

## SUMMARY OF MINUTES

### FINANCE COMMITTEE

4:00 P.M., MONDAY, MARCH 17, 2008

COMMITTEE ROOM

ROOM 239, CITY HALL

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*MEMBERS PRESENT:* Mayor Allen Joines (in at 5:03 p.m.)  
Council Member Wanda Merschel, Chair  
Council Member Robert C. Clark, Vice Chair (in at 4:15 p.m.)  
Council Member Vivian H. Burke  
Council Member Joycelyn V. Johnson (in at 4:03 p.m.)

*OTHERS PRESENT:* Council Member Molly Leight

Chair Merschel called the meeting to order and stated that, without objection, the Committee would first consider the Consent Agenda.

*(Council Member Johnson in at 4:03 p.m.)*

Council Member Johnson requested to pull Item C-3. No other items were removed for discussion.

Council Member Burke made a motion to approve the balance of the Consent Agenda. The motion was duly seconded by Council Member Johnson and unanimously carried.

### CONSENT AGENDA

#### Property Matters

- C-1. CONSIDERATION OF ITEMS RELATING TO THE ACQUISITION/SALE OF PROPERTY:
- a. RESOLUTION AUTHORIZING THE FINAL DISPOSITION OF PROPERTY LOCATED AT 5455 WOODCLIFF DRIVE THROUGH A PUBLIC AUCTION AS PERMITTED IN N.C.G.S. 160A-270 - *Lot 102 of Block 3643 located at 5455 Woodcliff Drive.*
  - b. RESOLUTION AUTHORIZING ACQUISITION OF EASEMENTS FOR THE STORMWATER 2006 SMALL CAPITAL IMPROVEMENT PROJECT BY DEED OR CONDEMNATION - *Lot 101 of Block 710 located at 2121 Rawson Street; Lot 102B of Block 710 located at 2128 S. Main Street; Lots 118 & 119 of Block 0679 located at 2122 Rawson Street; Lot 106 of Block 680A located at 2130 Rawson Street; Lots 355, 356 & 412 of Block 1778 located at 1640 Argonne Boulevard and 0 Belleauwood Street; Lot 349 of Block 1775 located at 0 Belleauwood Street; Lots 353 & 354 of Block 1775 located at 1700 Argonne Boulevard; Lot 269 of Block 1505 located at 0 McCreary Street; Lot 268 of Block 1505 located at 711 McCreary*

*Street; and Lot 211 of Block 1503 located at 723 McCreary Street.*

- c. RESOLUTION AUTHORIZING THE SALE OF CERTAIN CITY-OWNED PROPERTY UNDER THE PROVISIONS OF N.C.G.S. 160A-269 - *Lots 108 and 110 of Block 0013 located on N. Liberty Street.*
- d. RESOLUTION AUTHORIZING THE SALE OF CERTAIN CITY-OWNED PROPERTY AT 817 MORAVIA STREET THE PROVISIONS OF N.C.G.S. 160A-269 - *Lots 009 & 010 of Block 0815 located at 817 Moravia Street.*
- e. RESOLUTION AUTHORIZING THE PURCHASE OF PROPERTIES ON OLD GREENSBORO ROAD, EAST THIRD STREET AND BRAMBLEBROOK LANE - *Lot 044 of Block 2201 located at 3654 Old Greensboro Road; Lot 050 of Block 2201 located at 3626 Old Greensboro Road; Lot 051 of Block 2201 located at 3624 Old Greensboro Road; Lot 052 of Block 2201 located at 3622 Old Greensboro Road; Lot 108 of Block 0533 located at 1504 East Third Street; and Lots 012, 013, and 014 of Block 1221 located at 1718 Bramblebrook Lane.*
- f. RESOLUTION AUTHORIZING EXCHANGE/ACCEPTANCE OF CERTAIN CITY-OWNED PROPERTY FOR THAT OWNED BY FORSYTH COUNTY RELATED TO THE BOWEN BOULEVARD REALIGNMENT PURSUANT TO N.C.G.S. 160A-274 - *Lot 004C of Block 3193 located at 0 New Walkertown Road; 11,936 square feet of abandoned road right-of-way and portions of Lot 004T of Block 3193 located off of Bowen Boulevard.*

#### Public Safety

- C-2. REVIEW AND RESULTS OF QUICK RESPONSE VEHICLE (QRV) PILOT PROGRAM.

