

## SUMMARY OF MINUTES

### FINANCE COMMITTEE

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

COMMITTEE ROOM

ROOM 239, CITY HALL

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

*OTHERS PRESENT:* Council Member Molly Leight  
Council Member Dan Besse (in at 4:03 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-2 and C-7. Council Member Johnson requested to pull Item C-3. Chair Merschel requested to pull Item C-10. No other items were removed.

Council Member Clark 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 PROPERTIES FOR MOTOR ROAD EXTENSION BY DEED OR CONDEMNATION - *Property located on Motor Road. [\$2,550 in G.O. Bond Funds.]*
  - b. RESOLUTION AUTHORIZING AN EXTENSION OF THE CLOSING DATE FOR THE PURCHASE OF CITY OWNED PROPERTY BY LUTHERAN SERVICES FOR THE AGING - *Property located on Waterworks Road.*

##### Public Safety

- C-4. ORDINANCE AMENDING SECTION 42-252(a) OF THE CITY CODE RELATING TO PARKING RATES AND TIMES OF PARKING.

Finance/Budget

- C-5. RESOLUTION AWARDED CONTRACT FOR CONSTRUCTION OF SPRAGUE STREET AND COLE ROAD IMPROVEMENTS - *Yates Construction Co., Inc.* - \$1,194,272.96 (*Estimated Amount*).
- C-6. CONSIDERATION OF AMENDMENTS TO THE FY 09-10 PROJECT BUDGET ORDINANCE FOR THE CITY OF WINSTON-SALEM, NORTH CAROLINA.

General Government

- C-8. MONTHLY REPORT ON ECONOMIC STIMULUS PROJECTS UNDER THE AMERICAN RECOVERY AND REINVESTMENT ACT.
- C-9. INFORMATION ON AMERICAN RECOVERY AND REINVESTMENT ACT PROJECT BIDS.
- C-11. APPROVAL OF FINANCE COMMITTEE SUMMARY OF MINUTES - *October 12, 2009*.

Community and Economic Development

- C-2. RESOLUTION AUTHORIZING FUNDING TO HABITAT FOR HUMANITY OF FORSYTH COUNTY, INC. FOR THE SMITH FARMS SUBDIVISION. [*\$422,740 from Federal Neighborhood Stabilization Program Funds.*]

*Council Member Besse in at 4:03 p.m.*

Mr. Derwick Paige, Deputy City Manager, stated that funds were received to acquire properties in foreclosure and that the City will be providing a loan to Habitat for Humanity to be attached to the properties. The loan will be forgiven as long as the properties are used for low to moderate income housing.

Council Member Clark clarified that if an individual lives in one of these homes for 20 years, the loan will be completely forgiven and if the home is sold before the end of the 20 years, the individual will pay a prorated share.

Council Member Leight expressed concern that the funding to acquire and redevelop foreclosed properties cannot be used to help individuals currently facing foreclosure. She requested that other funding sources be identified on the City's website, such as the North Carolina Banks Commission, that offer assistance to individuals currently facing foreclosure.

Mr. Paige noted that these are Federal funds supplied to the City from the State, through the 2008 Neighborhood Stabilization Program (NSP) fund, which states that it will have to be used to acquire

properties that have been foreclosed. The 2009 NSP funds will allow for individual assistance and staff will provide information regarding other funding sources.

Council Member Johnson requested a brief description of the project from a Habitat for Humanity representative.

Ms. Sylvia Oberle, 845 Sylvan Road, Executive Director of Habitat for Humanity, stated that the plan for Smith Farms Subdivision is to purchase 22 lots that are currently abandoned and foreclosed, which are affecting completion of the neighborhood. She also stated that the lots were partially developed by a private developer and currently owned by the Bank of North Carolina. She further stated that the lots are ready to be built upon, can be completed for relatively low costs and that many lots have partial foundations that will be torn out and replaced with Habitat designs. Ms. Oberle noted that Habitat had a favorable meeting with the neighborhood association regarding the building project, quality of houses and family selection process. The construction will improve property values in the neighborhood and will be alongside a planned elementary school to be built next year. Habitat will not be building on all of the lots to ensure adequate room and will leave two lots that are topographical challenges as green space and common areas for the neighborhood. In response to Council Member Burke's question, Ms. Oberle stated that Habitat attempts to keep responsible homeowners from losing their homes through a delinquency policy, consumer credit counseling and a forbearance plan. There are currently 270 Habitat homes in the area and fewer than seven of those have been foreclosed.

