HIGH POINT CITY COUNCIL SPECIAL MEETING
Monday, March 2, 2026 - 4:00 PM
Municipal Office Building
211 S. Hamilton Street
High Point, NC 27260

CALL TO ORDER

Mayor Pro Tem Peters called the Special Meeting of the High Point City Council to order at 4:00 p.m. and stated the following members were present:

Present: Mayor Pro Tempore Monica Peters, Ward 3, Council Member Britt Moore, At Large, Council Member Chris Williams, At Large, Council Member Tyrone Johnson, Ward 2 (arrived at 4:35 p.m.), Council Member Patrick Harman, Ward 4, Council Member Tim Andrew, Ward 5, and Council Member Michael Holmes, Ward 6.

Absent: Mayor Cyril Jefferson and Council Member Vickie McKiver

ADOPTION OF AGENDA

A motion was made by Mayor Pro Tem Peters, seconded by Council Member Moore, to adopt the agenda as presented.

Motion passed with the following vote:

Aye: Mayor Pro Tem Peters, Council Member Moore, Council Member Williams, Council Member Dr. Harman, Council Member Andrew, and Council Member Holmes

Nay: None

Absent: Mayor Jefferson, Council Member Johnson, and Council Member McKiver

PRESENTATION OF ITEMS

2026-52 **<u>Fiscal Year 2025 Financial Update</u>**
Staff will provide an update regarding the FY 2024-2025 Audited Financials.

Bobby Fitzjohn, Financial Services Director, presented an update regarding the City's audited financial statements. He explained that the audit presentation occurred later than usual due to delays caused by the federal government shutdown, which postponed the release of the compliance supplement required for audits. Because of that delay, the State Treasurer extended the audit deadline to February 12. The City's audit was completed within that deadline, although later than the City normally prefers.

Mr. Fitzjohn reviewed general fund revenues and expenditures. He explained that licenses, permits, and certain tax revenues appeared to decrease from the prior year because the showroom tax and occupancy tax were moved into a special revenue fund. These revenues are restricted in use and are essentially pass through funds rather than *discretionary revenues that support general City operations. After normalizing the numbers to account for this change, general fund revenues increased by approximately two percent from fiscal year 2024 to fiscal year 2025. General fund expenditures remained relatively stable, with an increase of approximately one percent. He noted that reductions shown in the community and economic development and culture and recreation categories were primarily due to payments to the Market Authority and Visit High Point no longer being recorded in the general fund in the same manner.*

Mr. Fitzjohn then reviewed fund balance. Total fund balance increased by approximately $4.4 million. Much of that increase was reflected in nonspendable and restricted categories. Nonspendable fund balance was primarily tied to prepaid expenses, including leases and subscription payments that begin on July 1 but must be paid in advance. Restricted fund balance increased largely due to encumbrances, which occur when purchase orders funded in one fiscal year carry forward into the next fiscal year. Fire apparatus purchases were identified as a primary example, as the City now orders fire trucks annually and funds for those purchases remain encumbered until the equipment is delivered. Unassigned fund balance, which is the portion available for appropriation by Council, increased from approximately $27.8 million to $29.4 million, an increase of about $1.59 million. Mr. Fitzjohn reminded Council that approximately the same amount had already been appropriated earlier in the year to support the SAFER grant and a replacement fire truck.

Mr. Fitzjohn next provided a high level overview of the City's enterprise funds, which include electric, water, sewer, stormwater, landfill, transit, and parking operations. Enterprise fund operating revenues increased from approximately $210.6 million to $217.2 million, reflecting about a three percent increase. Total enterprise fund operating expenses decreased slightly, largely due to a reduction in wholesale power costs. Mr. Fitzjohn noted that these decreases had been anticipated and discussed during prior meetings with ElectriCities. He also explained that depreciation and amortization increased by approximately $2 million, which reflects the City's growing capital investment and the way those assets are expensed over time.

Mr. Fitzjohn then reviewed the City's cash and investment balances at year-end. Total cash and investments increased from approximately $327 million to about $399 million. He explained that the increase was largely attributable to the issuance of approximately $46 million in new bonds and a $24 million distribution from the North Carolina Municipal Power Agency that will be used to support construction of the Electric Operations Center. He noted that approximately $172 million of the total cash and investments balance was restricted, primarily for capital projects, and that approximately $41 million represented short term accounts payable that had not yet been paid at year end.

