

SUMMARY OF MINUTES

FINANCE COMMITTEE

4:00 P.M., MONDAY, APRIL 13, 2009

COMMITTEE ROOM

ROOM 239, CITY HALL

MEMBERS PRESENT: Mayor Allen Joines
Council Member Wanda Merschel, Chair
Council Member Robert C. Clark, Vice Chair
Council Member Vivian H. Burke (in at 5:14 p.m.)
Council Member Joycelyn V. Johnson

OTHERS PRESENT: Council Member Molly Leight
Council Member Dan Besse (in at 4:07 p.m.)
Council Member Nelson L. Malloy, Jr. (in at 5:25 p.m.)

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

Council Member Clark requested to pull Items C-3 and C-4. Chair Merschel requested to pull Item C-6. No other items were removed for discussion.

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

CONSENT AGENDA

Property Matters

- C-1. CONSIDERATION OF ITEMS RELATING TO THE ACQUISITION/SALE OF PROPERTY:
- a. RESOLUTION AUTHORIZING ACQUISITION OF PROPERTIES FOR COLE ROAD/SPRAGUE STREET WIDENING PHASE III BY DEED OR CONDEMNATION. [*\$31,755 from General Obligation Bond Funds.*]
 - b. RESOLUTION AUTHORIZING ACCEPTANCE OF DONATION OF EASEMENTS FOR THE MONMOUTH STREET SIDEWALK IMPROVEMENT PROJECT.
- C-2. RESOLUTION OF THE CITY OF WINSTON-SALEM, NORTH CAROLINA, APPROVING A RELEASE OF REAL PROPERTY - *Johnson Square Apartments.*

Public Safety

C-5. SILK PLANT FOREST CITIZEN REVIEW COMMITTEE FINANCIAL UPDATE.

Finance/Budget

C-7. CONSIDERATION OF ITEMS RELATING TO CONTRACTS:

- a. RESOLUTION AWARDDING CONTRACT FOR LIGHTBARS AND ACCESSORIES - *Lawmen's Safety Supply, Inc.* - \$109,498.80.
- b. RESOLUTION AWARDDING CONTRACT FOR PURCHASE OF ASPHALT EMULSION - *Asphalt Emulsion, Inc.* - \$126,000 (*Estimated Amount*).
- c. RESOLUTION APPROVING PURCHASE OF SOFTWARE MAINTENANCE FROM HANSEN INFORMATION TECHNOLOGIES - *Hansen Information Technologies* - \$105,263.22.

Transportation

C-8. ORDINANCE AMENDING SECTION 42 OF THE CITY CODE RELATING TO CIVIL PENALTIES FOR VIOLATIONS OF PARKING ORDINANCES.

C-9. CONSIDERATION OF RESOLUTIONS APPROVING AUTHORIZATION TO ENTER INTO MUNICIPAL AGREEMENTS WITH THE NORTH CAROLINA DEPARTMENT OF TRANSPORTATION FOR THE CONSTRUCTION OF INTERSECTION IMPROVEMENTS:

- a. RESOLUTION APPROVING AUTHORIZATION TO ENTER INTO MUNICIPAL AGREEMENT WITH THE NORTH CAROLINA DEPARTMENT OF TRANSPORTATION FOR THE CONSTRUCTION OF INTERSECTION IMPROVEMENTS AT MARTIN LUTHER KING, JR. DRIVE AND WINSTON-SALEM STATE UNIVERSITY - \$190,400.
- b. RESOLUTION APPROVING AUTHORIZATION TO ENTER INTO MUNICIPAL AGREEMENT WITH THE NORTH CAROLINA DEPARTMENT OF TRANSPORTATION FOR THE CONSTRUCTION OF INTERSECTION IMPROVEMENTS AT UNIVERSITY PARKWAY AND HANES MILL ROAD - \$66,400.
- c. RESOLUTION APPROVING AUTHORIZATION TO ENTER INTO MUNICIPAL AGREEMENT WITH THE NORTH CAROLINA DEPARTMENT OF TRANSPORTATION FOR THE CONSTRUCTION OF INTERSECTION IMPROVEMENTS AT SPRAGUE STREET AND KERNERSVILLE ROAD - \$53,680.
- d. RESOLUTION APPROVING AUTHORIZATION TO ENTER INTO MUNICIPAL AGREEMENT WITH THE NORTH CAROLINA DEPARTMENT OF

