



FINANCE COMMITTEE

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

Chaired by Mayor Pro Tem J. Davis

September 17, 2015 – 4:00 p.m.

City Manager's Conference Room

MINUTES

Present:

James Davis, Chairman

Committee Members: Cynthia Davis and Chris Williams

Absent:

Committee Member Alyce Hill

Staff Present:

Greg Demko, City Manager; Randy Hemann, Assistant City Manager; Eric Olmedo, Budget & Performance Manager; Jeff Moore, Director of Financial Services; Jeron Hollis, Communications & Public Engagement Director; Edith Brady, High Point Museum (did not stay for entire meeting); Terry Houk, Public Services Director; Greg Venable, Transportation Planning Administrator; JoAnne Carlyle, City Attorney; Lisa Vierling, City Clerk

Others Present:

Richard Wood, Bill Phillips

News Media Present:

Pat Kimbrough, *High Point Enterprise*

150298

Budget Ordinance Amendment - Washington Street Property Demolition

Adoption of a Budget Ordinance appropriating funds in the amount of \$75,032.00 for the demolition of property located at 736 Washington Street (Odd Fellows Lodge) and 701 Washington Street (First Baptist Church) and the removal of the stained glass windows in the church.

Chairman J. Davis questioned the need for a budget amendment since \$500,000 was already included in the budget for demolitions. City Manager Greg Demko explained that the \$500,000 was for a program for redevelopment with some being for code enforcement and some for

demolition. He noted this money could be used for this demolition, but staff is recommending the money for this demolition (\$75,032.00) would come out of the fund balance in order to leave the \$500,000 in tact to develop a program, but Council could deduct the \$75,032.00 and make the program for this year for \$425,000. Committee Member Williams suggested leaving the money where it is. Mr. Demko advised it was also his recommendation to leave the \$500,000 in tact for development of a program. Chairman J. Davis asked if future demolition costs would also be taken out of the fund balance as well. Mr. Demko explained staff has not yet had the time to build the program, to determine how it would work, or determine which properties would be targeted for demolition, but it could come out of the \$500,000 in an effort to preserve the ability to be as flexible as possible.

Chairman J. Davis then moved to forward this matter to Council with a favorable recommendation for approval. Committee Member Williams made a second to the motion, which carried unanimously. [3-0 vote] [Committee Member Hill was absent].

150299 Eastside Wastewater Treatment Plant - UV System Repair

In order to complete the purchase, City Council is requested to:

(1) Approve an exception to the bid laws under the “sole source qualification” for the purchase of Trojan UV equipment for the Public Services Department from EW2 Environmental. State Statute (G.S. 143.129(e)(6) requires City Council to specifically authorize “qualified sole source” exceptions to the bid laws prior to awarding the contract. This purchase for the Public Services Department continues to meet the standard for “standardization considerations” as a qualified exemption. Representatives of the Public Services Department will be present to answer any questions which may arise.

(2) City Council is requested to approve the acquisition of the Trojan UV equipment from EW2 Environmental. The required funds of \$84,781.38 for the purchase are budgeted in the Water & Sewer Operations Fund.

Terry Houk, Director of Public Services, reported that Eastside has a UV disinfectant system, which includes three UV channels (two online at once, and one is used for a spare). Staff believes a power surge came through and damaged some of the lamps and output controllers on the two remaining systems. The needed components will restore Channels 1 and 3. He pointed out EW2 is the only authorized dealer to sell Trojan UV systems and guarantee their performance, so staff is asking for a sole source exception for this purchase. He further explained there is a Trojan system at both plants, so they are standardizing the system for both plants. Committee Member C. Davis asked if it was still under warranty and Mr. Houk noted it was not.

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 Hill was absent].

150300**Municipal Agreement - NCDOT**

Approval of a Municipal Agreement with the North Carolina Department of Transportation (NCDOT) for the Second Strategic Highway Research Program (SHRP2) Transportation Visioning for Communities Grant.

Greg Venable, Transportation Planning Administrator, explained this is an agreement with NCDOT for federal funds coming through NCDOT. It is a grant for \$50,000 with no local match required to do a visioning exercise and planning study for the multi-modal center, which includes the Train Depot, the Hi tran facility and the surrounding area including the PIT. He pointed out there has been a lot of discussion as to what would happen in this area and this would be using some federal dollars to develop a plan for the area. Committee Member C. Davis advised that she spoke with the city attorney and pointed out in regards to the property surrounding the PIT, the city has no property rights there, so the city would be planning for an area that the city does not even own.

Chairman J. Davis asked if any of the legal aspects had been worked out regarding ownership of the PIT property. City Attorney Joanne Carlyle advised it has not yet been worked out. Assistant City Manager Randy Hemann asked if the property owners would be involved in the process and it was noted they would be. Committee Member C. Davis confirmed most of the property owners have been contacted, mailed letters, and personally visited—most with a lack of interest so she would not be supporting this. She asked if it might be possible to use these grant funds elsewhere. Mr. Venable replied that it would not because the grant is area specific. Ms. Carlyle explained that she has never received any clear direction from Council regarding trying to clear the matters up with the property rights.

Mr. Demko pointed out the grant is for the whole area, and doesn't specifically deal with the PIT. Chairman J. Davis asked what the scope of this grant would be for the PIT. Mr. Venable explained there is currently no specific scope and the grant would be to bring all interested parties together in an effort to determine this. Ms. Carlyle suggested this study could assist Council in making a decision as to whether or not to go further with trying to clear up some of the property rights in question without spending money to do it. Committee Member C. Davis explained her biggest concern is she does not want to waste taxpayer's dollars if the owners are unreachable and/or uncooperative. She suggested possibly tabling it to see what could be worked out with the property owners. Ms. Carlyle recollected there is a big chunk of property in this area that was traced back to the Housing Authority, and suggested this would probably be the first approach to clean this issue up.

