



FINANCE COMMITTEE

Chaired by Council Member Moore

Members: Moore, Hudson, Ewing, and Jones

February 28, 2019 – 4:00 p.m.

Third Floor Lobby Conference Room

Present: Chairman Britt Moore; Committee Member Jason Ewing, Committee Member Wesley Hudson, and Committee Member Victor Jones

Staff Present:

Randy McCaslin, Deputy City Manager; Terry Houk, Director of Public Services; Robby Stone, Assistant Director of Public Services; Nawfal Shujaa, Public Services Project Engineer; Derrick Boone, Assistant Director of Public Services; Eric Olmedo, Managing Director; Laura Altizer, Senior Budget Analyst; Roslyn McNeill; Lee Tillery, Director of Parks & Recreation; Jeron Hollis, Director of Communications & Public Engagement; Ryan Ferguson, Marketing Manager; JoAnne Carlyle, City Attorney; and Lisa Vierling, City Clerk

Others Present:

David Willett, Resident

News Media Present:

Pat Kimbrough, *High Point Enterprise*

Chairman Moore called the meeting to order at 4:00 p.m.

2019-67

Resolution - Purchase of 521 W. English Road

Monday, March 4, 2019 at 5:30 p.m. is the date and time established for a public hearing to receive comments on the purchase of property located at 521 W. English Road in the amount of \$275,000 as part of the catalyst project.

Deputy City Manager Randy McCaslin advised these parcels of property are associated with the Catalyst Project and money has already been set aside in the budget. He explained the properties would be sold at fair market price for future development.

A motion was made by Committee Member Ewing, seconded by Committee Member Jones, that this matter be recommended for approval and placed on the March 4, 2019 City Council Consent Agenda. The motion carried by the following unanimous 4-0 vote:

Aye (4): Chairman Moore; and Committee Members Ewing, Jones, and Hudson.

2019-68 Contract - CourtOne - Deep River Recreation Center - Outdoor Court Reconstruction

City Council is requested to approve a contract with CourtOne for the reconstruction of (3) outdoor tennis courts and (1) outdoor basketball court at Deep River Recreation Center in the amount of \$148,950.

Lee Tillery, Director of Parks and Recreation, reported this will be a complete replacement and construction of the three tennis courts, the basketball court, with fencing around the perimeter at the Deep River Recreation Center. Staff will take care of demolition and site prep.

The courts cannot be used during the construction process. It is anticipated that construction would take about six weeks and staff hopes to get started on the project in late March and anticipates completion around May.

A motion was made by Committee Member Jones, seconded by Committee Member Ewing, that this matter be recommended for approval and placed on the March 4, 2019 City Council Consent Agenda. The motion carried by the following unanimous 4-0 vote:

Aye (4): Chairman Moore; and Committee Members Ewing, Jones, and Hudson.

2019-69 Contract - Hodgin Construction - Oak Hollow Marina & Sailboat Point Accessibility Enhancements- Connect NC Bond Grant

City Council is requested to approve a contract with Hodgin Construction to make accessibility improvements at Oak Hollow Marina and Sailboat Point in the amount of \$284,271.53.

Mr. Tillery reported that the city received a NC Connect Bond Grant in 2016 as part of the State bond package and noted the grant focused solely on projects for veterans and children with disabilities. Staff developed a project at the Oak Hollow Marina and Sailboat Point to improve accessibility at both of these locations. Also included will be a handicapped accessible dock put on either side at Sailboard Point and at Oak Hollow Marina, as well as a handicapped playground and other accessibility improvements.

Mr. Tillery pointed out when the project was bid out, the costs came in much higher than what the estimates were in 2017, which resulted in additional funding responsibility for the City. He explained that generally these grants are 75% State and 25% City, but the State will not pay more than the estimates that were bound in the contract that was included with the grant. He noted the City initially budgeted around \$65,000 for the City's match, but he thought it would come in at about \$100,000 more with the City absorbing the additional amount.

A motion was made by Committee Member Ewing, seconded by Committee Member Jones, that this matter be recommended for approval and placed on the March 4, 2019 City Council Consent Agenda. The motion carried by the following unanimous 4-0 vote:

Aye (4): Chairman Moore; and Committee Members Ewing, Jones, and Hudson.

