

SUMMARY OF MINUTES

FINANCE COMMITTEE

4:00 P.M., MONDAY, SEPTEMBER 14, 2009

COMMITTEE ROOM

ROOM 239, CITY HALL

MEMBERS PRESENT: *Mayor Allen Joines*
 Council Member Robert C. Clark, Vice Chair
 Council Member Vivian H. Burke
 Council Member Joycelyn V. Johnson

MEMBER ABSENT: *Council Member Wanda Merschel, Chair*

OTHERS PRESENT: *Council Member Molly Leight (in at 4:02 p.m.)*

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

Vice Chair Clark requested to pull Items C-10 and C-11. Council Member Burke requested to pull Item C-9. No other items were removed.

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

CONSENT AGENDA

Property Matters

- C-1. CONSIDERATION OF ITEMS RELATING TO THE ACQUISITION/SALE OF PROPERTY:
- a. RESOLUTION AUTHORIZING ACQUISITION OF PROPERTY FOR BRUSHY FORK GREENWAY EXTENSION AND THE GRANTING OF REPLACEMENT ACCESS ACROSS CITY OWNED PROPERTY - *Located on a .95 acre portion of a lot between Highway 421 and Fifth Street near Brushy Fork Creek. [\$21,055 from Capital Project Funds.]*
 - b. RESOLUTION AUTHORIZING THE SALE OF CERTAIN CITY-OWNED PROPERTY TO LUTHERAN SERVICES FOR THE AGING, A NON-PROFIT ENTITY CARRYING OUT A PUBLIC PURPOSE AS PERMITTED IN N.C.G.S. 160A-279 - *12.1 acre lot located on Waterworks Road. [Receipt of \$248,800.]*
 - c. RESOLUTION AUTHORIZING ACQUISITION OF PROPERTIES FOR MOTOR

ROAD EXTENSION PHASE III BY DEED OR CONDEMNATION - *Various lots located on Motor Road, Old Rural Hall Road, Circle Drive, Benjamin Street, and Baux Mountain Road. [Up to \$108,278 from General Obligation Bond funds.]*

Community and Economic Development

- C-2. RESOLUTION REVISING AUTHORIZATION OF PERMANENT FINANCING FOR 13 UNITS OF PERMANENT RENTAL HOUSING IN THE OLD CHERRY NO. 2 REDEVELOPMENT AREA. [*\$869,544 from General Obligation Bonds and Capital Project Reserves.*]

Finance/Budget

- C-3. RESOLUTION ACCEPTING THE FISCAL YEAR 2009 ANNUAL TAX SETTLEMENT AND ADOPTION OF AN ORDER TO COLLECT CURRENT TAXES FOR 2009 (FISCAL YEAR 2009-2010) AND DELINQUENT TAXES FROM 2000 THROUGH 2008.
- C-4. RESOLUTION AUTHORIZING THE CITY MANAGER TO PURCHASE PROPERTY, BOILER, AND MACHINERY INSURANCE FROM THE BERKLEY MID-ATLANTIC GROUP THROUGH SURRY INSURANCE. [*\$325,701 from General and Enterprise Funds.*]
- C-5. CONSIDERATION OF AMENDMENTS TO THE FISCAL YEAR 2009-2010 ANNUAL APPROPRIATION/TAX LEVY AND PROJECT BUDGET ORDINANCES:
- a. ORDINANCE AMENDING THE ANNUAL APPROPRIATION AND TAX LEVY ORDINANCE FOR THE CITY OF WINSTON-SALEM, NORTH CAROLINA FOR THE FISCAL YEAR 2009-2010.
 - b. ORDINANCE AMENDING THE PROJECT BUDGET ORDINANCE FOR THE CITY OF WINSTON-SALEM, NORTH CAROLINA FOR THE FISCAL YEAR 2009-2010.
- C-6. CONSIDERATION OF ITEMS RELATING TO CONTRACTS:
- a. RESOLUTION AWARDING CONTRACT FOR GLOBAL POSITIONING SYSTEM RECEIVERS FOR POLICE SUPPORT SERVICES BUREAU - *Amerizon Wireless* - \$143,625.
 - b. RESOLUTION AWARDING CONTRACT FOR SECURITY MANAGEMENT SYSTEM FOR ALEXANDER R. BEATY PUBLIC SAFETY TRAINING AND SUPPORT CENTER - *SFI Electronics* - \$188,632.