Chairman J. Davis agreed to move this matter forward to the City Council without recommendation so that all of Council could discuss it further. The Committee Members present agreed.

150301**Interlocal Agreement - PART Electric Vehicle Charging Station**

Approval of an Interlocal Agreement with the Piedmont Authority for Regional Transportation (PART) for the installation of an electric vehicle charging station which will be located at the City's Library.

Greg Venable, Transportation Planning Administrator, advised that there was some language that legal was going to work out with this and PART would like to put some electric vehicle charging stations at the Library. City Attorney JoAnne Carlyle advised that she did have a few questions, but would have all the legal language worked out to make sure the language in the agreement is clear. She noted a need for clarification in the document as to the change between the first three years when PART would be paying it and then it changes to the city and if the city would be receiving the 10%. She asked if the city would at least be able to break even although it is only about \$300 annually. There was some question about the actual number of electric vehicles in the city and it was noted there were not many.

Ms. Carlyle advised there were just a few details left open, but recommended the Committee go ahead and send this matter to Council. Committee Member C. Davis asked about the fee structure to be established that would allow the city to recover the electric service cost, plus another nominal amount for charge that could be applied to future network fees, post warranty maintenance. She expressed concerns regarding the revenue collections and quarterly distributions because it wasn't clear who would get it for the three-year period. Ms. Carlyle felt Mark McDonald, Director of Transportation, would be able to answer these questions and advised that she would get the language cleaned up enough to reflect whatever Mr. McDonald says. Committee Member C. Davis asked if it might be possible to negotiate the revenues. Ms. Carlyle noted this would be a question that needs to be directed to Mr. McDonald.

*Chairman J. Davis suggested leaving this matter in Committee until the next Finance Committee meeting to allow for some of these details/concerns to be worked out. **The Committee was in agreement to leave this matter in the Finance Committee to be discussed further at the next Finance Committee meeting.***

150302 Resolution - Authorizing Financing Contract - Motorola Communications Systems Upgrade

City Council is requested to authorize the City Manager and Financial Services Director to accept the proposal for the installment financing contract with Whitney Bank, to authorize the borrowing as evidenced in the attached resolution, and to prepare and execute the necessary documents in connection with the financing agreement, contingent on the Local Government Commission's approval.

Jeff Moore, Director of Finance Services, explained this is the third big step relating to the radio systems upgrade. Bids were received with great participation, which resulted in an incredible rate that is good for 10 years. Mr. Moore advised that High Point was certainly not the first municipality in North Carolina to do a deal with Whitney Bank. Mr. Moore reminded the Committee that this award would be contingent on the LGC actually providing their concurring approval. Staff strongly recommends to proceed.

Committee Member C. Davis asked if was necessary to give Whitney Bank some kind of legal document giving the city authorization to work with Whitney Bank. Mr. Moore explained the resolution authorizes him and Mr. Demko to sign and execute all the contracts necessary for the financing contract. Committee Member C. Davis then asked staff to explain the \$3,959,321 and asked if this was all upfront documentation fees because it seems to be excessive. Mr. Moore noted it was just the \$600 for the documentation fee and the \$3,959,321 is what the city will pay,

including the \$600 documentation fee over the life of the loan. Over the ten years, the city would be borrowing \$3,600,000 and will actually repay \$3,959,321.

Chairman J. Davis moved to forward this matter to the City Council with a favorable recommendation for approval. Committee Member Williams made a second, which carried unanimously. [3-0 vote] [Committee Member Hill was absent].

150303 Report of Independent Accountant - Local Government Employees' Retirement System

City Council is requested to accept the auditor's attest report letter for the special audit testing procedures on the City's participant data and related payroll

Jeff Moore, Director of Finance Services, reminded the Committee that when Council approved Cherry Bekhaert as the new auditors, the city was directed by the State Treasurer's Office that the city would have an audit of the city's participation in the Local Government Employees Retirement System. This work was done by Cherry Bekhaert at a cost of \$5,000 and the city came out with a very clean opinion.

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, which carried unanimously. [3-0 vote] [Committee Member Hill was absent].

Change in Date for Future Finance Committee Meetings

City Manager Greg Demko noted there was some prior discussion by the Finance Committee about possibly changing the dates the Finance Committee Meetings are held. He suggested the Finance Committee meetings could be moved up to Thursday morning or Wednesday afternoon prior to the Monday Council meetings.

Committee Member C. Davis made a motion to recommend changing the time for the Finance Committee meetings to the Wednesday prior to the Monday Council meeting at 4:00 p.m. Committee Member Williams made a second, which carried unanimously. [3-0 vote] [Committee Member Hill was absent].

Recent Vote by Council on Downtown Incentives

Committee Member C. Davis brought the Committee's attention to when the votes were combined at the Council Meeting on September 8th for the two downtown incentives. She explained that it was necessary to do the MSD incentives for Main Street, Uptowne and Washington Street because Council created the MSDs and after consulting with the city attorney, it was necessary for Council to do the MSD incentive to cover these three districts, which has not been done. City Attorney JoAnne Carlyle explained this would be necessary only if the Council decides to do incentives for these areas. Committee Member C. Davis pointed out this was the whole purpose in creating the MSDs because it was determined that the city was not properly allocating the dollars previously. City Manager Greg Demko noted he would have Assistant City Manager Randy Hemann look at these as well and bring back a recommendation.

There being no further discussion by the Committee, the meeting adjourned at 4:30 p.m. upon motion duly made by Committee Member C. Davis and second by Committee Member Williams.

Respectfully Submitted,

Lisa B. Vierling, MMC
City Clerk

Jim Davis, Chairman