2019-70 Budget Amendment - Oak Hollow Marina Accessibility Enhancements

City Council is requested to adopt an ordinance amending the 2018-2019 budget for the contract, additional engineering and printing costs for the Oak Hollow Marina and Sailboat Point Accessibility Enhancements in the amount of \$105,147.00

Eric Olmedo, Managing Director, confirmed that \$165,000 was previously budgeted and staff is asking for an additional \$105,000 to cover the increased costs. He stated there were some savings and some capital project money identified in the General Fund that could be transferred, as well as some general capital projects funds for savings on other projects. Staff is asking for authorization to transfer these additional funds to the Special Grants fund to have it all in one place. He advised the future playground replacement would come from those funds as well.

Several Committee Members asked to see pictures of the project. Mr. Tillery offered to send some pictures out on what the docks look like on either side.

Committee Member Jones asked about usability during the construction process. Mr. Tillery did not feel that they would have to completely shut down the park and felt much of the work could be done while the park is open. He pointed out for grant purposes, the project would have to be completed by April 2020 and felt that staff could move forward in the next few weeks to start the project, which would be a 150-day contract.

A motion was made by Committee Member Ewing, seconded by Committee Member Jones, that this matter be recommended for approval and placed on the March 4, 2019 City Council Consent Agenda. The motion carried by the following unanimous 4-0 vote:

Aye (4): Chairman Moore; and Committee Members Ewing, Jones, and Hudson.

2019-71 Resolution - Contract - Installment Financing for Fire & Fleet Equipment

City Council is requested to adopt a Resolution authorizing the City Manager and Financial Services Director to accept the proposal with Banc of America Public Capital Corp., for the issuance of an installment financing contract for the identified 2017-2018 and 2018-2019 fleet equipment replacement needs in the amount of \$7,988,207.50.

Eric Olmedo, Managing Director, advised that in 2017-2018, Council approved a \$2.9 million financing package for fire trucks and a fire station alarm system and approved \$4.1 million in the current budget year for fire trucks, fleet equipment, etc... Staff solicited bids for financing of the \$7 million installment and received six responsive bidders with Banc of America quoting the lowest interest rate at 2.689%, which is a fixed interest rate with a 10-year loan term. Staff is recommending approval of this rate with Banc of America.

He explained the next step in the process would be to receive approval from the Local Government Commission. An application has been submitted to the LGC and staff does not anticipate any issues. Assuming the approval goes through on April 4th, the financing will be closed on April 11th and the funds would be received at that time. Mr. Olmedo pointed out all these are reimbursements and expenditures that have been made or committed to this point.

A motion was made by Chairman Moore, seconded by Committee Member Ewing, that this matter be recommended for approval and placed on the March 4, 2019 City Council Consent Agenda. The motion carried by the following unanimous 4-0 vote:

Aye (4): Chairman Moore; and Committee Members Ewing, Jones, and Hudson.

2019-72 Budget Amendment - Police Reimbursements for Hurricane Florence

City Council is requested to adopt an ordinance amending the 2018-2019 budget for reimbursements for SMAT and Police personnel deployment to New Bern during Hurricane Florence in the amount of \$35,172.

Eric Olmedo, Managing Director, reported that the City has received two FEMA reimbursements for expenses totaling \$35,172 that were incurred during Hurricane Florence: one was for an emergency shelter that was opened, and the other was from a deployment of our police officers to offer assistance to New Bern. Mr. Olmedo stated that staff would also be following up regarding an additional \$10,000 reimbursement that is expected from FEMA, but this action is not included in this budget amendment as it has not yet been received.

A motion was made by Chairman Moore, seconded by Committee Member Jones, that this matter be recommended for approval and placed on the March 4, 2019 City Council Consent Agenda. The motion carried by the following unanimous 4-0 vote:

Aye (4): Chairman Moore; and Committee Members Ewing, Jones, and Hudson.

2019-73 Ordinance - Budget Amendment for General Fund Financial Plan

City Council is requested to adopt an ordinance amending the 2018-2019 budget ordinance to appropriate fund balance from the water and sewer fund to the general fund in the amount of \$400,000.

Eric Olmedo, Managing Director, explained this Budget Amendment for the General Fund Financial Plan was prompted due to an audit finding in the CAFR that was presented to the City Council at the February 18, 2019 Meeting regarding the 10% required for the City's Fund Balance Policy.

He further explained a budget amendment is needed to transfer funds from the General Debt Service Fund and the Water Sewer Fund for outside legal services, and a recommendation to defer a transfer of funds from the General Fund to the General Debt Service Fund for completion of the General Fund Financial Plan. Mr. Olmedo noted that staff would continue to monitor the financial situation in this current fiscal year and at the end of the fiscal year, an amount will be deferred that will bring the City back into compliance with the 10% Fund Balance Policy set by Council.

