

A Regular Meeting of the City Council of the City of Hickory was held in the Council Chamber of the Municipal Building on Tuesday, June 5, 2018 at 7:00 p.m., with the following members present:

Brad Lail	Hank Guess	David L. Williams
Charlotte C. Williams	Aldermen	David P. Zagaroli
Danny Seaver		Jill Patton

A quorum was present.

Also present were: City Manager Warren Wood, Assistant City Manager Rick Beasley, Assistant City Manager Rodney Miller, City Attorney John W. Crone, III, Executive Assistant to the City Manager Deisy Zavala Vazquez and City Clerk Debbie D. Miller

- I. Mayor Guess called the meeting to order. All Council members were present.
- II. Invocation by Reverend Cliff Moone
- III. Pledge of Allegiance
- IV. Special Presentations
- V. Persons Requesting to Be Heard
- VI. Approval of Minutes
 - A. Special Meeting of May 15, 2018.

Alderman Lail moved, seconded by Alderwoman Patton that the Special Meeting Minutes of May 15, 2018 be approved. The motion carried unanimously.
 - B. Regular Meeting of May 15, 2018.

Alderman Seaver moved, seconded by Alderwoman Patton that the Regular Meeting Minutes of May 15, 2018 be approved. The motion carried unanimously.
 - C. Special Meeting of May 16, 2018.

Alderwoman Patton moved, seconded by Alderwoman Williams that the Special Meeting Minutes of May 16, 2018 be approved. The motion carried unanimously.
- VII. Reaffirmation and Ratification of Second Readings. Votes recorded on first reading will be reaffirmed and ratified on second reading unless Council Members change their votes and so indicate on second reading.

Alderman Lail moved, seconded by Alderwoman Patton that the following be reaffirmed and ratified on second reading. The motion carried unanimously.

 - A. Budget Revision Number 21. (First Reading Vote: Unanimous)
- VIII. Consent Agenda: All items below are considered to be routine by the City Council and will be enacted by one motion. There will be no separate discussion of these items unless a Council Member so requests. In which event, the item will be removed from the Consent Agenda and considered under Item IX.

Alderwoman Patton moved, seconded by Alderman Zagaroli approval of the Consent Agenda. The motion carried unanimously.

 - A. Approved the Special Events Activities Application for Heart in the Park, Taylor Young, American Heart Association, Inc., June 9, 2018, 12:00 p.m. to 5:30 p.m., L.P. Frans Stadium.
 - B. Approved the Special Events Activities Application for Back to School Bash, Durham Castellaw, Recreation Programmer, Hickory Parks and Recreation, August 18, 2018, 9:00 a.m. to 3:00 p.m., Stanford Park.
 - C. Approved the Special Events Activities Application for Patriots Day Evening of Remembrance, Fire Chief Fred Hollar, September 11, 2018, 5:30 p.m. to 7:30 p.m., on Union Square.
 - D. Called for a Public Hearing for Consideration of the Community Development Block Grant 2018 Annual Action Plan. (Authorize Public Hearing for June 19, 2018, at 7:00 p.m. in Council Chambers of the Julian G. Whitener Municipal Building).
 - E. Called for a Public Hearing for Consideration of an Amendment to the Ordinance for the Membership Provisions of the Hickory Youth Council. (Authorize Public Hearing for June 19, 2018, at 7:00 p.m. in Council Chambers of the Julian G. Whitener Municipal Building).

- F. Approved the Write-Off of Uncollectible Accounts Totaling \$218,155.25, in Accordance with North Carolina General Statutes.

In accordance with the North Carolina General Statutes, a list of accounts to be written off is submitted for Council's approval each year, in conjunction with the annual audit. North Carolina General Statutes establish all street assessments, demolitions, nuisance violations, and property taxes that are over ten years old are no longer collectable and should be written off in conjunction with the annual audit. For the current fiscal year 2017-2018, there are \$119,630.71 in unpaid property taxes which exceed the ten year limitation. The City of Hickory's Accounting Division requires all other accounts that are over eighteen (18) months in arrears be written off to comply with Generally Accepted Accounting Principles in order to more fairly represent financial assets of the City on the balance sheet. For the current fiscal year, this amount is \$98,524.54. Current fiscal year write-offs total \$218,155.25, compared to \$294,146.12 for FY 2016-2017. The difference is related to the write-off of Profile Aviation Center Rental accounts associated with a litigation settlement in FY 2015-2016 for the FBO operations at the Airport. Even though these accounts will be written off, the Finance Department will continue to pursue collection of the debts. All eligible accounts over \$50 are submitted to the North Carolina Debt Setoff Program for collection. As of May 18, 2018, the City of Hickory has collected \$25,043.48 from the garnishment of North Carolina State income tax refunds and North Carolina State lottery winnings during this current fiscal year. Staff recommends City Council's approval to write-off uncollectible accounts for Fiscal Year 2017-2018.

- G. Approved the Future Annexation Agreement for Peggy Bayne.

Peggy G. Bayne requests connection to the City of Hickory's sewer system without being annexed. She has agreed to be annexed at a point in the future when the City finds it feasible to do so. The City of Hickory has a long-standing policy of requiring the owners of property outside the city limits to be annexed before connecting to the City's sanitary sewer system. However, sometimes the City is not able to immediately provide the necessary services required for annexation. In that event, Hickory City Council adopted a policy requiring the property owners to enter into a future annexation agreement with the City, which would enable the City to initiate annexation procedures when it is feasible to do so. Ms. Bayne owns a residential lot located at 4673 Bowman Road, which is part of the Mary W. Grindstaff subdivision. The property is also identified as PIN number 3701-14-34-4623 on the Catawba County tax maps. The subject property is approximately 2,900 linear feet from the primary incorporated boundary of the City of Hickory. Upon analysis, staff has determined sanitary sewer is available to serve the properties; however, due to the property's distance from the City's primary boundary, immediate annexation is not recommended. Staff recommends City Council's approval the future annexation agreement for Peggy G. Bayne to allow for connection to sanitary sewer.

- H. Approved a Resolution for Cancellation of the July 3, 2018 City Council Meeting.

RESOLUTION NO. 18-16

Be it resolved by the City Council of the City of Hickory that the regularly scheduled City Council Meeting for July 3, 2018 be cancelled.

- I. Approved on First Reading Budget Revision Number 23.

ORDINANCE NO. 18-18
BUDGET REVISION NO. 23

BE IT ORDAINED by the Governing Board of the City of Hickory that, pursuant to N.C. General Statutes 159.15 and 159.13.2, the following revision be made to the annual budget ordinance for the fiscal year ending June 30, 2018 and for the duration of the Project Ordinance noted herein.

