



City of Greensboro

Melvin Municipal Building
300 W. Washington Street
Greensboro, NC 27401

Meeting Minutes - Final City Council Work Session

Monday, April 11, 2016

1:30 PM

Plaza Level Conference Room

1. Call To Order

This Special Budget Development meeting of the City of Greensboro was called to order at 1:40 p.m. on the above date in the Plaza Level Conference Room of the Melvin Municipal Office Building with the following members present: Mayor Nancy Vaughan, Councilmembers Marikay Abuzuaiter, Mike Barber, Jamal Fox, Sharon Hightower, Justin Outling and Tony Wilkins. Absent: Mayor Pro-Tem Yvonne Johnson and Councilmember Nancy Hoffmann.

Also present were City Manager Jim Westmoreland, City Attorney Tom Carruthers, City Clerk, Betsey Richardson, Finance Director Rick Lusk, Budget Director Larry Davis and Water Resources Director Steve Drew.

2. Presentations/Discussions

City Manager Westmoreland provided an overview of the 2016-17 budget process; spoke to the bond referendum; and outlined the process going forward.

Mayor Vaughan inquired if user fees for trash and other items would be considered in the budget.

City Manager Westmoreland responded that he hoped to have that information at the May 9th meeting; and spoke to information that had been developed.

Discussion took place regarding a majority of members being in favor of user fees; if said fees could be incorporated in the upcoming budget; and having centrally located community budget meetings as some members did not have many citizens in attendance at the budget meetings.

City Manager Westmoreland informed Council that staff was looking at two community budget meetings to be held at the Central Library.

1. [ID 16-0323](#) Water and Sewer Fund Update

Water Resources Director Steve Drew began the PowerPoint Presentation (PPP); reviewed what would be covered in the presentation; provided an update for Fiscal Year 2016 with regard to rate increase projections; spoke to the current rate model increase; referenced capital improvement projects; confirmed that revenues were higher than predicted; that expenses were lower; highlighted the difference between the Water Resources budget and the General Fund; and outlined the rate proposal for the upcoming year.

Council discussed the amount in the fund balance; the 4.5% rate proposal increase for both inside and outside customers; and the City's water rate compared with other North Carolina cities.

Mr. Drew stated the support of past Councils had allowed the department to continue the rehab program; spoke to having small incremental increases each year; verified the City had taken advantage of good pricing strategies; outlined the recommended 2016-17 budget that showed a slight increase; the variables that went into the budget as well as why a rate increase was needed; and spoke to the makeup of the budget. Mr. Drew provided an overview of the rate drivers; addressed future regulatory rules; added that the TZ Osborne 56 MGD upgrade was the big regulatory driver; and outlined the regulatory/infrastructure drivers.

Councilmember Hightower entered the meeting at 2:00 p.m.

Mr. Drew explained that the department had performed rehabilitation work on approximately 14.2 miles of sewer line per year; confirmed the City was slightly ahead of other municipalities with regard to investment; stated that staff hoped to increase the investment in water and sewer line rehabilitation over the next seven years; and reminded Council of the Fire Department's ability to maintain its ISO rating as a result of the good water supply. Mr. Drew provided the overview of the budget for sewer line rehabilitation; confirmed staff was working aggressively on the sewer side; outlined the neighborhoods the crews were currently working in; spoke to where the crews would be in the coming year; stated that Water Resources allocated approximately \$439,451 to the Field Operations Department for street resurfacing; and spoke to an engineering study that had been done.

Discussion took place regarding Field Operation's resurfacing budget and estimated costs; continued street deterioration; additional revenue security; and the need to address street resurfacing going forward.

Mr. Drew provided examples of unexpected projects; outlined the daily water and sewer capacity; average demand; capital investments made in the last ten years; the ever changing regulatory landscape; and the cost for outside City users.

Councilmember Wilkins asked if the MegaSite would have any impact on the figure for the next forty years; what the actual dollar amount would be for the 4.5% increase; and for clarification as to why the City collected more from the inside users than the outside.

Mr. Drew responded that the City had not committed to the funding for the MegaSite; stated that the Piedmont Triad Water Authority was looking at alternatives to fund the MegaSite; stated that a majority of residents lived inside the City limits; and that only 5% of the users resided outside the City limits.

Finance Director Rick Lusk continued the PPP; outlined the credit rating factors; provided an explanation of the rating agency feedback regarding the City's AAA bond rating; stated the City had done a good job of taking care of and maintaining the Water and Sewer systems; remained competitive with regard to rates; outlined the rate proposal chart; and spoke to the interest rates.

There were no questions of Council.

(A copy of the PowerPoint Presentation is filed in Exhibit Drawer Y, Exhibit No. 16, which is hereby referred to and made a part of these minutes.)

2. [ID 16-0324](#) Preliminary 2016-17 Budget Update

City Manager Westmoreland stated staff would provide an update on the preliminary budget; outlined the budget development goals for 2016-17; stated he was optimistic staff could meet said goals; and confirmed he was working towards the goal of maintaining the tax rate.

Councilmember Wilkins reaffirmed that maintaining the tax rate was a priority of Council.

City Manager Westmorland confirmed he was optimistic staff could meet and was working towards Council's goal this year; outlined the economic development focus; referenced Council visits to the business community; emphasized that he would continue to focus on Council and community priorities; spoke to proposed enhancements and City services; to the need for additional revenues for street resurfacing; to efforts to maintain City facilities; outlined pending improvements needed; stated that the City had maintained its AAA rating; and spoke to the November Bond Referendum.

