



FINANCE COMMITTEE

Chaired by Council Member Moore

Members: Moore, Hudson, Ewing, and Jones

May 2, 2019 – 3:00 p.m.

3rd Floor Lobby Conference Room

Present:

Chairman Britt Moore, Committee Member Jason Ewing, Committee Member Wesley Hudson, and Committee Member Victor Jones.

Staff Present:

Greg Demko, City Manager; Randy McCaslin, Deputy City Manager; Randy Hemann, Assistant City Manager; Steve Lingerfelt, Director of Communications & Information Services; Nancy Williams, 911 Communications Manager; Terry Houk, Director of Public Services; Derrick Boone, Assistant Director of Public Services; Anthro Gamble, Police Commander; Eric Olmedo, Managing Director; Bob Martin, Director of Customer Service; Kim Thore, Right-of-Way Coordinator; Erik Conti, Purchasing Manager; Tyler Berrier, Assistant Director of Electric Utilities; Laura Altizer, Budget & Performance Manager; Lori Loosemore, Local Codes Enforcement Supervisor; Roslyn McNeill, Budget Analyst; Jeron Hollis, Director of Communications & Public Engagement; Keith Pugh, Director of Engineering Services; JoAnne Carlyle, City Attorney; and Lisa Vierling, City Clerk

News Media Present:

Pat Kimbrough, *High Point Enterprise*

Chairman Moore called the meeting to order at 3:04 p.m.

2019-202

Resolution - Change in City of High Point Purchasing Policy

Council is requested to adopt a Resolution to Change the City of High Point Purchasing Policy to promote competitive procurement practices which provide equal access for all vendors to compete for business with the City.

Erik Conti, Purchasing Manager, reviewed the three changes recommended to the High Point Purchasing Policy:

- 1. Increase micro purchasing threshold from \$4,999 to \$9,999.*
- 2. Remove the three (3) bids requirement for projects under \$50,000.*
- 3. Remove the three (3) bids requirement for commodity purchases.*

Mr. Conti explained that the city's current policy is more restrictive than the requirements in the N.C. General Statutes and making these changes would save a lot of staff time when projects/purchases must be rebid under the current city's policy, as well as result in a cost savings in readvertising costs. It will also bring the city's policy in line with the N.C. General Statute requirements.

Randy McCaslin, Deputy City Manager, pointed out the city certainly encourages three bids and all advertising and things done on the front end to solicit bids will remain the same. He explained for construction projects, a strong economy is making it difficult to get the three (3) bids as required in the current policy and adds another two weeks to a month to projects because they are having to be rebid.

He advised that the Purchasing Department is in the process of rewriting the entire Purchasing Policy manual for the city, but the full rewrite will probably not be ready for another couple of months.

Chairman Moore encouraged staff to look at all the other areas under the financial umbrella where the city's requirements are more restrictive than the state guidelines, not just in finance, but all across the board as the policy is being redone.

City Attorney JoAnne Carlyle advised that Assistant City Attorney Meghan Maguire has also been reviewing revisions to the city's Purchasing Policy as well and asked Mr. Conti to maintain communication with the Legal Department throughout the process as well.

A motion was made by Committee Member Ewing, seconded by Committee Member Jones, that this matter be recommended for approval and placed on the May 6, 2019 City Council Finance Committee Consent Agenda. The motion carried by the following unanimous 3-0 vote:

Aye (3): Chairman Moore, Committee Member Jones, and Committee Member Ewing

Absent (1): Committee Member Hudson

2019-176 Resolution - Declaration of Surplus for Police Canine - Jax

Council is requested to adopt a resolution declaring Police Canine Jax as surplus and authorize the disposition of the dog to a private party for non-police related purposes.

Randy McCaslin, Deputy City Manager, advised that the Police Department has a dog that is not performing and because the Canine Jax is now more of a liability than an asset, they are recommending he be retired.

Committee Member Ewing mentioned the previous dog that was retired for similar reasons and asked if the city has any recourse in the amount paid for the canines when they are trained but do not work out.