SECTION 1. To amend the General Fund within the FY 2017-18 Budget Ordinance, the expenditures are to be changed as follows:

FUNCTIONAL AREA	INCREASE	DECREASE
Public Safety	3,000	-
Culture and Recreation	1,208	-
Other Financing Uses	17	-
TOTAL	4,225	-

To provide funding for the above, the General Fund revenues will be amended as follows:

FUNCTIONAL AREA	INCREASE	DECREASE
Miscellaneous Revenues	3,938	-
Other Financing Sources	17	-

Sales and Services	270	-
TOTAL	4,225	-

SECTION 2. To amend the Downtown Lighting Grant Project Ordinance (#545005) within the General Capital Projects Fund, the expenditures are to be changed as follows

FUNCTIONAL AREA	INCREASE	DECREASE
General Capital Projects	17	-
TOTAL	17	-

To provide funding for the above, the Project (#545005) revenues will be amended as follows:

FUNCTIONAL AREA	INCREASE	DECREASE
Other Financing Sources	17	-
TOTAL	17	-

SECTION 3. To amend the Airport Land Acquisition/Obstruction Removal Runway 6-24 Grant Project Ordinance (#650027) within the Transportation Capital Projects Fund, the expenditures are to be changed as follows:

FUNCTIONAL AREA	INCREASE	DECREASE
General Capital Projects	3,330	-
TOTAL	3,330	-

To provide funding for the above, the Project (#650027) revenues will be amended as follows:

FUNCTIONAL AREA	INCREASE	DECREASE
Restricted Intergovernmental Revenue	3,330	-
TOTAL	3,330	-

SECTION 4. Copies of the budget revision shall be furnished to the Clerk of the Governing Board, and to the City Manager (Budget Officer) and the Finance Officer for their direction.

- IX. Items Removed from Consent Agenda – None
- X. Informational Item
- XI. New Business:
 - A. Public Hearings
 - 1. Approved on First Reading Consideration of the City Manager’s FY2018-2019 Recommended Budget.

This public hearing was advertised in a newspaper having general circulation in the Hickory area on May 18, 2018.

City Manager Warren Wood advised the public hearing was for the Recommended Budget for fiscal year 2018-2019. He thanked Assistant City Manager Rodney Miller, Budget Analyst Cameron McHarque, Department Heads and other staff who worked in putting this together. He presented a PowerPoint presentation. In looking at the community as a whole, very broadly, the City is very focused on job growth, population growth and tax base growth. On the property tax side, they had seen good growth in the property tax base for the last two years. Two years ago, we grew by four percent, this past year 3.5 to 3.75 percent. They would like to see that number at five percent, really robust, but that was solid growth and there had been years where they had done this and they had seen a decline in property tax base. They felt good, particularly on the property tax base side for the last two years. On the jobs side, the good side of this, there are jobs in Catawba County. There are 3,500 unfilled jobs and we are struggling to find the workforce for those jobs in Catawba County. In looking at the numbers, about one-third of the jobs are jobs that pay a wage that people would move here for from somewhere else. The unemployment rate was around four percent, so that is very strong. During the great recession, the metro area unemployment rate was 15 percent. We have seen a big turnaround in the unemployment rate. He advised there was 12,000 new jobs created in the Hickory metro area since 2010. Mr. Taylor Dellinger had presented this information to Council and Mr. Wood was using his numbers. We had good job growth in the metro area since 2010. He found it interesting that 10,000 of those 12,000 jobs were created in Catawba County. The other three counties in our metro area have not seen the recovery that we have seen in Catawba County. Since 2001, we had reached at one point, where we had lost a

total of 45,000 jobs in the metro area. We have a ways to go, but on a whole we are headed in the right direction. In the early 90s, 51 percent of the jobs in the metro area were manufacturing jobs. That had really changed since 2001. Today 28 percent of the jobs in the metro area are manufacturing. The national average was less than 10 percent. We are makers and doers. We are a manufacturing town, and we always will be, but our numbers aren't what they were years ago. Our economy is more diverse than what it was during that time. He showed a snapshot that showed City of Hickory specific numbers from the North Carolina Department of Commerce. Referring to the chart, going back to February 2010, he noted the employed folks in Hickory, and the workforce. Both of those are moving up. When we talk about job creation we also have to talk about population growth because obviously we need people to fill these jobs and that is where the amenities that we are working on with the bond program come in to create an environment that folks want to move to and stay in. These are good numbers. Over the course of the last year, less than 400 jobs created in Hickory and our workforce was increasing as well. On the population side, over the past year, there had been 2,000 new people move into the metro area from outside the area. He advised that 1,300 of those 2,000 moved to Catawba County. We have done disproportionately well in Catawba County. He mentioned it was a little bit concerning because we are the hub of the metro area and we are depending on folks from Alexander, Burke, and Caldwell County to come shop and dine and support our community with their shopping and their money. When you look at the demographics in those other areas, they are a little bit troubling, so it is important that we all do well, not just Catawba County.

City Manager Warren Wood advised right now, Hickory specific, there are about 1,000 new apartment units, at some point in the development process, coming online in Hickory. That wasn't done speculatively, there is a market out there for additional apartment units and they are being built. He was excited about that. This relates back to population growth. In addition to that, in the past year we have seen about 80 new single-family homes built in Hickory. They would like that number to be triple that and hopefully we will get there, but there were a number of years during the great recession where we just had a handful. He felt good about single-family homes in Hickory as well. He referred to the \$40 million dollar bond program which was intended to create new amenities and new economic opportunities. For City Council and the community to have that vision, really going back to the Inspiring Spaces Plan, during the depths of the great recession, which was a great vision. Folks should be commended for having the forward thinking that we are eventually going to get out of this. We need to position ourselves in a way where we are creating amenities that folks are looking for in terms of attracting people and retaining people. In addition to that \$40 million dollars that the voters approved, we have also been able to take that money and leverage it to get an additional \$20 million dollars in grant funding that will go along with that. They are going to pursue what used to be the TIGER Grant, now a Federal Build Grant for at least \$10 million dollars. They are going to pursue another \$10 to \$15 million dollars in grant money through the Build program. He advised in the next five to six years NCDOT (North Carolina Department of Transportation) has programmed \$300 million dollars' worth of road projects in and just around Hickory. That is a huge number. It may be difficult to get around for a few years, but once it is done Hickory is going to look a lot different. The bond program and the NCDOT road projects is a lot of public infrastructure that is going to be put into place and it is going to create a lot of economic opportunities as well. He was excited about that and felt like we were in a good place with that. We are seeing an improved economy and an improved revenue stream. Back during the recession we were cutting expenses but we were also relying more on the savings, the fund balance, to balance the annual budget. In 2014/2015 Council appropriated \$2.4 million dollars to balance the budget. We try to use the good times to prepare for the hard times, so we had that money to rely on. You can't continue to do that. We did that for a number of years, but now we are going to start winding that down. In this year's budget they will appropriate approximately \$1.4 million dollars less than that maximum that they did so we are going to be less than a million dollars. For the next couple of years they will continue to whittle that reliance down. He gets the question if the revenues are going up why can't you provide more? Some of it is fixing the budget in terms of our reliance on fund balance and winding that down. That is where some of the additional revenue growth is going. As our economy improves they will work to reduce that reliance. He advised we had some success in the last two years. It was good to be able to say that after years of not being able to say that. The City had been recognized on a number of different fronts in the last year and a half. National Geographic named us one of the best small cities in America, Kiplinger Letter named us one of the best places to retire, USA Today ranked us number three in terms of the biggest gainer in economic growth nationally, Forbes said we were one of the best places for business and careers, 7th best to retire in North Carolina by another publication and ranked the 9th best place in North Carolina to raise a family. We are getting a lot of recognition, which

is good, and we want to be on people's radar screens as we continue to try and grow our jobs, population and tax base. We are in a good place right now. He asked Council for any questions.