A motion was made by Chairman Moore, seconded by Committee Member Ewing, that this matter be recommended for approval and placed on the March 4, 2019 City Council Consent Agenda. The motion carried by the following unanimous 4-0 vote:

Aye (4): Chairman Moore; and Committee Members Ewing, Jones, and Hudson.

2019-74 Contract - Riverdale Pump Station Submersible Pumps (2) - Xylem

City Council is requested to approve a contract to purchase two (2) 10mgd submersible pumps for the Riverdale Pump Station in the amount of \$205,000.

Terry Houk, Director of Public Services, advised that the Riverdale Pump Station was damaged during Hurricane Florence, which is eligible for FEMA reimbursement. As part of this, staff decided to accelerate the expansion of the pump station to allow for more flow capability because the City is currently down to bypass mode. Bids were solicited and received for the purchase of two 10 MGD submersible pumps to go into the wet well. Staff is recommending the contract be awarded to Xylem based on the lowest price and fastest delivery (pump will be delivered in 70 days).

Chairman Moore inquired about the necessity to get the pumps in quicker and pointed out there is a substantial difference in bids. Mr. McCaslin advised this is an emergency because there are projects underway that cannot be served if the pump station is not repaired. Staff anticipates having the system up and operational by late December.

A motion was made by Committee Member Ewing, seconded by Committee Member Jones, that this matter be recommended for approval and placed on the March 4, 2019 City Council Consent Agenda. The motion carried by the following unanimous 4-0 vote:

Aye (4): Chairman Moore; and Committee Members Ewing, Jones, and Hudson.

2019-75 Contract - Riverdale Pump Station Expansion Design - Hazen and Sawyer

City Council is requested to approve a contract with Hazen and Sawyer for an engineering services contract on the Riverdale Pump Station Expansion project in the amount of \$534,970.00.

Mr. Houk reported that staff has selected multiple engineering firms for this project: The Wooten Company; Hazen and Sawyer; and Davis Martin Powell. The purpose of this project is to expand the capacity of the Riverdale Lift Station while an emergency bypass is in place to repair the station from flooding that occurred during Hurricane Florence. The expansion will include a 10 MGD submersible pump and a second force main that will discharge to the Eastside Wastewater Treatment Plant. The engineering firms will be responsible for the following aspects of the project:

The Wooten Company will be doing the pump, electrical connections and the wet well configuration. Hazen and Sawyer, and Davis Martin Powell will oversee the general project through CMAR services and will be doing the gravity design, coordination between new force and connection to gravity system, interconnection between submersible and existing force main, structural modifications, odor control, construction, administration, and inspection services. Mr. Houk advised that this is also a fast-tracked project and staff hopes to have it completed by the end of August. Staff is recommending approval of the contract with Hazen and Sawyer to provide engineering services for the Riverdale Pump Station expansion project in the amount of \$534,970.00.

A motion was made by Committee Member Hudson, seconded by Committee Member Ewing, that this matter be recommended for approval and placed on the March 4, 2019 City Council Consent Agenda. The motion carried by the following unanimous 4-0 vote:

Aye (4): Chairman Moore; and Committee Members Ewing, Jones, and Hudson.

2019-76 Contract - Riverdale Pump Station Expansion Design - The Wooten Company

City Council is requested to approve a contract with The Wooten Company for professional engineering services in the amount of \$170,000.00 for the design of a 10mgd submersible pump and a second force main that will discharge to the Eastside Wastewater Treatment plant.

Mr. Houk explained The Wooten Company is under contract to do the submersible design for the expansion. They designed the specifications, and are currently planning the design for the electrical connections, installation of the hardware in the wet well and the connections coming out of it. Staff is recommending award of the contract to The Wooten Company for professional engineering services in the amount of \$170,000.00.

A motion was made by Chairman Moore, seconded by Committee Member Jones, that this matter be recommended for approval and placed on the March 4, 2019 City Council Consent Agenda. The motion carried by the following unanimous 4-0 vote:

Aye (4): Chairman Moore; and Committee Members Ewing, Jones, and Hudson.

2019-77 Ordinance - Riverdale Pump Station Capital Project

City Council is requested to adopt an ordinance to appropriate funds in the amount of \$9,000,000.00 for the expansion upgrade project for the Riverdale Pump Station.

Eric Olmedo, Managing Director, explained this is a Capital Project Ordinance authorizing up to \$9 million for the first phase of this project and it also authorizes reimbursement when the next phase of revenue bonds are sold in June.

