

## SUMMARY OF MINUTES

### FINANCE COMMITTEE

4:00 P.M., MONDAY, FEBRUARY 9, 2009

COMMITTEE ROOM

ROOM 239, CITY HALL

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*MEMBERS PRESENT:* Mayor Allen Joines  
Council Member Wanda Merschel, Chair  
Council Member Vivian H. Burke  
Council Member Joycelyn V. Johnson- in at 4:10 p.m.

*MEMBERS ABSENT:* Council Member Robert C. Clark, Vice Chair

*OTHERS PRESENT:* Council Member Molly Leight  
Council Member Nelson Malloy (in at 5:30 p.m.)

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

Chair Merschel requested to pull Items C-6 and C-7. 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 Chair Merschel and carried unanimously.

#### CONSENT AGENDA

##### Property Matters

- C-1. CONSIDERATION OF ITEMS RELATING TO THE ACQUISITION/SALE OF PROPERTY:
- a. RESOLUTION AUTHORIZING ACCEPTANCE OF A DONATION OF EASEMENTS FROM TETRA INVESTMENT GROUP 22, LLC AND ACCEPTANCE OF EASEMENTS AND FEE SIMPLE RIGHT-OF-WAY FROM KEITH CHAPMAN.
  - b. RESOLUTION AUTHORIZING THE ABANDONMENT OF UNNEEDED EASEMENTS TO TETRA INVESTMENT GROUP 22, LLC; HELEN F. LONG; AND PERCY E. SYNDER, JR.
  - c. RESOLUTION AUTHORIZING THE SALE OF CERTAIN CITY-OWNED

PROPERTY AT 1011 MANLY STREET UNDER THE PROVISIONS OF N.C.G.S. 160A-269 AN UPSET BID PROCEDURE. *[Receipt of \$10,000.]*

- d. RESOLUTION AUTHORIZING ACQUISITION OF PROPERTIES FOR COLE ROAD/SPRAGUE STREET WIDENING PHASE I BY DEED OR CONDEMNATION. *[\$49,880 from General Obligation Bond funds.]*

- C-2. RESOLUTION APPROVING LEASE AGREEMENT BETWEEN NORTH CAROLINA MUNICIPAL LEASING CORPORATION AND CITY OF WINSTON-SALEM, AND SUBLEASE AGREEMENT BETWEEN THE CITY AND THE ARTS COUNCIL, INC. D/B/A THE ARTS COUNCIL OF WINSTON-SALEM AND FORSYTH COUNTY.

#### Community and Economic Development

- C-3. RESOLUTION APPROVING RESTRUCTURE OF AN ECONOMIC DEVELOPMENT LOAN FOR ALLPOINTS RESEARCH, INC.
- C-4. RESOLUTION AUTHORIZING A COMMITMENT OF FUNDS TO NORTHWEST PIEDMONT COUNCIL OF GOVERNMENTS TO ADMINISTER THE FY2009 AND FY2010 SUMMER YOUTH EMPLOYMENT PROGRAMS. *[\$190,000 from Housing Finance Assistance funds.]*

#### Public Safety

- C-5. RESOLUTION APPROVING AGREEMENT WITH UNION CROSS FIRE & RESCUE OF FORSYTH COUNTY, INC. FOR PAYMENT OF DEBT AND APPROVING SUBMISSION OF THE PAYMENT SCHEDULE TO THE NORTH CAROLINA LOCAL GOVERNMENT COMMISSION FOR APPROVAL.

#### Finance/Budget

- C-8. RESOLUTION OF THE CITY OF WINSTON-SALEM, NORTH CAROLINA, REPLACING THE LIQUIDITY FACILITY AND REMARKETING AGENT FOR THE CITY'S VARIABLE RATE WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2002B AND VARIABLE RATE WATER AND SEWER SYSTEM REFUNDING REVENUE BONDS, SERIES 2002C. *[Item continued by City Council on January 26, 2009.]*
- C-9. CONSIDERATION OF ITEMS RELATING TO THE ISSUANCE OF WATER AND SEWER SYSTEM REVENUE BONDS SERIES 2009:
  - a. BOND ORDER AUTHORIZING THE ISSUANCE OF WATER AND SEWER SYSTEM REVENUE BONDS OF THE CITY OF WINSTON-SALEM, NORTH CAROLINA.
  - b. RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WINSTON-SALEM,

