



**HIGH POINT CITY COUNCIL
SPECIAL MEETING
BUDGET REVIEW #1
PROPOSED FISCAL YEAR 2018-2019 BUDGET
HIGH POINT MUNICIPAL BUILDING
MAY 10, 2017 – 9:00 A.M.
3RD FLOOR LOBBY CONFERENCE ROOM**

MINUTES

Present:

Mayor Jay Wagner; 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 5)

Absent:

Mayor Pro Tem Chris Williams (Ward 2)

Staff Present:

Greg Demko, City Manager; Randy McCaslin, Deputy City Manager; Randy Hemann, Assistant City Manager; JoAnne Carlyle, City Attorney; Eric Olmedo, Budget & Administrative Director; Laura Altizer, Senior Budget Analyst; Lisa Vierling, City Clerk and Sandra Keeney, Deputy City Clerk

News Media:

Pat Kimbrough, High Point Enterprise

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

▪ ***Agreement for the Convention & Visitors Bureau***

Mayor Wagner called the meeting to order at 9:00 a.m. and introduced City Manager, Greg Demko.

Mr. Demko stated the annual Budget is a major policy document regarding how the City implements and provide services to the community as well as affirms with the strategies that were affirmed earlier this year. He then introduced Eric Olmedo, Budget and Administrative Director.

Mr. Olmedo stated he received some good news Tuesday from Mike McNair, Community Development Director, regarding the HUD Allocations. On page 129 in the Budget Book, there are two numbers highlighted under the Federal which reflects the new allocations received. The

HOME allocation is \$164,044 higher than planned and the CDBG number is \$107,192 which is higher than budgeted as well. These changes as well as other changes that may occur will be included in a one page running document.

Randy Hemann, Assistant City Manager, shared he visited Mike McNair's office and a representative from the Greensboro HUD office was there performing an annual audit. This audit included extensive monitoring of files and processes for four areas which were: Low Moderate Income, Subrecipient Management, overall financial management and audits of the department. He stated the report will be available for Council's review, but wanted to praise the Community Development Department for receiving a great audit report which showed the department is in compliance and proper procedures are being followed.

Mr. Olmedo stated there is an accounting change to the budget. There is a piece of equipment that was budgeted for the Solid Waste fund but the money needs to be placed in the Fleet Service fund. There will be no change in the Solid Waste fund but there will be an increase in Fleet Services fund.

He stated there were previous discussions regarding development fees and changes that were recommended. Mark Schroeder, Development Review Supervisor, met with TREBIC and they gave their recommendations for fee changes. Mr. Olmedo gave an overview of those proposed changes, and stated Development Services would do a comparison of current fees and what impact the recommended changes by TREBIC would be. A report would be sent to Council for review.

Mr. Demko stated he feels the Budget is in compliance with the goals and strategies of the Council. He said there are no increases in electric, garbage, or motor vehicle fees, but noted to maintain a long range financial plan there will be a 3% water and sewer increase. He stated there is still a need to rebuild infrastructure and maintain current infrastructures.

Council Member Moore asked what increased on the revenue side to allow the increase to the budget. Mr. Olmedo responded the water and sewer was a big part, and Parks & Recreation and Development Services are anticipating growth. He stated there was growth in property tax and sales tax. He stated in previous years they would budget for about 98% for taxes collected, but this year it will increase to 99.4%. Historically the property tax on real property and personnel property has been 99% and the tax on motor vehicles is almost 100%, that has allowed for the higher percentage in budgeting.

Council Member Ewing asked is there incentives in the budget of what is yet to be paid out. Mr. Olmedo stated there was not a specific schedule in the budget, however that information can be provided.

Mr. Demko stated there will be continuation of eliminating blight, and recommends an extra \$300,000 be budgeted to help ensure sufficient funding. Council Member Golden asked if the upgrades to Green Hill Cemetery would be coming out of these funds. Mr. Olmedo responded after the briefing, he reached out to the Public Service Department for a comparison of the numbers and thought it was better to address it separately than to have it coming from redevelopment.

Council Member Peters asked if a TIGER Grant will be applied for this year. Mr. Hemann stated yes, staff is working on plans regarding the one-way two-way conversion of English and MLK from Centennial to Phillips and also reviewing the Elm Street Corridor from Westwood to High Street.

Council Member Ewing asked regarding the increase in the Utility Assistance Program, do we give that to the Community Foundation and they in turn handle the allocation? Mr. McCaslin stated it was not the Community Foundation but a Community Group that handles the distribution to citizens based on the criteria they have developed. Council Member Ewing asked if the City has an audit of the process they go through. Mr. McCaslin stated not to his knowledge there is not an audit, but there are criteria. He said an individual can only obtain assistance once every six months.