In response to Council Member Johnson's questions, Ms. Oberle stated that Habitat hopes to purchase the properties by the end of January 2010, begin site work in February, begin construction in June, and plan to complete the project within the next two years. The lot sizes are smaller than some that Habitat has previously built on, but will allow for a variation of designs.

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

### Environmental Health

#### C-3. CONSIDERATION OF ITEMS RELATING TO ADDITIONAL ENGINEERING DESIGN FOR THE BATH BRANCH REGIONAL STORMWATER CONTROL PROJECT:

- a. RESOLUTION APPROVING A REVISED MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY AND THE PIEDMONT TRIAD RESEARCH PARK FOR A STORMWATER ENGINEERING DESIGN.
- 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 Johnson's question, Mr. Greg Turner, Assistant City Manager/Public Works, stated that this funding approves additional design work to satisfy North Carolina Department of Transportation requirements for the stormwater project. The retention pond

will be adjacent to the facility rather than against it and will be shared 50/50 between the City and Piedmont Triad Research Park per the agreement. Design costs are to be shared 50/50 with construction costs being shared on a proportionate basis relative to the amount of impervious area each entity is responsible for. Additional design work will be completed to satisfy the State on utility locations and access, and the project will move forward once these issues have been resolved. Mr. Turner confirmed Council Member Clark's assumption that in a similar project at Grandview Golf Course in Pfafftown, the lake was drained because it backed up against the road and he speculated that the State did not want any impoundment against their roadway system.

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

#### Finance/Budget

C-7. CONSIDERATION OF ITEMS RELATING TO THE ISSUANCE OF \$4,785,000 TWO-THIRDS GENERAL OBLIGATION 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 ORDERS:

BOND ORDER AUTHORIZING THE ISSUANCE OF \$300,000 PUBLIC SAFETY BONDS OF THE CITY OF WINSTON-SALEM, NORTH CAROLINA.

BOND ORDER AUTHORIZING THE ISSUANCE OF \$1,348,000 STREET AND SIDEWALK BONDS OF THE CITY OF WINSTON-SALEM, NORTH CAROLINA.

BOND ORDER AUTHORIZING THE ISSUANCE OF \$3,137,000 PARKS AND RECREATION BONDS OF THE CITY OF WINSTON-SALEM, NORTH CAROLINA.

- c. RESOLUTION OF THE CITY OF WINSTON-SALEM, NORTH CAROLINA, CALLING A PUBLIC HEARING ON BOND ORDERS, DIRECTING PUBLICATION OF NOTICE OF SAID PUBLIC HEARING AND FILING OF A DEBT STATEMENT. *Public Hearing: December 21, 2009.*

Mrs. Denise Bell, Chief Financial Officer, stated that the City has planned to issue two-thirds bonds this year and is reviewing the possibility of some refunding bonds that may come forward in the near future, but two-thirds bonds have to be issued before General Obligation (GO) bonds. In addition to what is available in the two-thirds bonds, the City also qualifies under the program of Recovery Zone Economic Development Bonds, which is an allocation provided by the Federal government via the stimulus program. Municipalities can utilize these allocations to issue GO bonds at a less expensive interest cost.

Chair Merschel noted that there was some flexibility with the GO bonds categories and questioned if it would be the same in other bonds with regard to public safety, streets, sidewalks, and recreation and parks.

In response to Chair Merschel's question, Mrs. Bell noted that staff is not specifically defining projects but that bonds will be issued as they qualify for GO or two-thirds bonds and also in separate qualification with the general categories listed in the Agenda Book. If Council desires to move projects between categories, now would be appropriate time to do so.

Mr. Lee Garrity, City Manager, stated that all these projects were approved within the budget and in some cases, have already been started.

Mrs. Bell noted that if there are options or major changes, the bond orders will need to be modified to reflect that.

In response to Chair Merschel's question, Mr. Paige noted that downtown property maintenance is allocated \$100,000 annually, plus another \$50,000 for trailblazing signs that is matched by the Downtown Winston-Salem Partnership (DWSP). Trade Street improvements were allocated from a previous two-thirds bond.

Chair Merschel stated that she would like any earmarked funds from the Fourth Street improvement funding replenished, as long as it is kept within these categories since work on Trade Street has been completed. She also questioned if \$3.1 million in funding for Recreation and Parks takes into consideration the partnership with a local healthcare facility and its specific contribution to Recreation and Parks improvements.

