



**HIGH POINT CITY COUNCIL
SPECIAL MEETING
(PROPOSED FY 2016-2017 BUDGET)
HIGH POINT MUNICIPAL BUILDING
MAY 18, 2016 – 3:00 P.M.
3RD FLOOR LOBBY CONFERENCE ROOM**

MINUTES

Present:

Mayor Bill Bencini; Mayor Pro Tem Golden (Ward 1); and Council Members Cynthia Davis (At-Large); Alyce Hill (Ward 3); Jay Wagner (Ward 4); Jason Ewing (Ward 6) (joined meeting at 3:10 pm.); James Davis (Ward 5); and Latimer Alexander (At-Large)

Absent:

Chris Williams (Ward 2)

Staff Present:

Greg Demko, City Manager; Randy McCaslin, Deputy City Manager; Randy Hemann, Assistant City Manager; JoAnne Carlyle, City Attorney; Angela Kirkwood, Human Resources Director [joined meeting at 3:32 p.m.]; Eric Olmedo, Budget & Performance Manager; Laura Altizer, Senior Budget Analyst; Roslyn McNeil, Budget Analyst; Jeron Hollis, Communications & Public Engagement Director; Loren Hill, Economic Development Director; Jeff Moore, Director of Financial Services; Maria Smith, Deputy City Clerk; and Lisa Vierling, City Clerk

Others Presents:

Ralph Rodland, Caring Services

News Media:

Pat Kimbrough, High Point Enterprise

Note: The following handouts were distributed at the meeting and will be attached as a permanent part of these proceedings.

▪ ***City Council Proposed 2016/2017 Budget***

Mayor Bencini called the meeting to order and mentioned that the purpose of the meeting was to discuss the Proposed FY 2016-2017 Budget, but some Council Members would also like to bring up appointments to boards and commissions. City Attorney JoAnne Carlyle reminded Council

that no decisions, motions, etc.... could be made regarding the boards and commissions, but Council could formally discuss the boards and commissions.

Boards and Commissions- Sub-Committee Recommendations

Council Member Alexander provided an update on the boards and commission. He shared that he met this morning with Council Member C. Davis to begin the process of reviewing the positions on the boards and commissions that have expired, soon to be expired and vacancies for 2016. He noted there were a number of key people serving in some of these positions with long service and great knowledge, but are not eligible for reappointment according to the current guidelines. He asked how Council felt about a more relaxed policy or if they desire to adhere to the strict letter of the law outlined in the adopted policy. He further explained there are some boards that are somewhat technical in nature and noted it takes a lot of staff time to work with new members to understand important issues. Some examples he provided were:

- *Planning and Zoning Commission and the Board of Adjustment.*
- *The ABC Board is high functioning with many rules/regulations. They have a great efficient team in place and felt it may be valuable to hold together.*
- *The Piedmont Triad Regional Water Authority.*

Council Member Alexander suggested there are a lot of positives in having long-term members because of their understanding of the issues and the nuances. He mentioned they have asked for staff to provide them with the attendance records for those positions on the boards and commissions and once they review this information, they plan to come back to each Council Member for his/her designated appointees to get their input, then they would reach out to the person in that position to ensure they want to be reappointed, then it will be placed on the agenda. Council Member C. Davis noted that this is mostly correct.

Mayor Bencini felt policy means that it is a little relaxed and not a law/rule, and although there are some individuals who have been on these boards and commissions a long time, he was not aware of any that should not be there. He seemed to think it would be reasonable to make these exceptions and did not feel the policy needs to be changed.

City Attorney JoAnne Carlyle pointed out this is the only policy that has been adopted by Council over the last several years that has been repeatedly changed up. She suggested if the policy is no longer fitting the needs, then maybe the Council should think about making revisions to reword it so that this issue doesn't keep getting repeated and she noted it would avoid conversations of this nature which come up from time-to-time.

Council Member J. Davis felt the current policy works good and inquired how the policy would be enforced. He mentioned Council Member Wagner's appointment on the Parks & Recreation Commission, Jim Bronnert, who was eligible for reappointment, but Council Member Wagner decided not to reappoint him and appoint Todd Nifong instead. He pointed out it was certainly Council Member Wagner's prerogative to do that, but Jim Bronnert never missed a meeting and was really active on the Parks & Recreation Commission. He agreed that it should be up to the individual Council Members to get fresh ideas/faces if they would like to do that.