Transportation

- C-7. CONSIDERATION OF ITEMS RELATING TO THE DOWNTOWN CENTER FOR THE ARTS: *[Receipt of \$144,000 from the N.C. Department of Transportation.]*
- a. RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO A MUNICIPAL AGREEMENT WITH THE NORTH CAROLINA DEPARTMENT OF TRANSPORTATION TO RECEIVE FUNDS TO IMPROVE DRAINAGE AND PROVIDE BETTER ACCESSIBILITY FOR PEDESTRIANS AND BUSES ON SPRUCE STREET.
 - b. RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO AN ASSUMPTION AGREEMENT WITH THE ARTS COUNCIL, INC. TO PASS THROUGH FUNDING FOR DRAINAGE AND ACCESSIBILITY IMPROVEMENTS ON SPRUCE STREET.
 - c. ORDINANCE AMENDING THE PROJECT BUDGET ORDINANCE FOR THE CITY OF WINSTON-SALEM, NORTH CAROLINA FOR THE FISCAL YEAR 2009-2010.
- C-8. CONSIDERATION OF AMENDMENTS TO THE FY 09-10 ANNUAL APPROPRIATION/TAX LEVY AND PROJECT BUDGET ORDINANCES FOR THE CITY OF WINSTON-SALEM, NORTH CAROLINA TO PROVIDE ADDITIONAL FUNDING TO THE CURRENT CAPITAL IMPROVEMENT PROJECT TO RESURFACE STREETS FROM THE POWELL BILL FUND BALANCE:
- a. ORDINANCE AMENDING THE ANNUAL APPROPRIATION AND TAX LEVY ORDINANCE FOR THE CITY OF WINSTON-SALEM, NORTH CAROLINA FOR THE FISCAL YEAR 2009-2010.
 - b. ORDINANCE AMENDING THE PROJECT BUDGET ORDINANCE FOR THE CITY OF WINSTON-SALEM, NORTH CAROLINA FOR THE FISCAL YEAR 2009-2010.

General Government

- C-12. APPROVAL OF FINANCE COMMITTEE SUMMARY OF MINUTES - *August 10, 2009.*
- C-9. CONSIDERATION OF ITEMS RELATING TO CITY PARTICIPATION IN A DRAINAGE PROJECT:
- a. RESOLUTION APPROVING CITY PARTICIPATION IN A DRAINAGE PROJECT ACROSS PRIVATE PROPERTY - *890 and 995 Somerset Drive, and Vacant Lots on Somerset Drive and Brookridge Drive. [\$110,180 from Stormwater Fund.]*
 - b. ORDINANCE AMENDING THE PROJECT BUDGET ORDINANCE FOR THE CITY OF WINSTON-SALEM, NORTH CAROLINA FOR THE FISCAL YEAR 2009-2010.

In response to Council Member Burke's question, Mr. Greg Turner, Assistant City Manager/Public Works, stated that staff receives regular requests from citizens for 70/30 projects.

Council Member Burke requested to know the percentage of applicants or those interested in participating in a 70/30 project, who qualify. She also requested to know what areas of the city the requests are received from.

Council Member Leight in at 4:02 p.m.

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

C-10. CITIZENS' BASEBALL STADIUM REVIEW COMMITTEE SEPTEMBER 2009
REPORT TO THE CITY COUNCIL .

Vice Chair Clark noted that one member of the Review Committee who recently resigned seemed to be experiencing some frustration and inquired of Mr. Turner any thoughts or comments on the progress of the Review Committee.

