



**MANAGER'S BRIEFING SESSION
HIGH POINT MUNICIPAL BUILDING
April 2, 2018 – 4:00 P.M.
3RD FLOOR LOBBY CONFERENCE ROOM**

Present:

Mayor Wagner; Mayor Pro Tem Chris Williams (Ward 2); Council Member Britt Moore (at large); Council Member Don Scarborough (at large); Council Member Jeffrey Golden (Ward 1); Council Member Monica Peters (Ward 3); Council Member Victor Jones (Ward 5) and Council Member Jason Ewing (Ward 6)

Absent:

Council Member Wesley Hudson (Ward 4)

Staff Present:

Greg Demko, City Manager; Randy McCaslin, Deputy City Manager; Eric Olmedo, Budget and Administrative Director; Jeron Hollis, Director of Communications and Public Engagement; Loren Hill, Economic Development Director; Jeffrey Moore, Financial Service Director; Laura Altizer, Budget Analyst; Lisa Vierling, City Clerk; and Sandra Keeney, Deputy City Clerk

Others Present:

Judy Stalder, TREBIC

News Media Present:

Pat Kimbrough, *High Point Enterprise*

Note: The following handout was distributed during the meeting and will be attached as a permanent part of these proceedings:

- ✓ Presentation- City Council Budget Discussion

City Manager Greg Demko called the meeting to order at 4:00 p.m. and introduced Eric Olmedo, Budget and Administrative Director.

Mr. Olmedo shared that the City of High Point has received the Distinguished Budget Presentation Award for 22 years.

He said the Local Government Budget and Fiscal Control Act N.C.G.S. 159 establishes local government authority and regulations with the following requirements:

- Requires a balance budget – “A budget ordinance is balanced when the sum of estimated net revenues and appropriated fund balances is equal to appropriations.”
- The budget ordinance of a local government shall cover a fiscal year beginning July 1 and ending June 30
- Prior to budget adoption, the board shall hold at least one public hearing
- On the same day the budget is submitted to the City Council, it must be made available for public inspection until the budget ordinance is adopted. He stated the Budget is made available in City Hall, the Library, and the City's website.
- Budget must be adopted no earlier than 10 days after the budget is submitted to the board and no later than July 1

He listed Fiscal Policy Objectives and explained each.

- Fiscal policies significantly enhance the City's ability to insulate itself from fiscal crisis
- Enhances short term and long term financial credit ability by helping to achieve the highest credit and bond ratings possible
- Promotes long term financial stability by establishing clear and consistent guidelines
- Directs attention to the total financial picture of the City rather than single issue areas
- Promotes the linking of long-run financial planning with day to day operations
- Provides a framework for measuring the fiscal impact of government services against established fiscal parameters and guidelines

He stated Bond Rating Agencies are very interested in Fiscal Policies as well as State regulations. The Fiscal Policy Objectives helps the City to maintain a Triple A rating. He said the City has policies concerning debt issuance that includes things such as:

- Establish long range capital improvement budget policies;
- Define which projects will be funded with long-term borrowing;
- Limit tax supported debt and maintain ratios to manage debt
 - Net debt as a percentage of total assessed value of taxable property should not exceed 2.5%
 - General Fund debt service expenditures should not exceed 15% and requires a ten-year principal payout ratio target of 60% or better

He listed the Fiscal Policy Reserves which establishes a fund balance reserve policy of 10% for each operating fund, with the following exceptions:

- The Water/Sewer has 50% fund balance policy
- The Electric Fund has a rate stabilization reserve fund to mitigate the impact of future rate increases
- The General Debt Service fund has a target of maintaining 50% of maximum annual debt services in reserves. He stated this fiscal policy is not yet codified by the Council, but has been discussed for several years.
- Fiscal Policy exceeds state mandated fund balance policy of 8%

Mr. Olmedo stated the City has a Budget Ordinance Amendment Policy which states:

- Appropriation increases or decreases must be authorized by the City Council
- Budget transfers within a fund can be authorized by the City Manager or designee.

He listed the roles of the City Council, City Manager, as well as City staff regarding the budget. He introduced Laura Alitzer, Budget Analyst, and mentioned Roslyn McNeill, Budget Analyst. He stated City departments prepare their budgets and submit them to the Budget Department for reviews and revisions. The Budget Department makes a recommendation to the City Manager for approval and then the City Manager presents the Budget to Council for final adoption.