Budget Director Larry Davis made a PowerPoint Presentation (PPP) that outlined the 2016-17 budget process; spoke to the continued focus of the City; provided an overview of the property tax changes for Fiscal Years 2012-2016; described changes that had occurred during the 2013-14 fiscal year; and spoke to the growth.

Discussion took place regarding the assessed valuation growth; the economy in the 1990's; the annexation process; and annexation in the vicinity of the Rock Creek Industrial Park.

City Attorney Carruthers verified that 60% of property owners needed to agree to an annexation; spoke to the proposed annexation towards Gibsonville that would have boosted revenue; and verified the City did not have a

program to try to draw communities into the City.

Additional discussion took place regarding Council authorizing the extension of water and sewer lines towards Rock Creek; economic development funds provided to Rock Creek Apartments; and funding for the McConnell Center.

Mr. Davis outlined the four components for the property tax allocation that included the General, Housing, Transit and Economic Development Funds.

Councilmember Hightower voiced concern with the lack of funding for transit; and asked for a report of projects funded through the Economic Development Fund.

Discussion ensued with regard to the balance remaining in the Economic Development Fund; allocation of property tax; previous Economic Development Fund commitments; and confirmation that Council voted on all economic development projects.

Mr. Davis provided an overview of the 2016-17 Fiscal Year budget process to date; and highlighted the property tax, sales tax, electric utility sales tax, telecommunications sales tax, and the ABC profit distribution.

Discussion took place regarding the reduction in the telecommunications sales tax as a result of a reduction in landline usage; sales tax discussions in Raleigh; the impact should High Point reduce its sales tax; and what the City received last year on sales tax.

Mr. Davis spoke to the reduction in fuel cost estimates; increased debt service costs; increased health insurance contributions; and outlined the process for employee rate changes/increases in insurance costs.

Discussion took place regarding the increase in health insurance and the debt service.

Mr. Davis provided an overview of the upcoming 2016-17 enhancements that included body worn cameras; roof and skylight replacement at the Melvin Municipal Office Building (MMOB); additional firefighter positions for Stations 14 and 20; and increased funding for street lights.

City Manager Westmoreland explained that the City currently owned the body worn cameras but was pursuing federal funding grants for their replacement; and looking at alternative funding.

Council discussed funding for and status of the police headquarters; donation of used body worn cameras similar to the donation of other City equipment; one time use of the Capital Reserve Fund for MMOB improvements; balance in the Capital Reserve Fund; rate charged by Duke Energy for street lights; transition by Duke Energy to LED lamps; and leveraging to negotiate with Duke Energy on the rate amount.

Assistant City Manager David Parrish explained that the League of Municipalities was researching the street light issue; verified the City was exploring if it would be more cost effective for the City to own the lights; and referenced a trial project being done by the Transportation Department.

City Manager Westmoreland confirmed that the City would continue to work with other cities and the Utility Commission on the street lighting issues; and confirmed that the Fire Stations would be fully staffed.

Additional discussion was held regarding street light outages; Duke Energy covering the maintenance of the lights; monitoring of the street lights; street lights remaining on during the day through Adams Farm; and responsibility for pole replacement should one be knocked down due to an accident.

Mr. Davis outlined the current Motor Vehicle License rate; stated the last increase to \$10 was in the 1991-92 budget; spoke to the authority of the City to increase the fee to \$30; verified the increased rate could be applied to street resurfacing/maintenance and to provide support for transit; and provided a breakdown of the current allocation.

Discussion took place regarding the possible increase from \$10 to \$30 for the Motor Vehicle License fee; costs

for maintaining and resurfacing streets; transit funding; current street conditions; and a guarantee that the increase would go towards resurfacing and transit expenses.

Mr. Davis and Field Operations Director Dale Wyrick outlined the street resurfacing enhancements; explained the pavement condition rating; spoke to the increase in the cost of asphalt; to the expense of having a study done; and verified that an increase in the vehicle inspection fee would be a game changer for the City's repaving program.

Mr. Davis provided an overview of the Transit Fund; verified it was supported through a 3.34 cent Property Tax allocation; provided approximately \$8.5 million of the total \$23 million budget; spoke to revenue sources that provided a concern for the future; to potential reductions in federal grant monies; to upcoming improvements that would be taken out of the Parking Fund; and provided a list of the 2008 Bond Projects for the Transportation Capital Improvement Projects.

Council discussed if there would be additional transportation studies; clarification that the list of projects was approved by citizens but yet to be funded/borrowed for; the current Mackay Road project; and the Community Partners Board funding allocation.

Mr. Davis confirmed that the Mackay Road project was not the project currently in progress; provided an overview of the outstanding City/County contracts under negotiations; spoke to the goal of the Community Partners Board; recognized Board member Dawn Chaney in the audience; spoke to the results of the General Fund User Fee study to be completed in the near future; and provided the timeframe for the next steps for the upcoming budget process.

City Manager Westmoreland confirmed that there would be a discussion regarding minimum wage; and that there were no further questions of Council.

3. Adjournment

Moved by Councilmember Barber, seconded by Councilmember Fox, to adjourn the meeting. The motion carried by voice vote.

THE SPECIAL BUDGET DEVELOPMENT SESSION ADJOURNED AT 3:13 P.M.

ELIZABETH H. RICHARDSON
CITY CLERK

NANCY VAUGHAN
MAYOR