TRANSPORTATION FOR THE CONSTRUCTION OF INTERSECTION IMPROVEMENTS AT HANES MALL BOULEVARD AND GRIFFITH ROAD - \$25,840.

- e. RESOLUTION APPROVING AUTHORIZATION TO ENTER INTO MUNICIPAL AGREEMENT WITH THE NORTH CAROLINA DEPARTMENT OF TRANSPORTATION FOR THE CONSTRUCTION OF INTERSECTION IMPROVEMENTS AT STRATFORD ROAD AND FRONTIS STREET - \$22,400.
- f. RESOLUTION APPROVING AUTHORIZATION TO ENTER INTO MUNICIPAL AGREEMENT WITH THE NORTH CAROLINA DEPARTMENT OF TRANSPORTATION FOR THE CONSTRUCTION OF INTERSECTION IMPROVEMENTS AT FERRELL AVENUE AND NEW WALKERTOWN ROAD - \$96,000.

General Government

- C-10. APPROVAL OF FINANCE COMMITTEE SUMMARY OF MINUTES - *March 9, 2009.*

Community and Economic Development

- C-3. CONSIDERATION OF ITEMS RELATING TO THE NEIGHBORHOOD STABILIZATION PROGRAM:
 - a. RESOLUTION AUTHORIZING IMPLEMENTATION OF THE NEIGHBORHOOD STABILIZATION PROGRAM.
 - b. ORDINANCE AMENDING THE PROJECT BUDGET ORDINANCE FOR THE CITY OF WINSTON-SALEM, NORTH CAROLINA FOR THE FISCAL YEAR 2008-2009.

Council Member Clark questioned if funding would be utilized for down payments to purchase homes, for housing rehabilitation or possibly for rental properties. He suggested that any funding be used creatively to remove as many foreclosed properties from the market as possible.

Ms. Mellin Parker, Housing/Neighborhood Development Director, stated that staff is working with local realtors to review the foreclosure list of homes that have been in foreclosure over 90 days. Staff is also meeting with local banks to review their existing foreclosed property lists.

Council Member Clark requested to know how many foreclosure homes are on the market.

Council Member Johnson noted that a more current listing of foreclosed properties will be available within the next few weeks. She expressed concern that a large number of foreclosed properties need significant repairs, and a large portion of funding may be for repairs. She questioned whether or not staff will seek those properties that are move-in ready or if it would be beneficial to repair housing to make the dwelling more marketable.

Ms. Parker stated that some properties can be rehabilitated through the City's existing program, but because of the time frame set forth by the funding, it will be utilized as quickly as possible.

Mayor Joines noted that the City of Winston Salem and Forsyth County submitted a joint application so funding was provided jointly rather than individually for the City and County, and there may be another opportunity in the future to receive more funding.

In response to Council Member Clark's statement that there are between 1,100 and 1,200 foreclosures on the market in this area, Ms. Parker stated that there are actually 3,500 to 4,000 foreclosures on the market in this area. Due to the decreased funding, staff had planned to purchase or renovate 100 foreclosure properties, but will only be able to purchase or renovate 50. She noted that it is anticipated that more funding will become available for this project.

Council Member Besse in at 4:07 p.m.

In response to Council Member Johnson's question, Ms. Parker stated that consumer credit counseling will be offered in hopes that individuals will not incur new debt.

Council Member Johnson questioned whether or not the homebuyers will be paying a new mortgage as opposed to a rehabilitation loan payment.