Alderwoman Patton knew that we constantly need more workers, but she thought it was a nice article in the newspaper about what the Chamber was doing with the veterans, which they had spoken to Council about, and that was a nice success.

City Manager Warren Wood replied they were working on a lot of different fronts trying to get people to move. The City supports that financially and will continue to do that.

Assistant City Manager Rodney Miller presented a PowerPoint presentation. He discussed the total Recommended Budget for Fiscal Year 2018/2019. He advised there were nine funds listed totally a little over \$103.8 million dollars. He discussed the general fund. One big part of the budget each year is the property tax rate. He pointed out the property tax rate was not considered changing for next year. For the third consecutive year he recommended a tax rate of 56.65 cents per \$100 dollars in value. He reiterated what Mr. Wood had mentioned, we have had some revenue growth, and he listed a few of those. Our largest revenue source was the property tax. We are seeing about a \$900,000 increase in property tax revenue going into next year. That is about a 3.5 percent growth rate from last year. It will be \$26.7 million dollars of the \$51 million dollars general fund budget. A little over half of the budget is funded by the property tax revenue. The second largest revenue source was in the form of sales tax. Hickory being a retail hub of the region, we do rely on those other counties or surrounding counties of folks to come in to shop, eat, and dine. Then they capture sales tax revenues when those purchases are made in the City limits of Hickory. They are planning on an \$852,000 increase in the budget next year, just over \$10.2 million dollars, which is a four percent increase. They track those dollars monthly to make sure that we are on track and four percent is a good solid number at this point. He mentioned another local indicator which was occupancy tax. We receive occupancy tax revenues from the hotels and the hotel stays in the City limits of Hickory. Those revenues are going up by \$200,000 from \$1.8 million dollars to \$2 million dollars. That is a sign of a growing economy when folks come to Hickory or other jurisdictions and fill up their hotels. He was pleased by that as well. There was one negative hit to the budget which was the cable franchise fees. The General Assembly took away this revenue stream for all local governments in North Carolina and kept that at the State level. That was approximately \$110,000 that will not be in the budget for next year that was for this year. He advised they transferred two cents of the 56.65 cents to a capital reserve fund, so it can earn interest and stay there to help support our capital needs on an annual basis. He pointed out that was in the City's Financial Policy. Over \$900,000 that they were sending to reserve for capital.

Assistant City Manager Rodney Miller referred to the presentations which Council heard a couple of months ago from multiple external agencies and Boards and Commissions that presented their financial plans and their requests in the budget to Council. They had maintained their funding for next year for most of those agencies and Boards and Commission. There were a few exceptions, the Economic Development Corporation (EDC), Scott Millar's group, they were going up basically a 2.5 percent increase for their salaries and operations. Mr. Miller mentioned the occupancy tax revenue was not kept as a City. Those dollars come to the City, but then they send those dollars to the Convention Visitors Bureau (CVB) to maintain the Convention Center and to operate the Convention Center. He pointed out those dollars come into the City and then they send them back for their operations. However, they did have a request of \$5,000 dollars in next year's budget, which they had included. They have an annual conference at the coast and we are going to market at that conference this year to bring that annual CVB conference to Hickory in 2019. Hickory Community Theatre was a new request, not in last year's budget, but the City had done some improvements at the community theatre. This would be the third phase of a project that the City had done over the last five or six years. He advised approximately \$71,000 to do some renovations at the Hickory Community Theatre. He referred to a previous presentation to Council by Ms. Lindsey Keisler at the Chamber of Commerce, regarding their veteran's recruitment initiative. They had requested \$4,000 for the City's partnership next year and that had been funded in the budget as well for next year. They had some good success in that and we hope to get some more of that this coming year. Also, as part of Council's Financial Policy, approximately 1.5 percent of operating expenditures are set aside contingency funds in the budget. That amount was also in the budget in the amount of \$700,000. Mr. Miller advised relating to staffing they were not recommending any new full-time positions in the budget. They had kept the same full-time staff. They were proposing the same merit package for the employees, which was a two percent increase for meets and

a three percent for exceeds. We have certain performance standards that they have as part of the annual evaluation that every employee goes through. If you are meeting or exceeding those standards then you will get a two or three percent increase. He advised it was on average about 2.5 percent for salary increases for employees. He advised they were very, very cognizant of the fact that they want to do the things that Mr. Wood outlined in the prior slides. The City wants to hire and keep the best available employees they can at the City of Hickory. They hired a consultant earlier this year to do a market analysis to see if we were competitive to our peers. There were 15 to 20 other municipalities that we compared ourselves to. They had focused that market analysis on the recruitment of those people to fill our positions, to retain our employees and then to make adjustments where there are significant disparities between us and our peer group. They want to focus on hiring and keeping the best employees. There were some funds included in the budget to make some of those adjustment.

Mayor Guess asked if that was a ranking process.

Assistant City Manager Rodney Miller responded no. We have in our salary plan a minimum hire range, a midpoint and a maximum. That is where you could hire from and actually pay that employee as you work here from zero to fifty years. In that range they compare that same range to our peer group in other municipalities. They tried to look at bigger cities. The only smaller city was the City of Newton. The City compared favorably but there were some significant disparities which they are trying to shore up. Overall, the City hadn't had a paying classification plan for ten years. We didn't want to do a full-blown paying classification study, which would probably cost a couple hundred thousand dollars. They did a smaller portion of that just to analysis how our positions and the salary for those compared to the others. They did recommend on a couple of those, where we probably want to adjust the pay scale for next year. Other than that, they are targeting specific people in those positions, because (a) we may have hired them at the bottom and now we are not able to hire people for those positions, or (b) we may have had an employee that left for another similar job because they are getting more money because our salary plan was not comparable to theirs. That was the recommendation. Mr. Miller mentioned the employee benefits package, which they had tried to keep the same. They had made some small adjustments but no significant changes to the employee benefits package as well.

Alderwoman Patton asked about the health insurance as far as an increase.

Assistant City Manager Rodney Miller advised over the last four years we have blown through all of our reserves that they had set aside for health insurance. The City provides a competitive benefit package to the employees. They had some reserves for health insurance because the national trend is to see a 7-12 percent increase in that. In the current year's budget they had to make some tough decisions. We have two health insurance plans, a PPO plan (preferred provider) which is more of a co-pay plan and a HSA (health savings account) where employees can put dollars into their account and they can use them for medical expenses. If you don't use them, you keep those dollars and they rollover from year to year. For the first time in the history of the City, they have actually charged employees for the PPO plan, a premium of \$50 per month for their own health insurance, which was a big shock for a lot of employees. By doing that it actually helped us absorb some of those cost increases for this year. Last year we lost a million dollars in our health insurance program and they were not going to do that again. With the changes they made in the current year, they projected we would be approximately \$200,000 to \$300,000 at the end of this year and they are going to make that right by adjusting that for next year to account for that. That is why they didn't make any significant changes to the employees because they made that adjustment for their premium this year.

