



FINANCE COMMITTEE

Chaired by Council Member J. Davis

Members: J. Davis, Alexander, C. Davis, and Hill

AUGUST 10, 2016 – 4:00 P.M.

3rd FLOOR CONFERENCE ROOM

MINUTES

Present:

Committee Chairman Jim Davis and Committee Members Latimer Alexander, Cynthia Davis, and Alyce Hill

Staff Present:

Greg Demko, City Manager; Eric Olmedo, Budget & Administrative Director; Randy McCaslin, Deputy City Manager; Kim Thore, Right of Way Coordinator; Scott Dingus, Engineering Services; Gary Smith, Director of Fleet Maintenance; Keith Pugh, Director of Engineering Services; Jeff Moore, Director of Financial Services; Mark McDonald, Director of Transportation; JoAnne Carlyle, City Attorney; Maria Smith, Deputy City Clerk; and Lisa Vierling, City Clerk

News Media:

Pat Kimbrough, High Point Enterprise

Chairman J. Davis called the meeting to order at 4:05 p.m.

Contract – North Main Street Underground Utilities

Council is requested to award contract for Bid No. 67 to Yates Construction Company, Inc. in the amount of \$5,577,460.75 for the North Main Street Underground Utilities project.

Keith Pugh, Engineering Services Director, entertained questions from Council regarding the project.

Committee Member Alexander inquired on a start date and asked if it would be immediately following the October Furniture Market. Mr. Pugh anticipated this and felt the contractors would not want to start, only have a month to work, then have to shut down for the Market. He explained the contractors do have some discretion as to how they will coordinate the work itself and noted more details would surface regarding this once the pre-construction meeting is held assuming the contract is awarded. There will be detour routes set up throughout the construction for the northbound traffic with three different options on how to turn off of Main Street, to get around the worksite and back to Main. There will be one southbound lane open to traffic at all times. He shared that this project would surely come with inconveniences for everyone involved and noted the contractor is aware of this so they will have some of the most seasoned project managers on site. Mr. Pugh reiterated that they do anticipate waiting until after the fall Furniture Market for this.

Committee Member Alexander expressed concerns regarding the driveways for some of the businesses. Mr. Pugh advised that most of them would maintain the access to those businesses along Main Street with access off side or rear streets. He pointed out driveway access for the Pizza Hut and the shopping center where Sumela Restaurant is located would be the two most problematic. Regarding access to the shopping center, they propose to open a driveway off Sunset through a parking lot at the Library for connection to this shopping center. He explained that driveway access to Pizza Hut would continue to be problematic as the property owner to the rear is not being cooperative, so they will have to do the very best they can to maintain front door driveway access for the Pizza Hut.

Chairman J. Davis asked about the extra \$1.825 million and wanted to know what that is going to do to the other water/sewer line projects in the city. He asked if there was any contingency built into the contract because there more than likely would be overruns. Eric Olmedo, Budget & Administrative Director explained \$1 million was budgeted for the underground electric, but pointed out it was non-specific in that the money was not budgeted for any specific project. Regarding the obsolete water and sewer lines, Mr. Olmedo reported that the city budgets for these on an annual basis. He further stated the balance on the water side is about \$3.6 million and on the sewer side, it's about \$3.2 million. He reiterated these monies are not budgeted for specific projects, but are to address any failures that may occur. He explained these are Pay-As-You-Go monies, not revenue bonds money.

Committee Member Hill asked if any of this was from the money that was set aside for the South Main Street project. Mr. Olmedo replied that was a separate pot of money. He reminded the Committee that the two-thirds money was originally \$5.75 million and the money from the South Main project was pulled out of there as well as the money for the Library Plaza project.

