

SUMMARY OF MINUTES

FINANCE COMMITTEE

4:00 P.M., MONDAY, FEBRUARY 8, 2010

COMMITTEE ROOM

ROOM 239, CITY HALL

MEMBERS PRESENT: Mayor Allen Joines
Council Member Wanda Merschel, Chair
Council Member Molly Leight, Vice Chair
Council Member Vivian H. Burke
Council Member Robert C. Clark

OTHERS PRESENT: Council Member Dan Besse (in at 4:17 p.m.)
Council Member Denise D. Adams (in at 4:29 p.m.)
Council Member Derwin L. Montgomery (in at 5:05 p.m.)
Council Member James Taylor, Jr. (in at 5:24 p.m.)

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

Council Member Leight requested to pull Item C-2. Council Member Clark requested to pull Items C-2 and C-5. Mayor Joines requested to pull Item C-1. Chair Merschel requested to pull Item C-8. No other items were removed for discussion.

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

CONSENT AGENDA

Finance/Budget

C-3. CONSIDERATION OF ITEMS RELATING TO CONTRACTS:

- a. RESOLUTION AWARDING CONTRACT FOR RESURFACING CITY STREETS - *Yadkin Valley Paving, Inc.* - \$2,013,286.23 (Estimated Amount).
- b. RESOLUTION AWARDING CONTRACT TO RENEW THE ANNUAL SOFTWARE MAINTENANCE AND SUPPORT FOR MITCHELL HUMPHREY - *Mitchell Humprhey* - \$109,320.

- c. RESOLUTION AWARDDING CONTRACT FOR LED TRAFFIC SIGNAL LENSES FOR TRAFFIC MAINTENANCE - *Leotek Electronics USA Corp.* - \$134,322.66 (*Estimated Amount*).
 - d. RESOLUTION APPROVING A CONTRACT INCREASE FOR HDR ENGINEERING OF THE CAROLINAS TO PROVIDE PROFESSIONAL ENGINEERING SERVICES FOR STORMWATER MASTER PLAN UPDATES OF THE BRUSHY FORK, PETERS CREEK, AND LOWER SALEM CREEK WATERSHEDS - *Increase from \$487,600 to \$561,020.*
- C-4. CONSIDERATION OF AMENDMENTS TO THE FY 2009-2010 PROJECT BUDGET ORDINANCE FOR THE CITY OF WINSTON-SALEM, NORTH CAROLINA:
- 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.

Transportation

- C-6. RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH MICHAEL D. AVANT AND ASSOCIATES, INC. FOR PROFESSIONAL REAL ESTATE APPRAISAL SERVICES RELATED TO THE WEST CLEMMONSVILLE ROAD WIDENING PROJECT. [*\$133,200 from General Obligation Bonds.*]

General Government

- C-7. CITY/COUNTY UTILITY COMMISSION ANNUAL REPORT TO THE CITY COUNCIL.
- C-9. MONTHLY REPORT ON ECONOMIC STIMULUS PROJECTS UNDER THE AMERICAN RECOVERY AND REINVESTMENT ACT.
- C-10. APPROVAL OF FINANCE COMMITTEE SUMMARY OF MINUTES - *January 11, 2009.*

Environmental Health

- C-1. RESOLUTION ADOPTING THE COMMUNITY SUSTAINABILITY PROGRAM COMMITTEE ACTION PLAN.

Mayor Joines recognized members of the Community Sustainability Program Committee (CSPC) in attendance and thanked them for their hard work.

In response to Council Member Clark's question, Mr. Jason Frichner, Chair of the CSPC, stated that the Committee's objectives are to reduce carbon emissions through a reduction in electrical usage within the city limits, but due to existing infrastructure, electricity usage is still high. He also stated that through the use of compact fluorescent bulbs and other small changes, the City should be able to reduce its electrical consumption. The CSPC is partnering with Duke Energy on educational efforts to inform citizens how to reduce their electrical usage. He further stated that there is currently no standard to account for population growth in the adjustment for energy consumption measures.

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

Leisure Services

C-2. UPDATE REGARDING REQUEST FROM WASHINGTON PARK NEIGHBORHOOD ASSOCIATION FOR MATCHING FUNDS FOR PURCHASE OF PROPERTY TO BE USED AS PARKLAND.