Alderwoman Patton asked if he had a percentage of how many were on the HSA Plan versus PPO.

Assistant City Manager Rodney Miller replied there were 250 of the 650 employees on the HSA plan, so that would be 400 employees on the PPO.

City Manager Warren Wood advised before we did this we had less than 10 on the Health Savings Account. This past year with the changes we made we had over 200 that moved over. They City will continue to incentivize people moving over to the HSA. It will help us control our costs.

Alderwoman Patton thought that it made people more aware of the monies being spent. It is in their account and they have to use it. It makes good sense.

Mayor Guess asked if they foresaw that being mandatory in the future.

Assistant City Manager Rodney Miller replied a tough question, for next year no. He thought the growing trend in municipalities and even in the private sector, those that offer it, is to go with the HSA. As Alderwoman Patton mentioned it is a consumer driven choice. They do think it is better and they have seen that our claims and our prescriptions on that plan are significantly less than the PPO, but for next year they are still going to continue to offer two plans. They will look at that again next year based on their experience.

Alderman Williams asked if they were going to be looking for any other types of alternatives because with what we have coming forward as a City, we are going to need more employees as we grow. He asked if they had any type of things in mind.

Assistant City Manager Rodney Miller advised they meet with a group in January. It had been more common in other states, but they had just started that in North Carolina, where you pool local government employees together. Currently, today, we are self-insured. If you have four or five cities put together, now you have 5,000 employees that you can share dollars in your pool with. You can share the risk so to speak. Granted if that is a sick group than you are not helping yourself. The more lives you have in that insurance pool typically the better off you are. At least that was their model. The City was approached, and they decided with the changes they had already made with the employee premiums that they charge and the fact that we were seeing some savings in the current year, they wanted to give it another year. In fact, Catawba County signed on with that group. They were the largest local government employer that went with that. They will let them see what their experience was and perhaps go towards that next year. That was one option that they had looked at. They also have an insurance consultant that actually reviews all of our benefits every year. He noted that the consultant says you need to adjust your rate 7-10 percent every year. They made such a big adjustment this past year they didn't feel like they could pass on anymore to employees yet, because he saw the numbers getting close to break even. In the future they will continue to have to make adjustments to our health insurance program.

Alderman Williams asked as the adjustments are made and the costs go down would this be kicked back to the employees. Was that correct?

Assistant City Manager Rodney Miller responded, that is correct. He asked for any other questions on that.

City Manager Warren Wood explained as far as going back to the employees, it will go into a pool and would minimize the need for additional increases potentially, it doesn't necessarily go back to the individual employees, but it helps to minimize future increases.

Alderman Williams meant as far as the money going back, but as far as they are paying an additional \$50 a month, it would go down. That is what he meant.

Assistant City Manager Rodney Miller replied it would be a combination of what they try to look at. There are premiums that you can charge, you can adjust the deductibles, the out of pocket maximum and the copays. So there are multiple options they review to see what other jurisdictions are having success with. It is based to the employees because we are self-insured. Our employees will have to decide and they will meet with the department heads, and ask them what they are hearing and what are folks saying? When they do an exit interview with Human Resources they might see that these employees are leaving to go get health insurance somewhere else. Or for example there is a local employer, Hickory Springs, who actually offers out of the country surgery. They found success doing that. He didn't think we were there yet, but he was saying there are other methods and alternatives that they will look at each year to try to save as much costs as we can because those costs continue to increase.

Assistant City Manager Rodney Miller discussed the capital front. We have almost \$4.2 million dollars in capital spending proposed for next year. He referred to the PowerPoint noting some of the major items. We are planning a new rescue fire truck. We do have capital reserves to pay for that truck. He mentioned that they sent two cents every year to the capital reserves, so they are using those reserves to pay for that truck. That truck will take 12 to 14 months to get here when we order it, so it is not like we will have it next fiscal year, it will actually be here the following fiscal year. That is important because they are going to move that rescue one truck from station one, just down the street, over to the former Hickory Rescue Squad building. He advised Catawba County was cancelling Hickory and Newton Rescue Squad's contract as of June 30th. They had served the citizens of Hickory well for the last 50 years. That is the City's building, so when they leave on

June 30th the City will renovate that and police and fire can both share and operate out of that facility. The rescue truck will move over there along with a crew. We have been told, and are hoping, that our fire rating will improve because of that which will be able to offer our commercial businesses less in insurance premiums. He would bring that back to Council once he had more information on that. They were also doing some renovation in three of the fire stations, (stations one, three and five). We have our normal police vehicle replacement, 14 planned for next year. We are engaging a consultant to do a space needs study, which would then turn into engaging an architect for an expansion of the Ridgeview Library. He mentioned last year the Texas Rangers signed a long term lease and the City committed to a million dollars in stadium improvements, field, the wall, the scoreboard, and the netting. We are paying that over a three year period. Next year will be year two of the three year payment for those improvements.

Assistant City Manager Rodney Miller discussed the water and sewer fund. It is not supported by any of the revenues related to property tax, sales tax or occupancy tax. The water and sewer fund is supported solely by water and sewer revenues and that is the water and sewer bills that our customers receive every month. He proposed a 2.1 percent increase in the rates to maintain infrastructure. That was the consumer price index for this past year. He mentioned that we are going to see some significant increases in the future for this reason, in 2016 the Legislature mandated that local governments pay 50 percent of the water and sewer relocations when they do NCDOT projects. As Mr. Wood mentioned, we have got \$300 million dollars in improvements coming to Hickory and we will have to do those water and sewer replacement because of those road projects, 50 percent of the costs. He pointed out the Sweetwater Road extension through CVCC's campus, the City's costs \$550,000; and the Highway 127 waterline upgrade into Alexander County was a half a million dollars. We do not know the price tag for Highway 321 when it gets expanded by six lanes, but that will also be a sizeable project.

Assistant City Manager Rodney Miller advised there were no new positions in next year's budget. They did set aside capital reserve funds just like they do for the general fund. We do need a new elevator water storage tank somewhere in the northeast area of the City which will be \$2.2 million dollars. As they do City Walk, they are going to replace water and sewer lines which would cost approximately a million dollars.

Assistant City Manager Rodney Miller discussed the solid waste fund, which was garbage service and sanitation. That is also on the water and sewer bill. Currently it is \$20.50 per month. Effective in July that will go up \$2, they are proposing \$22.50 per month. Two primary reasons for the increase, (1) Catawba County charges a landfill tipping fee. When the City picks up the trash from all of the residents and businesses in Hickory, they take that trash to the County landfill. They are raising their tipping fee by \$2, so we have an extra cost, which we are then passing along a portion of that to our customers. That was 50 cents of that two dollar fee.

City Manager Warren Wood advised Council that they keep track of what Republic, a private hauler, is charging. He thought they were about \$75 quarterly. We are less than that, and the City provides a higher level of service. Every week you have four trucks that go by your house picking up different things and every other week you have your recycling picked up.

Mayor Guess commented they pick up practically anything.

City Manager Warren Wood commented if you put it to the curb, for the most part, we are going to get it. That is a high level of service and we are still below what the private hauler is charging and providing more services at the same time.

Alderwoman Patton asked if he felt like the recycling would get to be every week with the volume of recycling.

