



## **FINANCE COMMITTEE**

*Chaired by Council Member Moore*

*Members: Moore, Hudson, Ewing, and Jones*

**August 16, 2018 – 4:00 P.M.**

**Third Floor Lobby Conference Room**

### **MINUTES**

**Present:** Chair Britt Moore; Committee Members: Wesley Hudson, Victor Jones and Jason Ewing

**Staff:** Randy McCaslin, Deputy City Manager; Randy Hemann, Assistant City Manager; Eric Olmedo, Budget & Administrative Director; JoAnne Carlyle, City Attorney; Gary Smith, Director of Fleet Services; Chris Blackwell, Fleet IS Specialist; Jeff Moore, Financial Services Director; Angela Kirkwood, Human Resource Director; Marquis Barnett, Employee Relations Manager; Cynthia Duncan-Smith, Senior Executive Assistant

*Chairman Britt Moore called the meeting to order at 4:05 p.m.*

### **Finance Committee Meeting Items:**

#### **2018-296      Contract - Purchase of Equipment - Landfill Dozer**

Consideration of the award of a contract with James River Equipment Company in the amount of \$545,782.32 for the purchase of a John Deere 950K Crawler Dozer for use by the Landfill Operations Division of Public Services. Recommendation also includes declaring the old equipment as surplus and disposing through the online auction process.

*Gary Smith, Director of Fleet Services, briefed the Committee concerning the purchase of this equipment. The Landfill Operations Division of Public Services is currently using a 2006 Caterpillar D7R dozer that is in need of replacement due to age and hours. The maintenance costs have increased, and replacement is being recommended before major repairs are needed. The John Deere 950K Crawler Dozer has been evaluated by the landfill staff and will meet their needs. The price of \$545,782.32 includes the dozer, delivery, extended warranty, fire suppression system, manuals, and*

*training as needed. Estimated delivery is 180-240 days. The Department is also requesting to declare the old equipment as surplus and sell through the on-line auction.*

*Committee Ewing questioned the cost of repair to the dozer and how much it might bring at auction.*

*Mr. Smith reported between \$17,000 and \$20,000 and possibly more depending on what is found when the engine is opened. It should bring between \$40,000 and \$50,000 at auction.*

**Chair Moore moved to forward this matter to the City Council with a favorable recommendation for approval of the purchase of the Landfill Dozer. Committee Member Ewing made a second to the motion, which carried by a unanimous 4-0 vote.**

**2018-297      Contract - Purchase of Equipment - Electric Digger Derrick Truck**

Consideration of the award of a contract with Terex Utilities, Inc. in the amount of \$290,794 for the purchase of a new Freightliner truck with a Terex Commander 5048 digger derrick body for use by the Electric Department.

*Chris Blackwell, Fleet IT Specialist, advised City Council that the Electric Department has a 2009 Ford F750 truck with a Terex digger derrick body that is in need of several repairs. This truck was sold last month "as is" due to hours and overall condition for \$22,237. Using the Sourcewell (former NJPA) Contract 012418-TER, a Freightliner truck with Terex 5048 Digger Derrick body is being recommended for council approval. This is basically the same truck that the department is currently using.*

*Chair Moore asked how many of these vehicles are currently in our fleet. Mr. Blackwell stated the department currently has three trucks and one spare. It takes between 9 to 12 months on delivery of this equipment as they are not built until ordered. There is also a lot of customization involved with these trucks.*

**Committee Member Ewing moved to forward this matter to the City Council with a favorable recommendation for approval of the purchase of the Electric Digger Derrick Truck. Committee Member Jones made a second to the motion, which carried by a unanimous 4-0 vote.**

**2018-298      Contract - Purchase of Equipment - Truck Mounted Street Sweeper**

This is a consideration of award of contract to Amick Equipment Company in the amount of \$236,557.50 for the purchase of a new Freightliner truck with a Tymco 600 sweeper body for use by the Stormwater Division of the Public Services Department. Recommendation also includes declaring the old equipment as surplus and disposing through the online auction process.

*Chris Blackwell, Fleet Services IT Specialist, reported to the Committee that the Stormwater Division of Public Services has a street sweeper in need of replacement due to age and increasing maintenance costs, and the truck is completely worn out.*

*The Stormwater Division currently has four street sweepers in which three of these serve as front line trucks and one serves as a spare to be used during downtime for preventative maintenance and repair. The price of \$236,557.50 is for the sweeper, dealer installed herbicide sprayer, training and delivery. Estimated delivery is 60-90 days and this new truck is like the ones they currently are using. The Department is also requesting to declare the old equipment as surplus and sell through the on-line auction.*

*Chair Moore asked what the spread was on the purchase of the street sweepers.*

*Gary Smith stated we purchased sweepers in 2015, 2016 and 2017.*

**Committee Member Jones moved to forward this matter to the City Council with a favorable recommendation for approval of the purchase of the truck mounted street sweeper. Committee Member Ewing made a second to the motion, which carried by a unanimous 4-0 vote.**

**2018-299      Report of Surplus Equipment Disposal**

Council is requested to acknowledge receipt of the report of sale of surplus equipment for FY 2017-2018.

