advised that Retail Strategies could come back in August or September to brief Council.

Budget Review

City Manager Greg Demko stated the City Council travel was budgeted very low for an organization the size of High Point. He explained the amount was currently budgeted at \$1500 per person, which would be equivalent to one trip to Washington D.C. or almost a trip to the ElectriCities Annual Meeting. Mr. Demko said he was thinking of an amount along the lines of \$3,000 to \$4,500 a person. Council was in favor of increasing the travel budget. Council was in agreement to increase the travel budget to \$30,000. Mr. Demko stated the following would be reflected in the Budget Ordinance that would be presented at Thursday morning's meeting; \$30,000 increase in City Council travel, the library hours increased and the adjustment for the contract for the Ferguson Group (from \$50,000 to \$85,000)

Mr. Demko said he had put out a letter referencing alternatives for funding for street paving. He had set aside \$250,000 for renovations to City Hall and now realizes this may be a little premature. He felt a space/facility needs study is probably needed and he recommended cutting it to \$125,000 and doing a study for the municipal office building and the senior center. Council Member Alexander said the only thing he received pushback regarding the budget was raising the motor vehicle license from \$5 to \$10. He thought that might be one step too much this year and maybe the public would be more receptive to it next year with some increased education. Mayor Pro Tem Jim Davis did not agree with taking back the property tax because that had been promised by the former Council when they implemented the Enterprise Fund for the garbage service. He suggested taking out the third Assistant City Manager position in the budget which would save \$200,000 and increasing the marketing staff by one person instead of two. He felt Greensboro was not going to move forward with the Economic Development proposal and eliminating that would save \$300,000. Council Member Cynthia Davis said she had mentioned the EDC funds before. She added that there were other areas to look at and that finding the funds in the departments has not really been done. Ms. Davis said some positions could be cut, instead of three full-time do two, instead of five do three, instead of four do two, etc..... She felt there were more dollars available if people were willing to be flexible.

Council Member Alexander felt shifting money from the property tax and putting it towards a fee structure benefited the large property owners more than the average homeowner. He emphasized as the City added fees it shifted the burden from the corporate and industrial tax base to the people who owned less expensive homes. Mr. Alexander said he is not as concerned about the property tax rate as the fee side. He agreed with Mayor Pro Tem Davis about the Economic Development funds. Mr. Alexander

suggested putting the \$300,000 into street repair funds if there was a need for the Economic Development funds a budget amendment could be done. Council Member Cynthia Davis said she was never in favor of the Economic Development funds.

Council was in agreement about moving the \$300,000 earmarked for the consolidated Economic Development partnership to street repair. Mr. Demko stated one of the pieces of the combined Economic Development partnership proposal was to get the City some research and he would like to leave \$100,000 in the budget for this. Mayor Pro Tem Jim Davis noted that he could support the budget if the Council could leave the 1.4 cent tax decrease, not increase the vehicle fees and take the EDC money that would allow \$525,000 more for streets. Council Member Cynthia Davis said she thought more money could be found by cutting some of the things the City Manager wants to implement, and at this point she would not support the budget. Mr. Demko noted the goal for the street repair was \$500,000. He explained if \$125,000 was reduced from the money to renovate City Hall and \$200,000 from the Economic Development, that would result in \$325,000 that could be used elsewhere. He pointed out there was enough capacity in the fund balance for the remainder.

Council Member Cynthia Davis advised that she still had not gotten the amounts spent for meals. She had also asked for a comparison between Greensboro, Winston-Salem and High Point on what is spent on positions within departments and what she got was a survey of minimum and average wages. Ms. Davis noted the taxpayers were not getting raises and there were a lot of things that could be tightened up. She felt like the City was getting beyond what local government should be doing.

A discussion followed about the importance and cost of street sweeping. Mr. Demko said he could not overstate the importance of cleaning up the community. Council Member Cynthia Davis said demolition is key to cleaning up the City and a lot of properties that have been ordered to be demolished are still standing—even properties that the City owns. Mr. Demko noted the \$100,000 budget for demolitions would be increased to \$600,000 under this budget. Deputy City Manager Randy McCaslin said he was not aware of any buildings the City had ordered demolished were still standing. He advised some were still standing, but out for bid now. Council Member Golden felt if the City started cutting code enforcement in the future, Council would be having this same conversation in the future trying to catch up with code enforcement. He strongly objected to cutting code enforcement or street sweeping.