Mr. Tim Grant, Recreation and Parks Director, noted that the memo included in the agenda book outlined staff's progress and that staff has been negotiating and brainstorming ways in which the City may be able to help acquire the land. He also noted that there are possible grants in the next funding cycle and that as of recent, the developers are still interested in working with the City.

Ms. Cornelia Barr, Washington Park resident, stated that various residents have come together to form the Gateway Environmental Initiative (GEI), because it is more inclusive than just Washington Park. It has developed a mission statement and set up a temporary fund with the Winston-Salem Foundation in support of the project, to acquire the land and raise money for the nature preserve/environmental site. The Parks and Recreation Trust Fund (PARTF) grant requires community involvement, so the GEI is working to get surrounding neighborhoods involved. Ms. Barr noted that GEI needs the City Council's support of the project to submit a request for funding. In response to Council Member Burke's question, she stated that currently, only the Happy Hill community does not have a representative on the GEI board, but a representative will join the board once the project has the Council's commitment.

Council Member Leight noted that all the neighborhoods indicated by the GEI are contiguous to the parkland.

Council Member Burke requested that staff ensure all interested neighborhoods are represented on the board.

In response to Council Member Clark's question, Mr. Grant stated that PARTF grants are administered locally, are available up to \$500,000, that the City is required to contribute a 50% match, the grants are competitive, and the grant application will not be submitted until January

2011. He also stated that last year, 35 PARTF applications were submitted state-wide and approximately 18 were funded.

Council Member Clark requested that a comprehensive plan for all parks, including the GEI's plan, within the City be brought forward to determine the direction the City chooses for parks in the future. He also stated that he is confident in neighborhoods and citizens who are taking initiative to support parkland.

Council Member Besse in at 4:17 p.m.

Council Member Leight noted that the developers are considering gifting a portion of the land to the City, which could be considered part of its 50% matching contribution.

Council Member Clark requested more input from the developer and any plans for the parkland.

In response to Council Member Burke's question, Mr. Derwick Paige, Deputy City Manager, stated that this item would not be reviewed by the Community Development/Housing/General Government Committee due to the number of items already on the agenda.

Council Member Burke requested to know the exact geographic location of the land being considered for the project.

Chair Merschel stated that by consensus, the item will remain in Committee for further information in March, as there is no urgency for the grant application.

Mr. Lee Garrity, City Manager, stated that staff will continue conversations with the developer and a comprehensive report on the City's parks will be forthcoming.

Council Member Burke encouraged interested citizens to develop fundraising ideas to raise money for the project.

Finance/Budget

- C-5. RESOLUTION FOR APPROVAL TO PURSUE A GRANT FUNDING OPPORTUNITY FOR 96-GALLON CARTS TO BEGIN A BI-WEEKLY RECYCLING PILOT PROGRAM. [\$100,000.]

Mr. Gregory M. Turner, Assistant City Manager/Public Works, stated that this program is similar to pilot programs that have already run, but these carts will be equipped with radio frequency packs, whereby staff will be able to determine the cart's location, what home it has been assigned to and when it was collected. The 96-gallon cart allows for co-mingled recyclables to be collected on a biweekly basis. In response to Council Member Clark's question, he stated that this program will allow staff to collect more data and determine any cost savings that could be achieved.

In response to Council Member Leight's question, Mr. Turner stated that a co-mingled recycling program will add an additional stage of sorting, but the process can still be completed through the existing facility where separation currently occurs.

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

General Government

C-8. CITIZENS' BASEBALL STADIUM REVIEW COMMITTEE MONTHLY REPORT TO THE CITY COUNCIL.

In response to Chair Merschel's question regarding construction delays with the current weather and testing for light and sound, Mr. Turner stated that staff does not anticipate a problem meeting the opening day deadline. He also stated that lighting tests should be completed before mid-March and sound tests will be completed sometime after that.

Chair Merschel requested notification be provided to neighborhood advisory groups prior to any light and sound testing to coordinate their participation. She also requested that it be restated in that notification that light and sound testing are critical and well-defined within the site plans of the stadium construction. She encouraged the Review Committee and staff to ensure the stadium constructors are not issued a certificate of occupancy until these tests are satisfactorily completed.