Chairman J. Davis asked what would happen if they run into the old trolley lines. He mentioned that he has already had the historic people approach him about this and they have indicated they would like to salvage part of High Point's history. Mr. Pugh explained they previously ran into the same thing while constructing the Mendenhall Station and they handled it by pulling the cobblestones out and preserving them for display at the High Point Museum. Chairman J. Davis reported that this citizen expressed an interest in leaving the trolley tracks in the street. Mr. Pugh advised that the trolley tracks would need to be pulled out, but they would follow Council's direction on that. Greg Demko, City Manager, noted that although we need to appreciate the history, the improvements still need to be made to Main Street. He suggested it might be possible to pull the trolley tracks out and put them over at the Museum to be preserved.

Committee Member Alexander advised if we run into a significant issue, then a budget ordinance could be adopted to use some reserve dollars. Mr. Pugh explained that this is a type of project where things could not be left hanging. Committee Member Alexander asked about the possibility of doing a small budget amendment ordinance for \$25 million for contingencies. Mr. Demko mentioned there is some money set aside for utilities without impacting the operations. Committee Member C. Davis stated she does not have a problem voting for it, but expressed concerns about finding the dollars when the city has such a big budget. She pointed out the first budget increased 6% with this budget increasing up to 3%. She believed there could have been more to defer until next year to help with the budget. She expressed disappointment that staff did not respond to her suggestion made in an earlier email regarding finding the money. She also pointed out that the "Pay-As-You-Go" would be a good place to start, but noted a lot of people—especially seniors—are hard-pressed and cannot absorb any more increases.

Chairman J. Davis complimented staff by always doing a good job in estimating these project costs, but questioned why this one came in close to \$2 million of what was estimated initially. Mr. Pugh explained they are fixing Main Street as part of this as well and pointed out the scope of the project has changed.

He further explained that they are now working down the side streets (along Westwood, Ray, Montlieu and West Parkway) which was not in the original scope of the project. Committee Member C. Davis reiterated concerns about the amount of money being spent for the improvements along Main Street because the citizens on fixed incomes continue to call her upset about the dollars being spent on the projects on Main Street.

Scott Dingus, Engineering Services, explained that part of the difference in the bid amount and the contract was due to the amount of construction work (projects) now available. He noted there was one bidder the first time the project was bid out, with only two bidders the second time. He reiterated due to the volume of work available, it increased the bids by a good 20% more. Committee Member C. Davis asked if we could have gone out for an additional bid to allow other contractors to bid. Mr. Dingus replied that they did try to get more bids and explained that three were required for the first bid, but only two were received; therefore, that is why the project was delayed to begin with.

Committee Member Alexander suggested to completely shut down Main Street (north and south) to do the project and asked what this would do to the bid estimate. Mr. Pugh explained it was bid out with both assumptions in place, but after talking with Transportation, they felt they had a good southbound detour route available, so that was one of the primary reasons for wanting to leave one lane open.

Mark McDonald, Director of Transportation, noted these other options were discussed many times and carefully considered and decided it would be best for these improvements not to have a big impact on the Furniture Market. He pointed out Main Street is a major carrier for traffic during the Furniture Market. He advised that two markets would be lost either way. Committee Member Alexander advised that although he does strongly support the Furniture Market, he felt the city does a great job in accommodating them. He asked if there might be dollars to trade for inconvenience.

Mr. Pugh noted this was discussed when negotiating with the contractors on numerous occasions in anticipation of then impact of the project and they felt the way Greensboro handled the Gate City Boulevard improvements was not an option simply because of the amount of time it would cost and with the Market soon approaching, they wanted to get the project done as quick as possible. He also pointed out the soon approaching winter months would be problematic if they take the asphalt completely off the road because if it rains, it would never dry out. It would be extremely problematic for them to work under those conditions. He advised working two trenches on the project would definitely be feasible while limiting exposure to the weather as well.

Chairman J. Davis stated he liked Committee Member Alexander's idea to shut down Main Street (north and south bound) to do the project and see what the financial impact would be to the bid estimate to do this because he felt it would be much faster than trying to work around the traffic.

Committee Member C. Davis mentioned the truck problem and suggested making Johnson or Hamilton Street dual streets temporarily to accommodate the needs during Market then go back to normal direction post Market. Mr. McDonald pointed out the area of impact along most of Johnson and Hamilton for the most part is two-way traffic up to Ray. He felt they would be inconveniencing too many people for longer periods of time not to maintain at least one southbound travel lane although staff could certainly explore Council Member C. Davis' request.