NORTH CAROLINA, AUTHORIZING THE APPROVAL, EXECUTION, AND DELIVERY OF VARIOUS DOCUMENTS IN CONNECTION WITH THE ISSUANCE OF CITY OF WINSTON-SALEM, NORTH CAROLINA, WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2009; PROVIDING FOR THE SALE OF THE BONDS; SETTING FORTH THE TERMS AND CONDITIONS UPON WHICH THE BONDS ARE TO BE ISSUED; AND PROVIDING FOR CERTAIN OTHER MATTERS IN CONNECTION WITH THE ISSUANCE, SALE, AND DELIVERY OF THE BONDS.

- C-10. RESOLUTION AWARDED CONTRACT FOR PURCHASE OF TEN HONDA CIVIC HYBRID AUTOMOBILES - *Automobiles of Statesville, Inc. dba Everhart Honda - \$218,400.*

#### General Government

- C-11. APPROVAL OF FINANCE COMMITTEE SUMMARY OF MINUTES - *January 12, 2009.*

#### Leisure Services

- C-6. ORDINANCE AMENDING THE PROJECT BUDGET ORDINANCE FOR THE CITY OF WINSTON-SALEM, NORTH CAROLINA FOR THE FISCAL YEAR 2008-2009 FOR VARIOUS PUBLIC ASSEMBLY FACILITIES PROJECTS.

Chair Merschel noted that the repair request includes roof and seat replacement projects but requested that the Information Technology improvements be held in Committee for additional information. She noted that there were no time constraints for the enhancements.

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

#### Human Resources

- C-7. RESOLUTION AMENDING ARTICLE 1. CONDITIONS OF EMPLOYMENT OF THE CITY OF WINSTON-SALEM PERSONNEL RESOLUTION TO ADD THE RETIREMENT INCENTIVE PROGRAM.

Chair Merschel requested to know the steps involved in the incentive program.

Mrs. Melissa Hasty-Taylor, Human Resources Director, stated that the retirement incentive program will allow eligible retirees to receive a lump sum of \$20,000 if they have 30 or more years of creditable service; are 65 or older with five years of creditable service; or are 60 or older with 25 years of creditable service. Some employees are not currently in the retirement system but are eligible due to creditable service years from another municipality. There are approximately 104 benefitted employees who are eligible for the incentive. In February, employees will be notified of their eligibility as required by law. Group meetings will be scheduled in March regarding social security benefits, retirement benefits and to provide general information. Eligible employees must make their elections

and return to Human Resources (HR) by April 17, where they will also need to sign a release of information form to accept the incentive. A wait period of seven days will be enacted on April 17 once an employee has elected to participate in the incentive and all elections will be final as of April 24. Employees electing to participate in the incentive will no longer be on the City payroll as of August 31, and positions of retirees will be frozen and reviewed.

*Council Member Johnson in at 4:10 p.m.*

Mr. Lee Garrity, City Manager, noted that it is important to ensure that employees fully understand the impact of their decision as some may not qualify for retirement health coverage. He also noted that any vacated positions will be frozen for a period of approximately six months to fund the severance package. He further noted that the retirement incentive is a tool to review other options and vacancies, it is self-funding and could possibly generate more savings for the City.

Mrs. Hasty-Taylor noted that the incentive is voluntary and employees can choose not to participate.

Mr. Garrity noted that he also retains the authority to approve or disapprove any candidate for the incentive.

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

In response to Council Member Burke's comment, Mr. Garrity noted that there was an article in the *Winston-Salem Journal* containing incorrect information regarding deceased Police Sergeant Howard Plouff and his retirement benefits. Sergeant Plouff had earned eight months of sick leave, and the article stated eight years. Due to the State and local treatment of disability benefits, Sergeant Plouff's wife only received what he had contributed to the retirement system during his employment. Mr. Garrity noted that there are several options for police officer retirement and disability.