City Manager Warren Wood replied going with the blue rollouts they were not seeing the need. You have to remember what your week is, it is every other week. They are not seeing the need to go back to every week. When they had the smaller bins, yes, but not with the larger rollouts.

Assistant City Manager Rodney Miller continued his presentation. He discussed what had been a goal of staff and Council over the last several years. For many years we were transferring funds from the general fund to help support the solid waste fund. We have made a conscious decision to have these increases to try to get this fund self-supporting. We are almost there. We are for the current year, but they do have some capital spending which causes us to now increase that by

\$1.50 for the fee of \$2. They actually need a new truck in all three divisions of the solid waste fund, recycling, commercial, and residential in next year's budget. We are close. They are very cognizant of that fact, as Mr. Wood mentioned with one of our competitors, and want to be less expensive than what they are charging their customers.

Assistant City Manager Rodney Miller discussed the transportation fund, which is the airport. This is funded strictly with fuel charges that they are selling as well as rental of hangars out at the airport. He advised they are 100 percent self-supporting, no general fund transfers over the last two years. In fact, they are paying the general fund back almost \$50,000. He mentioned a few years ago the general fund did a loan of \$900,000 when we actually bought back our FBO from the private entity through that settlement, in spite of them paying us back \$50,000 a year they have still been profitable over the last two years. He noted they had a capital expenditure of a little over \$160,000 in the budget in three projects. He asked for questions.

Mayor Guess asked related to the bond projects and all that the City is taking on with the bond projects, obviously comes maintenance with that. If you add into that the Lackey Park and the improvements there, and our existing parks and things like that, do we have a plan or do we have some kind of financial something in place for that maintenance? We want to make sure that we are maintaining these parks and our recreation facilities, and these other amenities that are coming on board, to maintain them at a high level, and for them all to be not only maintained at a high level, but all of them will be maintained equally at the same high level. His question was surrounded by what the future holds concerning those aspects.

Alderwoman Patton asked wouldn't they also have to have more employees. We have more amenities, there is going to have to be the support if we want to draw people here. They have got to be kept up at a level that people feel comfortable with it.

City Manager Warren Wood advised they had not done the numbers on the City Walk, Riverwalk, and the additional gateway maintenance. They could do an evaluation during the course of this year and come back with some recommendations. If Council wants it maintained at a consistent level throughout the park system that would be something in addition.

Mayor Guess thought that was something that they had to look at for the future. Maybe not for this budget immediately, obviously they are planning on \$40 million dollars' worth of amenities. With those amenities, and taking into consideration of taking on the 321 pedestrian bridge and other things, obviously, not only for maintenance, but for costs, for staff, and for those types of things. He thought they needed to be looking at those things and how we are going to provide for them.

Alderwoman Williams commented the whole purpose of the bond is to increase tax base, revenues, and companies coming in. She thought that was a good point that initially there is probably going to be a greater outlay of bonds put out there, but in the long run they should pay for themselves through the growth that we are going to see here through the bond projects.

Mayor Guess commented not only that, but the current status. We have a lot of things that are available. He thought they needed to take an additional look at providing maybe a higher standard at the existing facilities as well.

Alderman Lail suggested Council have the public hearing, open it and then discuss this and talk about it a little bit more.

Mayor Guess explained the rules for conducting the public hearing. He declared the public hearing open and asked if there was anyone present to speak in opposition to the proposal. No one appeared. He asked if there was anyone present to speak in favor of the proposal. No one appeared. Mayor Guess closed the public hearing and asked for questions or discussion.

Alderman Lail was proud they were not raising taxes this year. The fact that we are taking on debt of course will mean that taxes will necessarily have to increase next year. It is an exciting time because of the bond projects, seeing City Walk in the summer kickoff, by the end of fiscal year 2019 Riverwalk will be fully designed and probably contracted. The gateways will be installed. We will really start seeing a lot of great things. This is real exciting and this budget is real exciting. On the point about maintenance, he thought that was a good point. We are building City Walk from Lenoir-Rhyne to 9th Avenue and beyond and plus our streetscapes and gateway programs we have got to remember that too. There has got to be an increased need for maintenance. If they are not trying to be in front of that, he

thought it would be a mistake. He didn't know what the answer was and that was why there are professionals.

Mayor Guess commented that was why he was bringing it up.

City Manager Warren Wood advised the thought was it would be a 15 to 18 month construction for City Walk and would start this summer. The maintenance costs would hit at a point next fiscal year. We have been so focused on getting a shovel in the ground we haven't done a lot of work on looking at the maintenance. Knowing that we have got this year, after getting the shovel in the ground, they will start looking at what it is going to cost to ramp up on the maintenance side. There will be additional costs. One of the challenges will be how can we take on that additional maintenance, and maintain what we currently have at a certain level, and minimize the need for more revenue to cover that. Where do we need to contract out? What he is hearing is, where do we need to contract out? Can we reorganize in a different way to create some efficiencies? And what do those standards look like in terms of everything looking the same?

Alderwoman Patton thought that piece of it Mr. Wood brought up in the City Walk conversation was they are going to have the lighting the same, the trash cans and everything. She felt like there had to be one standard for all of it and it has to be at the absolute top to maintain what we are inviting people to be a part of, and to move here for some of these amenities. They have just got to be maintained very well.

Alderman Williams commented with the timeframe that they are working with as far as these projects being completed allows us time for next year's budget to calculate those numbers and get that worked out and then be prepared once this opportunity presents itself.

Alderman Zagaroli commented they won't know how much maintenance we are going to need until we get these things up and running and then they will just have to adjust accordingly. He thought they were establishing in some of the parks and recreations areas a standard. They would like to raise their standard maintenance everywhere, so they will have to continue that and they may have to go into some sort of tax program down the line. We won't know until we get there.

Alderman Seaver mentioned the Recycling Board had already had some discussion about recycling and what they would have to look forward to.

City Manager Warren Wood commented public services maintains Union Square. The City Walk related to that is just one contained area. They do a good job at it. It looks nice and they keep it up. We need that same kind of standard throughout the whole system.

Mayor Guess asked if they had recovered from the storm damage.

City Manager Warren Wood replied for the most part, there is some spotty areas, but for the most part.

Mayor Guess commented there was insurance related to that.

City Manager Warren Wood advised no, other than on the hangars at the airport. He commented what he was hearing was, take a look at where we are spending our money maintaining various facilities. The airport, what public services does, what parks and recreation does and the fire department. Let's take a look globally at everything. Then how can we organize or reorganize, or how do we assign certain facilities to certain departments? What does that look like? In addition to that, coming forward with a plan, how we can do this in the most economical way and create that standard that Council is looking for?

Mayor Guess commented right now different departments maintain their own facilities to some degree and there is some crossover. There is even some independent contractors that do that. What Mr. Wood is talking about is looking at that as an entity and trying to figure out if that is the best way to do it, or if they need to do something different.

City Manager Warren Wood responded right. The City has cemeteries, areas around City Hall, and the SALT Block, etc. All kinds of different types of facilities maintained by different folks.

Alderman Lail moved, seconded by Alderwoman Patton approval of the FY2018-2019 Recommended Budget. The motion carried unanimously.