Police Commander Anthro Gamble explained that sometimes they do have recourse and most come with a warranty. He advised there are provisions and a window of

time where the canines can be replaced with another canine, but that window of time has expired in this case. He shared that Canine Jax has a very strong possession drive that impacts his performance and cannot be verbally recalled from a decoy or suspect. He noted that although the handler and the training team have been working with Canine Jax for a couple of years now, they have been unable to overcome this issue.

A motion was made by Committee Member Ewing, seconded by Committee Member Jones, that this matter be recommended for approval and placed on the May 6, 2019 City Council Finance Committee Consent Agenda. The motion carried by the following unanimous 3-0 vote:

Aye (3): Chairman Moore, Committee Member Jones, and Committee Member Ewing

Absent (1): Committee Member Hudson

2019-179 Agreement - NCDOT Municipal Agreement - Ogden Street Railroad Crossing Improvements

Council is requested to approve a municipal agreement with the North Carolina Department of Transportation (NCDOT) in the amount of \$400,000 for railroad crossing improvements on Ogden Street. The proposed agreement offers Federal funding for 90% of eligible costs with the City covering the remaining 10% plus any ineligible expenses.

Mr. McCaslin advised that the project cost is estimated at \$400,000 to install warning signals and gates at the existing railroad crossing on Ogden Street and that NCDOT will cover most of this cost. The proposed agreement offers federal funding for 90% of the costs with the city covering 10% plus any ineligible expenses (i.e. right-of-way acquisition, utility relocation, optional amenities such as sidewalk and landscaping, etc....).

Chairman Moore inquired about the annual maintenance cost for the warning signals/gates. Greg Venable, Transportation Administrator, replied that the city would also be responsible for 50% of the annual \$1,400 maintenance costs.

A motion was made by Committee Member Ewing, seconded by Committee Member Jones, that this matter be recommended for approval and placed on the May 6, 2019 City Council Finance Committee Consent Agenda. The motion carried by the following unanimous 3-0 vote:

Aye (3): Chairman Moore, Committee Member Jones, and Committee Member Ewing

Absent (1): Committee Member Hudson

2019-180 Contract - Powerphone Call Handling Process Software

Council is requested to award a sole source contract to Powerphone for the purchase of Powerphone Call Taking Solution Software in the amount of \$120,784.00. The NC911 Board will fund \$85,300.00 of the cost to purchase this software.

Steve Lingerfelt, Director of Communications & Information Services, advised that the NC 911 Board will eventually require this software in the future. The software will provide High Point 911 with a more consistent and efficient call handling process and technology and will allow Telecommunicators the ability to provide the best level of service to callers and responders. He pointed out the NC 911 Board will fund \$85,300.00 of the cost which is estimated at \$120,784.00.

A motion was made by Committee Member Jones, seconded by Committee Member Ewing, that this matter be recommended for approval and placed on the May 6, 2019 City Council Finance Committee Consent Agenda. The motion carried by the following unanimous 3-0 vote:

Aye (3): Chairman Moore, Committee Member Jones, and Committee Member Ewing

Absent (1): Committee Member Hudson

2019-181 Contract - WESCO Distribution, Inc. - Switchgear for Various Electric Projects

Council is requested to award a contract to WESCO Distribution Inc. in the amount of \$1,509,482.11 to purchase switchgear for various electric projects and replenish warehouse stock.

Tyler Berrier, Assistant Director of Electric Utilities, explained the Electric Department has identified switchgears that will be needed over the next few years for various electric projects. The bid will replenish warehouse stock, as well as provide switches for upcoming projects, many of which will be used on the downtown underground electric system. The estimated delivery time for the switchgears is 24-30 weeks.

Deputy City Manager McCaslin advised that having these switchgears in stock will allow for projects to be started quicker.

Committee Member Ewing asked if the higher price for these was based on the cost standpoint of replacement parts. Mr. Berrier explained that overhead costs are generally about ten times less than underground and noted these switchgears will be used underground. He further noted that 29 of 41 of these switchgears are submersible and in a vault that can be submersed in water.