Mr. Garrity stated that the healthcare partnership has matched funds for playground renovations and that funding can possibly be reduced as long as it is within the Recreation and Parks criteria in the bond order and transferred to another area.

Chair Merschel requested that staff review funding for Recreation and Parks between the two-thirds bond and the partnership with the local healthcare provider. She also requested that staff review the property owned by the City on Red Bank Road in the Grandview area, regarding the need to extend recreation facilities to some of the newly annexed areas.

In response to Council Member Burke's question, Mr. Garrity stated that all of these projects were approved within the budget adopted in June and authority is given to issue bonds when financially responsible. Some projects are already done so the City can reimburse itself.

Council Member Johnson noted that the public hearing for this item is scheduled for December 21 and requested that neighborhood organizations be informed and provided information on this topic. She also questioned if the Rupert Bell Spray Park would be covered under this funding.

Mr. Tim Grant, Recreation and Parks Director, noted that playground renovation is the first phase of improvements at Rupert Bell Park, and the second phase will be a sprayground, which uses recycled water that is pumped, cleaned and transferred through a spray apparatus. Spraygrounds are proposed

for larger, more heavily used recreation centers, rather than swimming pools.

Council Member Johnson questioned if all facilities were being considered for improvements within the 10-Year Master Plan or just those listed, and what is being done for the others.

Mr. Grant noted that Winston Lake Park, Salem Lake and Miller Park have been reviewed in depth regarding improvements that can be made to help meet the needs of the community, but all park facilities will eventually receive Master Plans. In response to Council Member Johnson's question regarding recent drownings, he noted that staff is considering the installation of security and video cameras to view various areas of surrounding trails and to be able to respond in emergency situations.

Council Member Johnson expressed concern about the safety issues that could arise in the more remote trail areas.

Council Member Leight noted that there are also issues with users of parks and trails being harassed, and that video surveillance will allow park rangers to monitor that activity.

In response to Council Member Clark's question, Mr. Grant noted that a Master Plan for all parks was completed by Mr. Roy Pender and also noted that there is a Master Plan for Jamison Park.

Council Member Besse expressed concern with removing money from the playground renovation fund as there are some facilities in need of complete renovation, such as Little Creek. He also noted that tennis court resurfacing is another area in need of funding. He further noted that the DWSP is anxious to install the trailblazing signs around the city.

In response to Council Member Clark's question, Mr. Grant stated that there is a comprehensive list of all installations, renovations and repairs that are needed but he did not know the total cost of all projects.

In response to Chair Merschel's question, Mr. Grant stated that the comprehensive report previously provided only included playgrounds, and not tennis court resurfacing.

In response to Council Member Burke's question, Mr. Grant noted that for areas where pools have been closed, staff would like to incorporate spraygrounds at those locations, because they will satisfy the same need as a pool and are less expensive to build and install. He also noted that in speaking with neighborhood groups, there is a lot of interest in spraygrounds.

Council Member Besse noted that Little Creek playground and Hathaway Park tennis courts are examples of existing facilities that are closed and in need of repair, and have been noticed by the community.

Chair Merschel requested that members of the Committee submit any further areas of concern to staff for review.

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

General Government

## C-10. CITIZENS' BASEBALL STADIUM REVIEW COMMITTEE MONTHLY REPORT TO THE CITY COUNCIL.

Chair Merschel noted that it would be helpful for the Citizens' Baseball Stadium Review Committee to be fully informed of site plan requirements in reference to light and noise containment, and requested that members of the Finance Committee be informed when the time comes to test sound and light equipment, as part of an agreement with surrounding neighborhoods.

Mr. Turner stated that staff will certify installation of sound and light equipment and that specified limits and conditions have been met.

In response to Council Member Burke's question, Mrs. Martha Wheelock, Assistant City Manager, stated that she would follow up on the neighborhood markers planned for installation at the stadium.

GENERAL AGENDA

## G-1. CONSIDERATION OF ITEMS RELATING TO RECOVERY ZONE FACILITY BONDS:

- a. RESOLUTION AUTHORIZING PROJECTS TO UTILIZE RECOVERY ZONE FACILITY BONDS.
- b. RESOLUTION AUTHORIZING PROJECTS TO UTILIZE RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS.