ORDINANCE NO. 18-19
CITY OF HICKORY BUDGET ORDINANCE FISCAL YEAR 2018-2019

BE IT ORDAINED by the Governing Board of the City of Hickory, North Carolina:

SECTION 1: It is estimated that the following revenues will be available in the General Fund for the Fiscal Year beginning July 1, 2018 and ending June 30, 2019:

Ad Valorem Taxes	\$27,250,000
Other Taxes	16,382,000
Unrestricted Intergovernmental Revenues	595,000
Restricted Intergovernmental Revenues	2,333,590
Licenses and Permits	5,100
Sales and Services	1,515,876
Investment Earnings	155,000
Miscellaneous	326,000
Other Financing Sources	<u>2,552,353</u>
	\$51,114,919

SECTION 2: The following amounts are hereby appropriated in the General Fund for the operation of the City government and its activities for the Fiscal Year beginning July 1, 2018 and ending June 30, 2019, in accordance with the chart of accounts heretofore established for this City:

General Government	\$ 6,858,222
Public Safety	24,636,426
Transportation	6,328,817
Economic and Community Development	3,549,444
Culture and Recreation	6,613,531
Other Financing Uses	1,241,832
Debt Service	1,186,647
Contingency	<u>700,000</u>
	\$51,114,919

SECTION 3: It is estimated that the following revenues will be available in the Water and Sewer Fund for the Fiscal Year beginning July 1, 2018 and ending June 30, 2019:

Restricted Intergovernmental Revenues	\$ 1,273,029
Sales and Services	22,245,000
Investment Earnings	60,000
Miscellaneous	340,000
Other Financing Sources	<u>4,665,641</u>
	\$28,583,570

SECTION 4: The following amounts are hereby appropriated in the Water and Sewer Fund for the operation of the water and sewer utilities for the Fiscal Year beginning July 1, 2018 and ending June 30, 2019, in accordance with the chart of accounts heretofore established for this City:

Environmental Protection	\$24,124,565
Other Financing Uses	877,840
Debt Service	3,431,165
Contingency	<u>150,000</u>
	\$28,583,570

SECTION 5: It is estimated that the following revenue will be available in the Sludge Compost Fund for the Fiscal Year beginning July 1, 2018 and ending June 30, 2019:

Restricted Intergovernmental Revenues	<u>\$1,761,650</u>
	\$1,761,650

SECTION 6: The following amounts are appropriated in the Sludge Compost Fund for the Fiscal Year beginning July 1, 2018 and ending June 30, 2019, in accordance with the chart of accounts heretofore established for this City:

Environmental Protection	<u>\$1,761,650</u>
	\$1,761,650

SECTION 7: It is estimated that the following revenue will be available in the Stormwater Fund for the Fiscal Year beginning July 1, 2018 and ending June 30, 2019:

Other Financing Sources	<u>\$236,908</u>
	\$236,908

SECTION 8: The following amounts are appropriated in the Stormwater Fund for the Fiscal Year beginning July 1, 2018 and ending June 30, 2019, in accordance with the chart of accounts heretofore established for this City:

Environmental Protection	<u>\$236,908</u>
	\$236,908

SECTION 9: It is estimated that the following revenues will be available in the Transportation Fund for the Fiscal Year beginning July 1, 2018 and ending June 30, 2019:

Sales and Services	\$2,640,337
Restricted Governmental Revenues	6,365
Investment Earnings	3,500
Other Financing Sources	<u>77,958</u>
	\$2,728,160

SECTION 10: The following amounts are appropriated in the Transportation Fund for the operation of Transit and Airport activities for the Fiscal Year beginning July 1, 2018 and ending June 30, 2019, in accordance with the chart of accounts heretofore established for this City:

Transportation	\$2,698,160
Contingency	<u>30,000</u>
	\$2,728,160

SECTION 11: It is estimated that the following revenues will be available in the Solid Waste Fund for the Fiscal Year beginning July 1, 2018 and ending June 30, 2019:

Other Taxes	\$ 25,000
Sales and Services	4,810,400
Investment Earnings	9,000
Miscellaneous	2,500
Other Financing Sources	<u>488,456</u>
	\$5,335,356

SECTION 12: The following amounts are appropriated in the Solid Waste Fund for the operation of recycling, residential solid waste collection and commercial bulk services activities for the Fiscal Year beginning July 1, 2018 and ending June 30, 2019, in accordance with the chart of accounts heretofore established for this City:

Environmental Protection	\$5,315,356
Contingency	<u>20,000</u>
	\$5,335,356

SECTION 13: It is estimated that the following revenue will be available in the Capital Reserve Fund for the Fiscal Year beginning July 1, 2018 and ending June 30, 2019:

Other Financing Sources	<u>\$3,863,378</u>
	\$3,863,378

SECTION 14: The following amounts are hereby appropriated in the Capital Reserve Fund for the Fiscal Year beginning July 1, 2018, and ending June 30, 2019 in accordance with the chart of accounts heretofore established for this City:

General Government	\$ 163,378
Environmental Protection	740,000
Other Financing Uses	<u>2,960,000</u>
	\$3,863,378

SECTION 15: The following amounts form the revenue portion of the financial plan for the Fleet Maintenance Fund:

Sales & Services	<u>\$2,708,459</u>
	\$2,708,459

SECTION 16: The following amounts form the expenditure portion of the financial plan for the Fleet Maintenance Fund:

General Government	<u>\$2,708,459</u> \$2,708,459
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SECTION 17: The following amounts form the revenue portion of the financial plan for the Insurance Fund:

Sales & Services	\$6,880,272
Investment Earnings	25,000
Other Financing Sources	<u>564,284</u>
	<u>\$7,469,556</u>

SECTION 18: The following amounts form the expenditure portion of the financial plan for the Insurance Fund:

General Government	<u>\$7,469,556</u> \$7,469,556
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SECTION 19: The operating funds encumbered on the financial records of June 30, 2018 are hereby re-appropriated into this budget.

SECTION 20: There is hereby levied a property tax at the rate of fifty-six and sixty-five ten thousandths cents (\$0.5665) per one hundred dollars (\$100) valuation of property as listed for taxes as of January 1, 2017, for the purpose of raising the revenue listed as "Ad Valorem Taxes" in the General Fund in Section 1 of this ordinance. This rate is based on a total estimated valuation of property for the purposes of taxation of \$4,716,231,271 and the Fiscal Year 2017-2018 estimated rate of collection of 97.95%.

SECTION 21: The corresponding "FY 2018-2019 Schedule of Fees" is approved with the adoption of this Annual Budget Ordinance.

SECTION 22: The City Manager (Budget Officer) is hereby authorized to transfer appropriations as contained herein under the following conditions:

- a. He may transfer amounts between line-item expenditures within the same functional area within a fund without limitation and without a report being required.
- b. He may transfer amounts up to \$50,000 between functional areas including contingency appropriations, within the same fund.
- c. He may not transfer any amounts between funds, except as approved by the Governing Board in the Annual Budget Ordinance as amended.

