



## **FINANCE COMMITTEE**

*Committee Members: J. Davis, C. Davis, Hill and Williams*

*Chaired by Mayor Pro Tem J. Davis*

**September 3, 2015 – 4:00 p.m.**

**City Manager's Conference Room**

## **MINUTES**

### **Present:**

James Davis, Chairman

Committee Members: Cynthia Davis, Alyce Hill and Chris Williams (arrived at 4:19 p.m.)

### **Staff Present:**

Greg Demko, City Manager; Randy McCaslin, Deputy City Manager; Gary Smith, Director of Fleet Services; Eric Olmedo, Budget & Performance Manager; Garey Edwards, Director of Utility Services; Marty Hinson, Electric Operations Engineer; Jeron Hollis, Communications & Public Engagement Director; Jeff Moore, Director of Financial Services; Edith Brady, High Point Museum; Angela Kirkwood, Director of Human Resources; Mary Sizemore, Director of the Public Library; JoAnne Carlyle, City Attorney; Brent Cole, Assistant City Attorney; Lisa Vierling, City Clerk

### **News Media Present:**

Pat Kimbrough, *High Point Enterprise*

**150279**

### **Public Hearing - Financing of Motorola Radio System Equipment**

Tuesday, September 8, 2015 at 5:30 p.m. is the date and time established by City Council to conduct a public hearing pursuant to NC General Statute 160A-20 for the consideration of financing upgrades to the 800mhz radio system, including improvements to City-owned real estate, through a contract between the City of High Point and Motorola, Inc.

Committee Member C. Davis felt more details should have been provided such as the amount, length and type of debt. Jeff Moore, Director of Financial Services, advised that he would make a short presentation at the Council Meeting which will include some opening comments. He reported that it would be financed for a period of ten years at a maximum amount of \$3.6

million. He also informed the Committee that the financing contract and recommendation at the next City Council meeting for Council approval, will be contingent on the LGC's acceptance. Committee Member C. Davis questioned the term "real estate" and felt it needed to be narrowed down and more descriptive. Mr. Moore clarified that it would be only for the underlying property underneath the radio communication towers (the city has three (3)).

*Note: This matter is before the Finance Committee for informational purposes only; no action is necessary from the Finance Committee.*

**150280      Contract Extension - Pike Electric - Electrical Distribution Crews**  
Consideration of contract extension to Pike Electric in the amount of      \$2.26  
million for Electrical Distribution Crews.

Garey Edwards, Director of Electric Utilities, advised this is an extension of a contract the city negotiated in 2013 with Pike Electric; they are asking for a 4.9% increase over the next two years. The increase will cover personnel prices (linemen are at a premium). Mr. Edwards felt this was a good deal and this would lock in the pricing for two years with either party having the ability to terminate the contract with the property notice.

Committee Member C. Davis noted that although she has no problems with the contract extension or the increase, she wanted to point out a previous conversation that took place on May 14<sup>th</sup> and May 18<sup>th</sup> regarding approved verbiage "upon approval of City Council" inserted into it. She noted that it shows that the contract was signed on August 12<sup>th</sup>, but Council was just seeing it today. She did acknowledge that it was passed by Council, but felt staff needed to follow up with the appropriate verbiage moving forward with anything over \$900,000 or higher. She expressed concerns regarding the timing of the signature versus the timing of when Council actually gets it and noted the city would not have time to re-bid if the need arises.

Jeff Moore, Director of Financial Services, stated he noticed this when it came back. He noted it was actually an oversight on the Purchasing Department's part and offered his apologies that it happened.

**Chairman J. Davis moved to forward this matter to Council with a favorable recommendation for approval. Committee Member C. Davis made a second. The motion carried unanimously. [3-0 vote] [Committee Member Williams was not in attendance when this matter was discussed]**

**150281      Purchase of Equipment- Compact Refuse Truck**  
Council is requested to approve the purchase of a new 2016 Isuzu rear      loading  
refuse truck from Scranton Manufacturing in the amount of      \$93,475.33.