Ms. Parker stated that staff will be utilizing a deferred loan, which will be forgiven over a period of five to ten years.

Council Member Johnson requested rather than deferred loans, that low interest rate loans be utilized so that the City may recoup some of the funding.

Ms. Parker noted that would happen in the event that a homeowner sells the home prior to the deferred period ending.

Mr. Derwick Paige, Deputy City Manager, noted that this program is for new homeowners and funding will be based on income.

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

C-4. RESOLUTION AUTHORIZING PERMANENT FINANCING FOR A 64-UNIT FAMILY RENTAL DEVELOPMENT KNOWN AS ORCHARD CREEK APARTMENTS.

In response to Council Member Clark's question, Ms. Parker stated that the loan is safe as the City will be in the second position behind the lender.

Council Member Leight noted that she was disappointed that neighbors were not properly informed about a rezoning item heard at a recent Council Meeting. Residents of the new development will be 60% below median income and that information should have been communicated.

In response to Council Member Johnson's question, Mr. Paige stated that this is the first tax-credit funded project in the last seven to eight years.

In response to Chair Merschel's question, Ms. Parker stated that due to the current economic situation, this type of development is needed.

Chair Merschel commented that due to slow home sales, increased rentals and changing housing patterns, she is not certain that this is a validated need. She also requested that when a text amendment is required in addition to a specified zoning case, the items should be paired to demonstrate such.

Council Member Leight stated that the neighbors were not given all the facts, but if there is a valid need for the housing, she is supportive of the project.

Ms. Traci Dusenbury, Bradley Development, 1403-305 Pitchingwedge Drive, stated that a recent market study found a strong demand for this type of housing unit.

In response to Council Member Clark's question, Ms. Dusenbury stated that rental rates will be \$540 to \$713, dependent upon the number of rooms and the size of the unit. She also noted that she was present at three separate neighborhood meetings where site plans and rental rates were discussed. She further noted that there will be no Section 8 subsidies.

Council Member Johnson noted that the salary requirements would be approximately \$20,000 to \$25,000 per year.

Council Member Leight stated that no clarity was given when questions were asked. Neighbors were told what the rental rates would be but not who would be eligible to live in the development. She also stated that any subsidies and tax credits were not explained.

Council Member Johnson noted that the project may not be Section 8 based, but Section 8 vouchers may be accepted, dependent upon an applicant meeting all other requirements.

Ms. Dusenbury noted that no financial details were discussed because they were never brought up, and that tax credit equity helps to keep rental rates low. She also noted that there was no opposition to the project at the previous Council or Planning Board meeting.

In response to Council Member Besse's question, Ms. Dusenbury stated that the market study was completed by a third party analyst who surveyed existing apartment communities, rental rates and occupancy rates, and demonstrates a current demand as of February.

In response to Chair Merschel's question, Council Member Leight stated that the neighbors are disappointed and while she has no objection to the project, these details should be clarified in the future. She also stated that if the Council Member is well-informed, they can help educate affected citizens.

In response to Mayor Joines' question, Ms. Parker stated that if the funding is approved, projections will be adjusted as the project will fall within the parameters of the 5-Year Plan.

Mr. Lee Garrity, City Manager, stated that if staff knows a text amendment and zoning item are dependent upon one another, they can ensure Council Members are notified so as to communicate that

information to citizens.

In response to Council Member Besse's question, Mr. Paige stated that there is approximately \$1.5 million left in General Obligation Bonds.

Council Member Johnson requested that staff use a check sheet when similar projects are considered to ensure proper procedures are followed.

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

Finance/Budget

C-6. RESOLUTION APPROVING THE FISCAL YEAR 2009-2010 OPERATING MEMORANDUM BETWEEN THE CITY OF WINSTON-SALEM AND THE RISK ACCEPTANCE MANAGEMENT CORPORATION.