#### Finance/Budget

- C-4. RESOLUTION AUTHORIZING A COMMITMENT OF FUNDS TO NORTHWEST PIEDMONT COUNCIL OF GOVERNMENTS TO ADMINISTER THE 2008 SUMMER YOUTH EMPLOYMENT PROGRAM.
- C-5. CONSIDERATION OF ITEMS RELATING TO CONTRACTS:
  - a. RESOLUTION AWARDED CONTRACT FOR CONSTRUCTION OF FIRE STATION NO. 20 LOCATED AT 1595 BETHANIA-RURAL HALL ROAD - *Bar Construction Company, Inc. - \$1,582,268.*
  - b. RESOLUTION AWARDED CONTRACT FOR PURCHASE AND INSTALLATION OF IN-CAR CAMERAS UNDER THE BID PROCEDURE WAIVER OF N.C.G.S.143-129(G) - *Kustom Signals, Inc. - \$1,766,680.*
  - c. RESOLUTION AWARDED CONTRACTS FOR TRUCKS FOR VARIOUS CITY DEPARTMENTS - *Item 1 - Piedmont Truck Center, Inc. - \$132,614.00; Item 2 -*

*Transource, Inc. - \$111,725.00; and Item 3 - Parks Chevrolet, Inc. - \$153,197.46.*

- d. RESOLUTION AWARDDING CONTRACT FOR CITY HALL ELEVATOR MODERNIZATION - *Southern Elevator Company - \$210,000.*
- e. RESOLUTION AWARDDING CONTRACT FOR COMPUTERS AND ACCESSORIES AND AUTHORIZING THE SALE OF SURPLUS COMPUTERS - *Dell Marketing, L.P. - \$165,518.96.*
- f. RESOLUTION APPROVING CONTRACTUAL SERVICES WITH TEKSYSTEMS, INC. - *TekSystems, Inc. - Amount Not To Exceed \$100,000.*

#### Transportation

- C-6. CONSIDERATION OF ITEMS RELATING TO TRAFFIC CALMING PLANS:
  - a. RESOLUTION APPROVING THE COUNTRYSIDE DRIVE TRAFFIC CALMING PLAN FOR FUNDING AND CONSTRUCTION.
  - b. RESOLUTION APPROVING THE MILHAVEN ROAD NEIGHBORHOOD ASSOCIATION'S TRAFFIC CALMING PLAN FOR FUNDING AND CONSTRUCTION.

#### Finance/Budget

- C-3. RESOLUTION AUTHORIZING THE RESTRUCTURING OF A LOAN TO SENIOR RESIDENCES, INC.

Council Member Johnson asked Mr. Derwick Paige, Deputy City Manager, to make a statement regarding how this item will affect the development of the project.

Mr. Paige stated that the City is holding \$50,000 in escrow from Senior Residences, Inc. to restore the property (parkland) should the project not move forward. He also stated that Mr. Tim Grant, Recreation and Parks Director, has developed alternative plans for recreational uses of the property and removal of the footers that are currently in the ground, and estimates that the project can be completed for \$30,000. The City will be releasing up to \$20,000 that can be used for payment of back property taxes on the project. Mr. Paige also stated that funding from Alpha Kappa Alpha Sorority, Inc. is not readily available, but there are other funding options in place. In response to Council Member Johnson's question, Mr. Paige noted that \$30,000 will allow for removal of the mound of dirt developed during the initial stages of the project.

