

**HIGH POINT CITY COUNCIL
SPECIAL MEETING
JANUARY 31, 2018 – 3:00 P.M.
3RD FLOOR LOBBY CONFERENCE ROOM**

MINUTES

Present:

Mayor Jay Wagner, Mayor Pro Tem Chris Williams (Ward 2); and Council Members Britt Moore, At Large; Don Scarborough, At Large; Jeffrey Golden (Ward 1); Monica Peters (Ward 3); Wesley Hudson (Ward 4); Victor Jones (Ward 5); and Jason Ewing (Ward 6)

Staff Present:

Greg Demko, City Manager; Randy McCaslin, Deputy City Manager; Randy Hemann, Assistant City Manager; JoAnne Carlyle, Loren Hill, President, High Point Economic Development Corporation; Eric Olmedo, Budget and Evaluation Manager; Laura Altizer, Senior Budget Analyst; Roslyn McNeill, Budget Analyst; Terry Houk, Director of Public Services; Robby Stone, Assistant Director of Public Services; Derrick Boone, Assistant Director of Public Services; Jeff Moore, Financial Services Director; Jeron Hollis, Director of Communications & Public engagement; and Lisa Vierling, City Clerk.

Others Present:

DeWitt “Mac” McCarley, Outside Legal Counsel
Jonathan Fine, Smith Moore Leatherwood
Cooper Barnwell, David Barnwell, David Marshall
Judy Stalder, TREBIC

News Media:

Pat Kimbrough, High Point Enterprise

Note: The following handouts were distributed and will be attached in Legistar and incorporated as a permanent part of these proceedings:

- ✓ Charitable Grant Agreement
- ✓ Exclusive Use Area Lease Agreement
- ✓ Use and Operating Agreement
- ✓ PowerPoint Presentation Public Services Department (Overview)
- ✓ PowerPoint Presentation Public Services Department, Street Maintenance Division
- ✓ PowerPoint Presentation Public Services Department, Solid Waste Division

Mayor Wagner called the Special Meeting to order at 3:00 p.m.

Charitable Grant Agreement

City Manager Greg Demko explained this is an item that is basically naming rights from BB&T. For these naming rights, they have committed to pay \$500,000 a year beginning April 1, 2019. This is a commitment from BB&T to send the money to the City of High Point. The mayor's signature will be required on this document. Mr. Demko apologized that these are just coming to Council today, and have been vetted, but the agreement is lacking in signatures at this point.

Mayor Wagner asked if there were any questions as to how this would work.

There being none, he entertained a motion.

Council Member Jones moved to approve the Charitable Grant Agreement. Mayor Pro Tem Williams made a second, which carried by a unanimous 9-0 vote.

Exclusive Use Area Lease Agreement with Stadium Team Ownership

Mr. Demko explained this is an agreement between the City of High Point, the High Point Downtown Stadium Foundation, and the High Point Baseball, Inc. for areas that are there for their exclusive use. These areas of exclusive use have been defined in the agreement. This is a piece of the \$300,000 which is part of the Operating Agreement payment to the City of High Point. Mr. Demko pointed out the exclusive uses are the pieces that will be taxable. The Exclusive Use Area is comprised of the following spaces, and any necessary space associated with use of such spaces:

- (i) Team Locker Room
- (ii) Showers and toilets
- (iii) Trainer's Office
- (iv) Training Room
- (v) Equipment Manager/Storage Room
- (vi) Laundry
- (vii) Weight Room
- (viii) Coaches Locker Room
- (ix) Manager's Office and Locker Room
- (x) Coaches and Manager's Shower and Toilet Room
- (xi) Custodial
- (xii) Team Lounge/Buffer area (including kitchenette)
- (xiii) Major League Storage
- (xiv) Batboy Lockers
- (xv) Family Waiting Lounge (including toilet)
- (xvi) Circulation
- (xvii) Ticketing Room
- (xviii) Video Production Room

Mac McCarley, outside legal counsel for the city, explained that the cities do not have the authority to enter into leases longer than ten years, so they had to use a management agreement to spread the length of the debt. Because of this, it will be coming back to Council in about eight years to renew for another 10 years.

Mayor Wagner stated one thing to keep in mind is that one of the reasons they need access to these areas is because baseball season is not just baseball season anymore. Because they are not affiliated with a Major League team, they will be doing year-round training and using the stadium to do the training.