Gary Smith, Director of Fleet Services, reported that the mini derrick will replace a 2009 Ford F550 compact side loading refuse truck with 150,000+ miles. This vehicle currently makes one trip to the recycling center, two trips to the landfill and other trips throughout the day to pick-up dead animals. Staff is recommending replacement of the 2009 Ford F550 with a vehicle that is

on the NJPA contract. Mr. Smith shared that the new vehicle would be a rear loading compact truck which allows more capacity and staff's goal is to reduce the number of trips to the landfill to one (instead of two). The 2009 Ford F550 would be retained as a spare and would be dedicated for dead animal pick-up. Mr. Smith estimates they would get at least 4-5 additional years of service out of the 2009 Ford F550 using it for dead animal pick-up.

Committee Member C. Davis questioned why the city could not get two additional years out of the vehicle for regular use. Mr. Smith pointed out the truck would be used as a much-needed spare.

Committee Member C. Davis advised that she would not be supporting this purchase because she feels the city can get another couple of years out of it as opposed to purchasing another vehicle.

**Chairman J. Davis moved to forward this matter to Council with a favorable recommendation. Committee Member Hill made a second. Committee Member C. Davis voted No on this matter. [2-1 vote; Committee Member C. Davis dissenting]**

*Note: Committee Member Williams was not in attendance when this matter was discussed and voted on. Chairman J. Davis and Committee Member Hill voted in support of the motion; however Committee Member C. Davis voted in opposition; therefore, this matter will be forwarded to the City Council and placed on the Regular Agenda due to the dissenting vote.*

**150282      Purchase of Equipment - Mini Derrick with Trailer**

Council is requested to approve the purchase of a mini derrick with trailer from Nesco Sales & Rentals in the amount of \$153,100. This equipment is for use by the Electric Department to meet the growing demand for work in backyards with limited access.

Gary Smith, Director of Fleet Services, explained this machine has the same abilities as a larger derrick truck, but it is compact and able to be remote controlled into the backyards of citizens when repairs are being done. He noted this machine will enhance restoration of electric service and would be of great benefit to the Electric Department.

**Chairman J. Davis made a motion to forward this matter to the City Council with a favorable recommendation for approval. Committee Member Hill made a second to the motion. The motion carried unanimously. [3-0 vote] [Committee Member Williams was not in attendance when this matter was discussed and the vote was taken]**

**150283      Delegation of Responsibilities for the Firefighter Local Relief Fund Board**

City Council is requested to delegate the responsibility for submitting the annual Board of Trustees reports to the Fire Chief, currently appointed to Thomas Reid, and that copies of the report submissions be sent to the City Clerk's Office for record retention.

Jeff Moore, Director of Financial Services, explained that the Board of Insurance contacted the city about requesting that the city go ahead and delegate the authority for filing this annual report

to the fire chief. He further explained that in 2004, the Legislature made quite a few changes to the administrative rules and regulations regarding the Firefighter's Local Relief Fund (for closer reporting to the Board of Insurance). He stressed that High Point did not have any issues, but some of the other volunteer fire departments were and this necessitated the change in the legislation. Some of the changes had to do with the Local Relief Boards holding onto money and not spending as it was designed to provide health/pension benefits/supplementary insurance for retired firefighter personnel. He noted another faction to the legislation was to require the Board of Insurance to begin updating a database and because of the fire chief and administration has this information, and at the instruction of the Legislature, the city transferred those pension funds back to the Local Relief Fund, which is now being handled by the local fire departments and their pension trusts.

Staff is asking Council to authorize this delegation as well as close the loop back with the city clerk and financial services director to ensure that the record retention requirements are followed. Mr. Moore advised that Chief Reid is on board and in full agreement.

**Chairman J. Davis moved to forward this matter to the City Council with a favorable recommendation for approval. Committee Member C. Davis made a second to the motion, which carried unanimously. [3-0 vote] [Committee Member Williams was not in attendance when this matter was discussed and the vote was taken].**

**Budget Ordinance Amendment- Little Red Schoolhouse**

Adoption of a budget ordinance to appropriate funding in the amount of \$95,750 to relocate and stabilize the Little Red Schoolhouse to its final location on the High Point Museum Campus.