Committee Member Ewing asked how the new revenue bonds would affect the water/sewer rates. Mr. Olmedo advised that at this point, staff will continue the recommendation by the financial advisors for between a 3%-5% rate increase. Mr. McCaslin further explained that this has been planned for several years now, and is all part of the multi-year Financial Plan that Davenport, the City's financial advisors, put together years ago.

A motion was made by Chairman Moore, seconded by Committee Member Hudson, that this matter be recommended for approval and placed on the March 4, 2019 City Council Consent Agenda. The motion carried by the following unanimous 4-0 vote:

Aye (4): Chairman Moore; and Committee Members Ewing, Jones, and Hudson.

2019-78 Resolutions - Authorized Signatures for City Depositories

Council is requested to adopt a series of Resolutions for authorizing depository agreements for those active depository and investment institutions which the City currently conducts deposit, disbursement and/or investment relationships. Bank of America, BB&T, Wells Fargo.

Mr. Olmedo advised this action is needed to add the new Finance Director, Bobby Fitzjohn to the list of signatories with the City's banking partners and affirms City Manager Greg Demko, Kelly Latham, Assistant Financial Services Director; Heather Forest, Accounting Manager; and Ashley Grindstaff, Accounting Supervisor as authorized individuals with whom the City's banks, and financial institutions do business on behalf of the City of High Point.

Staff recommends approval of these Resolutions for authorizing depository agreements for those active depository and investment institutions, which will be effective upon adoption.

A motion was made by Chairman Moore, seconded by Committee Member Jones, that this matter be recommended for approval and placed on the March 4, 2019 City Council Consent Agenda. The motion carried by the following unanimous 4-0 vote:

Aye (4): Chairman Moore; and Committee Members Ewing, Jones, and Hudson.

2019-86 Resolution - FEMA Designee - Winter Storm March 2014

City Council is requested to approve a resolution to designate Amy Hughes, Grants Accountant II with the Financial Services Department and Perry Hall, Emergency Manager with the Fire Department, as the City's agents to apply for assistance and request reimbursement for costs related to the 2014 Ice Storm.

Eric Olmedo, Managing Director, explained this is for a FEMA reimbursement stemming back to the 2014 ice storm. FEMA requires adoption of a Resolution by the City Council to designate primary and secondary agents for the purpose of applying for assistance and requesting reimbursement of eligible costs for events such as the 2014 ice storm. The two city employees that were on the previously adopted Resolution are no longer employed with the City, so FEMA is requiring an updated Resolution to reflect those individuals who are now responsible and authorized. The name of Amy Hughes, Grants Accountant II with the Financial Services Department, and Perry Hall, Emergency Manager with the High Point Fire Department to be designated as the City's agents to apply for assistance and request reimbursement for costs related to the 2014 ice storm.

A motion was made by Chairman Moore, seconded by Committee Member Ewing, that this matter be recommended for approval and placed on the March 4, 2019 City Council Consent Agenda. The motion carried by the following unanimous 4-0 vote:

Aye (4): Chairman Moore; and Committee Members Ewing, Jones, and Hudson.

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.

Note: This matter was initially heard by City Council on May 21, 2018, at which time action was taken to refer it to the Finance Committee at the suggestion of City Attorney JoAnne Carlyle due to necessary clean-up on the contract in general as the company has changed hands and names.

PRESENTATION- INGLESIDE COMPOST FACILITY

Robby Stone, Assistant Director of Public Services, advised that due to some recent complaints received, management reached out to Public Services and asked them to provide an update to the Finance Committee regarding the Ingleside Compost Facility operations.

The Ingleside Compost Facility is within the Solid Waste Division of Public Services, which is comprised of four divisions.

- 1. Environmental Services (garbage/recycling collection)*
- 2. Material Recovery Facility (recycling facility)*
- 3. Kersey Valley Landfill, and*
- 4. Ingleside Compost Facility*

Mr. Stone pointed out the Ingleside Compost facility is not operated out of the General Fund portion of the City of High Point Budget but is operated as part of the Enterprise Fund so it is not supported by property taxes; it is supported by the fees and charges it generates. The annual operating budget for the Ingleside Compost Facility is around \$600,000 and is pretty much self-sufficient.

Items that are accepted at the Ingleside Compost Facility include brush, limbs, and leaves. Items such as wood mulch, leaf mulch, compost, and topsoil are also sold at this facility. There is also an electronic waste and recycling drop-off at the Ingleside Compost Facility.