Council Member Moore asked what this would do to the multi-use abilities for the stadium. Mayor Wagner explained that we could still do the multi-use, but these areas identified are for the team's exclusive use. Mr. Demko added that the facility itself will be open to the multi-use, but those would have to be scheduled through the team per the operating agreement. Mr. Wagner noted the exclusive use just means they have control over it and they could allow somebody to use these facilities, but they would have to go through them to schedule.

Mayor Wagner asked if there was any further discussion.

City Attorney JoAnne Carlyle advised the motion would need to be to direct the city attorney's office to advertise because the statute requires a 30-day notice. Once the advertisement is done, it will be placed on the Council's calendar after the 30 days required notice. She noted that the motion should be to proceed and direct the city attorney's office to move forward giving the required notice, then Council could enter into the lease after the proper notice is given.

Council Member Ewing moved to proceed and direct the city attorney's office to move forward and properly advertise the lease agreement, at which time Council could then enter into the lease agreement. Council Member Williams made a second to the motion, which carried by a 9-0 unanimous vote.

Use and Operating Agreement with Stadium Team Ownership

Mr. Demko explained the last agreement being presented to Council today was the Use and Operating Agreement with the Stadium Team Ownership. It is an agreement between the City of High Point, High Point Downtown Stadium Foundation, and High Point Baseball, Inc. The term of the Use and Operating Agreement is for twenty (20) years.

Mr. Demko proceeded to review the following summary points in the agreement:

- The City will develop and construct a ballpark to the basic standards;
- The City will contribute \$36.1 million toward the construction of the ballpark;
- The City will own the ballpark;
- The City will hire an operator to operate, manage, and promote the ballpark on the City's behalf;
- There will be rent for exclusive use areas within the ballpark to the team and the operator,
- No operational expenses other than capital maintenance and improvements will be the City's responsibility;

- The team will be the only membership in the Atlantic League, and they will have the right and obligation to play all home games in the ballpark;
- The operator itself will be responsible for all costs of enhancements (WOW factors) to the ballpark in excess of the basic standards that has included in the \$36.1 million for construction of the ballpark;
- The operator will have the right and obligation to operate and manage the ballpark, including events other than baseball and retain the profit from those operations;
- The operator will pay a \$300,000 annual management license fee to the city with the payment due on or before October 31st in order for them to have a full season of operations before the payment is due;
- No less than \$500,000 for Naming Rights (BB&T) for each of the first fifteen (15) Agreement Years;
- Three dollars for each team game ticket sold during the prior Agreement Year, calculated by multiplying the total number of Team game tickets sold (at any price) during the prior Agreement Year by three;
- For all Operator events held during the prior Agreement Year, the great of (i) Two dollars for each Operator event ticket sold, or ten percent (10%) of gross ticket revenue for all Operator events;
- The rent from the Exclusive Use Area Lease Agreement with Stadium Team Ownership as previously discussed in this meeting, will be offset against the \$300,000;
- In order to reasonably preserve the benefit of the bargain struck by the parties in respect of the Management Commissions, Team and Operator agree that they shall not issue or otherwise distribute more than ten percent (10%) of tickets which would otherwise be sold at face value for Team games or Operator events on a complimentary basis or at a discount of more than fifty percent (50%) of the face value of any such ticket;
- The City retains audit rights to verify accuracy of all payments;
- The City and the Operator will both contribute annually through a Capital and Maintenance fund (1% per year will go into the Capital Maintenance Fund). On the City's side, it will be \$360,000 based on the \$36.1 construction cost, and on the Team side, it will be the WOW factor improvements.

Mr. Demko pointed out an amazing amount of work has gone into the site prep already and that the Master Developer, Tim Elliot, has been extremely busy figuring out the placement of the other assets that will be constructed.

Mr. Demko entertained questions following his summary and introduced Attorney Jonathan Fine with Smith Moore Leatherwood, who is part of the legal team that has been working on drafting these agreements.

Council Member Jones expressed concerns that the fees on the tickets will make it priced out of certain people's budgets and he felt the ticket prices have to be manageable and affordable for everyone. He asked about the feasibility of getting 50 tickets earmarked. Mr. Demko explained the ticket pricing will be up to the Operator with a whole bunch of different price points depending on what type of seating is preferred. Regarding earmarking tickets, Mr. Demko pointed out the Use and Operating Agreement limits the ticket giveaways to no more than 10% because a big

portion of the revenue is to pay down the debt. Council Member Hudson recalled reading that the City would get 30 tickets per game.

