

## SUMMARY OF MINUTES

### FINANCE COMMITTEE

4:00 P.M., MONDAY, MARCH 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 4:35 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 Item C-4. No other items were removed for discussion.

Council Member Clark made a motion to approve the balance of the Consent Agenda. The motion was duly seconded by Council Member Burke 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 II BY DEED OR CONDEMNATION. [*\$65,180 from GO Bond Funds.*]
  - b. RESOLUTION AUTHORIZING ACQUISITION OF PROPERTIES FOR SHATTALON DRIVE WIDENING BY DEED OR CONDEMNATION. [*\$26,915 from GO Bond Funds.*]
  - c. RESOLUTION AUTHORIZING ACQUISITION OF PROPERTY FOR WEST CLEMMONSVILLE ROAD EXTENSION BY DEED OR CONDEMNATION. [*\$22,250 from GO Bond Funds.*]
  - d. RESOLUTION AUTHORIZING THE FINAL DISPOSITION OF PROPERTY

LOCATED AT 1942 FLATROCK STREET THROUGH A PUBLIC AUCTION AS PERMITTED IN N.C.G.S. 160A-270. [*Receipt of \$45,000.*]

- e. RESOLUTION AUTHORIZING THE ABANDONMENT OF UNNEEDED EASEMENTS TO VIRGINIA NELL DODSON AND PETER AND JOYCE SAN FILIPPO.
- f. RESOLUTION AUTHORIZING THE SALE OF CERTAIN CITY-OWNED PROPERTY TO THE GOLER COMMUNITY DEVELOPMENT CORPORATION FOR A DOWNTOWN DEVELOPMENT PROJECT PURSUANT TO N.C.G.S. 160A-458.3.

#### Public Safety

- C-2. SILK PLANT FOREST CITIZEN REVIEW COMMITTEE FINANCIAL UPDATE.

#### Finance/Budget

- C-3. ORDINANCE AMENDING THE PROJECT BUDGET ORDINANCE FOR THE CITY OF WINSTON-SALEM, NORTH CAROLINA FOR THE FISCAL YEAR 2008-2009.

#### General Government

- C-4. APPROVAL OF FINANCE COMMITTEE SUMMARY OF MINUTES - *February 9, 2009.*

Chair Merschel noted that on page 86 of the Agenda Book, the Summary of Minutes from the February Finance Committee meeting should state that the City maintained an AA Fitch rating for water/sewer bond issuance.

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

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

Mr. Lee Garrity, City Manager stated that the City just closed on revenue bonds last week and received a very low interest rate.

Mrs. Denise Bell, Chief Financial Officer, stated that funds were received last Thursday, and that over a 30 year maturity, the City averaged 4.5%, which is approximately 50 basis points below what was assumed, resulting in a 10% savings overall, on interest costs. She also stated that in regards to Mr. Garrity's comment, that financial advisors noted it would be difficult to sell in a lower market, but the bond underwriters indicated they could have sold twice as many bonds as the City had available which speaks to its high quality and good credit.

Council Member Johnson requested to have this information published.

Chair Merschel congratulated Mrs. Bell and staff for their hard work and diligence and stated that possibly a resolution could be composed for their recognition.

#### GENERAL AGENDA

#### G-1. RESOLUTION IMPOSING A TAX ON GROSS RECEIPTS DERIVED FROM SHORT-TERM LEASE OR RENTAL OF HEAVY EQUIPMENT AND AUTHORIZING THE FORSYTH COUNTY TAX COLLECTOR TO COLLECT THE SAID TAX.

Mrs. Bell stated that this item will allow for .8% tax on gross receipts for short-term rental of heavy equipment that is no longer assessable through property tax. Five companies within Winston-Salem have been identified that this tax would apply to, resulting in an estimated revenue of \$50,000 to \$100,000. Forsyth County approved a resolution to impose a tax for the County at a rate of 1.2%, as permitted by North Carolina General Statutes, while the City would tax at a rate of .8%, and both entities will work with the Forsyth County Tax Collector to collect the taxes. In response to Council Member Burke's question, Mrs. Bell stated that the five companies are Sunbelt Rentals, Burr Equipment Company, RSC Equipment Rental, Hertz Rental and Hauser Rental Companies. She also stated that staff has not spoken to these companies but they will be contacted in preparation for the Council meeting on March 23.