Council Member Burke stated that City staff took a positive approach and sponsored a bill for the State to change the payout options when an employee is killed on the job.

Chair Merschel noted that the City also granted payment of one year's equivalent of sick leave for Sergeant Plouff's wife.

Mr. Garrity noted that the Council agreed to offer a one year death benefit to any City employee killed in the line of duty. He also noted that because Sergeant Plouff was paying into the retirement system and not social security, his family did not qualify for survivor benefits.

In response to Council Member Johnson's question, Mrs. Denise Bell, Chief Financial Officer, stated that there was no conflict with other federal benefits and that there is a specific list of benefits an employee can receive if killed on the job.

#### GENERAL AGENDA

G-1. RESOLUTION AUTHORIZING A DOWNTOWN DEVELOPMENT AGREEMENT WITH THE GOLER COMMUNITY DEVELOPMENT CORPORATION.

Mr. Derwick Paige, Deputy City Manager, noted that there was a revised item at Committee Members places and that the Heights at Patterson project is now valued at \$14 million and that the scope of the project has changed. He also noted that there were guidelines under which the City would agree to sell certain property to the Goler Community Development Corporation (CDC). He stated that the City will sell certain property to Goler CDC for \$770,000 or the appraised value at the time of sale, whichever is higher. Goler CDC will have 24 months to purchase the property from the City, and if significant progress is made within that 24 month period, the Council may grant up to two 12 month extensions. Significant progress is defined as obtaining partial financing, completing substantial work on the development plan, completing a market analysis or other progress as determined by City Council. Goler CDC will provide a copy of its two most recent audits, whereby the City Council will determine any negative findings and may decide not to sell said property to Goler CDC. Goler CDC will pursue marketing efforts to occupy the Craver building, and all other outstanding loans with Goler CDC will still be in effect and will be dealt with individually. Mr. Paige noted that selling property under private sale requires a public hearing and the established date for the actual sale of the land is determined to be March 23. He also noted that the property sale has been reviewed by several attorneys and that Goler CDC initially requested 36 months plus two 12 month extensions. A major condition of the project, because it is a public-private partnership, is that a public amenity has to be included, whether it be greenspace, a park, parking deck or other amenity. This item will be brought before the Committee again next month with conditions of the sale and specific lots to be sold.

In response to Council Member Burke's question, Mr. Paige noted that the Craver building is funded with Community Development Block Grant funds and is therefore restricted to low to moderate income residents, so the funding source is unable to be changed.

In response to Mayor Joines' question, Mr. Paige stated that the City Council will have to determine a good faith effort has been made by the Goler CDC to comply with Section A of the agreement.

Council Member Johnson requested that an addendum be made that the agreement will still stand in the event that the development does not meet the \$14 million ad valorem tax value, as long as the City Council determines a good faith effort has been made.

Mr. Paige noted that the value could be based on construction value, rather than ad valorem tax value, as it is a known figure.

Chair Merschel expressed concern that with the current economy, the value of the project will not necessarily be based on actual tax value and questioned if there was another agreeable determination of value.

Council Member Johnson stated that whichever formula is used, it should be noted that if the pre-determined construction value is not met, the City Council can approve the project if a good faith effort has been made.

In response to Chair Merschel's question, Mr. Paige stated that the Goler CDC is reviewing the entire phasing and mixture of the development to determine if there is a need for residential or more demand for retail and are working with additional developers.

Council Member Johnson noted that Goler CDC was reviewing more business commercial development in her conversations with them.

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

G-2. REPORT ON HOTEL INDUSTRY TRENDS AND REVIEW OF YEAR-TO-DATE FINANCIAL OPERATING RESULTS AND FISCAL YEAR 2009 YEAR-END PROJECTIONS FOR PUBLIC ASSEMBLY FACILITIES.

Mrs. Martha Wheelock, Assistant City Manager, noted that a presentation was made in August to the Public Assembly Facilities Commission that described the effect of the current economy on hotel usage, meeting facility usage and occupancy tax revenues.

Mr. Roy Croop, Twin City Quarter Managing Director, gave the report.