Mr. Stone noted each year they average an intake of about 13,000 tons of yard waste and debris at the compost facility and explained there is no charge for residential customer, but there is a charge for commercial customers. He proceeded to read the regulations in the city's policy for residential and commercial yard waste as follows:

Residential Yard Waste

"There is no charge to residential customers if the yard waste is brought from their primary residence and is in their personal vehicle. If the waste is from a rental property, if you are not the homeowner, if you are a business or in a commercial vehicle, the charge is \$36 per ton."

Commercial Yard Waste

"All commercial customers, landscape businesses and commercial vehicles will be charged \$36 per ton. If the homeowner is in the vehicle, there will still be a charge although they are in the vehicle."

Mr. Stone reported some of the frequent comments that are made about the Ingleside Compost Facility.

- ✓ *Customer does not want to pay to drop off material,*
- ✓ *Customer hires contractor to haul debris to the Ingleside Compost Facility. (per the policy, when a resident hires a contractor to do a job, it is the contractor's responsibility to dispose of the debris and the customer's responsibility to pay the contractor to do so).*
- ✓ *Customer has multiple rental properties and frequents the facility regularly in a work vehicle with their workers and does not want to pay.*
- ✓ *Customer wants staff to help them unload debris. For obvious reasons, staff cannot assist in unloading debris because of liability issues.*

Chairman Moore asked how Council should respond to a complaint when approached by a taxpayer who either goes with a commercial person or sends a commercial person. Mr. Stone suggested it might be helpful to explain how the Enterprise Fund operates as a business and is not funded or supported by property taxes.

Chairman Moore then asked staff about the fairness of the policy as it is currently written for Ingleside and if there might be any suggestions that would make it better. Mr. Stone agreed there are always options for changes that might result in a better policy, but he felt the current policy is fair. Mr. McCaslin added that past Councils have had some pretty strong feelings about the commercial side of it which is why it was incorporated into the current policy. He advised the city has been really fortunate in that it pays for itself and balances out, but pointed out the more loopholes and allowances that are made for Ingleside, would more than likely mean having to go to another source of funding which would mean an increase in the solid waste fee.

Chairman Moore also asked about the policy on leaf collection at apartment complexes. Mr. McCaslin explained that apartment complexes are a commercial operation and they are supposed to hire lawn companies to remove the leaves.

Committee Member Hudson asked if there are plans for the city to do more than one recycling pick up every other week. Staff replied not at this time although they have discussed it in the past but have not formalized any plans to extend the pickup times. Mr. McCaslin suggested that residents could get a second recycling toter if the every-other week pickup does not accommodate their recyclables. It was noted that the recycling toters are covered in the solid waste fee that is charged to every resident in the city.

HOUSEHOLD HAZARDOUS WASTE

Mr. Stone reported that historically the city has held one household hazardous waste dropoff event annually which attracted lines of vehicles and was quite a feat for staff to work and accept the materials. He noted for the other times throughout the year, residents had to take their household hazardous waste items to Greensboro due to the lack of a facility in High Point.

As a means to better serve the citizens of High Point, staff started researching options to be able to provide the service on a regular basis and was fortunate to get a grant. The grant allowed them to purchase a household hazardous waste building, along with a shelter and fencing. The first planned drop off at this new facility was in August 2018 which resulted in 128 customers bringing in over 13,000 pounds of items. A second event was held in October

2019 with 137 customers bringing in 13,557 pounds. The third event was held in December 2018, but the number of customers dropped significantly to 58, due to it being held in the winter months.

Staff is proposing a new schedule for events for 2019 as follows:

- April 6
- June 1 (shredding services will also be offered for this event)
- August 3
- November 2

Committee Member Jones questioned why staff would schedule an event on the opening day of Furniture Market. He pointed out there are a lot of people that rent their houses out during the Furniture Market and would not be able to participate for the April 6th event. Mr. McCaslin explained that it was just a coincidence because of the way it fell as these dates were planned for the first Saturday of the month.

Barring any objections, Mr. McCaslin advised this is the schedule that staff would roll out for 2019. Committee Member Jones stated he would prefer that the April 6th date be changed until after the Furniture Market. Chairman Moore explained that the market dates move from year to year. Committee Member Ewing further explained that the timing of the Easter holiday affected the date for the Furniture Market this year and it was moved up a week earlier. Committee Member Jones pointed out market customers would be fixing up showrooms and would need to dispose of paints. Mr. Stone advised that the city only accepts household hazardous waste from residents, not commercial properties.

Mr. Stone pointed out the setup at the facility is very conducive where traffic flows pretty good, but noted the excessive rain that the city has been experiencing may have an effect on the next scheduled event and may require some additional prep work to get the site ready. He reported that they do get information from the residents as they are driving through such as the names/addresses/and a general idea of what is being dropped off and this causes a little bit of a delay. Committee Member Ewing asked if the intake and reporting was a requirement or just a city policy. Mr. Stone advised it is an internal city policy to ensure that the folks dropping off items are residents and not businesses.