A motion was made by Committee Member Ewing, seconded by Committee Member Jones, that this matter be recommended for approval and placed on the May 6, 2019 City Council Finance Committee Consent Agenda. The motion carried by the following unanimous 3-0 vote:

Aye (3): Chairman Moore, Committee Member Jones, and Committee Member Ewing

Absent (1): Committee Member Hudson

2019-182 Contract - Precision Safe Sidewalks - Removal of Sidewalk Trip Hazards

Council is requested to award a sole source contract to Precision Safe Sidewalks LLC in the amount of \$51,962.00 for the annual removal, replacement or repair of identified city-maintained sidewalks.

Terry Houk, Director of Public Services, advised this is a sole source request and reported that about 800 areas of sidewalks have been identified by the Public Services Department that need to be addressed. The list of areas to be repaired was generated by the Street Maintenance Division. Staff is recommending the contract be awarded to Precision Safe Sidewalks, LLC as they possess a patented technology that is less intrusive than digging and replacing while much quicker and at a lesser expense.

A motion was made by Chairman Moore, seconded by Committee Member Ewing, that this matter be recommended for approval and placed on the May 6, 2019 City Council Finance Committee Consent Agenda. The motion carried by the following unanimous 3-0 vote:

Aye (3): Chairman Moore, Committee Member Jones, and Committee Member Ewing

Absent (1): Committee Member Hudson

2019-183 Contract - CMI Roadbuilding Inc. - Kersey Valley Landfill - Trashmaster Wheel Replacements

Council is requested to award a sole source contract to CMI Roadbuilding Inc. in the amount of \$54,937.50 for the purchase of replacement wheels and cleats for the Trashmaster Compactor purchased in 2016.

Terry Houk, Director of Public Services, explained this is another sole source contract and staff is recommending approval of a contract with CMI Roadbuilding, Inc. in the amount of \$54,937.50 for the purchase of replacement wheels and cleats for the Trashmaster Compactor purchased in 2016. The Trashmaster has been operating since 2016 and is at the end of its life.

A motion was made by Chairman Moore, seconded by Committee Member Ewing, that this matter be recommended for approval and placed on the May 6, 2019 City Council Finance Committee Consent Agenda. The motion carried by the following unanimous 3-0 vote:

Aye (3): Chairman Moore, Committee Member Jones, and Committee Member Ewing

Absent (1): Committee Member Hudson

2019-184 Contract - Wharton-Smith Inc - Eastside WWTP - Change Order 8

Council is requested to approve a Change Order to Wharton-Smith Inc. contract in the amount of \$550,000 for additional repairs and replacement of equipment identified during the Eastside WWTP Solids Handling Improvements project.

Terry Houk, Director of Public Services, advised this change order to the Wharton-Smith, Inc. contract is needed to cover some additional work to the Eastside WWTP for the solids handling improvements project. He pointed out this more than likely would be the last change order for the project with the exception of the possibility of a final adjusting change order. Staff anticipates that the project will be complete by the end of June 2019.

Chairman Moore questioned the budget impact statement in the forwarding memo and asked if the identified 2019-2020 budget year was correct. Derrick Boone, Assistant Director of Public Services, replied that it should be for the 2018-2019 budget year; staff discovered the typo and did make the adjustment on the document.

A motion was made by Chairman Moore, seconded by Committee Member Ewing, that this matter be recommended for approval and placed on the May 6, 2019 City Council Finance Committee Consent Agenda. The motion carried by the following unanimous 3-0 vote:

Aye (3): Chairman Moore, Committee Member Jones, and Committee Member Ewing

Absent (1): Committee Member Hudson

2019-185 Contract - Garney Construction - CMAR - Catalyst Project - Elm Street - Change Order 2

Council is requested to approve a Change Order to the Garney Construction contract in the amount of \$3,867,682.18 to perform the water, sewer and stormwater improvements on West English Road, Lindsay Street, Lindsay Place and owner contingency items for the Elm Street construction.