In response to Council Member Johnson's question, Mr. Croop noted that although the Raleigh facility is now online, it will not affect local attractions much in the first 18 months. He also noted that in reviewing market conditions, the Raleigh facility is a competitor on the national, regional and state levels and has a different market mix and customer base. He further noted that the facility's success is dependent upon successful marketing down the road and that the Convention Center and hotel connection has created a good relationship. Mr. Croop stated that there is mid-size competition from the Greenville and Hickory facilities as they are centrally located within the state and mid-state locations tend to see better attendance. He also stated that there is a significant amount of regional interest in those areas and religious organizations and music production organizations are interested in showcasing in those areas.

Council Member Burke noted that Visit Winston-Salem held a two-day blitz whereby they placed calls to attract business and tourism to the City.

Mr. Croop noted that there has been significant improvement in the Tourism and Development Authority (TDA).

In response to Chair Merschel's question, Mr. Croop stated that as a follow up from past conventions, both the Marriott and Embassy Hotels have tracking mechanisms allowing guests to rank their customer service experience and overall view of the facility. He stated that there has been strong growth in customer satisfaction, and both hotels are ranked in the top 10%. The M.C. Benton Convention Center hired a culinarian and have doubled their productivity, were able to shut down four large ovens and save several thousand dollars in utilities in the last few weeks, due to the donation of a \$36,000 oven. He also stated that if the corporate mix of business declines, there will be a challenge to profitability. He further stated that the ability to market a facility is better than it was one year ago.

Mr. Robert Northington, Chair of the Public Assembly Facilities Commission, stated that it should be noted that as the needs of public facilities changes, profitability changes as well. There are fewer smaller events and no large events on the horizon to boost the overall profit, and with fewer acts traveling, it is harder to attract them. He noted that not only are public assembly facilities affected, but

the same effect is being seen at the Lawrence Joel Veterans Memorial Coliseum (LJVM). He noted that the biggest tenant is Wake Forest University, although concession sales and parking revenues have declined per attendee. Mr. Northington noted that the Mid-Eastern Atlantic Conference Championship is a hopeful event, but there is nothing historically to compare it with. He also noted that the TDA members attendance is great, and everyone participates and contributes.

Chair Merschel expressed her thanks and appreciation for a job well done.

Mr. Northington noted that the participation of Winston-Salem State University has also been a boost to the LJVM.

Mr. Garrity stated that the City is expecting an increase in the deficit for public assembly facilities in the current year, but there is a built-in expectation to early forecast for the next year. He also stated that there is a preliminary balanced budget where there will be no increase in revenues but the expense budget will decrease 2%, and there will be no pay increases but also no layoffs. The City will be able to maintain services without asking citizens to pay more.

### G-3. PRESENTATION OF PRELIMINARY REPORT OF THE UTILITY COMMISSION REVIEW COMMITTEE.

Chair Merschel noted that the document and detail provided were very user friendly and recognized the Chair of the City/County Utility Commission Review Committee, Mr. William Rose.

Mr. Rose reviewed the preliminary report and gave the presentation on approximately one half of the report.

*Council Member Malloy in at 5:30 p.m.*

Mayor Joines stated that he was impressed with the amount of detail provided in the report, but due to time, he would like to continue the remainder of the report to the next meeting.

Chair Merschel noted that the report would also be presented to the Public Works Committee and that the Council would like to publicly recognize the work done by the review committee. She suggested that the Committee hold its recommendations and findings for another time, when it can provide feedback and comments to the review committee.

Mr. Rose stated that if the Committee wished to respond or had questions about the review committee's findings, he could be contacted via phone or email or information could be given to Ben Rowe in Budget/Evaluation.

Council Member Burke noted that it may be beneficial for high school and college students to hear the report and the review committee's findings.

Chair Merschel noted that the City has maintained its Fitch rating of AA for bond issuance.

Council Member Clark noted that typically, revenue bonds are rated a grade lower than GO bonds.

Council Member Burke expressed her appreciation for citizens that volunteer of their time and efforts to

serve on committees that benefit the city.

ADJOURNMENT: 5:42 p.m.