Council Member Johnson made a motion to approve the item. The motion was duly seconded by Council Member Burke and carried unanimously.

#### GENERAL AGENDA

G-1. RESOLUTION APPROVING THE CONSTRUCTION OF A BASEBALL CONCESSIONS BUILDING IN HANES PARK. *[Finance and Community Development/Housing/General Government Committees voted to continue this item, pending a meeting with community representatives.]*

Mr. Grant stated that this item was pulled from last month's agenda to allow input by neighbors and citizens near the property in regards to the request of R.J. Reynolds High School to construct a concession stand at Hanes Park. In response to Council Member Leight's question, Mr. Grant stated that a previous agreement between the Winston-Salem/Forsyth County School Board and the Winston-Salem Parks and Recreation Commission stated that no building could be constructed without the input of neighboring citizens.

Chair Merschel noted that the previous agreement was drafted under the previous Principal at Reynolds High School and prior to current members joining the School Board and Parks and Recreation Commission, and that hopefully those currently serving will remain throughout the entirety of the project. She also noted that several members of both groups attended a recent West End Neighborhood Association meeting and that these groups would like to see a balance of facility use by the school as well as the community and outside organizations. She further stated that she would like that information to be included in the resolution. She expressed concern that the Hanes Park concession stand will be utilized mostly by the school and would like for the school to work with outside groups regarding availability of the facility.

Chair Merschel requested that seasonal equipment used by the school be removed and stored in a different place, rather than at Hanes Park. She also requested that the school be aware of concerns within the community regarding the upkeep of the park and facilities, noting trash and broken glass that is sometimes left behind. She further requested that the second paragraph of the resolution be amended to include outside groups and that opportunity be given to use the concession stand.

Mr. Anthony Wheelles, Vice Principal, R.J. Reynolds High School, noted that he would address the concerns and that the school will cooperate fully with the community.

Chair Merschel made a motion to approve the item. The motion was duly seconded by Council Member Burke and carried unanimously.

Council Member Burke stated that there are similar concerns in other parks in the community and requested that Mr. Grant provide a list of facilities with concession stands and par courses for public use. She also requested that local schools be open to allow community residents to walk on their property. She further requested a letter from the City Manager regarding how local tax dollars are spent on recreation facilities.

G-2. ORDINANCE AMENDING CHAPTER 50 OF THE CITY CODE ENTITLED "PERSONNEL AND RETIREMENT."

Mrs. Denise Bell, Chief Financial Officer, stated that the amendment to the ordinance will make a transfer to alternative employment optional for any Police Officer vested with one year service on or before August 20, 1990 who becomes disabled due to an on-the-job injury. She also stated that this amendment was recommended by the City Attorney.

*(Council Member Clark in at 4:15 p.m.)*

In response to Council Member Johnson's question, Mrs. Bell stated that the amendment will not affect those employees outside of the Police Department. City employees who are injured on the job and divert to disability will be reviewed by the Local Government Retirement System, and will be given a disability opportunity.

Council Member Burke expressed concern that there is a group of employees who are currently disabled and being shifted around within the City to different duties and treated unfairly.

Mr. Lee Garrity, City Manager, stated that the amendment will address specific cases within the Police Department and that there are a limited number of individuals who will be affected. He also stated that the City is fortunate to have a local police retirement system. He further stated that staff is reviewing the regulations for light duty employees within the City.

Council Member Burke requested that staff monitor those individuals who are currently working as disabled and their level of comfort with their job. She also requested that communication between those employees and City staff be increased.

Mrs. Bell noted that one employee will currently be affected by the amended ordinance.

Council Member Clark made a motion for approval of the item. The motion was duly seconded by Council Member Burke and carried unanimously.