SECTION 23: The City Manager (Budget Officer) is hereby authorized to execute agreements, within funds included in the Budget Ordinance or other actions by the Governing Body, for the following purposes:

- a. Form grant agreements to public and non-profit organizations
- b. Leases of routine business equipment
- c. Consultant, professional, or maintenance service agreements
- d. Purchase of supplies, materials, or equipment where formal bids are not required by law
- e. Applications for and agreements for acceptance of grant funds from federal, state, public, and non-profit organizations, and other funds from other governmental units, for services to be rendered which have been previously approved by the Governing Body
- f. Construction or repair projects
- g. Liability, health, life, disability, casualty, property, or other insurance or performance bonds
- h. Other administrative contracts which include agreements adopted in accordance with the directives of the Governing Body

SECTION 24: Copies of the Annual Budget Ordinance shall be furnished to the City Clerk, to the Governing Board and to the City Manager (Budget Officer) and the Finance Officer to be kept on file by them for their direction in the disbursement of funds.

2018 COMMUNITY DEVELOPMENT ENTITLEMENT
BLOCK GRANT PROJECT ORDINANCE

BE IT ORDAINED by the City Council of the City of Hickory that, pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following grant project ordinance is hereby adopted.

SECTION 1. The project authorized is the 2018 Community Development Entitlement Block Grant program.

SECTION 2. The officers of this unit are hereby directed to proceed with the grant project within the terms of the grant document(s), the rules and regulations of the Department of Housing and Urban Development, and the budget contained herein.

SECTION 3. The following revenues are anticipated to be available to complete the project:

Restricted Intergovernmental Revenues	\$ 307,542
Miscellaneous	\$ 110,000
	\$ 417,542

SECTION 4. The following amounts are appropriated for the project:

Economic and Community Development	\$ 417,542
	\$ 417,542

SECTION 5. The Finance Officer is hereby directed to maintain within the Grant Project Fund sufficient specific detailed accounting records to provide the accounting to the grantor agency required by the grant agreement(s) and Federal and State regulations.

SECTION 6. Funds may be advanced from the General Fund for the purpose of making payments as due. Reimbursement requests should be made to the grantor agency in an orderly and timely manner.

SECTION 7. The Finance Officer is directed to report quarterly on the financial status of each project element in Section 4 and on the total grant revenues received or claimed.

SECTION 8. The City Manager (Budget Officer) is directed to include a summary analysis of past and future costs and revenues on this grant project in every budget submission made to this board.

SECTION 9. Copies of this grant project ordinance shall be furnished to the Clerk of the Governing Board, the City Manager (Budget Officer) and the Finance Officer for direction in carrying out this project.

Alderman Lail asked if they wanted a motion on the other conversation.

City Manager Warren Wood advised that would be helpful and he would be clear on what Council's expectations were.

Alderman Lail moved to direct the City Manager to examine the overall comprehensive maintenance strategy in light of the upcoming bond projects, along with the existing, and come forward with a recommendation of projected costs. Mayor Guess interjected the level of standard would have to be uniform. Alderwoman Patton seconded the motion. The motion carried unanimously.

B. Departmental Reports:

1. Appointments to Boards and Commissions

COMMUNITY APPEARANCE COMMISSION
(Terms Expiring 6-30; 3-Year Terms) (Appointed by City Council)
Ward 2 (C. Williams Appoints) VACANT

COMMUNITY RELATIONS COUNCIL
(Terms Expiring 6-30; 3-Year Terms) (Appointed by City Council)
Other Minority (Council Appoints) VACANT
Other Minority (Council Appoints) VACANT
Other Minority (Council Appoints) VACANT

HICKORY REGIONAL PLANNING COMMISSION

(Terms Expiring 6-30; 3-Year Terms With Unlimited Appointments)
(Appointed by City Council)
Burke County (Mayor Appoints)

VACANT

INTERNATIONAL COUNCIL

(Appointed by Mayor with the Concurrence of City Council)
(3) Position

VACANT

PARKS AND RECREATION COMMISSION

(Terms Expiring 6-30; 3-Year Terms) (Appointed by City Council)
At-Large Minority (1) (Council Appoints)
(David Williams no longer eligible)

VACANT

PUBLIC ART COMMISSION

(Terms Expiring 6-30; 3-Year Terms) (Appointed by City Council)
Ward 4 (D. Williams Appoints)

VACANT

RECYCLING ADVISORY BOARD

(Terms Expiring 6-30; 3-Year Terms) (Appointed by City Council)
Ward 4 (D. Williams Appoints)

VACANT

YOUTH COUNCIL

(Terms Expiring 6-30; 1-Year Terms) (Appointed by City Council)
Challenger High School Representative
Homeschool Representative
St. Stephens High School Representative

VACANT

VACANT

VACANT

C. Presentation of Petitions and Requests

XII. Matters Not on Agenda (requires majority vote of Council to consider)

Mayor Guess advised there was two matters which they would like to add to the agenda.

City Manager Warren Wood explained the first matter. Norfolk Southern Corporation has provided a Non-Warranty Deed regarding the property along the north side of Main Ave NE as related to the City Walk project. The Non-Warranty Deed releases Norfolk Southern of the property. The section of property is needed for the City Walk project and will be deeded to the City of Hickory. Upon acceptance of this deed, Norfolk Southern will proceed with their closing procedures which is anticipated this month. Staff recommends approval of this document. This will set all of that in motion in terms of getting that infamous piece of right of way from Norfolk Southern related to the City Walk project.

Mayor Guess commented which a lot of staff did a lot of good work on that.

Mayor Guess moved, seconded by Alderwoman Patton to add that item to the agenda. The motion carried unanimously.

City Manager Warren Wood advised the purchase price was \$5,000.

Alderwoman Patton moved, seconded by Alderman Lail approval of the Non-Warranty Deed with Norfolk Southern Corporation. The motion carried unanimously.

Alderman Seaver asked if that made that a budget amendment at the same time as well.

City Manager Warren Wood explained they would find it somewhere.

Mayor Guess commented it was a pretty good deal.

City Manager Warren Wood explained the second item relating to Council's State Legislative goals for the coming year. Currently there was House Bill 947 which allows for three cities, Mooresville, Mt. Airy, and Hendersonville, to call for a referendum on a quarter cent city only sales tax item. One of Council's legislative goals was to pursue legislation that would allow us to have a referendum on a quarter cent sales tax in the coming year. By approving the Resolution the City would move to become a part of that Bill. He had talked to Representative Adams and Representative Setzer and they are both supportive of it as long as it is a referendum and approved by the voters. Representative Adams said he would work to get us added if City Council were to approve the Resolution. Being the hub of the metro area, we are fortunate to be in that position, to be the hub, but we also bare a lot of expense. Our nighttime population is 40,000 and we more than double that during the day, so we are providing services to a lot more than 40,000 people. Sales tax is one means by which we can help capture some additional revenue from folks that are coming in to town shopping, etc. Catawba County also has a quarter cent county only sales tax which they had approved in 2007 via referendum.

Alderwoman Williams asked when this would be voted on.

City Manager Warren Wood explained they could do it in November 2018, November 2019, May 2020 and November 2020. The only time you can't do it is an off year primary, an odd numbered year primary which is a city election. You can only do it during general election primaries and general elections in general.

Alderwoman Williams commented so the earliest would be 2018.