Mr. Turner noted that the Chair of the Review Committee will submit a monthly report to the Finance Committee and would also be willing to present at any time the Finance Committee wishes. The Review Committee has reviewed many issues related to the agreement, and discussed incorporating additional language into the first report related to the agreement, but because the agreement will not be finalized until the closing, the Review Committee decided to wait for a full briefing on the final agreement before any presentation to Council.

Council Member Johnson noted that there were substantial conversations during the first meeting of the Review Committee, at which the member in question was not present.

Council Member Burke stated that when working together to serve on a volunteer committee, members need to clearly understand their roles and what is going on during a meeting. If a committee member feels something is being hidden, it can bring doubt to the minds of others. During a review committee meeting, members' questions should be answered, there should be no hidden agendas, and members should keep the confidentiality of the committee. Members of the press are able to attend any and all open meetings, so review committee members should clarify their questions rather than speaking to the press first.

C-11. MONTHLY REPORT ON ECONOMIC STIMULUS PROJECTS UNDER THE
AMERICAN RECOVERY AND REINVESTMENT ACT.

In response to Vice Chair Clark's question, Mr. Turner stated that no funds have been received yet, but an additional reporting column was added to the presented information, which will outline the amount of funding to be received and when it can be expected.

GENERAL AGENDA

- G-1. CONSIDERATION OF ITEMS RELATING TO POLICE OFFICER RETIREMENT BENEFITS:
- a. ORDINANCE AMENDING CHAPTER 50, ARTICLE II OF THE CITY CODE RELATING TO RETIREMENT.
 - b. RESOLUTION AMENDING ARTICLE I OF THE CITY OF WINSTON-SALEM PERSONNEL RESOLUTION RELATING TO REINSTATEMENT.

Mrs. Denise Bell, Chief Financial Officer, stated that this item will amend the City Code relating to the Winston-Salem Police Officer's Retirement System, to permit a benefit option to beneficiaries of officers killed in the line of duty that have 15 years service. This benefit will be valid for the remainder of the beneficiary's life based on the number of years the officer served and his or her annual average compensation. This amendment is in conjunction with the fact that the State made this adjustment to the Local Government Retirement System and as a result of an officer death within the City of Winston-Salem. This benefit option will be retro-active for anyone killed in the line of duty beginning January 1, 2007.

Council Member Burke made a motion for approval of the item.

Mrs. Bell also noted that there is an included resolution that will permit the rehire of retired officers, but only part-time so as not to jeopardize any retirement benefits they are currently receiving.

Council Member Johnson questioned if these benefit programs were offered to other departments within the City.

Mrs. Bell stated that in terms of rehiring retired employees, other than police officers, there is currently an option to come back in a less than full-time benefitted position, so as not to jeopardize retirement benefits.

Mr. Lee Garrity, City Manager, stated that this amendment to the City Code is related to police officers due to their retirement provisions, where the goal is specifically to provide an option of utilizing retired police personnel as security officers within City Hall and the Bryce A. Stuart Municipal Building. There is a provision for those employees who participated in the retirement incentive package this year that they cannot immediately return as a City employee. For other employees, rehire will be determined on a case by case basis so as not to create problems for those current employees moving up within the organization.

The motion for approval was duly seconded by Vice Chair Clark and carried unanimously.

- G-2. CONSIDERATION OF ITEMS RELATED TO A COMMUNITY ORIENTED POLICING SERVICES HIRING RECOVERY PROGRAM AWARD: *[Receipt of \$3,884,575 from U.S. Department of Justice.]*
- a. RESOLUTION ACCEPTING A COMMUNITY ORIENTED POLICING

SERVICES HIRING RECOVERY PROGRAM GRANT PROVIDED THROUGH THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 TO FUND TWENTY-FIVE NEW POLICE OFFICERS.