Council Member Alexander asked for clarification on Council Member J. Davis' previous comment that any appointees serving with more than two terms, it would be okay to leave it up to the Council Member responsible for that particular appointment as to whether or not to adhere to the non-rule policy. Council Member J. Davis pointed out this is how it has been handled in the past and used Mark Walsh as an example and noted he serviced for 17 years on Planning and Zoning. Mayor Bencini felt like if Mr. Walsh was not doing a great job, somebody would have brought that to Council's attention and he would not be serving on the Planning & Zoning Commission. Council Member J. Davis felt David Wall would fall into the same situation on the ABC Board. Council Member Wagner advised that Mr. Walsh did rotate off and has not continuously served for 17 years.

Council Member C. Davis begged to differ. She mentioned that when she was on the Planning & Zoning Commission for 4.5 years, Mr. Walsh did not rotate off at all. She advised her disagreement is that the average citizen who is not considered as huge of an asset, but is willing to serve is required to rotate off after two terms, or even one term, depending on who the Council Member is that wants to replace/reappoint. She felt the longevity of any one member should not be allowed because there are other avenues to find qualified individuals out in the community to serve in these positions. In her opinion, it comes back to a council or a body that is being lazy that does not want to go out and say, "Hey, I think you would make a great candidate for this..." and to have that person to serve. She noted that we have the High Point Builder's and Realtors Association along with a number of other committees and/or agencies and/or clubs to appeal to to get qualified individuals to ensure that we adhere to the policy that we have. She felt it was wrong to value one individual over another and allow them to serve for 17-20 years because this sends the wrong message to the other individual that one opinion is more valuable than another, then say, I am sorry, but your two terms are over.

Council Member J. Davis suggested making ex-officio positions on these boards; this would allow the boards to continue capitalizing on their expertise. He asked if it might be possible to get rid of the ETJ position because of the difficulty in finding people to serve. Council Member C. Davis pointed out the statutes require ETJ members to serve on certain boards. She explained the process of getting someone from the ETJ appointed, which starts with a letter being sent to Guilford County asking them to appoint someone. If they do not after 90 days, then Council can make the appointment. Council Member Wagner pointed out as the policy is currently, you serve two terms, then you are supposed to rotate off at least a year before you come back on. He remembered Mark Walsh sitting off a year and pointed out the ultimate reality is that every Council Member has control over who sits on the boards. He felt if there is someone in a position that is qualified to serve, he did not feel they should have to rotate off for a year because this was somewhat of a mockery gave his opinion as to if someone is qualified in position and serving should not have to rotate off for a year and is somewhat a mockery.

Council Member C. Davis also agreed that Council is supposed to be in control of it ultimately, but it really depends on who you are on this particular Council as to whether or not you get that privilege. She believes that is wrong and that the policy has been abused for many of years and there is an opportunity for Council to either trash the policy or follow it.

Council Member Alexander advised since Council cannot take any action at today's meeting, he suggested that he and Council Member C. Davis continue to move through and look at which

appointments are coming up in 2016, look at their attendance, etc..... Council Members Alexander and C. Davis plan on meeting again tomorrow and will be sending emails to the rest of the Council informing them He informed that he and Council Member C. Davis will meet again tomorrow and may send some emails out to Council that they may have some openings. Once this is done, they will ask Council to go ahead and make the reappointments in the next 90 days so all of it will be done for this year.

Mayor Bencini thanked Council Members Alexander and C. Davis for their time and efforts in this endeavor.

Proposed FY 2016-2017 Budget

City Manager Greg Demko turned the floor over to Eric Olmedo, Budget & Performance Manager, to begin his presentation on the Proposed 2016/2017 Budget.

Department of Labor Ruling: Overtime Regulations

Mr. Olmedo updated Council on the final ruling by the Department of Labor regarding the overtime regulations that will go into effect December 1, 2016. He noted this basically moves the threshold up to a little over \$40,000/annually with anyone making under this amount automatically eligible for overtime. According to estimations by the city's Human Resources Department, there are approximately 94 employees that will be effected, but does not yet have a good cost estimate on how it will affect the city at this point.