G-3. IN-HOUSE CITY-WIDE VECTOR CONTROL BAITING PLAN UPDATE AND CITY SURVEY. *[The Public Works Committee voted in February to remand this item to the Community Development/Housing/General Government Committee.]*

Mr. Ritchie Brooks, Neighborhood Services Director, stated that in 2005-2006, City Council approved a six-year program at a cost of \$50,000 to bait each year for six years. In 2006-2007, the bid was \$47,000 and in 2007-2008, the bid increased 54% to \$98,000. At the request of the City Council, he presented information obtained by staff regarding the baiting process. He also stated that staff could review a multi-year contract to possibly reduce the amount of the bid, in-house baiting, and comparable information from other cities. Mr. Brooks noted that to perform in-house baiting, a Commercial Pesticide Applicator License would need to be obtained, that one individual would participate in the required training and testing, and other individuals could work under that license. He reviewed the costs associated with this option and noted that an in-house worker could potentially bait 4,000-6,000 sites annually. He further noted that the current bid would allow for the baiting of 3,700 sites annually.

Mr. Brooks stated that staff reviewed baiting processes from Charlotte, Durham, Raleigh, Richmond, Virginia, and Columbia, South Carolina. He also stated that many baiting efforts are handled by counties or are the property owner's responsibility. He further stated that education and information are provided in these areas.

Chair Merschel noted that the Forsyth County Health Department previously handled the baiting process and citizen concern prompted the City Council to take action. She also noted that there was some citizen concern with rodents when the Brookstown project got underway.

Council Member Johnson noted that money was previously allocated in the budget to maintain the baiting process as the County was unresponsive and rodents became a public health concern.

Mr. Brooks reminded the Committee that this is not an action item, rather staff is seeking direction. He also noted that there has been a decrease in rodents as the bait sites are monitored and bait has been eaten, or the rodents have been found dead nearby. He further noted that construction activity will bring the remaining rodents to the surface. In response to Council Member Leight's question, Mr. Brooks noted that storm drains and sewer sites have been baited around the City. He also noted that prior to 1996, some residential sites were baited.

Council Member Clark noted that the cost of an in-house baiting process is comparable to an outside source, and questioned whether or not the City wanted to move the operation in-house.

Council Member Johnson expressed concern that the initial bid received was underbid simply to obtain the job and now there is a tremendous increase in cost. She noted that staff could control the sites that are baited if the operation is moved in-house.

In response to Council Member Burke's question, Mr. Brooks noted that the in-house operation will receive benefits.

In response to Council Member Leight's question, Mr. Brooks noted that most cities are baited by the surrounding county.

Mr. Paige noted that previously, the City paid the County to bait areas within the City and when it became too costly, the City bid out the baiting projects.

Mr. Garrity noted that baiting is a County responsibility, but there is no funding for it.

Chair Merschel noted that baiting should be done within the corporate City limits if performed by City staff.

Council Member Clark noted that the bid projects are comparable to an in-house operation and thinks it would be a worthwhile project to include in the budget.

Chair Merschel summarized that is the Committee's consensus for staff to look at an in-house operation for vector control.

#### G-4. SUBORDINATION REQUEST FROM GOLER COMMUNITY DEVELOPMENT CORPORATION.

Mr. Paige stated that in 2001, the City approved a \$200,000 loan to Goler Community Development Corporation (CDC) as part of a \$900,000 package, wherein the City provided \$200,000 and Local Initiatives Support Corporation (LISC) provided \$700,000 for the acquisition of properties. In December 2005, the City provided a \$100,000 loan to Goler CDC to demolish Patterson Avenue apartments and the City holds a second position on that loan. Mr. Paige also stated that LISC has left Winston-Salem and in trying to close out its books, have asked for repayment of the Goler CDC loan of approximately \$720,000. He further stated that Goler CDC has negotiated with Suntrust Bank to pay