In response to Chair Merschel's question, Mrs. Denise Bell, Chief Financial Officer, stated that the increase in workers compensation is due to the fact that claimants who are no longer able to return to their previous position and who are unable to be rehabilitated, are receiving workers compensation as well as disability or retirement benefits. She also stated that while various Public Works departments, such as Sanitation, Recreation and Parks, Utilities, Police and Fire usually have higher workers compensation claims, those numbers have decreased over the years. She further stated that the Industrial Commission requires the employer to continue to pay an employee until a suitable position is found. She also confirmed that July 1, 2007 is the date the policy change was made.

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

GENERAL AGENDA

G-1. CONSIDERATION OF ITEMS RELATING TO ENERGY EFFICIENCY CONSERVATION BLOCK GRANT:

- a. RESOLUTION APPROVING THE ESTABLISHMENT OF AN ENERGY CONSERVATION FUNDING PROGRAM.
- b. RESOLUTION APPROVING THE USE OF FORMULA FUNDS UNDER THE AMERICAN RECOVERY AND REINVESTMENT ACT. [*\$2,262,000.*]
- c. ORDINANCE AMENDING THE PROJECT BUDGET ORDINANCE FOR THE CITY OF WINSTON-SALEM, NORTH CAROLINA FOR THE FISCAL YEAR 2008-2009.

Mr. Gregory M. Turner, Assistant City Manager/Public Works, noted that under the American

Recovery and Reinvestment Act, the City is entitled to receive \$2.26 million in Federal funding under the Energy Efficiency Conservation Block Grant Program. To obtain the funding, the program will be reviewed as far as the City's plan to spend the money, and draw-downs will be allocated on the amount the City is eligible to receive. The first \$250,000 will be received upon submission of appropriate documentation, the proposal will be reviewed with the request for initial funds and once the proposal is accepted, the first half of the amount will be released, minus the initial \$250,000. Once projects are completed, the remaining money will be released. The Federal government will be reviewing how funds are leveraged to carry out over multiple years to provide reductions in energy consumption within the community. In staff's proposed program, the City can take half of its savings from energy consumption and roll that funding into an account for additional energy reduction programs, which is outlined on page two of agenda packet. Eight initial projects are proposed and the energy savings from these projects for the first ten years will be put into the General Fund and the City energy reduction fund. The City energy reduction fund will allow for additional projects, which will meet government regulations. This item will approve the establishment of the program, authorize the prioritized list of projects, and a budget amendment to authorize the receipt of the money. The Federal government will review the program and may not provide the entire allocation if they do not agree with the City's proposal.

Mayor Joines stated that he is pleased with the idea of creating an energy fund.

Council Member Johnson noted that the National League of Cities will host an audio conference on April 14 on how to conserve energy and questioned how the community can be educated on ways to conserve energy.

Mr. Turner noted that there is some funding within the private sector for weatherization, but funding will be provided to agencies authorized within the region and the City is not authorized. If a community does not have adequate private sector programs or services, the City could provide that service, but it has been indicated that there are adequate private sector resources.

Council Member Johnson requested that an energy budgeting chart be created and promoted through marketing to help individual residents with energy conservation.

Mrs. Martha Wheelock, Assistant City Manager, noted that a Community Sustainability Committee has been created and upon meeting, they created a subcommittee designed to promote sustainability education and awareness.

In response to Council Member Clark's question, Mr. Turner stated that staff is comfortable with locations specified as being appropriate for the use of light emitting diode (LED) technology. These are low-level lighting areas, such as pedestrian level lighting, that will provide sufficient illumination.

Council Member Clark expressed concern that money is being spent on studies and demonstrations, rather than on putting energy saving technology where it will be beneficial.

Mr. Turner stated that energy efficiency studies is one of the core program elements evaluated in whether or not funding will be authorized, and possibly an area the City will be graded on. LED technology will support the elements of the Sustainability Committee, the Greenhouse Gas Report, and it accrues benefits by identifying projects for the future.

Chair Merschel stated that the renewable energy demonstration may be better housed at Sci-Works or the Children's Museum, or a location where it can reach a target market. She requested that educational venues be considered to house the renewable energy demonstration.