In response to Council Member Clark's question, Mrs. Bell stated that it is difficult to determine the amount of property tax lost because of the difficulty in the valuation of equipment and that it may be easier to tax the equipment through rental company receipts rather than assessing the equipment as property.

In response to Mayor Joines' comment, Mrs. Bell stated that the taxation would be assessed similar to sales tax and each company would be assessed the .8% tax based on the amount of heavy equipment leased or rented. She also stated that heavy equipment is defined as earth-moving construction equipment weighing 1,500 pounds or more.

Mr. Garrity stated that the companies will note the heavy equipment rental on the receipt to the client as the equipment will only be taxed when in use.

Council Member Clark made a motion to approve the item.

In response to Chair Merschel's question, Mrs. Bell noted that the tax will only apply to the aforementioned companies located in Winston-Salem who are physically renting equipment from a Winston-Salem site. She also noted that local governments across the state may choose to add the gross receipts tax due to revenue loss, and it would not be advantageous to have a location in one county versus another. She further noted that the Piedmont Authority for Regional Transportation has a similar tax, whereby a sales-type tax is assessed on top of the cost of renting a vehicle, which is then collected through tax collectors.

The motion for approval was duly seconded by Council Member Johnson and carried unanimously.

G-2. RESOLUTION ACCEPTING PRIORITIZED LISTING OF PROJECTS OF THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 AND AUTHORIZING CITY MANAGER TO EXECUTE GRANT APPLICATIONS.

Mr. Gregory M. Turner, Assistant City Manager, stated that the City has a list of projects that are eligible for competitive grant applications. The agenda packet includes a summary of the grants, the projects that fall under each category and any identified projects that came from the needs list provided by the Council or from staff's identification of potential projects. When applying for the grants, staff needs a priority listing and staff consultants have recommended choosing the top three to four projects in each project category. The second item in the packet is an authorization for the City Manager to submit the grant application and to attest that the procedures under the American Recovery and Reinvestment Act (ARRA) were followed.

Community Oriented Policing (COP's) Hiring

In response to Chair Merschel's question, Mr. Turner stated that funding is for three years and the City would have to commit to a fourth year. There is no salary limit per officer and all 66 potential jobs probably will not be funded.

In response to Council Member Burke's question, Mr. Turner stated that the funding will be received dependent upon the number of individual departments, federal agencies and/or any state agencies that the money will be funneled through, prior to reaching the City. In addition to the competitive grants, there is an estimated \$1 million in formula funds coming from the stimulus package for police activities. He also noted that all cities are competing for these grants.

In response to Chair Merschel's question, Mr. Garrity stated that the Winston-Salem Police Department (WSPD) is at full compliment as far as the number of officers on payroll, however patrol has many officers still in field training and classes, but staff hopes to have full capacity patrol beats by the end of this calendar year. If the funding is received, more officers will be added to patrol for smaller beats and a street level drug platoon would be added to address open-air drug markets.

In response to Chair Merschel's question of additional expense, Mr. Turner noted that the WSPD indicated that vehicles and support equipment is a "hidden" local match that has to be provided, and consideration has to be made when deciding to apply for these funds. He also noted that there is flexibility on what can be funded under this program in the new ARRA versus in the past, but there are still some costs to the City. He further noted that there are other federal programs that will provide funding for safety vehicles or technology fees.

Mayor Joines noted that there is \$901,000 available under the Byrne Justice Assistance (JAG) Grants from formula funds, which may already be allocated.

Mr. Turner noted that formula funding is available and the Byrne JAG category has both competitive and formula distribution. The City is expected to receive \$901,000 from the formula distribution, but it is uncertain if that funding could be used for additional staffing.