Mr. Pugh pointed out to Committee Member Alexander that when they rebid the project and had one bid to start with, one of the provisions they changed in the language were that the side streets could remain closed during market. He stated that they could continue to work on Ray, Sunset, Montlieu, and Parkway, but would have to have Main Street open. Committee Member Alexander felt these improvements to Main Street were very much needed and expressed his appreciation for the professional

job that the staff does on a daily basis. He agreed it is a tough decision as to whether to deal with the inconvenience over a long period of time or just go in and “grip it and rip it”.

Committee Member Alexander moved 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. [4-0 vote]

Contract – Tandem Axle Dump Truck

Council is requested to award contract for the purchase of a Tandem Axle Dump Truck from Transource in the amount of \$137,029.43 for use at the Ingleside Compost facility.

Staff is asking for Council’s approval to replace the 2002 model Tandem Axle Dump Truck from Transource with 97,000 miles; this truck is being used daily. Gary Smith, Director of Fleet Maintenance, advised the Mack® truck that they are requesting to purchase in the amount of \$137,029.43 will be obtained from the local Mack® dealership.

Chairman J. Davis asked if this truck would go off the premises or if it would stay at Ingleside Compost Facility to move mulch around. Mr. Smith confirmed it would go to the landfill.

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

Lease Amendment – High Point Theatre/International Market Center – HVAC

Council is requested to approve an amendment to the original lease agreement between the High Point Theatre and the International Market Centers for the HVAC usage by the Theatre.

Mr. Demko explained the month-to-month amount for the utilities for the Theatre. Chairman J. Davis inquired if this was an increase from last year’s budgeted amount of \$183,000 for the heating/air. He explained he had requested they look into the cost which resulted in an estimated \$100,000 savings.

Committee Member Hill moved to forward this matter to the City Council with a favorable recommendation for approval. Committee Member Alexander made a second to the motion. The motion carried unanimously. [4-0 vote]

Resolution - Condemnation – 1330 Kersey Valley Road

Council is requested to adopt a Resolution authorizing condemnation of property located at 1330 Kersey Valley Road belonging to Stanton Edward Yarborough et ux. Property is needed for the Kersey Valley Landfill Electric Line project.

Kim Thore, Right of Way Coordinator, reported that there is a need to run electric from a substation off of Kersey Valley to the Landfill and since this is in the county, there are some Northstate lines running through there already. The city plans to run its electric lines at the top of some new poles which requires easements. She explained she was able to obtain all the easements except for these two that involved some unresolved heir issues.

Committee Member C. Davis expressed concerns about the proximity of the house and was curious about the distance from the house and where the poles would be located. Ms. Thore noted the Northstate poles are already in place.

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

Resolution - Condemnation – 1303 Kersey Valley Road

Council is requested to adopt a Resolution authorizing condemnation of property located at 1303 Kersey Valley Road belonging to Tony E. Yarborough, et al. Property is needed for the Kersey Valley Landfill Electric Line project.

Chairman J. Davis moved 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. [4-0 vote]

Report of Surplus Equipment Disposal

Council is requested to acknowledge receipt of the report of the sale of surplus equipment in fiscal year 2015-2016 as required by the City of High Point Purchasing Policies and Procedures Manual.

Gary Smith, Director of Fleet Maintenance, reported that the city generated approximately \$535,000 in revenue from the sale of vehicles and equipment through the on-line auction. He noted in years past, the city had an on-site auction which averaged approximately \$150,000 a year. He pointed out the on-line auction is much more popular and results in higher revenues because people can bid and participate throughout the United States.

The Committee acknowledged receipt of the Surplus Equipment Disposal Report for FY 2015-2016.

There being nothing further to discuss, the meeting adjourned at 4:41 p.m. upon motion duly made and seconded.

Respectfully submitted,

Maria A. Smith
Deputy City Clerk

James C. Davis, Chairman