Council Member C. Davis advised when they returned from Washington, D.C., that was one of the issues they covered and said they had already made the allocation or had put the money aside for that. She questioned the need to change the budget if the money has already been put aside. Mr. Olmedo explained he was not saying that the budget needs to be changed, but staff does need to continue to monitor it and make sure that what has been set aside will address the actual impact. He noted some money has been set aside, but it is not clear as to the impact yet.

Senate Bill 846- Sales Tax Distribution

Mr. Olmedo addressed Senate Bill 846 that was filed last week. He reported it would not have a budget impact this year, but as it currently stands, it would have a budget impact next year. According to estimates from the NC League of Municipalities, the city would lose about \$130,000 based on that.

Council Member C. Davis expressed concerns about another bill that has not caused a lot of conversation. She felt it was important to discuss its impact in regards to monies that the city may get from federal/state government regarding the controversy that is in the media. She asked if any of this has been taken into account when creating this budget. Mr. Demko commented that it is an unknown. Mayor Bencini advised that the Council has no ability to control it. She stressed that the city needs to be proactive enough to look at the dollars that could be impacted by our state if they choose not to allocate these dollars because of a shortfall from the Federal Government to you because we have a short fall coming from the Federal Government and looking at what we get from the State as a whole."

Mr. Demko stated that currently there are no projections right now and it is still an unknown. Mr. McCaslin advised that most of the money we receive directly from the Federal Government or as a pass-thru from the State is tied to specific grants, so it is not any of our operating dollars.

With that, Mr. Demko, announced that the public hearing for the proposed budget was held on Monday with five comments being received. He asked Mr. Olmedo if he had received any calls or comments on the budget and Mr. Olmedo replied he had not.

*Council Member J. Davis asked what the **city's bond debt** would be after the issuance of the \$21 million total debt. Mr. Olmedo reviewed the debt service schedule and noted page mm13 of the manager's message lists the existing debt service requirements which totals \$333 million. The addition of the anticipated water/sewer debt which is around \$30 million and the first issue of the stormwater would be about \$10 million. It would result in another \$40 million on top of that.*

*Council Member J. Davis noted, a prior Council issued about \$65 million in debt to expand the waste water treatment plants to 12 million gallons per day. He stated that currently the city is using about 8 million gallons per day and felt the city should be good to go on that for several years. He asked if staff anticipates issuing this kind of bond debt for the next several years in a row to maintain the infrastructure that is already in place and mentioned the \$21 million this year for **stormwater infrastructure**.*

*Mr. Olmedo explained the **stormwater plan** was to do a \$10.5 million this year, then another \$10.5 million in the next three years. Mr. Demko pointed out another piece of this is the projects that have been identified. He noted since 2007, the area has been expanded to include the Kensington Avenue area and advised the estimate is for repairing all of those projects identified in 2007 and what goes beyond this is an unknown and would be another policy call by Council.*

Mayor Pro Tem Golden asked how much debt would make the city's bonds no longer attractive. Jeff Moore, Director of Financial Services, explained it would be 8% of the assessed valuation. Council Member Alexander noted the city has spent over \$200 million upgrading the water/sewer infrastructure over last 6-7 years and that Davenport Associates had figured out a way to time these where there would be 3-5 percent increases every year. This was done to avoid those years where there could be double digit hits. He pointed out at that time the city was operating under a Special Order of Consent where the city was forced to make these improvements and the city has worked through that. Mr. Demko reminded Council that this proposed budget does not have a recommendation for any general obligation debt, but future budgets may depending on Council's approach.

Council Member J. Davis asked about the anticipation of the electric rates increasing due to the additional \$20 million in debt. Council Member Alexander shared the projections for NCMPA1 (anticipate a 2% increase in 2021- provided nothing changes). That is assuming there are no changes in the Federal Regulations or no changes in the turbines or any of the other assets that go into making electricity. He felt the rates would be stable until 2021 and programmed for a 2% increase after that. He advised that the city has not seen the full 6% savings that Electricities said the city would experience. He further advised that in 2021, there would be money set aside for rate stabilization, but the question at that time will be for the Council to decide whether they want to allow the rate to go up 1% and take 1% from reserve to cover it, or

take one-half a percent or take it all and empty the savings account. It is all about how Council chooses to mitigate those dollars.