Mr. Garrity stated that if the grant application is successful, staff will attempt to keep local cost to a minimum for the first three years and may temporarily change the assigned vehicle policy.

In response to Council Member Burke's question, Mr. Turner noted that this item will be presented to the Public Works Committee as well as to full Council so everyone will have the opportunity to make suggestions.

In response to Council Member Clark's question, Mr. Turner stated that there are no specific assignments, but with approved funding, staff will try to place officers in programs where City Council deems appropriate, and this is the best funding category for general police officer support.

Mr. Garrity stated that standard indicators, such as crime rate and gang activity, are used to rank cities for Community Oriented Policing grants.

#### Byrne JAG Competitive Grants

Mr. Turner noted that this category has a competitive and a formula component, and programs have been identified that staff feels meet the requirements of the competitive element. In response to Council Member Clark's question, he noted that this grant can be used to provide supplemental funding to the firing range, and it is most likely that equipment will also be funded through this grant. If the project is postponed due to budgetary restraints, the City will not receive the funding.

In response to Council Member Burke's question, Mr. Garrity stated that this grant could be used for gang-related education materials.

In response to Council Member Johnson's question, Mr. Garrity stated that the decision has not been made to utilize tasers within the WSPD.

Council Member Johnson stated that her number one priority would be the Public Safety Training Facility, or other shovel-ready projects. She also requested clarity on gang-related education materials per age group.

Mayor Joines noted that the spirit of the stimulus bill is to fund areas where jobs will be created or continued.

Mr. Turner clarified that the Public Safety Training Facility will be placed as the first priority and the others will follow after.

Mr. Garrity noted that Byrne JAG funding is not allowed to be used to fund construction, but rather is primarily for equipment.

#### Assistance to Firefighters Grant Program (Fire Stations)

Mr. Turner noted that staff has identified fire stations that stand the best chance to be competitive for funding, via construction or repair. He also noted that Fire Station (F.S.) 19 is located off Glenn Hi Road, F.S. 19, 21 and 22 are located on the southeast side of the City in newly annexed areas, F.S. 8 is located off of Reynolda Road near Wake Forest University, and the Vehicle Maintenance facility is located off of Clemmons Road. Renovations will be performed at multiple locations around the city, and fire apparatus replacement refers to vehicles. There is a limitation of \$50 million per grant award. Mr. Turner stated that he would provide information on how many fire stations have been

opened since 1977.

Council Member Clark noted that F.S. 8 and 19 should be priority because they already exist or the land has been purchased to complete the project.

*Council Member Besse in at 4:35 p.m.*

Chair Merschel expressed concern about the fire apparatus replacement.

Mrs. Ann Jones, Budget and Evaluation Director, noted that the City replaced two trucks in FY 2008-2009 and another replacement is in the forecast for FY 2009-2010. She also noted that staff has discussed delaying the replacement of one or two trucks.

Mr. Turner reminded the Committee that staff will pursue all of the grants, but will lobby for specific projects as directed by the Council.

Mayor Joines suggested moving fire station renovations above the fire vehicle maintenance facility.

Chair Merschel reiterated the Committee's recommendations to place F.S. 19 first, F.S. 8 second and fire station renovations third, as there is a need and potential job creation opportunity, and if it is specified that funding is for equipment rather than construction, staff will address those needs within each category.

#### Transportation Electrification, Diesel Emissions Reductions and Alternative Fueled Vehicles Pilot Grant

Mr. Turner noted that none of these categories had any Council-specified projects that met their criteria so staff has identified current or prospective projects that meet these criteria. In response to Council Member Clark's question regarding natural gas burning vehicles, Mr. Turner stated that the City currently has a compressed natural gas program for some vehicles and those tanks are located at City Yard.

Mrs. Martha Wheelock, Assistant City Manager, stated that there are currently three compressed natural gas vehicles, but the challenge is a lack of fueling sites. She also stated that she will provide the distance these vehicles can travel before they must be refueled.

In response to Council Member Johnson's question regarding increased golf cart usage, Mr. Turner stated that there is potential for parking meter reader golf carts under the Transportation Electrification Grant.

