

**HIGH POINT CITY COUNCIL  
SPECIAL MEETING  
May 6, 2019 – 4:00 P.M.  
3<sup>RD</sup> FLOOR LOBBY CONFERENCE ROOM**

**MINUTES**

**CALL TO ORDER**

Mayor Wagner called the meeting to order at 4:00 p.m.

**Present (8):** Mayor Jay Wagner, Council Member Britt Moore, Council Member Donald Scarborough, Mayor Pro Tem Jason Ewing, Council Member Jeffrey Golden, Council Member Monica Peters, Council Member Victor Jones, and Council Member Wesley Hudson

**Absent (1):** Council Member Christopher Williams

**Staff Present:** Greg Demko, City Manager; Randy McCaslin, Deputy City Manager; Randy Hemann, Assistant City Manager; Mike McNair, Director of Community Development & Housing; Eric Olmedo, Managing Director; Tim Tricot, GIS Manager; Laura Altizer, Budget & Performance Manager; Loren Hill, President- High Point Economic Development Corporation; JoAnne Carlyle City Attorney; and Lisa Vierling, City Clerk

**Others Present:** Judy Stalder, representing TREBIC  
Bruce Ashley, Partner, Attorney, Fox Rothschild LLC

**News Media:** Pat Kimbrough, *High Point Enterprise*

**PRESENTATION OF ITEMS**

**2019-205      Closed Session: Attorney-Client Privilege**

Staff is requesting for Council to go into Closed Session pursuant to N.C. General Statute 143-318.11(a)(3) to preserve Attorney-Client privilege.

**A motion was made by Council Member Moore, seconded by Council Member Peters, to go into Closed Session pursuant to N.C. General Statute 143-318.11(a)(3) to preserve Attorney-Client privilege. The motion was seconded by Council Member Peters and carried by the following unanimous 8-0 vote:**

**Aye (8):** Mayor Wagner, Council Member Moore, Council Member Scarborough, Mayor Pro Tem Ewing, Council Member Golden, Council Member Peters, Council Member Jones, and Council Member Hudson

**Absent (1):** Council Member Williams

*Upon reconvening into Open Session at 4:11 p.m., City Manager Greg Demko announced that the YWCA was hosting a Racial Equity Institute on May 20 and 21st and plans are underway to send staff from the various departments.*

*Council Member Peters shared that she attended the Racial Equity Institute Training in Greensboro and advised it was a great program. She noted that the High Point Community Foundation is underwriting the cost of the registration and it was valuable in moving the City of High Point forward with diversity.*

## **2019-206      Presentation- Core City Investment Initiative**

The Community Development & Housing staff will provide an update on the Core City Investment Initiative.

*Note: A copy of the Power Point presentation entitled "Core City Redevelopment Fund Activities" will be attached in Legistar as a permanent part of these proceedings.*

*Mike McNair, Director of Community Development & Housing, provided an overview of the Sources and Uses of funding for the Core City Initiatives. Approximately \$2.6 million has been appropriated since the program's inception (\$.5 million in 2015-2016 and 2016-2017; and \$.8 million each year in 2017-2018 and 2018-2019. He shared a list of the activities for the program.*

*Mr. McNair provided some numbers on activities and numbers for the following sources as uses:*

<b>Activity</b>	<b>Number</b>
Operation InAsMuch*	91 repairs
Core City Homebuyer Incentive*	107 buyers
Infill Acquisition	47 lots
Housing Violations (demolitions- city abated)	53 cases
Housing Demolitions (owner abated)	137 cases
Housing Violations (owner abated)	339 cases
Nuisance Violations (city and owner abated)	3,351 cases
State Code Enforcement	6 months
Consultants/Technical Asst./Other	N/A
*Includes partial federal funding	

*Mr. McNair reported that the city received a grant for technical assistance from the Center for Community Progress and a Market and Augmentation Study was conducted with the assistance of the City of Greensboro and consultants with the Center for Community Progress and interaction with the School of Government at UNC- Chapel Hill.*

*He mentioned the city has been proactive in tackling demolitions and nuisances and shared some photographs showing successful owner abated repairs and nuisances.*

*Mr. McNair stated that with the assistance of Tom Tricot, GIS Manager, they were able to map the activity and come up with a snapshot to see what and where the activity was happening. He pointed out most activity was in the northwest and north Core City area.*