GLASS RECYCLABLES

Mr. Stone reported that glass is becoming more and more of an issue for recycling facilities. He shared some pictures of bunkers full of piles of glass and explained the process as the glass comes through the recycling facility. He noted as the glass becomes broken, it falls through a 2 to 2.5-inch hole and is captured into a roll-off container and unfortunately it becomes mixed with other trash that gets mixed in as well. Most recycling companies do not want the glass with mixed in trash but have agreed to take the glass with the trash for a fee.

Mr. Stone advised that there are two options for glass disposal:

1. *Take the glass to the landfill; however, this is not really an option because staff would be handling the glass twice, and it would case the residual rates top increase, which would not bode well when looking at the numbers).*

2. *Pay for disposal of the glass. This will result in a financial loss due to the heaviness of glass. Staff did find one company that agreed to charge the city \$25 a ton to dispose of the glass.*

Mr. Stone reported that Strategic Materials Company approached the city about a possible solution. This company currently contracts with ABC permit holders to pick up their glass and beverage containers. Staff has had conversations with them and basically agreed to let them have one of the city's three bunkers to put their ABC permit holders' glass in provided they take all of the city's glass in return at no charge. He noted that staff has scheduled a meeting with the city's Legal Department to discuss the possibility and to ensure that all the legal aspects would be covered.

Mr. McCaslin advised staff is bringing this to the Committee as a matter of information and did not feel it would require Council action. City Attorney Carlyle agreed and noted it was mostly about ensuring protection for the city.

2019-88

Resolution - Supporting the Current ABC Control System

Council is requested to adopt a Resolution in Support of the Current ABC Control System for the sale of liquor.

Committee Member Ewing mentioned the proposed legislation regarding privatization of ABC stores by the state and asked staff to provide an update.

Randy McCaslin, Deputy City Manager, advised that the General Assembly is looking at making some changes to the ABC laws to move towards some privatization. Staff plans on discussing this with the Guilford County Legislative Delegation on Monday at the Special Meeting of the High Point City Council at 9:00 a.m. He advised that the City has received a copy of the resolution that the State ABC Board is urging adoption of by the City Council and has asked that it be forwarded to the Guilford County Legislative Delegation. He noted that the resolution basically recommends the regulations remain the same as they have been.

A real concern of the proposed legislation as it is currently written would only allow for one ABC Board per county. Currently there are four ABC Boards in Guilford County which would require consolidation with Greensboro's ABC Board and the other two much smaller ABC Boards, which would impact the revenues. Mr. McCaslin advised that the city would rather have its own ABC Board that would be appointed by the City Council and operated as the City Council sees fit.

Committee Member Ewing pointed out from a budget impact standpoint, the City of High Point currently gets \$1.7 to \$1.8 million annually from the High Point ABC Board revenues that go into the General Fund. Mr. McCaslin pointed out if the state privatizes ABC stores totally, this revenue would be lost, as well as control over the sales which could mean that grocery stores and drug stores would be selling liquor.

CONTINUED DISCUSSION- REVISIONS TO PURCHASING POLICY

Transcript

Committee Member Ewing: Last week we had an item where we amended the Finance policy pertaining to the legal services. I would just like for us as Finance Committee to relook at that because as I said last week, we changed our policy, so we could be unaware of any fees. You know they could write any fees and not have to come to us.

City Attorney JoAnne Carlyle: I think that is somewhat a misinterpretation over what has happened over the years and then the new internal policy that was put in place in 2015. So, I want to make sure that everybody understands. I think it's a great idea for there to be some education and for everybody to understand exactly how that operates and how it has in the past and where we're headed with that. We can do that....I'll be glad to talk about that separately if you want to, or you know we're also in the process also of Purchasing and Legal looking at the Purchasing Policy Manual that is bumping up against the conflict. I imagine that's going to come through this committee as well. So, you may want to wait to do that because there will be other areas that will affect it and we can really dig into it all at once.

I know you had mentioned, for example, I think you were the one that made a comment about when the attorney was under the manager, you didn't have a problem. But they're totally unrelated.

Committee Member Ewing: My biggest issue or point from last week was when the attorney was under the manager, the manager handled the oversight of what was going on. As they do with the other departments. When the attorney is under Council, we're not here as much as staff is obviously. So, there's not as many checks and balances for us to assure that everything in the policy is being followed.