Council Member Johnson requested that staff review opportunities for citizens to utilize golf carts within neighborhoods.

Council Member Burke expressed concern that golf carts on streets would pose a safety hazard similar to current issues with motorized wheelchairs in streets.

Mayor Joines noted that he would support creating additional fueling stations for natural gas and possibly allow private citizens to fuel at these sites as well.

In response to Council Member Besse's question, Mr. Turner stated that bio-diesel is included in the category of alternative fuel vehicles.

Council Member Besse stated that limiting factors for bio-diesel fuel are availability and a distribution network, but noted that there are startup bio-diesel producers in the Triad region that may be worth further investigation due to the relatively low cost of storage and pumping. He also stated that bio-diesel is better than natural gas because it is a local project.

In response to Chair Merschel's question regarding natural gas fuel capacity, Mr. Garrity stated that part of the cost concern is a quick-fill station, which the City has, but a cheaper version would take all night to fill a larger tank.

#### Clean Drinking Water Grants and Loans

Mr. Turner noted that the deadline for applying for the revolving loan funding has already passed and the City/County Utility Division has submitted its requests for clean water to the state revolving loan fund. In response to Council Member Clark's question regarding interest rates, Mr. Turner stated that he was unsure whether or not it would be less than the rate Mrs. Bell alluded to earlier. He also stated that there is stiff competition for this funding for communities that have high water prices relative to their average income.

#### Brownfields, Neighborhood Stabilization Program, and Broadband Technology

Mr. Turner noted that there were no needs list projects provided for these categories so staff has identified projects that will qualify for these funding categories.

Chair Merschel recommended the Chatham Road area, near Northwest Boulevard, as part of the Martin Luther King, Jr. Drive (MLK) extension.

Council Member Leight recommended the pile of contaminated dirt near the Southeast Gateway.

Council Member Johnson recommended the Texaco and Chevron service stations on New Walkertown Road.

Council Member Burke recommended a service station located on Old Rural Hall Road.

In response to Council Member Burke's question, Mr. Derwick Paige, Deputy City Manager, stated that in the past, the City has received three Brownfields Grants: a job training grant, an assessment grant on the Liberty Street Corridor and a third grant under the revolving loan program. Staff is working with the Environmental Protection Agency to try to identify projects eligible under the revolving loan program. In response to Council Member Burke's question, Mr. Paige noted that some of the Committee's suggested projects may not qualify under the differing loan types, without lending the funds first.

Chair Merschel noted that there may be a developer for Chatham Road if funding is available.

Council Member Johnson requested to know the name of the pumping station on Highway 158.

#### Energy Efficiency and Conservation Grants

Mr. Turner stated that there are objectives to reduce energy consumption in the United States, but there are unknown grant rules and formula allocation, so the funding amount remains unknown. Staff does expect that Winston-Salem will receive formula funds. Staff chose projects from the Council's needs list that it feels will qualify for the rules of this category for competitive or formula funds. In response to Council Member Clark's question, Mr. Turner stated that the Business Interstate 40 lighting project is from Highway 52 to Stratford Road where lights are located but not working. He also stated that the City has negotiated pricing through Duke Energy to pay a lower rate as a cross-town connector and even though the lights are on the State system, they are City-maintained.

Council Member Besse noted that he recommended a combined weatherization and solar heating installation project for eligible low to moderate income households that would create jobs and increase energy efficiency. He sent this recommendation to staff and received a preliminary response.

Mr. Garrity noted that staff has reviewed the project with possible Housing and Urban Development (HUD) funding.

Mr. Turner noted that Council Member Besse's idea may be eligible for block grant funds if HUD funding is unavailable.

#### Competitive Surface Transportation Program (STP)

Mr. Turner explained that staff prioritized Council's list of eligible projects under the competitive process and focused on projects that would allow for quick job creation, would be easy for small contractors to complete and that will address existing needs, such as sidewalk repair and street resurfacing. In response to Council Member Johnson's question, Mr. Turner noted that the traffic calming project on MLK is on the list.