*Before the discussion started, it was noted that the architect for the project was out of town, so therefore he was not able to make the meeting.*

Deputy City Manager Randy McCaslin advised that the location of the Little Red Schoolhouse on the Greenway is not convenient for the Museum to use in their programming, nor is it secure. He noted that it is in need of some desperate renovations. He explained part of the Master Plan for the Museum was to move the Little Red Schoolhouse onsite and there was discussion in December of 2013 about potential 2/3 bond issues and possibly including this as one of the projects. Mr. McCaslin pointed out the \$95,750 is solely to relocate and stabilize the Little Red Schoolhouse and did not include any additional parking needs at the Museum (as was previously discussed). He reported that the bids for this were submitted to the City Council at the August 17, 2015 meeting and they are asking the city to pay for moving and stabilizing the building, they will pick up the cost of the renovations to the building.

Chairman J. Davis questioned what would be included for the \$95,750 since the building was only being moved one block. Edith Brady, representing the High Point Museum, shared that right now the Little Red Schoolhouse is not open to the public and that although the taxpayer's are supporting it, but not getting any benefit out of it at its current location. The Museum would like to move it to the Museum campus and renovate it with a focus on providing a space for

younger children, which the Museum does not currently have. She reviewed the breakdown for the \$95,750 as follows:

▪ Stabilization of roof.....	\$4,000
▪ Relocation of building.....	13,500
▪ Site preparation.....	15,000
▪ New footings/foundation.....	12,500
Exterior refurbishment	
▪ Roof shingles.....	13,500
▪ Replacing trim, siding.....	3,000
▪ Repainting exterior.....	17,500
▪ Replacing front porch frame/flooring.....	5,000
▪ New gutters/downspouts.....	<u>2,000</u>
Actual cost.....	\$86,000
Plus design fees	
▪ Detail investigation of existing building	2,500
▪ Preparation of foundation/roof structure...	3,500
▪ Architectural coordination with High Point inspectors.....	1,000
▪ Construction Services Procurement.....	1,000
▪ Construction Observations.....	1,500
▪ Reimbursable Expenses.....	<u>250</u>
	\$ 95,750

Chairman J. Davis asked about the square footage for the Little Red Schoolhouse. Ms. Brady replied that it is about 1,300 square feet. Chairman J. Davis noted if the historical significance is removed, the city would be spending \$200 per square foot for a wood-framed building. Committee Member C. Davis felt this was a lot of money to be moving the structure from one site to another for such a short distance. She asked if a bidding process was involved. Ms. Brady noted they paid the architect to pull all these numbers together. Mr. McCaslin pointed out this is merely the architects estimate and advised that the actual bids for the project would be done later.

Chairman J. Davis mentioned the fundraising campaign and asked how much money has been raised. Ms. Brady estimated the amount raised so far to be just under \$17,000. She explained the fact that the city owns the building and this has thwarted the fundraising efforts by the Historical Society. Chairman J. Davis asked if the Historical Society would be able to raise the additional money needed in a timely manner for renovating the building. Committee Member C. Davis suggested possibly selling the building to somebody if it is a problem for them to raise money because the building is owned by the city. Chairman J. Davis expressed concerns that they would not be able to raise adequate funding to cover the costs to complete the project and had problems with them coming back to the city to pick up the remaining cost. Ms. Brady felt people would be more willing to give if the city has put money into it and the original thought was that the Historical Society would raise the first half of the funds, but at this point they are

concerned about the building making it through another winter. As such, they do not feel they can raise that whole amount in time to get things moving to get it moved and stabilized before winter comes. Chairman J. Davis suggested they could temporarily cover the structure for the winter. Ms. Brady pointed out another issue is the security of the building.

Chairman J. Davis questioned staff about how they found \$100,000 out of the General Fund five weeks into the new budget. Mr. Demko advised that staff would be providing a preliminary financial update at a Briefing Session and noted that the city has performed better on expenses, revenues than anticipated. Chairman J. Davis explained it was the understanding of the prior Council that this money would be raised privately and while he understands that the city owns the building; he has no issues with helping to fund it or spending the city's share to move the building, but expressed concerns about moving the building without some kind of guarantee that the remaining money for the project will be there to complete it.

Mr. Demko suggested Council might want to consider and develop a program for a challenge grant (i.e. city can match up to \$50,000 of the money raised) and see how quickly it can be done and reevaluate before winter comes. Chairman J. Davis noted he could support this. Committee Member C. Davis commented that she would be fine with a 50/50 match. Committee Member Hill felt there was an obvious value in keeping the Little Red Schoolhouse as a historical landmark and part of the city property, but expressed concerns about the expense. She noted during budget deliberations there were many challenges and Council was having to look hard to find dollars and felt trying to find \$95,000 would be extremely hard. She asked if there were possibly any elements of the project that could be delayed and suggested securing it temporarily for the winter. Committee Member Williams felt it was just a matter of getting the funds for it and he would prefer to hear the financial update from staff at the Briefing before making a decision on it.