- b. ORDINANCE AMENDING THE ANNUAL APPROPRIATION AND TAX LEVY ORDINANCE FOR THE CITY OF WINSTON-SALEM, NORTH CAROLINA FOR THE FISCAL YEAR 2009-2010.
- c. ORDINANCE AMENDING THE PROJECT BUDGET ORDINANCE FOR THE CITY OF WINSTON-SALEM, NORTH CAROLINA FOR THE FISCAL YEAR 2009-2010.

Mr. Scott Cunningham, Chief of Police, noted that this item is for stimulus money from a Community Oriented Policing Services hiring grant for official recognition by the City so the Winston-Salem Police Department (WSPD) may complete its agreement with the Department of Justice. This funding will allow the hiring of an additional 25 sworn officers and the grant provides three years of full salary and benefits once the officers are sworn. The City will cover training costs, much of which is already built in to the budget, will hire previously certified officers to eliminate additional training costs, and will cover equipment costs related to these officers. The WSPD has submitted a plan for utilization of these officers, making them operational through field training and basic academy training, and will then utilize them in a task force concept and focus on historical high crime areas. Ultimately, the 25 officers will be moved along with other officers inside the WSPD, for a total of 36 officers which will allow the WSPD to add another set of beats. Hopefully, this transition will occur within 12 to 15 months. In response to Council Member Leight's question, Chief Cunningham stated that no other police department in the State has the same depth of training as the WSPD, but these officers will go through a five week in-house police academy and a modified field training program based on his or her level of experience to prepare them to serve.

In response to Mayor Joines' question, Mr. Garrity stated that if the grant is accepted, the City will commit approximately \$1.7 million in resources to the fourth year, with the real impact to the General Fund during the fourth or fifth year. The City must make this funding commitment to accept the grant.

Council Member Johnson questioned if there was an opportunity to utilize the reverse bidding process for equipment needs.

Chief Cunningham stated that there is an opportunity to obtain equipment through municipal leasing, Justice Assistance Grants and other forfeiture grants, and the WSPD goal is to acquire the equipment in the most cost effective manner.

Mr. Garrity noted that much of the police equipment costs are allocated in the State contract and staff can determine whether or not it would be worth a separate bid.

Council Member Burke noted that with a growing, diverse population, public safety is important and citizens need to be assured that there are enough police personnel to protect them. A price tag cannot be placed on safety, and as funding sources are found for other projects, staff will find

funding for this one as well.

Chief Cunningham noted that the WSPD will utilize resources in the most effective way possible, and will report back periodically.

Council Member Johnson requested a map showing high crime areas, the types of crime in those areas, and that it be overlaid with any housing challenges in those areas.

Council Member Burke suggested that Chief Cunningham speak with Mr. Larry Woods, Housing Authority of Winston-Salem Director, to determine a sensitive method of dealing with the social needs of his residents.

In response to Vice Chair Clark's question, Mr. Garrity stated that the approximate cost of \$665,000 for this year's commitment will come from existing budget resources, primarily forfeiture funds and equipment that is already owned. He also stated that the City will cover the cost of salary, training and equipment until the officers are sworn, much of which is already budgeted.

The motion for approval carried unanimously. *(Per the tape, no motion was made/heard)*

G-3. UPDATE ON NISSEN BUILDING LOAN REPAYMENT.

Mr. Ruben Gonzales, Development Director, stated that the current cash flow from the Nissen Building is not enough for the owners to begin making payments on the interest of their loan, due to the exceeding costs of the building. He also stated that the City is seventh in line for payment.

Council Member Burke requested a list of private investors and a timeframe for when the apartments will be converted to condominiums.

Mr. Gonzales noted that private investors are eighth on the list for payment. He also noted that in 2011, existing apartments will be converted to condominiums, based on a feasibility study, paid for by the Nissen Building owners. Each time a unit is sold, the City will receive a portion of that sales price, which will be based on market conditions.