Council inquired how much of the approximately $400 million balance was already obligated. Mr. Fitzjohn responded that about $172 million was restricted and approximately $41 million represented outstanding short term liabilities such as unpaid invoices.

Mr. Fitzjohn also reviewed the City's capital assets, including right to use assets, intangible assets, and construction in progress. When asked to speak further about *intangible assets, he explained that changes in accounting standards now require certain lease agreements and subscription-based agreements, such as software contracts, to be recorded as both assets and liabilities. These are referred to as right to use assets. As a result, the City now records associated debt service obligations that were previously not shown in the same way.*

Mr. Fitzjohn then reviewed the City's long-term liabilities. These include general obligation and limited obligation bonds, revenue bonds that support enterprise activities such as water and sewer, installment purchases and leases, compensated absences, the Law Enforcement Officers' Special Separation Allowance, the Local Government Employees' Retirement System liability, Other Post Employment Benefits liability, and landfill closure and post-closure obligations. He explained that compensated absences now include accrued sick leave in addition to vacation leave, which increased that liability compared to previous years. He also noted that during the fiscal year, the City issued approximately $46 million in revenue bonds and approximately $6.8 million in limited obligation bonds, while retiring roughly $20 million in existing debt.

A question was raised whether the retirement of debt between the governmental bonds and revenue bonds was approximately evenly split. Mr. Fitzjohn responded that it was fairly close, with about $10 million in revenue bonds retired and approximately $11 million in general obligation and limited obligation bonds retired. He noted that about $1 million of that latter amount related to stormwater debt, which supports an enterprise activity.

Mr. Fitzjohn also presented a statistical measure showing the City's total debt as a percentage of personal income. He explained that personal income has increased faster than the City's debt in recent years, which results in that ratio declining over time. He concluded by stating that the City received an unmodified audit opinion for fiscal year 2025, that no audit findings were reported, and that no performance indicators were noted by the Local Government Commission. He advised Council that copies of the Comprehensive Annual Financial Report had been provided and offered to answer additional questions if Council members wished to review the report further.

Mayor Pro Tem Peters thanked Mr. Fitzjohn for the report.

2026-53 **Piedmont Triad Regional Water Authority (PTRWA) Regionalization Study**

Staff from PTRWA will present the regionalization study results and updates on current projects.

Damon Dequenne, Assistant City Manager, introduced Greg Flory, Executive Director of the Piedmont Triad Regional Water Authority, and Darren Thomas of Raftelis, who provided the presentation.

Mr. Flory explained that the Piedmont Triad Regional Water Authority was established in 1986 and currently operates as a wholesale water provider serving six member governments, including High Point. He noted that the Authority was originally chartered to provide both water and wastewater services but has historically focused on water supply. Mr. Flory explained that increasing growth in the Carolina Core region, including *major economic development projects such as the Toyota and the JetZero projects, has led to growing concerns about long term water and wastewater capacity throughout Guilford and Randolph Counties.*

Mr. Flory explained that in 2024 the Authority undertook a strategic planning process that identified several priorities, including enhanced regionalization of water and wastewater resources, improved community outreach and education, and improved infrastructure and service delivery. He reported that the Authority is currently implementing capital projects that include expansion of the treatment facility to 26.7 million gallons per day and the development of advanced treatment technology. The expansion project is underway, and the advanced treatment project, which will utilize reverse osmosis technology to address emerging contaminants, is currently in the design phase with an anticipated completion date around 2031. Mr. Flory noted that High Point will participate in approximately nineteen percent of the cost for advanced treatment of the first twelve million gallons per day, with current cost estimates ranging from approximately $125 million to $150 million.

Mr. Flory then discussed the regionalization and master planning study that examined water and wastewater infrastructure needs across Guilford and Randolph Counties through the year 2050. The study included seventeen municipalities and concluded that existing capacity, interlocal agreements, and infrastructure are insufficient to meet projected growth and regulatory requirements in the region.