Mr. Turner confirmed that light and sound levels are to be installed in accordance with the restrictions imposed by the City Council as certified in their initial studies before a certificate of occupancy is granted.

Council Member Burke expressed her pleasure in the progress being made at the stadium and commended members of the Review Committee.

GENERAL AGENDA

G-1. CONSIDERATION OF ITEMS RELATING TO AN AMENDMENT TO SECTION 42 OF THE CITY CODE RELATING TO PARKING RATES AND TIMES OF PARKING:

- a. ORDINANCE AMENDING SECTION 42 OF THE CITY CODE RELATING TO PARKING RATES AND TIMES OF PARKING.
- b. RESOLUTION AUTHORIZING THE EXECUTION OF A LONG TERM LEASE FOR PARKING AT THE FOURTH AND CHURCH PARKING DECK PURSUANT TO N.C.G.S. 160A-267 AND 272.

Mr. Turner stated that previously, a discounted rate was provided for entities or individuals wishing to rent spaces in the Fourth and Church parking deck, and a group has approached the

City with a desire to rent 100 spaces long-term. Staff has prepared a revised ordinance for a per space rental fee and a lease agreement to be considered by the City Council due to the length of the rental term.

Council Member Adams in at 4:29 p.m.

In response to Chair Merschel's question for clarification, Mrs. Denise Bell, Chief Financial Officer, stated that the City entered into an agreement when the deck was built that the County would share in the debt-service operating deficit of the deck. The City will assume an up-front payment of \$1.9 million, that will be recognized over the operations of the Parking Fund for a 27 year period.

Council Member Clark requested an update on the Parking Deck Fund balance.

In response to Council Member Leight's question, Mrs. Bell confirmed that \$70,000 per year, for 27 years, coming from this fund, will be a part of the City's contribution to the upkeep of the deck, and the County will continue to contribute at the same level it has been contributing.

Mayor Joines expressed his thanks to staff for its efforts to find occupants for the deck.

Chair Merschel requested that the City Manager be added as part of the subsequent review process.

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

G-2. LONG RANGE FINANCIAL PROJECTIONS FOR THE MASS TRANSIT TAX FUND AND THE SOLID WASTE DISPOSAL FUND.

Mr. Ben Rowe, Deputy Budget Director, presented an update on the Solid Waste Disposal Fund.

Chair Merschel requested the amount of growth in operating expenses in 2009.

In response to Council Member Leight's question, Mr. David Saunders, City/County Utilities Director, stated that staff does not have access to tipping fee amounts charged by private haulers.

Mayor Joines questioned if any loss of tonnage was taken into consideration with the assumptions made.

Mr. Rowe stated that a \$1-\$2 increase in tipping fees may not have an impact on waste facilities but anything more significant than that could show a loss.

In response to Council Member Burke's question, Mr. Saunders stated that sites for new municipal solid waste facilities are not currently known. He also stated that the last cell completed at Hanes Landfill should last until 2025-2030, depending on tonnage, but there is no known land.

In response to Council Member Clark's question, Mr. Rowe stated that the City's gross total recycling cost is \$2.7 million, with a collection value of \$160,000.

In response to Council Member Clark's question, Mr. Saunders stated that about one-third of all trash in the landfills comes from the City.

Council Member Clark requested that staff consult larger private waste generators to verify what their recycling costs are to determine where the City stands in comparison. He also requested to know the cost to operate a landfill without recycling and the market rate for tipping fees.

Mr. Garrity stated that \$30 per ton would not generate enough revenue to cover the cost of recycling and a challenge that the City faces is that private disposal sites can package hauling, transfer stations and disposal, into one fee.

Mr. Saunders noted that the private sector is not held to any standard for rate setting and has the ability to offer special rates or programs.

Council Member Besse requested that staff break down the approximate amount of tonnage contributed to growth in the City and that it be presented as an independent assumption. He also stated that he compared the information at hand to the information presented in the Utility Commission Annual Report, and questioned the anticipated date of when the second cell at the Hanes Mill Landfill would be out of space.

Mr. Saunders stated that the second cell will be out of space by the end of next year. In response to Council Member Besse's questions, he also stated that construction of the third cell would take 18 months and that staff would provide the projected lifespan of that cell.