In response to Council Member Leight's question, Mr. Gonzales noted that in reviewing the statement of cash flows, the revenue of the Nissen Building is less than its expenses, even though the building is at 94% occupation. Although its income is enough to operate its business, the involved lenders expect return based on the cash flow.

Mayor Joines noted that the Nissen Building was never set up as a cash flow to pay back debt, rather the payment would come with the conversion from apartments to condominiums and those units being sold.

Council Member Johnson noted there are issues with loading and parking that could have a negative impact on the building's success.

Mr. Gonzales noted that the Nissen Building had occupancy as high as 98% this year.

Vice Chair Clark noted that if a feasibility study is required in March 2011, he would suggest that Nissen personnel wait to complete it closer to that date. He also requested a list of lenders for the Nissen Building, amount of the loans and interest owed.

Council Member Burke requested to know the occupancy rates of apartments and condominiums located downtown, such as Piedmont Leaf Lofts, Goler, West End Village and others.

ADDITIONAL ITEM

Mrs. Martha Wheelock, Assistant City Manager, stated that the Arts Council has requested that the City Council consider reducing the payments for its sublease agreement through March 2014 and a funding commitment to help them obtain a \$1.2 million grant from the Kresge Foundation (Kresge). Kresge requires that a certain amount of public money is raised and then it will be matched. Kresge is challenging the Arts Council to secure \$1 million in governmental resources by September 18. The Arts Council has been approved to receive several hundred thousand dollars from the State and Forsyth County, and made a presentation in early September to the County Commissioners. City staff is working with County staff to consider a commitment of up to \$50,000 per year based on the difference of what is budgeted and what is received from Occupancy Tax funds. The City currently commits \$200,000 per year to the Arts Council and has entered into lease and sublease agreements of the A C Delco building for interest only payments for a second five-year lease term. City staff has reviewed opportunities for City Council's consideration, such as forgiveness of debt and loan modification. The title to the building is currently in the name of the Municipal Leasing Corporation and cannot be transferred until 2019. To support the Arts Council's request, the City will need to accumulate \$53,000 each year to pay off the debt. The \$53,000 will need to be appropriated each year and will not affect this fiscal year. There is a \$50,000 reserve in Occupancy Tax if there are no other options for Fiscal Year 2010-2011.

Mr. Garrity noted that the Arts Council has worked hard to come up with matching funds and provisions that will help make the City's position more comfortable. One provision is that the funding commitment is contingent upon the Arts Council's receipt of the Kresge grant and that it solicit funding commitments from other municipalities within the County.

Mrs. Wheelock noted that staff is requesting permission for the City Manager to draft a commitment letter to the Arts Council with the condition that it can be rescinded if not approved by the council.

Mayor Joines expressed his support of the item because it will make a major economic impact on the City and is a small investment for a major return.

In response to Council Member Johnson's question, Mr. Garrity noted that he is unaware of any pending requests from other community entities.

Mrs. Wheelock stated that the Occupancy Tax Fund is projected for future years anticipating requests that may come forward, similar to this.

Ms. Christine Goerlick, 2585 Woodberry Drive, Arts Council Vice President for External Relations, expressed her thanks for the Council's consideration of the request and appreciation of staff support.

In response to Council Member Johnson's question, Ms. Goerlick stated that other municipalities within the County have been approached for annual, rather than capital support.

Council Member Johnson expressed concern that the City may be giving more than its fair share of support because City residents pay City and County taxes, and there does not seem to be much response from other municipalities.

In response to Council Member Leight's question, Mrs. Wheelock stated that the Arts Council has been deferred by Kresge in the past and not considered due to a lack of funding commitment.

Council Member Burke made a motion for approval of the item. The motion was duly seconded by Vice Chair Clark.

In response to Council Member Johnson's question, Mrs. Wheelock stated that payments for the A C Delco lease will be outlined during the budget process.

The motion for approval carried unanimously.

ADJOURNMENT: 4:53 p.m.