Mr. Demko advised the Use and Operating Agreement also states that the City can select five dates for City events, but it has to fit within the calendar for their baseball off-days.

Regarding the Exclusive Use Area Lease Agreement with Stadium Team Ownership, Council Member Golden asked if it would automatically renew after the ten years, or if it would have to be renegotiated. Attorney Jonathan Fine explained that there is a provision in the lease that states at the end of the 10 years, the parties agree to sit down in good faith and renew for another ten years on substantially similar or the same considerations. Council Member Golden explained his concern is that he does not want the City to be in a position at the end of the ten years and be told that the team will be moving on elsewhere.

Council Member Golden also questioned the blank signatures on the agreements and asked when the signatures would be obtained. Mr. Demko noted they would get the remaining signatures as soon as possible, now that the agreements have been approved. However, since the Exclusive Use Area Lease Agreement will have to be advertised for a 30-day period and has not yet been approved by Council, those signatures would be obtained once approval is made.

Mayor Wagner asked if there were any additional questions or comments. There being none, he entertained a motion.

Council Member Jones moved to approve the Use and Operating Agreement with Stadium Team Ownership and authorize the Mayor to execute the agreement. Council Member Golden made a second, which carried by the following unanimous 9-0 vote:

Aye (9): Mayor Wagner; Mayor Pro Tem Williams; and Council Member Moore, Council Member Scarborough, Council Member Golden, Council Member Peters, Council Member Hudson, Council Member Jones, and Council Member Ewing.

Both Mayor Wagner and Council Member Williams asked to be excused from the remainder of the meeting.

Council Member Peters moved to excuse Mayor Wagner and Mayor Pro Tem Williams from the remainder of the meeting. Council Member Golden made a second, which carried unanimously.

In the absence of the Mayor and Mayor Pro Tem, Council Member Golden agreed to preside over the rest of the meeting.

Department Presentation: Public Services

Terry Houk, Director of Public Services provided an overview of the department. The Public Services Department is the largest department within the city with 302 employees and 16 divisions.

The following is a breakdown of the Divisional Funding within the Department:

Water/Sewer/Enterprise Fund

- Operational Administration
- Ward Water Treatment
- Eastside Wastewater Treatment
- Westside Wastewater Treatment
- Laboratory
- Maintenance
- Mains (sewer collection and water distribution)
- Residuals

General Fund:

- Public Works Administration
- Street Maintenance
- Cemeteries

Stormwater Enterprise

Solid Waste Enterprise

- Environmental Services
- Kersey Valley Landfill
- Ingleside Compost Facility
- Materials Recovery Facility (MRF)

Following an overview of the divisions, Mr. Houk shared the department's organizational chart for whBegan with GF FYich he is the director with assistant directors Robby Stone (Public Works Division) and Derrick Boone (Water & Sewer Division).

The FY 2017-2018 total annual operating budget totals \$44 million with a Capital Projects Budget of \$100 million. Many of their divisions operate 24 hours per day, 7 days a week with other divisions that operate and respond to on-call services after normal business hours.

Mr. Houk then introduced Robby Stone, Assistant Public Services Director over the Solid Waste Divisions, who provided an overview of this division.

The Solid Waste Division consists of:

- Environmental Services
- Material Recovery Facility (MRF)
- Kersey Valley Landfill
- Ingleside Compost Facility

Daily Operations of Environmental Services Consist of:

- 13 automated routes (4 backup automated trucks)
- 3 yard waste routes (6 backup rear loaders)
- 1 split route (Central Business District daily)

- 2 special routes (alleys, dead animals, etc...)
- 2 front loader multi-family routes (1 backup front loader)
- Service 39,000+ residential locations weekly

Funding History

- FY 2013-2014 General Fund
 - ✓ Began transitioning to Enterprise Fund in 2013-2014 (\$5 solid waste availability fee)
- Year 2 transition (FY 2014-2015)
 - ✓ Increased solid waste availability fee to \$8
- FY 2016-2017 (complete transition)
 - ✓ Increase solid waste availability fee to \$14
 - ✓ Environmental Services fully funded

Mr. Stone shared a **funding comparison monthly cost** for the City of High Point and surrounding contractors that provide the same services:

- City of High Point (services: garbage, recycling, yard waste, bulk waste, medical waste, furniture market, dead animal pickup, illegal dumping cleanup) @ \$14 a month
- North Davidson: garbage and recycling @ \$20 per month
- Republic: garbage and recycling @ \$18.50 per month
- Waste Management: garbage and recycling @ \$19.95-\$27.85 per month

Mr. Stone advised that the department recently implemented a mobile 311 technology system that has proved to be very effective. It allows the drivers/operators while working the routes in neighborhoods to report violations, items not picked up, take pictures, etc.... This saves time, fuel, and efficiency.