City Council asked Mr. Flory to explain what future capacity needs would look like. Mr. Flory responded that if jurisdictions continue operating under current plans without regional coordination, projections indicate that critical wastewater capacity restrictions could occur around 2042. He explained that once facilities approach certain capacity thresholds, regulatory requirements can limit additional connections and development until additional capacity is constructed.

A question was asked whether technological advancements or operational efficiencies were helping reduce construction costs in the utility industry. Mr. Flory responded that while there are operational efficiencies available, construction costs continue to rise due to increased labor costs, material costs, and other factors affecting the construction industry. A follow-up question was asked regarding whether labor shortages also contribute to rising costs. Mr. Flory confirmed that labor availability does contribute to higher costs in many projects.

Mr. Flory reviewed the alternatives evaluated in the regionalization study. The preferred alternative identified by the study was Alternative Four, which would consolidate infrastructure in a way that minimizes the number of facilities requiring expansion. However, he explained that this option would require cooperation among multiple jurisdictions, including communities in both Guilford and Randolph Counties. He stated that maintaining the current status quo would lead to critical wastewater capacity restrictions by approximately 2042 that could limit residential and commercial development in key regional areas, while the regional alternatives would support projected growth through 2050.

Mr. Darren Thomas of Raftelis then discussed the financial analysis conducted as part of the study. He explained that High Point's water supply position is comparatively strong due to its participation in the regional authority and access to regional water resources. However, High Point faces more significant long term challenges on the wastewater side due to projected capacity needs and evolving regulatory requirements related to nutrients and emerging contaminants.

Mr. Thomas explained that the financial analysis evaluated projected rate impacts for typical customers using approximately 5,000 gallons of water per month. He noted that if communities were to proceed independently with major infrastructure investments, utility rates could increase substantially. The study also examined how rates could be moderated if the region works together and secures external financial support from state and federal sources. He indicated that approximately $1.1 billion in outside funding could help keep rate increases more manageable across the region while supporting the infrastructure investments necessary through 2050.

Mr. Flory then discussed the next steps in the regionalization effort. He explained that the Authority's board had adopted a resolution in January supporting the findings of the study and identifying Alternative Four as the preferred option. Over the next year, the Authority plans to continue outreach with local governments, determine participating jurisdictions, develop agreements, pursue financing strategies, and begin engineering planning.

Council asked what would happen if one of the potential partner jurisdictions declined to participate. Mr. Flory explained that not all jurisdictions would necessarily need to participate directly in the wastewater system, but all existing member governments of the Authority would need to agree to revisions to the joint governmental agreement that governs the Authority. If a member government refused to ratify those revisions, the agreement could not move forward in that form.

A follow-up question was asked regarding when Council might be asked to make a financial commitment to the regional effort or issue revenue bonds. Mr. Flory responded that such commitments are likely still several years away. He explained that there may first be smaller contributions to support engineering and planning work, but that major financing decisions would occur later in the process.

Mayor Pro Tem Peters thanked the presenters for the information.

2026-54 **Closed Session - Economic Development**
City Council is requested to go into Closed Session pursuant to N.C.G.S. §143-318.11(a)(4) for Economic Development.

A motion was made by Mayor Pro Tem Peters, seconded by Council Member Dr. Harman, to go into Closed Session pursuant to N.C.G.S. §143-318.11(a)(4) for Economic Development.

Motion passed with the following vote:

Aye: Mayor Pro Tem Peters, Council Member Moore, Council Member Williams, Council Member Dr. Harman, Council Member Andrew, and Council Member Holmes

Nay: None

Absent: Mayor Jefferson and Council Member McKiver

Closed Session began at 4:53 p.m.

A motion to end Closed Session and return to Open Session was made by Council Member Andrew, seconded by Council Member Moore.

Motion passed with the following vote:

Aye: Mayor Pro Tem Peters, Council Member Moore, Council Member Williams, Council Member Dr. Harman, Council Member Andrew, and Council Member Holmes

Nay: None

Absent: Mayor Jefferson and Council Member McKiver

Closed Session ended at 5:01 p.m.

ADJOURNMENT

There being no further business to come before the Special Meeting, the meeting adjourned at 5:01 p.m.

Respectfully Submitted,

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Monica Peters, Mayor Pro Tem

Attest:

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Sandra Keeney, City Clerk