City Manager Warren Wood confirmed November 2018.

Mayor Guess moved, seconded by Alderman Seaver to add the Resolution to the agenda. The motion carried unanimously.

City Manager Warren Wood advised this had come up so quickly. It all started moving forward late last week, which was why it was not an item on the agenda and they didn't know a whole lot about it. His understanding was Apex was also attempting to get added. Right now it requires special local legislation to do this. There is no general law that allows us to pursue a course except this.

Mayor Guess confirmed Council was not approving this, they were just asking the voters what they want to do.

City Manager Warren Wood responded correct.

City Attorney John Crone advised Council would need a motion on the Resolution.

City Manager Warren Wood explained staff projected, they thought a conservative number, about \$1.5 million in additional annual revenue if it were approved.

Alderwoman Patton asked if he felt like that would greatly increase even more once all of our bond projects are in the ground and we have got more people coming. They will be here to eat, drink, and sleep.

City Manager Warren Wood replied, yes, absolutely. That is typically a revenue that overtime grows. There is dips but the overall trend is up.

Alderman Seaver moved, seconded by Alderman Zagaroli approval of the Resolution to add the referendum. The motion carried unanimously.

RESOLUTION NO. 18-17

RESOLUTION AMENDING NC HOUSE BILL 947 TO INCLUDE THE CITY OF HICKORY SUPPORTING A REFERENDUM TO LEVY A ONE-QUARTER CENT MUNICIPAL SALES AND USE TAX

WHEREAS, the City of Hickory has significant public safety, economic development and public infrastructure needs. These needs are largely driven by the volume of non-residents who use Hickory's services; and

WHEREAS, Hickory supports more than double its residential population as a commercial, business, medical and job hub of the Greater Hickory Metro; and

WHEREAS, keeping a low property tax is important to recruiting new business to our region; and

WHEREAS, keeping a low property tax is important to the property owners and residents of the City; and

WHEREAS, the City believes the it is equitable that users of City services that do not pay property tax or reside within the City contribute to the expense of such services; and

WHEREAS, in absence of this tax the City will face increasing pressure to raise property taxes on its residents and businesses to continue to provide high quality services to non-residents and non-property taxpayers; and

WHEREAS, the City would support holding a referendum regarding the levy of a municipal one-quarter percent sales and use tax in order to give citizens the opportunity to vote in support of the sales and use tax via referendum; and

WHEREAS, the referendum ballot will ask voters if they are for or against a "Local sales and use tax at the rate of one-quarter percent (1/4%) in addition to all other State and local sales and use taxes for the purposes of public safety, economic development, and public facilities."

NOW, THEREFORE, BE IT RESOLVED by the Hickory City Council, Council does hereby express its approval and support of House Bill 947, and requests that the bill be amended to include The City of Hickory and urges the Local Delegation to support and vigorously seek approval for the citizens of the City of Hickory to vote on a one-quarter cent municipal sales and use tax.

Alderman Lail clarified all that Council was asking for was that the Legislature give the City the authority to do it. This is not actually a referendum. They are not putting it forth to the voters yet.

Alderman Seaver commented the citizens would decide.

Alderman Lail commented if the Legislators let us.

City Manager Warren Wood advised right now it is in the House. He thought it would go to the House Finance Committee on Thursday and then ultimately the Senate would have to vote.

Mayor Guess commented we are getting our name on the list.

XIII. General Comments by Members of Council, City Manager or City Attorney of a Non-Business Nature

Mayor Guess mentioned they went to Raleigh and it was very productive. They mainly spent most of their time with the folks from DOT. Their thoughts there were we are getting all of these road projects, the \$300 million dollars which Mr. Wood had eluded to, and with those \$300 million dollars as he said comes a fee for us in the future for relocating these waterlines and lines such as that which happen to be there. We have a 50 percent responsibility. One of the things they went there for was to ask for some help and to be able to recoup some of that money. Not only that money, but some of the money from the sinkhole. They hadn't had much conversation about the sinkhole lately, but as things turnout that has ended up costing more than what was anticipated and some of those costs had been sent down to the City. They were looking for some funding and some ways to be able to recoup some of that money also. The positive side was they have had those conversations and they had not heard back from them but they certainly are listening to them and hopefully in the future they will see some results from having done that.

Alderman Lail advised they talked some about the grant formerly known as the TIGER grant, the Build grant now. It is coming on us fast. The folks in Raleigh were acutely aware of our displeasure at not being selected in this latest round of funding. That was coming directly from the Secretary of the Department of Transportation. They literally met him and discussed that particular issue. The good news was they are behind us as we move forward. They even said they were supportive and would write a letter of support. Tell them how they could help.

Mayor Guess interjected optimistic.

Alderman Lail didn't think those were empty promises either. He thought they were entirely genuine. It may make sense, since this is coming on us fast, that sometime, maybe in July or August, we get an update on the Build process. He confirmed those were due soon.

City Manager Warren Wood confirmed they were due in July and staff was working on the application.

Alderman Seaver asked if the sinkhole was supposed to be completely finished.

City Manager Warren Wood commented they talked about the sinkhole too.

Alderman Seaver asked if that was by July 1st.

Public Services Director Kevin Greer confirmed completion date was in July.

Alderman Seaver knew the rains had pushed everything back. He commented they were breaking more ground and cutting more ribbons. He mentioned the Mountain Bike Trails, and the Rudy Project. He commented they had a couple of the walls up even before the groundbreaking.

City Manager Warren Wood added the groundbreaking of Trivium.

Alderman Seaver commented they approved the minutes from that short meeting they had there to approve some more money to get the Trivium Park going. There is a lot more happening every day and there will be even more happening. It is kind of growing exponentially here for a little while. He wanted everyone to be watching.

City Manager Warren Wood commented it is exciting times. Hickory is going to look a lot different, particularly when we get the bond projects done and these road projects. It is going to make a lot of progress in that time. He wanted to be abundantly clear on the quarter cent. In the Resolution, if approved, there were three areas Council could use the money, public safety, economic development and public facilities. Those were the three areas.

- XIV. Closed Session Per NC General Statutes 143-318.11(a)(1)(3)(6) to consult with the attorneys regarding the following: (Action on these items, if any, will occur in Open Session)

City Attorney John Crone commented if Council was going to consider going into closed session for the items mentioned on the agenda, he requested Council add another item which was an item involving litigation, Grimes versus the City of Hickory case - NCGS §143-318.11(a)(3).

Alderman Lail moved, seconded by Mayor Guess that Council add discussion of litigation, Grimes versus the City of Hickory. The motion carried unanimously.

Mayor Guess moved, seconded by Alderwoman Patton that Council go into closed session to consult with the attorneys to discuss the items below and the additional item requested by Attorney Crone. The motion carried unanimously.

1. Approval of Closed Session Minutes of April 17, 2018 - NCGS §143-318.11(a)(1)
2. Discussion of Personnel Matter - NCGS §143-318.11(a)(6)

Council convened to closed session at approximately 8:02 p.m.

Council reconvened to open session at approximately 8:47 p.m.

No action was taken upon return to open session.

- XV. There being no further business, the meeting adjourned at 8:47 p.m.

Mayor

City Clerk