Terry Houk, Director of Public Services, advised that staff is recommending the approval of Change Order No. 2 to the Garney Companies, Inc. to cover owner contingency items for the Elm Street construction and additional Construction Manager at Risk (CMAR) management and administration fees to complete the sanitary sewer line on Lindsay Street and to approve additional Guaranteed Maximum Price (GMP) to complete the construction of the water line, and storm sewer on Lindsay Place and West English Road adjacent to the Catalyst Project.

Mr. Houk explained the change order is needed to accelerate the process to complete this project. He also pointed out that the contingency would be shared between the city and the contractor.

A motion was made by Chairman Moore, seconded by Committee Member Ewing, that this matter be recommended for approval and placed on the May 6, 2019 City Council Finance Committee Consent Agenda. The motion carried by the following unanimous 3-0 vote:

Aye (3): Chairman Moore, Committee Member Jones, and Committee Member Ewing

Absent (1): Committee Member Hudson

2019-186 Purchase of Property - 3314 E. Martin Luther King, Jr. Drive

Council is requested to authorize the City Attorney's office to proceed with the purchase of property located at 3314 E. Martin Luther King, Jr., Drive for future expansion of the City's Traffic Services and Fleet Service Center.

Randy McCaslin, Deputy City Manager, reported that the additional property is needed for future expansion of the City's Traffic Services and Fleet Service Center and noted that Kim Thore, Right-of-Way Coordinator, was able to negotiate a good price for the property. Staff is recommending Council's approval of the purchase of this property.

Chairman Moore asked if this would satisfy any future needs for this area. Mr. McCaslin advised that the city is also looking at another piece of property beside this property that belongs to the same family and if an agreeable price is negotiated, then it may be coming to Council in the next 60 days or so.

A motion was made by Committee Member Ewing, seconded by Committee Member Jones, that this matter be recommended for approval and placed on the May 6, 2019 City Council Finance Committee Consent Agenda. The motion carried by the following unanimous 3-0 vote:

Aye (3): Chairman Moore, Committee Member Jones, and Committee Member Ewing

Absent (1): Committee Member Hudson

2019-187 Resolution -Condemnation - 3933 Tanglebrook Road

The City Attorney recommends adoption of the Resolution authorizing the Finance Director to issue a draft in the amount of \$4,600.00 to the Clerk of Superior Court and authorizing the City Attorney give a 30-day Notice of Condemnation to the property owner of 3933 Tanglebrook Road, and to file the necessary proceedings under Chapter 40A of the North Carolina General Statutes to acquire the needed easement following the 30-day notice period.

Randy McCaslin, Deputy City Manager, explained this property is needed for a sewer project off of Skeet Club Road in the Joy Circle area. He advised that the city was able to successfully negotiate all the sewer line easements for this project with the exception of this one. Staff is recommending Council move forward with the condemnation so the work on the sewer line project can proceed.

A motion was made by Committee Member Ewing, seconded by Committee Member Jones, that this matter be recommended for approval and placed on the May 6, 2019 City Council Finance Committee Consent Agenda. The motion carried by the following unanimous 3-0 vote:

Aye (3): Chairman Moore, Committee Member Jones, and Committee Member Ewing

Absent (1): Committee Member Hudson

2019-188 Authorize Write-off Delinquent Utilities Accounts Receivables

Council is requested to authorize the Financial Services Director to write off delinquent utilities' receivables in the amount of \$959,441 remaining from fiscal year 2014-2015.

Bob Martin, Director of Customer Service, explained that North Carolina law allows the city to write off uncollected utility accounts when they become three years old and this is part of an annual process that takes place. He advised that the city goes through the process of collecting the debt internally, but if it is more than 45 days old, it is turned over the First Point Collection of Greensboro for them to pursue. The city also utilizes the NC Debt Setoff through the North Carolina League of Municipalities.

Deputy City Manager Randy McCaslin pointed out that although these debts are written off, the city continues to collect them and noted the city is successful in collecting a good percentage of them.