Council Member Clark recommended the bridge at Highway 421 and Peace Haven Road that needs widening.

Mr. Turner noted that permits for that project have expired and it will have to be redesigned since it doesn't meet shovel-ready requirements of the funding.

Council Member Besse noted that competitive grant funds must have 50% allocated within a certain date so if the project is not already permitted or cannot be started easily, the project is not eligible.

In response to Chair Merschel's question, Mr. Turner stated that anything not already permitted within Piedmont Triad Research Park is not eligible for the funding.

In response to Council Member Johnson's question, Mr. Turner stated that the two-way conversion of Third, Fourth and Fifth Streets is being reviewed, but eligible roads may have to be located on a major thoroughfare to qualify, and these streets are not on the State road system nor are they a part of a U.S. highway.

In response to Council Member Besse's question, Mr. Turner stated that the two-way conversion and MLK traffic calming projects do not currently qualify for intersection improvements.

Mr. Garrity noted that there may be funding for the two-way conversion in coming years.

Council Member Besse noted that greenway projects in next year's Capital budget could be made ready to qualify for funding.

Mr. Turner noted that Attachment C in the agenda packet is for Council's information, as this item will come back to the Committee in April to prioritize projects to be requested under formula distribution and to name the City Manager as the grant applicant.

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

Council Member Johnson reminded staff to be cognizant of the next list of items for bond issues or potential funds.

G-3. CONTINUED DISCUSSION OF PRELIMINARY REPORT OF THE UTILITY COMMISSION REVIEW COMMITTEE.

Chair Merschel introduced Mr. Bill Rose, Chairman of the Utility Commission Review Committee.

Mr. Rose stated that this was a good experience for the review committee, that there was good participation at all 13 meetings and assistance from City staff.

Chair Merschel acknowledged City staff for their hard work.

In response to Chair Merschel's question, Mr. Rose stated that he would be willing to work with Council to review the City/County Utility Commission budget for the coming year and that he would suspect the rest of the review committee would be willing to help as well. He also noted that the Utility Commission's financial projections have been updated.

Council Member Clark noted that there is a concern with the one-time hookup cost and the on-going cost of water/sewer service that tends to deter potential customers.

Mr. Rose stated that compared to other communities across the state, there may not be an assessment charge, but there is a one-time hookup charge. This is part of the economic stimulus to encourage development that utility representatives see as a cost recovery tool. Residential services being extended are typically in planned developments and one of the review committee's recommendations was to encourage staff to explore ways to stimulate customers who have not signed up for water/sewer service to do so.

Council Member Burke requested to know the various areas of the City that have been annexed, how long they have been part of the City, how many citizens are located in each area, and the costs and procedures associated in connecting those who have not signed up for City water/sewer service.

In response to Mayor Joines' comment, Mr. Rose stated that Winston-Salem has the lowest water/sewer rates in the state among the big five communities, and over a 20 year period, Winston-Salem citizens pay the lowest cost.

Council Member Clark noted that an interest free loan or low interest rate is worth considering to encourage first-time customers.

Mr. Rose noted that the Review Committee recommended that staff review assessment policies and rates to encourage non-customers to connect to the City's water/sewer system.

Chair Merschel noted that the 20 year recapture number is a misnomer because residents do not generally stay in homes that long.

Council Member Besse requested to know if properties inside and outside the municipal City limits could be legally differentiated, and if so, it should be considered so as not to add an incentive for development beyond municipal limits, and so as not to inadvertently encourage small developments that may be relying on septic tanks, that may have to switch to City water/sewer service in the near future.

Council Member Burke noted that she is working on a way to recognize volunteerism in the City, as a way of thanking citizens who bring their expertise, and will acknowledge individuals and groups.

Chair Merschel noted that the Review Committee will be publicly acknowledged for their detailed work.

#### ADDITIONAL ITEM

Council Member Johnson requested to know if the CVS Program for prescriptions, sponsored by the National League of Cities, could be an optional benefit for employees.

ADJOURNMENT: 5:25 p.m.