Council Member Ewing asked about funds for street surfacing and time lines and schedules. Mr. Demko explained the process and Mr. McCaslin stated studies are performed every three years. Mr. Olmedo stated one of the ways the City has increased revenue is to raise vehicle fees from \$5.00 to \$20.00. He said \$5.00 goes to transit and \$15.00 goes towards street resurfacing. He stated the amount can go to \$30.00 per state statute. Council Member Moore asked what the \$15.00-dollar increase translates to as far as revenue for the year. Mr. Olmedo estimated \$1.2 million. Council Member Moore asked if all of the money went to resurfacing allocation. Mr. Demko stated yes, \$15.00.

Council Member Peters asked if any Capital money have been set aside for the Southside Corridor. Mr. Olmedo stated there were some funds set aside a few years ago, but it was determined that the amount of money that was set aside would not address the concerns. He stated in the CIP this year there are some matching funds because they are doing a study of the interchange. He said S. Main could be a component of future bonds. Council Member Ewing suggested it would be beneficial for the new Council if staff would prepare a list of all bond projects over the last 10 years. Mr. Demko as well as Mr. McCaslin explained the funding, and the issues encountered regarding the project.

Mr. Demko stated the City has had decent growth in assessed valuation this year. He noted this budget included the first-year payments of the interfund loans for the catalyst project, and the following year there is hope to see revenue increases in the 649 acres that will come to fruition to help pay down bonds.

Council Member Moore asked the process of determining fleet replacement. Mr. Olmedo explained the Fleet Department meets with each department, they review the inventory, the maintenance history, and expected life span. This number is larger this year because a compactor, grader, and 3 side load garbage trucks are needed.

Council Member Peters commented on a great job the budget department did regarding the budget. Laura Alitizer, Senior Budget Analyst stated a copy of the Budget is at all the Recreation Centers, Library, Senior Center as well as online. Mr. Olmedo stated a copy is also available in the City Clerk's office. Mr. Demko stated there will be a Public Hearing on the May 21st, a follow up work schedule for May 30th if needed, and the City Council vote is scheduled for June 4th.

Council Member Ewing asked what is the total debt balance. Mr. Olmedo stated as of June 30, 2017, total owed tax support is \$78 million and utility support is \$156 million. He asked if the newest bond for the stadium is built in to the tax support of debt. Mr. Olmedo stated that is correct. There was a discussion regarding a breakdown from the revenue side of the money that goes to pay off the debt service.

Council Ewing asked for explanation in the increase in Council Budget. Mr. Olmedo stated \$95,000 is budgeted annually for election cost.

Discussion ensued regarding load management, outdoor lighting, energy efficiency programs, and collection cart replacements.

Council Member Moore asked for clarification regarding the Storm water fund. Mr. Olmedo stated two years ago storm water fees were raised in anticipation of a revenue bond sale for storm water, which hopefully will be this fall. The LGC will not let us sale bonds until projects are fully designed. We are working on a major design in the hospital area. If we are able to get that complete, we will be able to sale the bonds this fall. When we raised the rate, it was used to pay the debt service on the bond. We have accumulated funds in the storm water fund for the last two years. The recommendation is to appropriate some funds that have been accumulated to a capital project. Mr. Demko stated it is to address the issues of the inadequate storm water over there.

Mr. Demko stated the Budget is balanced and complies with state statutes. As mentioned before there will be a Public Hearing on May 21st, possible work session on May 30th with a vote by Council on June 4th.

Mayor Wagner stated there was a need to go into Closed Session.

Council Member Golden moved to excuse Council Member Jones from the Closed Session. Council Member Ewing made a second to the motion, which carried by an 8-0 vote.

Council Member Golden moved to go into Closed Session at 10:41 a.m. pursuant to N.C. General Statute §143-318.11(a)5 Real estate negotiations. Council Member Ewing made a second to the motion, which carried by an 7-0 vote.

Council Member Ewing moved to dissolve the Closed Session and resume Regular Session. Council Member Hudson made a second to the motion which carried with a 7-0 vote. Regular Session resumed at 10:54 a.m.

Mayor Wagner stated there would be no action taken as a result of the Closed Session.

There being no further business, the meeting adjourned at 10:55 a.m. upon motion duly made and seconded.

There being no further business, the meeting adjourned at 4:08 p.m. upon motion duly made.

Respectfully Submitted,

Jay W. Wagner, Mayor

Attest:

Sandra Keeney, Deputy City Clerk

DRAFT