A motion was made by Committee Member Ewing, seconded by Committee Member Jones, that this matter be recommended for approval and placed on the May 6, 2019 City Council Finance Committee Consent Agenda. The motion carried by the following unanimous 4-0 vote:

Aye (4): Chairman Member Moore Committee Member Hudson, Committee Member Jones, and Committee Member Ewing

2019-189 Authorize Write-off of Delinquent Miscellaneous Accounts Receivables

City Council is requested to authorize the Financial Services Director to write-off \$36,169 for prior years' original billings through the fiscal year 2014-2015: Landfill fees \$24,162, Returned checks \$863, Transportation Grant \$6,597, Showroom License \$4,097 for a total of \$36,169.00.

Laura Altizer, Budget and Evaluation Manager, explained because these debts have reached the 3-year mark and are still delinquent, they are written off the city's books; however, attempts continue to collect them. She noted these are unpaid landfill fees, returned checks, transportation grant and showroom licenses.

Committee Member Ewing questioned the landfill fees and asked if these fees are not charged at the time of dumping. Deputy City Manager McCaslin explained that the city does allow some companies to dump and the fees are billed to their account; however, the policy has now been tightened up so as not to let the debt build up as much.

A motion was made by Chairman Moore , seconded by Committee Member Ewing, that this matter be recommended for approval and placed on the May 6, 2019 City Council Finance Committee Consent Agenda. The motion carried by the following unanimous 4-0 vote:

Aye (4): Chairman Member Moore Committee Member Hudson, Committee Member Jones, and Committee Member Ewing

2019-190 Authorize - Issuance of Series 2019 Combined Enterprise System Revenue Bonds

Council is requested to approve the attached "Order Authorizing the Sale and Issuance by the City of High Point, North Carolina of Not To Exceed \$54,500,000 Combined Enterprise System Revenue Bonds, Series 2019 and Authorizing the Execution and Delivery of Certain Documents in Connection Therewith."

Eric Olmedo, Managing Director, reported this is the final authorization for this issuance totaling \$54.5 million for the Combined Enterprise System (water and sewer) Revenue Bonds in June 2019 for the following purposes:

- 1. To issue approximately \$37 million in bonds to fund water and sewer projects approved by City Council and that have recently been completed or are currently under contract.*
- 2. To refinance \$17.5 million water and sewer revenue bonds issued in 2010 to a lower interest rate.*

He explained the bonds will be issued subject to City Council's authorization of the application to be submitted to the Local Government Commission, who will issue and approve the bonds. He further explained that the city is taking advantage of a lower interest rate which will result in about a \$500,000 a year in savings. The final authorization for this will go before the Local Government Commission on Tuesday, May 7, 2019 for their final approval.

Chairman Moore inquired about the projected timeline on the Debt Service through the water and sewer operations. Deputy City Manager McCaslin advised these are 25-year bonds.

Committee Member Ewing pointed out the numbers in the actual bond sale and the numbers included in the initial bond projections. Mr. Olmedo explained the original bond sale order was higher because the city was initially anticipating issuance of more bonds for current projects, but the city's financial advisor deemed there was sufficient fund balance that could be drawn down to lower the actual bond sale amount. He pointed out this adjustment has been reflected on the first page of the bond order where it references \$72.4 million.

Committee Member Ewing asked if this was still tied to the 3-5% average increase for the water/sewer rates. Mr. Olmedo replied in the affirmative and noted it was part of the long range financial plan recommended by the city's financial advisors.

In closing, Mr. Olmedo advised that the bond attorney recommends this matter be placed on the Regular Agenda and not on the Consent Agenda, so it can be voted on separately.

A motion was made by Council Member Ewing, seconded by Council Member Hudson, that this matter be placed on the May 6, 2019 City Council Agenda for approval. The motion carried by the following 4-0 vote:

Aye (4): Chairman Member Moore Committee Member Hudson, Committee Member Jones, and Committee Member Ewing

2019-191 Budget Amendment - Economic Development Incentive Fund

Council is requested to approve a budget amendment in the amount of \$125,000 to appropriate funds for the Economic Development Incentive Fund.