City Attorney JoAnne Carlyle: Well, the mayor, though, is the direct contact with the city attorney and the mayor is more involved than the other eight members, generally kept up to speed.

Between the manager actually overseeing what you just described versus the mayor, I'd almost place those equivalent to one another. I think, you know, one of the things that I've seen through all of this, too, though is that maybe this is an opportunity for us to set up more communication between council members and the attorney, not just the mayor. My contract was changed to reflect it would be the mayor. I forgot when, but, you know, sometimes that's something that I would like to revisit as well because I can't always.....I'll go to the mayor and if I can't get the mayor, then I'll go to the mayor pro tem. You know, and I'll start reaching out to others. That was suggested, and I don't know if you were here then, to be put into my contract which, you know, makes it a little confusing sometimes about communication because you act as a whole board and not just through the mayor. But, then, my contract says that the mayor will be the main contact of getting direction and word from you guys and vice versa from me to you guys. So, there probably can be some improvement there as far as communication and maybe some reporting quarterly or periodically.

Committee Member Ewing: *That's probably more personnel-related and we can deal with that when we do the review process. We talked to the mayor about that. My biggest issue was, one of the main reasons we amended the policy was because you had a couple of invoices that needed to be paid, and with how the policy was written, it didn't allow those to be paid because they were above the threshold. You know, when we were leaving I asked why we just didn't go through with a budget amendment versus actually amending the policy.*

City Attorney JoAnne Carlyle: *I think we could have.*

Deputy City Manager Randy McCaslin: *There's a difference. There are two issues here. One, is the budget and yes you can do a budget amendment to up any amount that's budgeted for legal fees. The other is under our old policy before you changed it the other night, legal fees were just like any other services, engineering, architectural, any other professional services, and anything over \$90,000 according to our policy was supposed to come to y'all for approval. So, that's the difference. The budget amendment can and still will happen because we'll have to budget some amount for legal services throughout the year and that can be exceeded and we do a budget amendment. But the policy you changed the other night just removes legal from those other services like engineering, architectural, etc.... and you pull them out from under that \$90,000 figure.*

Committee Member Ewing: *So, there's no cap and it doesn't have to come before Council?*

City Attorney Carlyle: *It doesn't. There's no statute that addresses that. There's not a cap like that either on architects or engineers even though they are set out in the statute because you have to bid those and they're handled a different way as well.*

Deputy City Manager McCaslin: *Well under state law you don't have to, but under our policy you do.*

Committee Member Ewing: *So, we're not obligated to take the lowest responsive like we are with the others.*

City Attorney Carlyle: *No.*

Committee Member Ewing: *Again, I would feel more comfortable with that policy in place at least until Finance reviews the policy and comes forward to us with whatever is recommended based on current practices and state statute. The Committee can discuss it Monday if it's the will of the Committee, but the main reason for that, as we discussed last Monday, was to pay some invoices that were above that threshold.*

City Attorney Carlyle: *But it's not going to....what's going to happen is it's going to come right back up again because from Purchasing's standpoint....say for example I am dealing with Firm ABC and I've got five different employment matters or whatever the Firm ABC is handling. Individually they might not meet that threshold, but over two or three months they might and they're not treated differently.*

Chairman Moore: *Why did this come up at this time and not two years ago? What made it arise at the time it did?*

Deputy City Manager McCaslin: A year ago, we had our auditors do an in-depth review of our policies in Finance and we were using what's called the voucher system at that point. So, they strongly suggested....one of the major recommendations was that we go to a more purchase order requisition system. So, we did that and the policy that was written in 2015 says that any requisitions over \$90,000 has to go to City Council. So, that put us in a conflict with the legal piece.

City Attorney Carlyle: I knew when we started doing the POs that's when we started having conversations because we knew it was not going to fit. Legal was probably the only department because we're unusual as far as the law goes statewide. And here we are.

Committee Member Hudson: Isn't it an issue of anonymity?

City Attorney Carlyle: It is. It's strategy and a little bit of everything.

Committee Member Hudson: I thought that was one of the major issues as well to protect sensitive information from becoming public.

City Attorney Carlyle: And it's not just High Point. I mean you guys heard me say the other day, it's across the state. A number of them I talked to said there's no cap. They split it between the attorney and the manager, which gets you half a million or more. Some of them.....which confused me, I talked to Eric because I'm like I don't understand how they're doing this. They would just say that the manager could pay the attorney's fees and I said what number are you putting in beside that and they said, well, there's no number. I'm like how do you do that?

Deputy City Manager McCaslin: Well, there's a budgeted number.