**Committee Member Williams then MOVED TO TABLE THIS MATTER TO ALLOW COUNCIL TO BE BRIEFED BY STAFF ON THE FINANCIAL UPDATE ON TUESDAY, SEPTEMBER 8<sup>TH</sup> BEFORE TAKING ANY ACTION. Committee Member C. Davis made a second to the motion, which carried unanimously. [4-0 vote] [Committee Member Williams was present at the time this vote was taken]**

#### **Update- Convention & Visitors Bureau**

Jeff Moore, Director of Financial Services, advised that several council members had questions regarding the CVB's financial condition, which resulted in a meeting between him, the city manager, Council Member Hill (as the liaison to CVB), Tim Mabe, Executive Director and Doyle Early, Chairman to discuss these concerns, particularly about the use of their reserves, direction, lack of communication and the fact that all council members were not receiving complete information from the CVB. He noted that he met with Melody at the CVB in early July and rehashed these topics at the staff level in an effort to improve communication, better utilize their technology, meeting expectations and the discussions regarding the contract (financial reporting monthly as well as the timeliness of their audit).

Mr. Moore reported that the CVB has been extremely receptive to these communications and he talks with Melody at least monthly. He is currently working with the CVB on the integration on

their non-budgeted operational expenditures in with their budget operational expenditures so that everybody can see exactly where they are in amending their budgets throughout the year. Mr. Moore advised that the CVB spent about \$500,000 for the upfit at the Chamber, which was done largely with cash reserves and reported that they do have a plan to recover and restore these reserves over the next five years through a variety of avenues including facility rentals and sponsorship dollars. Chairman J. Davis asked why the city does not have greater oversight as far as the CVB is concerned since the city acts as a pass-through for the revenues that are collected on the occupancy taxes and passed along to the CVB and questioned why the CVB was allowed to spend \$500,000 out of their reserve fund to pay for the improvements at the Chamber without any kind of accountability to the City Council especially for a building it does not own. He asked if this makes the City of High Point responsible for the CVB's actions since the Council renews their contract on an annual basis. He mentioned the proposed baseball stadium that has been discussed and pointed out the CVB was in the development business now and using taxpayer's monies to hire an architectural firm. Assistant City Attorney Brent Cole noted he would have to review the contract for the specifics, but it appears to be very broad in nature with the city giving the CVB a specified amount of money (not necessarily earmarked money). City Manager Greg Demko added that it is restricted by statute to tourism-related expenditures. Committee Member C. Davis felt for the economic development piece, the CVB would have to be more than a 501(c) 3.

Mr. Demko noted that due to the open dialogue now between the City of High Point and the CVB, with Mr. Moore directly involved as to what is going on. Mr. Moore advised that Council should now be receiving communication and updates through the city's email address on a monthly basis and he would provide Council with the CVB's quarterly financials. Chairman J. Davis asked if it would be possible to get some answers as far as the legal questions. Committee Member Hill advised that the new contract certainly provides for more accountability and felt the CVB is on track with their plans to recoup the \$500,000 in five years.

Mr. Moore noted the bottomline is he wanted to provide this update and let Council know that the CVB now has good communication, making positive strides in the right direction and are doing their best intentions to meet the needs of City Council. It was noted this was much improved over last year.

### **MRF Renovations**

Mr. McCaslin reported that staff is moving forward with a proposal to get private bids for the operation of the MRF and will have those later on in the year. Staff still feels that it is in the city's best interest to operation the MRF, but without the private bid costs, there was nothing to compare this to. The city has hired a consulting firm to prepare those bids and staff will bring it back later on this year.

**ADJOURNMENT**

There being nothing further to discuss, the meeting adjourned at 4:45 p.m. upon motion duly made by Committee Member Williams and second by Committee Member C. Davis.

Respectfully Submitted,

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James C. Davis, Chairman

Attest:

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Lisa B. Vierling, MMC  
City Clerk