Mrs. Wheelock stated that as the program is developed, staff hopes to get the input of the Sustainability Committee, and hopefully have the ability to measure the City's conservation efforts.

In response to Council Member Besse's question, Mr. Randy Rogers, Facilities Management Director, stated that the parenthetical notes listed under the projects are projected annual savings.

In response to Council Member Besse's question, Mr. Turner noted that the figures under the Triad Parking Garage LED program were a typo and should be \$20,000.

Council Member Leight noted that a position may be needed to specifically market sustainability for the City and to ensure that the public is educated.

In response to Chair Merschel's comment, Mr. Turner noted that the special fund can only recoup funding for the first ten years of the project, but the benefits will be everlasting.

Chair Merschel requested that the Sustainability Director position be posted and that staff look for internal candidates so there will be no net increase to personnel expenses.

Mr. Garrity noted that the position will be posted internally and will require a specific skill set to achieve the City's sustainability goals.

Chair Merschel questioned whether or not the position could be considered as a budget item rather than part of the economic recovery package.

Mr. Turner noted that was possible but that the position may be one of the core elements the City will be evaluated on.

Mrs. Wheelock noted that there is a clear need for the position and staff hopes to reorganize existing positions, but there may be a challenge to find someone internally with the desired skills.

Chair Merschel requested that a category be added for head count on the chart of how funding will be spent.

Mayor Joines noted that the position could possibly be contracted.

Council Member Leight noted in the future, energy savings could possibly fund a position.

Council Member Johnson expressed concern with the vacated position that will be left if the job is awarded to someone in the Neighborhood Development department. If the position is contracted, ensure that marketing factors are in place to find the most qualified candidate.

Mr. Turner noted that the City can save almost the total cost of the investment after ten to twelve years.

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

G-2. RESOLUTION APPROVING THE USE OF JUSTICE ASSISTANCE GRANTS FUNDS FOR POLICE SUPPORT SERVICES. [*\$536,198.*]

Mr. Scott Cunningham, Chief of Police, stated that the Winston-Salem Police Department (WSPD) is pursuing a formula grant and is seeking guidance on the allocation of funds for the May 18 deadline. There is a disparate funding section within the grant where all involved parties must be in agreement and the WSPD is currently unable to reach an agreement with the Sheriff's Department.

In response to Council Member Clark's question, Chief Cunningham stated that the funding can be used to purchase equipment, provide crime prevention education, anti-gang and drug efforts and additional personnel resources. The WSPD would like to fund equipment purchases for additional personnel that would be funded by a Certificate of Participation grant.

Council Member Clark noted that two-thirds of County residents reside within the city limits and the fairest split would be based on population.

Chair Merschel commented that she supports Chief Cunningham's negotiations, and questioned whether or not there is a joint service or educational opportunity county-wide that could be taken off the top of the funding and split the net difference at one-third for the County and two-thirds for the City.

Mr. Garrity stated that the Sheriff wants to use the funding for equipment and to hire more officers.

Council Member Leight noted that the WSPD should not give in to the Sheriff's demands.

In response to Council Member Besse's question, Chief Cunningham stated that the implementing regulations of the grant itself specify that the governmental entities are ultimately responsible for the agreement, but it is commonly viewed as an agreement between the Police and Sheriff's departments.

Council Member Besse suggested that the City Manager and County Manager negotiate the terms of the agreement.

Chief Cunningham noted that the Police Chief, City Manager, County Manager and Sheriff will have to sign off on the agreement.

Council Member Johnson questioned who is the absolute governmental authority and what can the Sheriff provide to the City for a larger portion of the agreement. She also suggested that the County Commissioners and County Manager be approached to reach an agreement.

Chair Merschel requested a status update at the May Finance Committee Meeting.

Council Member Johnson requested that the City Attorney review the applicable statutes.

The item was further discussed at the Public Safety Committee meeting.