City Attorney Carlyle: Right, there is a budgeted number, but that is just in the budget that's adopted. It's just that statement.

Committee Member Ewing: If that's the way that other cities do it, great. But then it falls back, again, to accountability. We're accountable for you, for the clerk, and for the manager. So, if, you know, the mayor isn't accountable to us. That's who your main contact from an approval standpoint is. We're still out of the accountability loop.

City Attorney Carlyle: I hear you. That's why I was saying I think that maybe we need to look at that.

Committee Member Ewing: And we're the ones that are going to be on the hook if there's something that goes wrong. So, I'm okay with it, but I think we slid one piece when we needed to slide two or three others to make it really fit appropriately.

City Attorney Carlyle: Yeah, what they change didn't make up with the attorneys and the law as far as the payment of legal fees at all. But, you know, as far as accountability and oversight, I think I would, again, suggest that we increase the communication between the city attorney and council members and we can do a lot of that in closed session because of the case discussion.

Committee Member Ewing: We can talk to the mayor and see if we can set that up in the next month to discuss how we can tweak that so there's accountability and oversight.

Committee Member Jones: I think we all agreed that we wanted it.....that wasn't the end all on Monday. It was just let's get through these bills.

Committee Member Ewing: Right, and that's why I brought it up. I figured two weeks should have been enough to pay those bills and put it back to where it was until Finance comes to us with a recommendation on it.

City Attorney Carlyle: But, again, it will.....and that's kind of how we even had some discussions on that. I'm glad that you guys.....and I appreciate what you did last week so that we could pay the bills. We've been talking about it now for probably about three months at least just to try to figure out how it should be addressed. That was one of the things, can we separate it by case you know and start giving a different PO per case and there's a lot of accounting that comes along with that.

Committee Member Ewing: And back to Britt's point, again it comes back to if you guys have been discussing it for three months, but was that staff internally or was the mayor involved in that?

City Attorney Carlyle: It was staff. I did mention to the mayor on occasion what was going on.

Committee Member Ewing: So, with that, the board who is accountable wasn't brought into the lap when it was under discussion for three months until it got to the eleventh hour where we had to make a change, so those bills could be paid. That's a huge ball dropped when you looked at it for three months.

City Attorney Carlyle: Well, I'd like to point out, too, that I was ready to mention it to you guys. I didn't prepare that resolution. I didn't put it up on the dais for you guys to review that night. I would have liked to have had some discussion prior to that. But it was what it was.

Chairman Moore: Who prepared it?

Deputy City Manager McCaslin: I did.

Chairman Moore: You did, okay.

Committee Member Ewing: For future, either whenever we do personnel reviews, I think the mayor mentioned he wanted to do those in the spring. Either we'll do that or the next Finance Committee meeting if we could have some deeper discussion on some resolution to it.

Committee Member Jones: My thing is the precedent. I mean the current attorney is awesome. You know the current Council is competent, but that could change in a couple of years.

Committee Member Ewing: *And that's it. We're accountable to the 114,000 people that live here. We have historic knowledge of these things, so we can ask the questions and we see the financial statements, but let's say nine months from now there's nine new people sitting at the dais and six months after that, JoAnne takes a job at a bigger and better city.*

Deputy City Manager McCaslin: *It might be bigger, it's not going to be better. [laughter]*

Committee Member Ewing: *Strike that. So, from a longevity standpoint, we don't want to change something temporarily just because it fits a situation. You're talking about a policy change that.....*

City Attorney Carlyle: *It needs to be something that is lasting and I hope that you guys are comfortable with my level of transparency because I would never, I mean I'm pretty open....well, I'm extremely open.*

Committee Member Hudson: *You have said that there is no one fix. There's lots of theories and no one has fixed it yet. There's still problems.*

Committee Member Jones: *Whatever we decide, it can be changed by a future body, but hopefully the precedent will be that this is how it's been operated for "x" amount of years and they won't change it.*

Committee Member Ewing: *That's why I think we just have to have a bigger discussion on the purchasing policy, on what's going to work best, not just for Legal, but for all departments. You know when we look at personnel. It's a bigger discussion. Look at how the finance policy is, how we handle efficiency, how we handle everything across the board. So, just for a future conversation not too far off I hope.*

City Attorney Carlyle: *It's a chunk. It's underway. The work is.*

[end of transcript]

ADJOURNMENT

There being no further business to come before the Finance Committee, the meeting adjourned at 5:20 p.m. upon motion duly made and seconded.

Respectfully Submitted,

Lisa B. Vierling, City Clerk

Britt Moore, Chairman