Council Member Alexander asked where the budget is if the City adds the hours to the library, modify Council travel, the line item correction for Ferguson, and get to \$2 million on street repairs. Eric Olmedo, Budget and Performance Manager, said the street repairs would be \$1.9 million, library hours \$87,000, Ferguson an additional \$35,000 so that puts us with cuts using about \$110,000 from the fund balance. Council Member Alexander said a 1.2 cent tax cut instead of the 1.3 cent tax cut would get us there. Council Member Ewing said he would rather increase the tag fee than change the tax rate. Council Member Alexander felt increased fees move the cost of government from the largest holders to the smallest holders. Mayor Pro Tem Jim Davis noted if they were trying to find another \$100,000 for the streets, they could decrease that amount from the extra \$500,000 budgeted for demolition. There was discussion about the necessity of hiring four more code enforcement officers. Council Member Alexander said he would be okay with \$1.9 million for street repairs.

Council Member Cynthia Davis said another thing she would like back in the budget would be the Internal Auditor position. She thought it was important for oversight and transparency. City Manager Greg Demko said the biggest piece is oversight and internal controls and how the whole organization is managed. He added one of the processes he intends to put into place is to have staff double-checking each other and pointed out it is more of a weaving of responsibilities so any one person is not looking at their own work. Mayor Pro Tem Jim Davis noted the third Assistant City Manager would make it so they had to supervise less department heads and there would be more accountability. Council Member

Golden also expressed concerns about the loss of the Internal Auditor position, but since talking with the city manager, he was more comfortable with it.

Council Member Cynthia Davis said she was not comfortable with the funding for the Human Relations Student conference in the amount of \$13,500 being in the budget. Previous Councils argued and debated over it and she thought it was inappropriate for the City to be funding the conference with taxpayer dollars. She said she asked how the \$4,000 was being allocated for the youth and she never got that information. Council Member Davis said she requested the breakdown ratio between residential and business for the electricity write-offs and if any of the businesses were receiving incentives from our EDC. Deputy City Manager Randy McCaslin said the write offs were for companies that went out of business so they would not be receiving incentives. Council Member Davis said she was looking for companies that received incentives and then went out of business. City Attorney JoAnne Carlyle said there would not be any because of the way the City does its incentive agreements.

City Manager Greg Demko asked what the direction of Council was to bring to the meeting on Thursday. Mayor Pro Tem Jim Davis suggested to go with the changes made today: keep the tax rate the same, the \$125,000 from the building improvements, \$200,000 from the EDC money, using additional fund balance and no vehicle tax.

Council Member Alexander moved to request Staff to prepare the budget documents and Mayor Pro Tem Jim Davis seconded the motion.

For further discussion, Council Member Cynthia Davis said she would like to see the \$13,500 come out of the Human Relations Department budget and see the breakdown on how the \$4000 for the youth is being used. Council Member Golden said he would not support the elimination of the \$13,500.

Council Member Cynthia Davis then made a substitute motion to remove \$13,500 from the Human Relations Department for the Youth White Privilege Conference. Mayor Pro Tem Jim Davis made a second. Resulting in a tie vote, the motion failed by the following 4 – 4 vote:

Yes (4): Mayor Pro Tem Jim Davis, Council Members Cynthia Davis, Ewing and Wagner.

No (4): Council Members Alexander, Hill, Golden and Williams.
[Mayor Bencini was absent]

Council Member Alexander then moved to request Staff to prepare the budget documents. Mayor Pro Tem Jim Davis made a second. The motion carried by the following 7 – 1 vote:

Yes (7): Mayor Pro Tem Jim Davis, Council Members Alexander, Ewing, Golden, Hill, Wagner and Williams.

No (1): Council Member Cynthia Davis
[Mayor Bencini was absent]

ADJOURNMENT

The meeting adjourned at 5:20 p.m. on a motion duly made and seconded.

Respectfully Submitted,

Lisa B. Vierling, MMC
City Clerk