*Gary Smith, Director of Fleet Services, advised the Committee that the City of High Point Purchasing Policies and Procedures Manual requires that fleet vehicles and other equipment sold via an online auction be reported to the City Council on an annual basis. A listing of items sold with descriptions, date sold, sale amount, fees paid to the online auction company, and the net proceeds of the sale is included with this item. Mr. Smith reported that this is our best year as we received approximately \$900,000 in sales. The City tries to sell equipment and other items when it still has some useful life and we can get a good return.*

*Randy McCaslin, Deputy City Manager stated that the sale of this equipment is equivalent to a penny on the tax rate.*

**Committee Member Ewing moved to forward this matter to the City Council with a favorable recommendation for acknowledge receipt of the report of surplus equipment disposal. Committee Member Jones made a second to the motion, which carried by a unanimous 4-0 vote.**

**2018-282      Contract Renewal - CIGNA - Employee Health Care**

City Council is requested to authorize the City Manager to execute a twelve-month (12) contract with CIGNA Healthcare for health and dental care coverage for city employees effective January 1, 2019 - December 31, 2019.

*Angela Kirkwood, Human Resource Director, stated that the City of High Point offers healthcare coverage to its employees that include medical and dental care products. The plan year runs from January 1<sup>st</sup> to December 31<sup>st</sup>. At the City Manager's Meeting on Monday, July 9, 2018, Mark Browder of Mark III Employee Benefits, briefed the*

*City Council on the Medical Plan and Dental Plan Renewal options. On July 16<sup>th</sup> a discussion was held with Council concerning a plan to control costs where spouses who have coverage through another employer, must take that coverage. After hearing feedback from City employees and reviewing alternatives, the City will implement a \$150.00 monthly (\$69.20 bi-weekly) surcharge effective January 1, 2019. This reduces the undue financial hardship on many of our employees whose spouses have much more expensive insurance coverage. The spousal surcharge provides additional revenue to offset spousal claims and increases our Insurance Reserve Fund. These changes also apply to our retirees.*

*Committee Member Ewing asked how many employees this will affect? Ms. Kirkwood stated that we will not know until we do an audit after the first of the year 2019. Right now, there are about 400 spouses on the insurance plan.*

*Chair Moore stated that this will give employees an option to shop around and see what the best deal is for their needs.*

*Committee Member Hudson asked if this is 12% competitive.*

*Ms. Kirkwood stated that it is trending around 12%.*

**Chair Moore moved to forward this matter to the City Council with a favorable recommendation for approval of the purchase of the Landfill Dozer. Committee Member Hudson made a second to the motion, which carried by a unanimous 4-0 vote.**

#### **2018-309**

##### **MOU – HP365 Business Incubator - Pass Through Grant**

Consideration of approval of the attached MOU between the High Point Chamber Foundation, Inc., a North Carolina non-profit corporation and a charitable foundation, subsidiary, HP 365, LLC, and the City of High Point provides understanding regarding HP365's creation of a business incubator space with assistance from \$3 million of funding that will pass through the City (\$1.5 million in private funds from High Point Chamber Foundation, Inc. and \$1.5 million appropriated from the Rural Economic Development Division of the North Carolina Department of Commerce. Staff recommends City Council authorize staff to make any necessary minor revisions and execute the MOU after the document is reviewed by NC Department of Commerce staff and attorneys.

*Randy Hemann, Assistant City Manager, advised that Session Law 2017-57, Section 15.8(e) provided \$1.5million in non-recurring funds for the 2017-18 fiscal year to be used as a challenge grant, contingent on a successful private effort to raise the sum of \$1,500,000.00 in private donated funds for "the development of a design factory project in downtown High Point, which will provide a maker space for entrepreneurs, designers, manufacturers, and artisans to collaborate and work together". The way this will flow is, the State will give us the \$1.5million and High Point Chamber Foundation will give the City their match and then the City will distribute the \$3.0 million to HP365 for the business incubator project.*

*Committee Member Ewing asked who the MOU is with.*

*Mr. Hemann stated it is with the HP365. The MOU states how the grant funding is to be used. Funds from the \$3 million pass through will be used for architecture and interior design, construction, the Material ConneXion Library, International Well Building certification, Computer, internet and security systems, business development and marketing and start-up phase building operations.*