Mr. Olmedo shared the Budget Fund Structure and gave an overview of the Governmental Group and the Proprietary Group. He listed various funds and how they are funded and how the dollars are spent. He said based on the current approved budget of 111 million, 53% of the General Fund comes from Property Tax, 25% is from sale tax, 9% is from Intergovernmental which is ABC fees from the State and matching money the City receives from Guilford County for Library's and School Resource Options (SRO); 2% comes from Licenses & Permits; 4% is charges for services (largely Parks & Rec. fees) but overall all 78% of the General Fund comes from Property Tax and Sales Tax. Council Member Golden asked which fund would the vehicle tax be submitted. Mr. Olmedo replied it would list under Charges for Services.

Mr. Olmedo shared revenue trends for property tax collections & tax rates as well as revenue trends for sales tax collections. He shared a chart with a 10-year trend indicating the increase is not substantial however, he projects the trend will steadily increase once the current projects are completed. Council Member Moore asked where does the evaluation numbers come from. Mr. Olmedo replied the numbers are a combination of all four counties. Mr. Demko stated it comes from the tax assessor's office in each of the four counties. Council Member Moore asked if evaluations are sent every four years. Mr. Olmedo replied the city receives evaluations every year, but the county re-evaluates every five years. Mr. Demko asked how the city receives sales tax revenues. Mr. Olmedo explained that sales taxes are collected by the State, and further explained that because it is a countywide sales tax, it is then remitted to the county, then divided with High Point and other municipalities on an ad valorem basis. Mr. McCaslin McCaslin stated if Greensboro's or the county's property taxes increase, the City of High Point's portion of the sales tax can decrease. Mr. Demko pointed out the county chooses what method they use to allocate the sales tax revenues that are collected.

Mr. Olmedo stated 66% of the budget is for personnel including salary and benefits. 23% is for operating cost; 4% is for debt service; this is money transferred from the general fund to debt service fund, it includes leasing for fire trucks etc. He stated another component of the budget is by function. 48% is for Public Safety, 16% for Parks & Rec, Library and Theatre; 11% for streets and transportation, 8% for General Government, 6% Economic and Community Development, 6% Information Technology and 5% General Fund Transfers.

He explained the revenues and expenditures for different departments such as Water-Sewer, Electric, Solid Waste, and Stormwater. He gave an overview of the Comprehensive Fee Schedule noting proposed fee changes for Construction Permits. Council Member Moore asked about the response of the building community regarding the fees. Ms. Judy Stalder, Regulatory Affairs

Director of Triad Real Estate and Building Industry Coalition (TREBIC), stated she just received this information last week and has sent it to the members. She said there were a couple of things to address: (1) they were fine with the reinspection fees. (2) most homes are not 1,400 square feet and would request an increase to the average of 2,000 or 2,300 square feet homes (3) TREBIC does not have a lot of commercial builders, but feels the increase for commercial builders is substantial and feels it should be vetted with the furniture community. She stated she would share the responses from the members as soon as they are received. Mr. Demko said the reason Mr. Olmedo added this portion of the presentation is to start the discussion and to continue to work with developers. Mr. Randy Hemann, Assistant City Manager, added the time for receiving a furniture market permit has been reduced from 14 days to 5 days, which is a big improvement. Ms. Stalder stated service has improved. She felt implementation of October 1st is too soon, and feels the end of year would be easier. Council Member Jones asked how the fees compare to other cities. Ms. Stalder answered everyone is comparable; Cary, Raleigh, and Charlotte are higher. Mr. Hemann stated previously when an application for permit was submitted, the City would wait to process it upon receiving the application fee, with the current change, the City would start to process upon receiving the application. Mayor Pro Tem Williams suggested when contacting the furniture industry to also include the general contractors. Jason Ewing stated he is concerned about other commercial development such as the revitalization of the downtown area in which the increase in fees could be substantial.

Mr. Olmedo shared the tentative Budget Calendar which included adoption of the Budget on Monday, June 4, 2018.

There being no further business, the meeting adjourned at 4:54 p.m. upon motion duly made and seconded.

Respectfully Submitted,

Sandra Keeney
Deputy City Clerk