Mr. Paige noted that this item is similar to Item C-7, and noted that he would further explain Facility Bonds since Economic Development Bonds was already covered. The City is able to authorize funding for eligible projects within the city, but is not held accountable for the bonds. The item will provide a for-profit developer the ability to borrow funds at a non-profit rate provided they can attain a line of credit. The City must first approve the project, submit it to the Local Government Commission where it will be reviewed and if the project is found to be financially feasible, a bond will be sold and the borrower will receive proceeds from the sale of the bond at a lower rate. Bonds are not backed by the City, County or bonding authority, but rather by a Letter of Credit issued by a bank. Bonds have to be issued by December 31, 2010, and staff is reviewing projects that would be able to meet that timeline. The State has moved up the deadline and specified that a project has to be identified by December 15, 2009, and has to be scheduled for review at the May 2010 Local Government Commission meeting or approved by April 2010. This item designates Birch Development, Inc. as an eligible project for use of the bonds, and designates the recovery zone area as the city limits of Winston-Salem. The request from Birch Development, Inc. is for approximately \$1.9 million and under the City's total capacity of \$12.28 million. In response to Council Member Clark's question, Mr. Paige noted that the State may have moved up the deadline to ensure that authorization is utilized to move forward on shovel ready projects.

Council Member Clark clarified that if a bank is issuing the Letter of Credit, it is responsible for due

diligence. He also noted that if the recovery zone boundaries have been defined as the city limits, then basically any private developer would qualify. He questioned if there would be a way to notify any and all developers within the city of this opportunity.

In response to Council Member Johnson's question, Mr. Paige stated that the total funding cap is \$12.28 million and there is no limit to the number of projects that can be completed with that amount.

Council Member Johnson questioned if the State would be more interested in projects that they have a vested interest in, for example, the project along Martin Luther King, Jr. Drive and Business Interstate 40. She also noted that it may be of some interest to provide background information on how Mudpies was developed.

In response to Council Member Leight's question, Mrs. Bell stated that if a developer is currently in good credit standing, this opportunity will allow them to borrow money at a lesser rate and will seem more feasible to a bank because a cash flow is already established.

Mr. Paige noted that bonds are the critical piece to this opportunity, as the proceeds from bond sales will provide the funding to be lent to the developer.

In response to Council Member Besse's question, Mrs. Bell stated that within this program, there is no circumstance under which the City would assume responsibility should a project not reach completion.

In response to Council Member Besse's question regarding timing, Mr. Paige stated that other entities are reviewing the State's ability to change deadlines for project proposals.

Chair Merschel requested to know additional methods of notification that may be utilized and requested if staff had reviewed the Economic Development project list, or if staff had actively solicited participants.

Mr. Paige noted that staff could utilize WSTV-13, advertisement for prospective developers, and utilize the Chamber of Commerce to reach potential participants.

Mr. Garrity noted that staff could also communicate with Planning and Inspections staff to contact private developers.

In response to Council Member Burke's question, Mr. Paige responded that the challenge with projects involving the Airport Business Park is a verified revenue stream with the ability to repay bonds. He also noted that these bonds cannot be used for residential building purposes.

In response to Chair Merschel's question, Mrs. Bell verified that these bonds can be used for the rehabilitation of recreation facilities, shopping centers and commercial properties.

Council Member Johnson requested that notification be sent out through WSTV-13, the *Winston-*

*Salem Journal*, the *Winston-Salem Chronicle*, Que Pasa and other print media outlets. She also requested background information on Birch Development, Inc.

Mr. Luke Warner, President of Birch Development, Inc., 1118 Greccade Street, Greensboro, noted that the project began over a year ago to construct a facility for the Northwest Child Development Center (NWCDC) that will provide childcare for the area, as well as new jobs. In response to Council Member Johnson's question, he stated that Birch Development, Inc. has completed several projects in the Greensboro area, such as Desmond Woods subdivision, Chantille Place subdivision and a commercial project called Cardinal Village, near Piedmont Triad International Airport. He also stated that he has been working with underwriters at Southern Community Bank and Trust to obtain a loan commitment letter.

In response to Mayor Joines' question, Mr. Warner noted that he does not have a definitive answer as to whether or not this funding is necessary for the project to be competed, but it will help him to take the next step. He also noted that the zoning received unanimous approval from the City/County Planning Board.

In response to Chair Merschel's question, Mr. Warner stated that Mr. Jim Shaw, Liberty Community Development Corporation, made him aware of the opportunity. He also stated that this project will not qualify for a SBA Small Business Loan.