*Committee Member Ewing asked if the City will be acting as the custodian for this grant. Will be City be accountable on how HP365 is using the money for this project. Mr. Hemann stated that is correct. The City is required to report back to the State on the progress of the project.*

*Committee Member Ewing asked if they don't use the funds as outlined does the City have to pay back the funds to the State? Mr. Hemann stated that is also correct, but then the City will pursue collection from HP365.*

*Committee Ewing stated that he is not concerned as they have a sound plan in place. He just does not want to see the City caught in the middle and the State come after us for the return of the grant funds.*

*Mr. Hemann indicated that David Congdon bought this building and is leasing it to HP365 for \$1.00 per year for 5 years. He has done extensive renovations to the exterior. HP365 will have the option to continue leasing after five years at the market rate at that time.*

*Attorney Carlyle stated that this should be titled as an Agreement rather than an MOU and she will be talking with Brian Gavigan, the consulting attorney, concerning this change and adding the indemnification clause to the agreement.*

*Chair Moore stated that he is not comfortable placing this on the consent agenda without the MOU/Agreement attached.*

*Mr. Hemann explained that we are under a time constraint with this matter as we are trying to get the funds from the State in September.*

**Chair Moore moved to approve this item but to place it on the Regular Agenda for the August 20<sup>th</sup> City Council Meeting in order to received copies of the Agreement prior to Monday's meeting. Committee Member Ewing made a second to the motion, which carried by a unanimous 4-0 vote.**

**2018-300**

**Public Hearing - Issuance of Series 2018 General Obligation Public Improvement Bonds (2/3 Bonds)**

1. City Council is scheduled to conduct a public hearing on August 20, 2018, at 5:30 pm as required by state law on the issuance of the referenced 2/3 bonds.

2. Following the public hearing, City Council is requested to approve the attached “Order Authorizing \$6,600,000.00 Municipal Building Bonds.”

*Jeff Moore, Financial Services Director, reminded the committee that the State Statutes requires a public hearing be held on the non-voted debt and the approval of the bond order that will authorize the issuance of \$6,600,000 Municipal Building General Obligation Bonds. A Budget Ordinance is also needed to set up a Capital Project Ordinance authorizing the spending of the funds.*

*Committee Chair Moore asked what happens after the public hearing? Mr. Moore explained that following the public hearing, there will be a publication of legal notice stating the public hearing was held and approximately six-weeks where staff will be putting together official statements and bond ratings for the City, and there will be a review by Davenport and Associates, the City’s Financial Advisors. The LGC will approve the bonds at their October 2<sup>nd</sup> meeting and the City should receive notice of the approval on October 3<sup>rd</sup>. The sale of the bonds should take place about the middle of October. This is the last action required by City Council on the bonds.*

*Committee Member Ewing asked about the cap for the issuance of 2/3 bonds for this year.*

*Mr. Moore stated that this is the cap for this year - \$6,333,000 issued in \$5,000 increments.*

**Upon motion by Committee Member Ewing, seconded by Committee Member Jones, this item will be placed on the Monday, August 20<sup>th</sup> agenda on the Regular Agenda in order to conduct a public hearing to receive comments from the public on the issuance and authorization of spending these bonds. Motion carried by a unanimous 4-0 vote.**

**2018-301      Capital Project Amendment Ordinance Amendment**

Adoption of a Capital Project Ordinance Amendment for the Series 2018 General Obligation Public Improvement (2/3) Bond Project in the amount of \$6,600,000 for the acquisition and renovation of a Municipal Facility.

*This item will appear on the Regular Agenda following the Public Hearing on the Issuance of Series 2018 General Obligation Public Improvement Bonds (2/3 Bonds).*

**Motion by Chair Moore, seconded by Committee Member Ewing that this matter be placed on the Regular Agenda for the Monday, August 20<sup>th</sup> City Council Meeting. Motion carried by unanimous 4-0 vote.**

**PENDING ITEMS**

**2018-169      Amendment to License Agreement - Cingular Wireless PSC, LLC (AT&T)**

City Council is requested to approve an Amendment to the License Agreement with Cingular Wireless PCS, LLC (AT&T) which allows the location of communication equipment at the City's Ward Water Plant; and authorize the City Manager to execute the agreement.

*JoAnne Carlyle, City Attorney, updated the Committee on this matter. This is the 5<sup>th</sup> amendment to this license. This should be a Lease Agreement rather than a License Agreement as this equipment is installed for more than 30 days on real city property. She is corresponding with the attorney representing Cingular to correct the language in the Agreement.*

### **ADJOURNMENT**

There being no further business to discuss, the meeting adjourned at 4:35 p.m. upon motion duly made and seconded.

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Britt W. Moore, Chairman

Attest:

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Cynthia Duncan-Smith, Senior Executive Assistant