*Mayor Bencini inquired about the **Federal COPS Grant** (on page mm3 in the manager's message, expenditure highlights, second bullet point) and pointed out in the past, there was a requirement for the jurisdiction to maintain the additional officers on the force after the grant monies are gone and if this is still the case. Mr. Olmedo replied it is a four-year grant with the first year being an 80/20 then it scales back from there to a 75/25 at the end with the Feds paying 25 percent. Mr. Demko shared that the first year's match has been set aside as well as the capital needed for eight additional officer's positions. The study that was completed, indicated that there is a need for 16 additional police officer positions.*

*Council Member C. Davis had a question regarding the **healthcare** and asked if a decision has been made as to whether or not it would continue as it is currently, or if employees are going to start paying for it themselves, or if it is even known at this point. Angela Kirkwood, Human Resources Director, replied that another assessment would not be done until July/August and at that point, they will provide the market rates to determine what the current costs are in comparison to what the city and everyone else is paying, but those numbers will not be available until the summertime. Mr. Olmedo confirmed that they factored in a five percent increase and in the last budget, Council implemented the insurance reserved fund. The 5% was built in just in case a decision is made to go self-insured.*

*Mayor Pro Tem Golden brought up the **tuition reimbursement** in the departmental budgets and noted these numbers vary department to department (some as small as \$500 and up to \$8,000). He asked if the departments actually set these amounts. Mr. Demko replied they do, but it also depends on the number of people in the departments.*

Council Member Alexander asked about the status of council's travel for last year (page 62). Mr. Olmedo believes that Council was fairly close to budget. Council Member Alexander felt it was important that every Council Member has the opportunity to attend the National League of Cities as well as the NC League of Municipalities conferences. Mayor Bencini agreed. Mr. Demko recalled that in the 2015-2016 budget, Council's travel line item was increased to \$30,000 and it was left at this level in this year's proposed budget.

Council Member J. Davis brought up Council's last visit to the National League of Cities conference held in Washington, DC in March, that Jennifer Imo also thought it was important that small groups of Council go at least twice a year to have that face-to-face time with the legislative bodies to discuss issues.

Council Member Alexander also encouraged attendance at the ElectriCities conference to learn more about ElectriCities. Council Member J. Davis shared that he has been asked to attend a conference through PART, RailVolution, about how mass transit and rail all ties in together. Council Member Alexander shared that he, Mayor Pro Tem Golden and Council Member Williams attended a conference in Detroit regarding blight, which resulted in the city receiving a grant from the Center for Community Progress. He suggested that trips of this nature should really come out of the Council's budget rather than taking it out of a department's budget.

Council Member Alexander raised a question regarding the **city's parking facilities** and at one time these spaces were completely booked. He asked how the revenues are related to our capital expenditures for O&M and felt more activity downtown would help with this. Mayor Bencini noted the future success of the downtown revitalization would be the numbers increasing on parking facilities. Mr. Demko also mentioned how they have cut back the staffing hours the past two years until the activity picks back up. Council Member Wagner felt the city under cuts itself in this area because we do not charge for on-street parking, although it is not much of a problem right now because there is not that much of a demand. Mr. Demko recommended that the city seek some professional advice in this area and noted there are firms that can offer guidance as to the type of metering, etc....

Mayor Pro Tem Golden brought up the **Human Relations Commission** (page 22- General Fund) and pointed out several of the programs that were budgeted for did not take place. He asked if this money would be reallocated and available for these programs in the proposed budget. Jeron Hollis, Communications & Public Engagement Director, advised that the specific direction from Council to the newly formed Human Relations Commission was to come up with a work plan that would not have a significant budget impact, but the events such as the MLK fest and Hi-Fest were in the budget last year that they plan to do next year. He was not aware of anything coming forward that would require an additional line item and if necessary they would include this in their Work Plan so it could be scheduled accordingly. Mayor Pro Tem Golden explained he was not asking for a new line item; he was basically wanting to retitle it and leave the same dollar figures in. Mr. Demko explained that typically operating money is not put back in the same budget if it is not used.