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

**G-2. CONSIDERATION OF ITEMS RELATING TO A LEAD HAZARD CONTROL AND HEALTHY HOMES HOUSING PROGRAM GRANT AND EXECUTION OF VARIOUS AGREEMENTS:**

- a. RESOLUTION AUTHORIZING ACCEPTANCE OF A LEAD HAZARD CONTROL AND HEALTHY HOMES HOUSING PROGRAM GRANT AND EXECUTION OF VARIOUS AGREEMENTS. [*\$2,070,000.*]
- b. ORDINANCE AMENDING THE PROJECT BUDGET ORDINANCE FOR THE CITY OF WINSTON-SALEM, NORTH CAROLINA FOR THE FISCAL YEAR 2009-2010.

Mr. Ritchie Brooks, Neighborhood Services Director, stated that the City was awarded a grant for \$2.7 million by the Department of Housing and Urban Development for lead abatement and over a three year period, the grant will require the City to hire two employees to be paid 100% from the grant. Those positions are not required to be kept after the grant completion, but he hopes to obtain two to three consecutive periods of the grant and authorize the City Manager to enter into a grant agreement with Hispanic Interaction Imprints, Winston-Salem State University Center for Community Safety and the Forsyth County Health Department. In response to Council Member Johnson's question, Mr. Brooks stated that this information will be incorporated during Fair Housing Month.

In response to Council Member Clark's question, Mr. Brooks responded that the normal lead

abatement procedure is to entirely remove or encapsulate and remove any substance containing lead. The typical cost to abate lead paint is between \$10,000 and \$15,000. He also stated that staff has been trained as lead assessors and inspectors, have been certified by the State, and will prepare a scope of work and clearance for the abatement process.

In response to Council Member Leight's question, Mr. Brooks stated that any house built prior to 1978 has to be tested for lead and the Health Department will aid in the lead hazard identification process through child screening. The Housing Authority of Winston-Salem, through its Section 8 program, will utilize that mailing list for distribution of information and will test over 200 homes each year, abating between 100 and 150.

In response to Council Member Clark's comment about test results of lead levels, Ms. Sharon Johnson, Rehabilitation Project Supervisor, stated that tested lead levels in homes were previously at .10 and are now at .08. She also stated that any child receiving Medicaid must be tested for lead by a pediatrician.

In response to Council Member Clark's question, Mr. Brooks stated that of the number of homes built prior to 1978, about 60% would be contaminated with lead. He also stated that the average cost to abate would be approximately \$10,000 to remove all lead hazards.

In response to Council Member Besse's inquiry about the use of remediation, Mr. Brooks noted that dependent upon the circumstances found during testing, remediation may be used to stabilize the hazards.

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

G-3. ORDINANCE AMENDING CHAPTER 10 OF THE CITY CODE RELATING TO BUILDING PERMIT FEES. *[Item continued from the October meeting of the Finance Committee.]*

Mr. Charles Norton, Inspections Director, presented Council Members' concerns regarding building permit fees to the Change of Use Task Force, specifically, further definition to the scope of limitations, inspections and evaluations, and a possible fee waiver or rebate. It was the consensus of the Task Force that further defining the scope of limitations for evaluation purposes was needed, and examples are provided in the memo referencing this item within the Agenda Book. The Task Force did not see a need for a rebate or waiver as the purpose statement and limitations are provided up front. Mr. Norton also noted that any fee adjustment will require an amendment to the City Code. The City Attorney's office noted that there are policies and procedures in place within Risk Management, whereby if a problem is caused or overlooked by a staff member, compensation can be provided to the customer.

Mr. Jack Steelman, 147 S. Cherry Street, Meridian Realty, serves as a member of the Task Force and was present to answer any questions.

In response to Council Member Leight's question, Mr. Norton stated that staff is working with the Marketing and Communications Department to provide public service announcements regarding

change of use, as well as providing information within City Scene, City Now and other outlets.

Chair Merschel noted that she and Mayor Joines had met with members of the Task Force and expressed her appreciation to them and to staff for their efforts.

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

Chair Merschel noted this would be Council Member Johnson's last Finance Committee Meeting and expressed appreciation to her for all of her hard work and efforts as a Council and Committee member.

Council Member Johnson noted that Public Works Committee Item G-1, Consideration of Candidates for Recognition on the Citizens' Memorial Wall Located in Evergreen Cemetery - *Sgt. Howard Joseph Plouff and Sgt. Mickey Gray Hutchens*, may have some resolution by the December 7 Council meeting.

Mr. Turner stated that the Public Works Committee has the authority to approve names for the Citizens' Memorial Wall, that staff would poll Committee members and plaques will be paid for through the Police Department budget.

ADJOURNMENT: 5:26 p.m.