*Mayor Pro Tem Ewing asked if staff overlaid this data with the Heat Maps that were done a few years back for comparison purposes. Mr. McNair explained they did not, but staff is now very familiar with the areas. From the code enforcement side, he pointed out the mapping shows a lot of code enforcement that has been ongoing in the city.*

*Mr. McNair advised there has been approximately \$2.5 million of General Fund dollars expended which has provided a leveraging effect with new construction. He noted that private demolitions are estimated at \$1,835,967.91 which has offset the actual funds expended by the city for these activities.*

*He reported that the city has been acquiring foreclosed properties from the County by paying the delinquent taxes and adding the property to a landbank that is managed by the CDC.*

*Mr. McNair concluded his presentation by sharing some maps showing some of the neighborhoods with major code enforcement/demolition activities such as Armstrong Park, Burns Hill, etc....*

*Council Member Peters asked if this information is accessible on the city's website. Mr. McNair replied that it can be found on the GIS website under Core City Investment Initiative.*

## **2019-207 Presentation- 3rd Quarter Financial Report**

*Staff will provide a presentation on the Second Quarter Budget Report for FY 2018-2019.*

*Note: A copy of the Power Point presentation entitled "FY 2018-2019 Second Quarter Budget Report" will be attached in Legistar as a permanent part of these proceedings.*

*Eric Olmedo, Managing Director, and Laura Altizer, Budget & Performance Manager, provided an overview of the Budget Summary for the General Fund, Water/Sewer Fund, Electric Fund, Solid Waste Fund, and Stormwater Fund through March 31, 2019.*

*Mr. Olmedo reported overall with a \$114.7 million budget for the General Fund, there is a net variance of just over \$10 million year-to-date.*

***Property Taxes:*** *The largest revenue source. Year-to-date about 94% of the property taxes have been collected and staff anticipates being right on budget.*

***Sales Tax:*** *Since sales tax is about two months in arrears, staff anticipates being a little short of budget.*

***Utility Sales Tax:*** *Staff anticipates that Utility Sales Tax will not come in as budgeted, but will continue to monitor.*

**Other Revenue:** (charges for service in Parks & Recreation, Building and Inspections Fees, etc...). Staff anticipates coming in over budget partly because the inspection fees are coming in strong for commercial inspections and the interest earnings are overperforming what was budgeted. Mr. Olmedo pointed out the \$2.9 million in Lease Purchase proceeds have not yet been received as of March 31<sup>st</sup>, but anticipate receipt soon.

On the **Expenditure** side, staff anticipates being short of budget in the General Government which consists of the manager's office, attorney's office, budget and finance.

The Police and Fire budget is right on track. The Cultural Recreation which is Parks & Recreation, Theatre, and Library, staff anticipates spending about \$19 million. Regarding the Planning and Building Inspections/Community Development, staff expects it to come in at \$5.0 million which is pretty much in line with the budget. Public Services and Engineering is also right on track, as well as Information Technology and 911.

Mr. Olmedo offered to provide more details if needed, but noted that year-to-date the budget is right on track and they anticipate adding to the fund balance at the end of the year, which is what staff shared with the Council prior on the General Fund Financial Plan talked about months ago.

At this time, Mr. Olmedo asked Laura Altizer, Budget & Performance Manager, to provide an update on the Utility Funds.

The first utility fund that Ms. Altizer reported on was the **Water/Sewer Fund**, which resulted in a positive net variance of \$3.5 million, which is in line with the budget. For the revenues on the residential water, staff expects to come in ahead of budget. For residential sewer, staff reported things are very well with the budget in this respect, especially because of the economy. Staff expects the projections to be ahead of budget. On the Expenditure side, \$23 million was budgeted; \$15.3 million expended; staff is projecting about \$20 million. million.

The **Debt Service** was budgeted at \$17 million; expenditures total \$10.6 million. Ms. Altizer reported that staff would not end up spending all of the budget, so they will be at about \$14 million at year end on the Debt Service.

Council Member Golden asked about the water that is sold to other municipalities and how much of that dollar amount is budgeted and asked what effect the rain has had on it.

Ms. Altizer reported she did not have the exact dollar amount, but noted that the city does sell water and provides sewer to other municipalities. Randy McCaslin, Deputy City Manager, advised that the city does have agreements with the Town of Jamestown and the City of Archdale, and they have an interest and own capacity in some of the City of High Point's plants.