Council Member Ewing asked why the **computer replacement rental** has decreased. Mr. Olmedo explained this was purposeful and noted in the Central Services Fund where the computer replacements are budgeted, they have actually built a surplus over the years and were able to use some of this fund balance (approximately \$90,000 this coming year); this resulted in a decrease this amount in every department.

Council Member J. Davis had a question regarding the special appropriations and noted the contingency fund last year was zero and this year is at \$2.4 million. Mr. Olmedo explained this is in the **Electric Fund- Special Appropriations** (page 315) and it relates to the rate stabilization fund. He advised it was put in the budget this way because Council has to take an action to spend contingency funds. Council Member J. Davis asked if this is going into the same fund that of the \$400,000 that is contributed to every year; Mr. Olmedo advised this is separate.

Although the information for the approved Economic Development incentives is not incorporated in the budget, Council Member Ewing felt it would be good for Council to know what incentives are still outstanding to be paid versus the fund balance. Loren Hill, President- High Point Economic Development Corporation, explained it is structured so that the company has to ask for it when they meet the terms.

Council Member Alexander asked Mr. Demko how to find more money for **street resurfacing**. Mr. Demko shared that more money was put into the vehicle tax (went from \$20, but can go to \$30) or a tax rate or elimination of programs. Council Member Alexander asked what the number would be to stop the accumulation of the deferred maintenance and remembered it was

something north of \$3 million. Mr. Demko confirmed this and replied we are currently at \$2.3 million. He advised that staff is working on a full presentation to Council. Council Member Alexander stated right now the manager is proposing a cut from 65 cents to 64¾ cents, which on a \$100,000 house would amount to \$2.50. He put Council on notice that he plans to address this on Thursday and will make a suggestion to leave the tax rate at 65 cents and take the one-quarter cent, which is \$225,000 and add it to the \$2.3 million, which is about a 10% increase to street resurfacing.

Council Member J. Davis mentioned that he would not be present next Thursday. He also shared that either way people would be getting a tax increase this year. He noted the former Council made a promise to the citizens when they started the Enterprise Fund that taxes would be reduced accordingly, but this is not happening this year. He pointed out no matter how you look at it, the citizens are getting a tax increase as a result. He advised that he has always supported street re-pavement and fought for it over the last four years and would like to see that budget increase. He stated he would like to leave the tax rate decrease as it is now in the budget and find the additional \$225,000 somewhere else in the budget (looking at vehicle replacement, the increases in merit pay at four percent- what would three percent across the board look like, etc....) He believes there are other options that could be considered and he would at least like to see the .25 cents left in because across-the-board there will be water/sewer, stormwater, garbage fee rate increases, etc....

Council Member Alexander pointed out the city has been successful in transferring the obligation for government from the wealthy to the poor. **Council Member Alexander advised that he would make a motion on Thursday and asked Council to consider one quarter of one cent.** Council Member J. Davis noted that in reality, this actually raises taxes \$1.25 cents.

Council Member C. Davis suggested purchasing one **leaf truck** instead of three as proposed in the budget and purchase the others over the course of the next three years. Mr. Olmedo noted these trucks would be funded out of the Stormwater Fund, so it would have no impact on the General Fund. Mr. Demko pointed out leaf collection is an important service to the communities and having the extra vehicles elevates the service that the city provides and helps with how the city looks.

Council Member C. Davis again reiterated that the **citizens have not had ample time to review the proposed budget, nor has Council.** She felt this was a disservice to the citizens in our city. Council Member Wagner pointed out that Council would not be voting on the budget for two more weeks and felt that the citizens know how to contact Council Members with any questions/comments they may have before that time.

Mayor Bencini asked if anyone had any further questions/comments. There being no further questions or discussion, the meeting adjourned at 4:11 p.m. upon motion duly made and seconded.

Respectfully Submitted,

William S. Bencini, Jr., Mayor

Attest:

Maria A. Smith
Deputy City Clerk