In response to Council Member Clark's question, Mr. Saunders stated that each year, landfills continue to use air space and have to expense from their operating budget to the set aside account for closure/post-closure costs, which are regulatory requirements.

Mr. Rowe stated that even though there are funds set aside through 2025 for closure/post-closure costs, some landfills will have costs beyond that, which are currently not in reserves.

Chair Merschel confirmed that \$11 million is the amount of money required for closure through 2025.

Mr. Garrity noted that a \$2 increase in tipping fees would generate \$580,000 in revenue, but that amount will not extend the life of the reserves. Staff also reviewed a tipping fee increase to cover the costs of recycling, but an increase in the fee may result in a loss of waste stream, which would not be cost effective.

In response to Chair Merschel's question of separating recycling services and assigning a fee to them, Mr. Garrity stated that there cannot be an availability fee simply based on recycling, rather it would be a fee assessed on all clients who currently participate in recycling. It would not be a user fee, rather it would appear as an availability fee on their tax bill and the availability of

collection disposal would be what the fee would be based on, which would be counter-productive to encouraging to recycling.

In response to Council Member Leight's question of the two options for funding curbside recycling out of the General Fund, Mr. Rowe stated that if the property tax rate were increased by 1.22¢, it would generate \$2.572 million, which is the net cost of the recycling program. The property tax increase is smaller because it is spread over a larger base of all taxpayers, while the availability fee is funded solely by those customers utilizing it.

Mr. Garrity noted that a benefit to an increase in property tax is a gain from the County in sales tax distribution.

In response to Council Member Adams' question regarding benchmarking, Mr. Rowe noted that staff did some benchmarking with the Utility Commission Review Committee (UCRC), but they did not find a situation similar to now. Previously, Orange County did separate its recycling services to be managed solely by the County and adopted a tiered fee structure in an to attempt to create a separate revenue stream to fund recycling costs.

Council Member Montgomery in at 5:05 p.m.

Chair Merschel suggested that in the interest of time, that staff conclude its presentation of the Solid Waste Disposal Fund update and continue the Mass Transit Fund update to March.

Council Member Besse noted that both options presented are taxes, rather than user fees, but the difference is that an availability fee is a flat per household tax and property tax is assessed according to acreage. He questioned if an alternative scenario could be developed based on a strategy that maximizes the lifespan of cell space at Hanes Mill landfill, thereby reducing annual capital costs involved in that expansion and recognizes reduced revenue at the same time.

Council Member Clark requested that a copy of the UCRC study be provided to new Council Members.

Mayor Joines noted that a suggestion had been made for a solid waste summit for the City/County Utility Commission (CCUC) to identify key issues and define needs and that he would be entertaining general discussions with the County and the CCUC.

In response to Council Member Leight's question regarding flow control, Mr. Rowe confirmed that findings indicate that the City or County can insist that all waste from within the County would have to go into the City's landfills.

G-3. UPDATE ON NATIONAL HEALTH CARE REFORM. [*Item continued from the January Finance Committee meeting.*]

Mrs. Melissa Hasty-Taylor, Human Resources Director, gave the presentation and highlighted areas that may affect employers. She also stated that staff would like to bring the item back in March to discuss its affect on pension and retirement benefits, along with associated costs.

Council Member Taylor in at 5:24 p.m.

Mrs. Bell presented cost savings information and estimates and requested feedback from Council Members.

In response to Council Member Leight's question, Mrs. Taylor stated that if the City were to choose an option outlined by the government, the possibility is slim that that option would not be allowed because governmental recommendations will not be affected by changes in the House or Senate.

Council Member Clark noted that cost issues need to be addressed sooner than later and that he would communicate his suggestions to the City Manager.

Council Member Besse requested to know how the City's current benefit value compares at the level at which the Senate excise tax would begin.

Mrs. Taylor stated that she would provide specific information, but she does not think the City's plan is currently at that level, although it will probably meet the Senate threshold in the future.

EXTRA ITEM – ADJUSTING CITY COUNCIL COMMITTEE MEETING TIMES

Chair Merschel requested that if Committee meeting times change, that staff consider the number and depth of agenda items and encourage Committee Members to stay on track.

ADJOURNMENT: 5:41 p.m.