off the loan but in doing so, the City would need to subordinate its position on the two outstanding loans to Suntrust Bank, allowing Suntrust to move into first position. Mr. Paige noted that Goler CDC is working with a developer in Atlanta who will eventually come forward with a project in this community. He also noted that it would be premature for staff to support this request at this time. He further noted that Goler CDC does have a commitment letter from Suntrust, noting that the loan will be due September 30, 2008. Mr. Paige stated that staff has some concerns in supporting this request because there is no clear definition of how Goler CDC will repay the Suntrust loan by September 30, 2008; there is no clear repayment schedule of the City's loans; and there is still some concern with the developer's level of commitment and the City's level of participation in the project. He also stated that if the developer is able to fill the gap of participation, the developer would be able to buy the land and pay off the loans. If the developer is unable to fill the gap, Goler CDC will still have the loan to Suntrust with no developer in place to acquire the land. Mr. Paige noted that the current commitment from Suntrust expires March 31, 2008, and urges Goler CDC to request an extension of the commitment. He also noted that when the City sold land to Goler CDC for the development of Victory Financial Credit Union, inadvertently, a piece of land was included in the title that should not have been and staff is recommending subordination of that property to clear up that error.

In response to Council Member Johnson's question, Mr. Paige stated that the current gap in funding from the developer is approximately \$3.2 million.

In response to Council Member Clark's question, Mr. Paige noted that the LISC loan to Goler CDC was due August 2007.

Council Member Burke noted that the City should be pleased with the results that have been achieved by Goler CDC and their efforts to revitalize that area.

In response to Council Member Burke's question, Mr. Paige stated that the only similar proposal in recent years would be the request of William Brandon several years ago and the restructuring of a loan and request for resubordination.

Council Member Burke requested that staff consult with the Mayor to research any similar requests in recent years.

Ms. Evon Smith, 1466 Crestlawn Trail, Pfafftown, recognized other Goler CDC Board Members in attendance and expressed her appreciation of City staff's support. She noted that Goler CDC is in the middle of a large master plan and are requesting the subordination of the Patterson Avenue project and the need to subordinate on the Victory-Truliant Building. She also noted that Suntrust Bank has agreed to extend the commitment to December 2008 to allow the developer more time to secure funding. As the LISC loan is due, there is a need to substitute that funding through Suntrust, but in the event that does not happen, there will be a domino effect of projects that will not be completed. She further noted that there is a tight timeline and aspects of other projects that need to be reviewed with City staff. Goler CDC has rallied \$38 million as a means to leverage the City's approximate \$932,000 investment. Ms. Smith noted that the completion of these projects will add to the City's tax base and create additional revenue for the City. She also noted that this will be the first integrated housing project in downtown Winston-Salem, bringing together individuals of different economic, social, and ethnic backgrounds, and it will require a different kind of approach to make the units affordable to all. In response to Council Member Burke's question, Ms. Smith stated that there are 165 proposed rental units that will

be affordable to individuals of all economic backgrounds. She also stated that Goler CDC is using its own money as well as investor dollars to pay off the BB&T loan of \$110,000.

In response to Council Member Clark's inquiry, Mr. Paige stated that the \$3.2 million gap is between Goler CDC and the developer. The developer is proposing a \$35 million mixed-use development, and is looking for \$6.4 million in public assistance. Staff has reviewed the request and with the use of tax increment financing and GO bonds, there is still a gap of \$3.2 million.

Mr. Paige stated that funding and infrastructure on Phase 1 needs to be complete for Phase 2 to get underway.

In response to Council Member Johnson's question, Ms. Smith stated that the \$700,000 loan was used to purchase the site and has a zero balance. She also stated that LISC does not wish to stay involved with the project.

Mr. Paige noted that there are no know LISC loans being called at this point on other projects.

In response to Council Member Johnson's question, Ms. Smith stated that she does not have an idea of what rental rates will be charged, but that it will be affordable for those families living below the county median income.

Council Member Johnson expressed concern that referring to the project as "integrated" has a racial connotation, and multi-income may be a better term.