Keep High Point Beautiful, Inc. operates under Public Services. They are working together to expand their presence with two main goals for this year:

1. Outreach to additional neighborhood associations
2. Increase the number of volunteers from 2,000 to 4,000 annually

Also part of the Public Services Department is the **“Clean and Green,”** a program set up to help protect the environment and properly dispose of items such as pesticides, batteries, paints/solvents, household cleaners, fluorescent bulbs, tires, electronics, etc.... that should not be placed in the landfill. In the past, the city has held hazardous waste collection times every other year for residents to dispose of these materials.

In Spring of 2018, High Point residents will be able to drop off household hazardous waste, electronics, and tires at a Household Hazardous Waste Collection site that will be located at 1401 East Martin Luther King, Jr. Drive. It will be open one Saturday a month for residents to drop off

their items. Staff reported they will consider future expansion of this program to include other hard to recycle materials. The benefit of this is that it helps keep these materials out of the landfill.

Environmental Services: Staff is considering possible commercial expansion (expanded dumpster collection to include private schools and non-profit entities). Staff is also considering:

- Community clean-up efforts
- On-going Household Hazardous Waste (HHW) collection
- Improved electronics collection
- Continued cart replacements

Mr. Stone shared some frequently asked questions that staff gets or comments that may be heard and provided explanations for the various scenarios.

Material Recovery Facility (MRF)

Mr. Stone reported that the MRF is currently in Phase 2 of Phase 3 of the major renovations and that the equipment has been installed and is currently running in the testing mode. The city took the MRF over around 1996 and it was converted to a single-stream material recovery facility at that time. Since that time, this facility has processed or shipped over 220 million pounds of material.

Recycling is mandated by State government to protect our natural resources. Recycling brings about more reliable long-term service and staff's goal is to make recycling easy for citizens by coming up with ways to accept e-waste, medical waste, and other typical recyclable materials. Over 11,000 tons of materials were processed at the MRF last year (plastics, glass containers, mixed paper, cardboard, pizza boxes, aluminum, and steel cans). The Furniture Market events create 10 weeks of increased activity.

Ingleside Compost Facility (ICF)

- The city provides an e-waste and recycling drop-off location at the ICF
- Sell processed materials (mulch, compost, top soil)
- Take in an average of 13,000 tons of yard waste per year

Mr. Stone advised that it is the city's policy to accept debris from residents at no charge, but there is a charge of \$36 per ton that is applied to commercial labeled vehicles, non-High Point residents.

Mr. Stone shared some frequently asked questions that staff gets or comments that may be heard and provided explanations for the various scenarios.

Kersey Valley Landfill

Daily Operations Consist of:

- Municipal solid waste (average intake of 400+ tons per day)
- Serves all High Point residents, businesses and others wanting to utilize the facility
- Serviceable life of the land fill which is 2035, but staff is working with the consultants in an effort to expand the life further.

Mr. Stone shared some municipal solid waste fee comparisons per ton throughout other jurisdictions in the State, lowest to highest:

Winston-Salem	\$36
High Point	\$38
Rockingham County	\$38
Alamance County	\$38
Cumberland County	\$40
Greensboro	\$44
Onslow County	\$49
Brunswick County	\$59
Macon County	\$66

Council Member Ewing asked what the negative would be for having a higher rate at the landfill. Mr. Stone explained we don't want to charge such high rates that we drive our customers away. He noted that staff is looking at proposing a slight increase. Mr. McCaslin stated staff wants to make sure they get enough tonnage in to operate the landfill, but don't want everybody's tonnage because it would case the landfill to fill up quicker.

Mr. Stone shared a map of the Kersey Valley Landfill identifying:

- Closed area (already full)
- Phase 5A and 5B are the latest cells developed and constructed
- Estimated time left for Phase B before it is full is 8 years
- In the planning stages to realign Kersey Valley Road. When the road is removed, the sides could be merged together to continue to grow the landfill.
- The next cell that will be constructed/designed is Phase 6
- Working with a consultant to possibly put a transfer station in once Phase 6 is full and the landfill will be at capacity, which is forecasted at 2035.