Laura Altizer, Budget & Evaluation Manager, reported this is a budget amendment for the Economic Development Fund and explained that when the budget was done for the current fiscal year, there were two incentives in the amount of \$125,000 from the prior year that were not paid out.

A motion was made by Committee Member Ewing, seconded by Committee Member Hudson, that this matter be recommended for approval and placed on the May 6, 2019 City Council Finance Committee Consent Agenda. The motion carried by the following unanimous 4-0 vote:

Aye (4): Chairman Member Moore Committee Member Hudson, Committee Member Jones, and Committee Member Ewing

2019-200 Contract - 2019-002 Storm System Improvements - KRG Utility, Inc.

Council is requested to award a contract to KRG Utility, Inc. in the amount of \$765,597.00 to make storm system improvements in seven (7) locations. These projects are being funded through the Stormwater Ongoing Projects account. The following projects are included in this contract: Lower Regency Dam Repair, Dogwood Court Storm System, Parkwood Circle Storm System, Arbrog Lane Storm System, Madison Street Storm System, Kearns Avenue Dry Pond Construction, and Fairway Drive Storm System.

Keith Pugh, Director of Engineering Services, explained this is basically a contract for the following seven various storm sewer system improvement projects.

1. *Lower Regency Dam Repair*
2. *Dogwood Court Storm System*
3. *Parkwood Circle Storm System*
4. *Arbrog Lane Storm System*
5. *Madison Street Storm System*
6. *Kearns Avenue Dry Pond Construction, and*
7. *Fairway Drive Storm System.*

Mr. Pugh explained that staff initially had these projects ready to go before most of the ballpark construction; however, the funds were held in lieu of completion of the ballpark. Because of the delay in soliciting bids, the pricing went up beyond staff's original estimate. The original estimate was around \$650,000 and the low bid came

in around \$765,000. Staff is requesting Council's approval so they can move forward with these improvements to the stormwater system.

A motion was made by Committee Member Ewing, seconded by Committee Member Hudson, that this matter be recommended for approval and placed on the May 6, 2019 City Council Finance Committee Consent Agenda. The motion carried by the following unanimous 4-0 vote:

Aye (4): Chairman Member Moore Committee Member Hudson, Committee Member Jones, and Committee Member Ewing

2019-201 Contract - 2019-003 Intersection & Parking Lot Improvements - Ruston Paving Company

Council is requested to award a contract to Ruston Paving in the amount of \$569,898.86 to construct two new turn lanes and repair and resurface two City of High Point parking lots. The following projects are included in this contract: Right turn lane on Westchester Drive at Idol Street, Right Turn Lane on Regency Drive at NC 68 (includes traffic signal modifications with NCDOT funding), Hedgecock Park parking lot resurfacing and Fleet Services Main Parking Lot repair and resurfacing (Triangle Lake Road).

Keith Pugh, Director of Engineering Services, explained this is a request to award a contract to Ruston Paving Company. Initially, there were five projects on this contract; however, because the prices in the bids came back higher than anticipated, one of the projects was eliminated bringing the total of the bids to \$569,898.86. The project that was eliminated was one of Park & Recreation's parking lots at the north Overlook- Oak Hollow Lake.

Mr. Pugh pointed out the forwarding memo indicated that NCDOT funding was associated with this contract; however, there is no NCDOT funding tied to it because it is actually developer participation money.

A motion was made by Committee Member Ewing, seconded by Committee Member Jones, that this matter be recommended for approval and placed on the May 6, 2019 City Council Finance Committee Consent Agenda. The motion carried by the following unanimous 4-0 vote:

Aye (4): Chairman Member Moore Committee Member Hudson, Committee Member Jones, and Committee Member Ewing

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.

ADJOURNMENT

There being no further business to come before the Finance Committee, the meeting adjourned at 3:50 p.m. upon motion duly made and seconded.

Respectfully Submitted,

Lisa B. Vierling, City Clerk

Britt W. Moore, Chairman