Ms. Altizer then reported on the **Electric Fund**. The Electric Fund by dollar amount is the largest fund in the budget. Actuals as far as revenue is over \$100 million, which is a positive variance of \$74.5 million. Staff anticipates a positive variance of \$74.5 million, but due to the one-month lag time on wholesale power, it gives it a bigger variance than it appears.

On the **residential** side, Ms. Altizer advised the **Electric Revenues** are coming in slightly ahead. On the **commercial/industrial** side, staff expects it to come in slightly ahead of budget. The city's usage of electric, is at \$5.2 million of a \$7.1 million budget and the miscellaneous funds are coming in higher than budgeted because of the interest income being so good this year.

On the **Expenditure** side, the biggest portion of the **Electric Fund** is the wholesale expenditure, but because of that one-month lag, staff anticipates being slightly above budget based on the electric usage so far this year.

On the **Operating** side, \$30.6 million was budgeted; \$17.1 million expended, and staff anticipates it coming in at \$21.7 million and attributes some of the difference to the rate stabilization. For the Capital, \$11.7 million was budgeted; \$3.8 million expended so far; however, staff expects it to come in closer to \$10.8 million based on the encumbrances and commitments of contracts that have been awarded for projects.

For the **Solid Waste Fund**, \$16.7 million was budgeted; \$12.3 million has been received; \$10.7 million expended, which gives a positive net variance of about \$1.7 million. On the Revenue side for the residential collection fee, \$6.9 million was budgeted; \$5.2 million has been received, and staff expects it to come in ahead of budget at \$7.1 million. Staff is anticipating the Landfill user fees to come in the same as what was budgeted, but anticipates the tipping fees to come in ahead of what was budgeted.

Council Member Moore asked what kind of adjustments staff is expecting since China has change the way these numbers are looked at. Ms. Altizer replied that staff is not projecting any increases in this area and pointed out the market is getting tougher and tougher on recycling. Staff anticipates remaining flat in this area. Mr. Olmedo added that High Point has managed it better than most because they do not typically do a long-term contract for sales enabling staff to time the market better and manage the sale of recycling commodities very well. Deputy City Manager McCaslin noted there is space at the MRF to stock pile the recyclables while the market is down so when the market starts trending upwards again, it will be there to sell.

The **Expenditure** side includes collection and recycling. \$7.2 million was budgeted; \$4.9 million expended, and staff expects it to come in right at \$7 million. For the Landfill expenditures, \$5.7 million was budgeted; \$3.8 million expended, and staff expects to come in similarly at \$5.5 million. Staff expects to come in at budget for Ingleside and MRF expenditures. For the Capital projects, \$2.5 million was budgeted; \$0.3 million has been expended, but with the encumbered funds for the actual projects that contracts have been awarded, staff expects it to come in right at budget.

For the **Stormwater Fund**, \$7.8 million was budgeted; \$4.1 million has been received in revenues and \$3.8 million expended, resulting in a positive variance right at \$350,000. Ms. Altizer explained the large budgeted Fund Balance in the Capital Budget for this fund makes the numbers look smaller. On the residential revenue side (residential fees billed on the utility bill), \$2 million was budgeted; \$1.5 million received, and this is where staff expects it to be. The commercial/industrial revenue is budgeted at \$3.1 million; \$2.3 million has been received, and staff expects these revenues to come in right at budget as well.

*For the **Stormwater Expenditures** on the **Operating side**, \$2.6 million was budgeted and staff expects to come in slightly below budget at \$2.4 million. On the Capital side, \$3.2 million was budgeted; \$1.1 million expended. Ms. Altizer reiterated that the encumbrances for the commitments from contracts awarded for projects brings it to about \$3 million, so this will be close to budget as well.*

*Regarding the \$2.4 million budgeted in **Debt Service**, Ms. Altizer explained that because the city is not going to be issuing some debt in stormwater as originally planned, projections are that \$1.9 million will be expended.*

*Following the presentation, Ms. Altizer entertained any additional questions. There were none.*

**ADJOURNMENT**

*The meeting adjourned at 4:46 p.m. upon motion duly made and seconded.*

Respectfully Submitted,

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Jay W. Wagner, Mayor

Attest:

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Lisa B. Vierling, City Clerk