Council Member Burke in at 5:14 p.m.

G-3. CONSIDERATION OF ITEMS RELATING TO THE COMMUNITY DEVELOPMENT BLOCK GRANT:

- a. RESOLUTION APPROVING THE FY10 HOUSING AND COMMUNITY DEVELOPMENT PROGRAM, AUTHORIZING SUBMISSION OF THE 2009-2010 ANNUAL PLAN, AND AUTHORIZING SUBMISSION OF A SUBSTANTIAL AMENDMENT TO THE 2008-2009 ANNUAL PLAN TO THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.
- b. ORDINANCE AMENDING THE PROJECT BUDGET ORDINANCE FOR THE CITY OF WINSTON-SALEM, NORTH CAROLINA FOR THE FISCAL YEAR 2008-2009.

Ms. Parker stated that Housing and Urban Development (HUD) has not released the annual budget and Housing/Neighborhood Development has been authorized to use its figures from the 2008 allocation. Public Service activities allocation has been reduced by 15%, stimulus money has been amended by \$748,000 by including the Homeless Prevention budget, Community Development Block Grant funding has been amended \$489,000, and the budget will be brought back once HUD has released exact figures. She noted that funding will continue at the same level less 15%.

Mayor Joines noted that the \$748,000 for homeless prevention goes along with the Ten-Year Plan to End Chronic Homelessness to help get people off the streets permanently.

Ms. Parker noted that a Request for Proposal will be provided for those funds.

Council Member Johnson expressed concern with the relocation of the Martin Luther King, Jr. Corridor based on the completion of the S.G. Atkins Community Development Corporation plan, and what resources have been identified. She also noted that there have been a number of strategic plans created by the Winston-Salem State University over the past several years and with each change in leadership, total implementation of the plans remains unseen. She also questioned why no Goler Community Development Corporation (CDC) projects were included on the map.

Ms. Parker noted that staff will continue to work with Goler CDC but it was not highlighted in regards to new projects.

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

G-4. REPORT ON OTHER FORMULA FUNDS UNDER THE AMERICAN RECOVERY AND REINVESTMENT ACT.

Mr. Turner noted that the report demonstrates formula funds for two additional categories: the Winston-Salem Transit Authority and the Transportation Advisory Committee and how funds will be utilized.

In response to Council Member Clark's question, Mr. Turner stated that preventive maintenance could include engine repair. Preventive maintenance has been specifically classified as capital for purposes of these funds, and allows an extension of the operational life of the Mass Transit Fund.

Chair Merschel requested salary information by Monday.

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

G-5. MONTHLY REPORT ON ECONOMIC STIMULUS PROJECTS UNDER THE AMERICAN RECOVERY AND REINVESTMENT ACT.

Mr. Turner noted that only projects actively requested or approved are on the list. Requested projects for which funding has not been received will not be indicated on the report.

G-6. CONSIDERATION OF ITEMS RELATING TO THE ISSUANCE OF GENERAL OBLIGATION REFUNDING BONDS OF THE CITY OF WINSTON-SALEM, NORTH CAROLINA:

a. RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WINSTON-SALEM, NORTH CAROLINA, MAKING CERTAIN STATEMENTS OF FACT CONCERNING PROPOSED BOND ISSUE.

b. INTRODUCTION OF BOND ORDER:

BOND ORDER AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$9,200,000 GENERAL OBLIGATION REFUNDING BONDS OF THE CITY OF WINSTON-SALEM, NORTH CAROLINA.

Mrs. Bell noted that this is an opportunity to refinance General Obligation bonds issued in 1998 and 1999, and will produce full maturity of the debt over ten years. A sale date could be as early as the third week of May.

Council Member Malloy in at 5:25 p.m.

Council Member Clark made a motion to approve the item. The motion was duly seconded by Council Member Johnson.

Council Member Johnson requested a list of projects.

The motion carried unanimously.

ADJOURNMENT: 5:28 p.m.