Council Member Peters asked how the residents feel about the closing of Kersey Valley Road. Mr. Stone replied they were not really opposed, and while they were not excited about it, they understood the need for it. Some pointed out that this road is used by a lot of private haulers to haul garbage to the landfill, which means there would be less of a chance for debris to blow out of their trucks and into the neighbor's yards.

From a cost recovery standpoint, Mr. Stone advised there have been no fee increases in the past 10+ years, but a fee increase is needed to preserve these resources. City customers currently pay \$5 a month closure/post closure fee, but other municipalities and non-High Point residents bring solid waste to our landfill and do not pay closure/post closure fees. Staff will be recommending to adjust the disposal fee with the new budget.

He noted staff would probably be bringing closure/post closure fees to non-residents and other municipalities in mid-February that will be effective in the budget.

Street Maintenance Division

The Street Maintenance Division is responsible for:

- ✓ Street resurfacing
- ✓ Pothole repair and other roadway patches/maintenance of streets
- ✓ Concrete repairs for sidewalks, curb/gutters
- ✓ Mowing
- ✓ Leaf collection
- ✓ Snow and ice removal
- ✓ Bridge repairs
- ✓ Tree and stump removal
- ✓ Guardrail maintenance

Mr. Stone shared a graph and explained the increasing repair cost as a result of pavement deterioration. A Pavement Condition Rating (PCR) survey is done every three years on all city-maintained roads. The last one was completed in 2014. Staff recently received the 2017 PCR draft and is in the process of reviewing it with the consultants. The Findings were:

- High Point Average PCR = 65.9
- NC Municipality Benchmark Average PCR = 80.0
- High Point Street System is in “Fair” condition

The survey recommended that stop-gap activities should be performed to maintain a pavement condition rating with no funding changes. This practice will help maintain the pavement condition rating for the next five years. Following the State benchmark of a 15-year paving cycle for higher volume streets, this would equate to the city paving 65 lane miles annually, which is estimated at a \$4.92 million cost per year taking into consideration today's prices. Resurfacing paving cycle for low volume streets is recommended at 25 years.

Regarding the Funding aspect, the city received \$2.9 million in Powell Bill funding from the State in 2017; the contract resurfacing for 23.4 lane miles of city-maintained streets was \$2.4 million. Resurfacing by city forces in 2017 resulted in \$531,074 that came from the General Fund, which was over and above the Powell Bill funding. The city's street crews do light resurfacing, utility cuts, pothole repairs, skin patches, and base repairs of city-maintained streets.

Mr. Stone shared a cost comparison of the funding history from 2009-2017, which showed that some years, the street resurfacing was not a high priority. No resurfacing was done at all in 2012 and only minimal amounts were done in 2010, 2011, and 2015. Since 2012, the city has ramped up the amounts budgeted for the street resurfacing considerable. Mr. Demko remarked that there is an unbelievable amount of deferred maintenance and he would be recommending as part of the upcoming budget to start getting rid of deferred maintenance in an effort to take care of these issues as quick as possible.

Future funding Needs. Mr. Stone noted looking at the 2017 current pavement condition rating of 65.9% at \$2.45 million a year would help maintain the PCR rating, but would result in a slight decrease of 63.3% over a five-year period.

Mr. Stone concluded his presentation with some frequent comments/questions that come about during the year.

Council Member Ewing stated he would like to see the city do a better job from an educational standpoint on why it is important to keep leaves out of the stormwater system. Mr. Stone completely agreed and replied that the new trucks that were purchased have really increased the efficiency and has allowed personnel to pick up the leaves quicker with less personnel.

Council Member Peters questioned the reasons for the street deferred maintenance. Mr. Stone explained staff would be meeting with the consultants over the next two weeks and they will be inputting data into a paver program and make recommendations on what needs to be done to maintain at 65.5 or what needs to be done to grow a point each year. He advised staff would provide this information back to the managers to be passed along to Council. He further explained that if the money is not put into deferred maintenance, the street conditions will continue to deteriorate. Mr. McCaslin noted the decrease in deferred maintenance was during the recession when money was tight and the decision to do that was not taken lightly because there were so many other pressing needs at the time.

There being no further discussion, the meeting adjourned at 4:43 p.m. upon motion by Council Member Hudson and second by Council Member Peters.

Respectfully Submitted,

Jay W. Wagner, Mayor

Attest:

Lisa B. Vierling, MMC
City Clerk