In response to Chair Merschel's question, Ms. Smith stated that the LISC loan was set to expire and Goler CDC is now paying on the interest of the loan. She also stated that there are no other properties currently collateralized on the Goler CDC site. She further stated that there will be a mix of affordable units as well as market rate units. Ms. Smith noted that while it does allow additional time, the deadline is still fast-approaching but it will allow for Goler CDC to develop a payment structure and allow the developer additional time to acquire financing.

In response to Council Member Johnson's question, Mr. Paige stated that City is currently in a shared first position on the loan and would be compensated for its portion of any agreement. If the City moves to a second position or if the project does not move forward and Suntrust forecloses on the property, the City may or may not be compensated. If the LISC loan is not paid and LISC forecloses on the property, the City will receive its portion of the LISC foreclosure agreement.

Ms. Smith stated that the property in question is currently valued at \$1.5 million.

Chair Merschel noted that the market value may not have anything to do with the bidding process.

In response to Council Member Johnson's question, Mr. Paige stated that with the extension of the Suntrust loan, Goler CDC's position is strengthened because it allows them more time to work with the developer. He also stated that staff's hesitation lies in the uncertainty of the developer.

*(Mayor Joines in at 5:03 p.m.)*

Council Member Burke stated that the property is making a positive impact in the community and that

the City has previously found ways to help Goler CDC achieve its goals. She also stated that she is impressed that units will be available to various economic groups.

Ms. Smith noted that the developer is willing to invest money in the project, but wants to see more dedication from the City. In response to Council Member Burke's question, Ms. Smith noted that LISC is currently charging 7% interest on the loan.

Council Member Clark noted that Goler CDC has done an outstanding job and appreciates its efforts. He also noted that the credit market is changing daily and it will be difficult for any entity to borrow money. He further noted that he would rather owe money to LISC than to have Suntrust foreclose on an unpaid loan. Council Member Clark stated that obtaining additional funding needed by December 2008 may be a challenge and he would be more comfortable knowing the developer's plans, and would rather re-negotiate with LISC.

Council Member Johnson noted that LISC is not interested in re-negotiating and staff needs to discuss plans with the developer.

Ms. Smith noted that the developer currently closes \$100 million in projects each year and was the first developer to close a Hope VI project. She also noted there is a good relationship between the developer and Suntrust and Suntrust has expressed interest in being the construction lender. She further noted that the developer has preliminary designs for the project along with a concept plan.

In response to Chair Merschel's question, Mr. Paige stated that the City bid on the Chestnut Plains Apartment complex as a foreclosure property several years ago.

Chair Merschel expressed her disappointment with LISC and its inability to work with the Goler CDC. She requested that Goler CDC allow City staff additional time to consider the item and seek out other funding sources to continue project support.

Ms. Smith noted that the subordination would need to be approved this month.

Chair Merschel expressed concern that there is no repayment schedule to Suntrust.

Council Member Johnson made a motion to send the item to full Council without a recommendation, pending additional information. The motion was duly seconded by Council Member Burke.

In response to Council Member Clark's question, Mayor Joines stated that LISC receives funding from Wachovia Bank.

Council Member Johnson questioned whether or not other groups doing business with LISC, such as Senior Residences, Inc. are experiencing the same problems. Council Member Johnson requested information on other funding sources, such as Wachovia Bank, or possible Community Development Block Grants.

Chair Merschel stated that if staff negotiates with LISC, to review the rate/term structure of a subordinated position.

In response to Council Member Clark's question, Ms. Smith stated that money will be provided by the developer to pay off the loan to Suntrust.

Council Member Clark expressed concern that LISC is a partner in this deal and is not fulfilling its end of the bargain.

Ms. Smith thanked the City Council for its continued support of the Goler CDCs efforts.

Council Member Clark abstained from the vote. Voting in favor of the motion were Chair Merschel and Council Members Burke and Johnson.

ADJOURNMENT: 5:25 p.m.