

## SUMMARY OF MINUTES

### FINANCE COMMITTEE

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

COMMITTEE ROOM

ROOM 239, CITY HALL

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*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 Denise D. Adams  
Council Member Derwin L. Montgomery (in at 5:02 p.m.)  
Council Member James Taylor, Jr. (in at 4:33 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-1 and C-3. Council Member Burke requested to pull Items C-4 and C-12. Council Member Adams requested to pull Item C-2. 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-5. RESOLUTION AWARDDING CONTRACT FOR POLICE VEHICLE LIGHTBARS AND ACCESSORIES - *Lawmen's Safety Supply, Inc.* - \$98,133.20.
- C-6. CONSIDERATION OF ITEMS RELATING TO THE PURCHASE OF AN F6-A ROBOT FOR THE WINSTON-SALEM POLICE DEPARTMENT'S BOMB SQUAD:

- a. RESOLUTION AUTHORIZING INTERLOCAL AGREEMENT BETWEEN THE CITY OF WINSTON-SALEM, NORTH CAROLINA AND THE NORTH CAROLINA DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY DIVISION OF EMERGENCY MANAGEMENT FOR ALLOCATION OF 2008 HOMELAND SECURITY GRANT FUNDS TO PURCHASE AN F6-A ROBOT FOR THE WINSTON-SALEM POLICE DEPARTMENT'S BOMB SQUAD.
  - b. RESOLUTION AWARDDING CONTRACT FOR ANDROS F6-A ROBOT - *Remotec, Inc.* - \$178,850.
  - c. ORDINANCE AMENDING THE PROJECT BUDGET ORDINANCE FOR THE CITY OF WINSTON-SALEM, NORTH CAROLINA FOR THE FISCAL YEAR 2009-2010.
- C-7. ORDINANCE AMENDING THE PROJECT BUDGET ORDINANCE FOR THE CITY OF WINSTON-SALEM, NORTH CAROLINA FOR THE FISCAL YEAR 2009-2010.
- C-8. RESOLUTION OF THE CITY OF WINSTON-SALEM, NORTH CAROLINA, APPROVING THE LEASE AGREEMENT WITH NORTH CAROLINA MUNICIPAL LEASING CORPORATION AND RELATED MATTERS.

#### Transportation

- C-9. RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH THE NORTH CAROLINA DEPARTMENT OF TRANSPORTATION FOR THE REPLACEMENT OF BRIDGE #86 AND BRIDGE #87 ON REYNOLDS PARK ROAD.
- C-10. CONSIDERATION OF ITEMS RELATING TO A MUNICIPAL AGREEMENT WITH THE NORTH CAROLINA DEPARTMENT OF TRANSPORTATION FOR CONGESTION MITIGATION AND AIR QUALITY FUNDED PROJECTS:
- a. RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO A MUNICIPAL AGREEMENT WITH THE NORTH CAROLINA DEPARTMENT OF TRANSPORTATION FOR CONGESTION MITIGATION AND AIR QUALITY FUNDED PROJECTS.
  - b. ORDINANCE AMENDING THE PROJECT BUDGET ORDINANCE FOR THE CITY OF WINSTON-SALEM, NORTH CAROLINA FOR THE FISCAL YEAR 2009-2010.
- C-11. CONSIDERATION OF ITEMS RELATING TO REQUEST TO ENTER INTO A MUNICIPAL AGREEMENT WITH THE NORTH CAROLINA DEPARTMENT OF TRANSPORTATION FOR INTERSECTION IMPROVEMENTS:

- a. REQUEST FOR AUTHORIZATION TO ENTER INTO A MUNICIPAL AGREEMENT WITH THE NORTH CAROLINA DEPARTMENT OF TRANSPORTATION FOR INTERSECTION IMPROVEMENTS.
- b. ORDINANCE AMENDING THE PROJECT BUDGET ORDINANCE FOR THE CITY OF WINSTON-SALEM, NORTH CAROLINA FOR THE FISCAL YEAR 2009-2010.

#### General Government

- C-13. MONTHLY REPORT ON ECONOMIC STIMULUS PROJECTS UNDER THE AMERICAN RECOVERY AND REINVESTMENT ACT.
- C-14. APPROVAL OF FINANCE COMMITTEE SUMMARY OF MINUTES - *February 8, 2010.*

#### Property Matters

- C-1. RESOLUTION AUTHORIZING THE DISPOSITION OF PROPERTY LOCATED AT 5455 WOODCLIFF DRIVE THROUGH A PUBLIC AUCTION AS PERMITTED IN N.C.G.S. 160A-270.

In response to Council Member Clark's question, Mr. Kirk Bjorling, Real Estate Administrator, stated that this property would be sold at auction as it is in poor condition and the real estate company is having difficulty selling it. During appraisal, a 30 day quick sale value of \$112,000 was assigned as well as a fair market value of \$140,000. He also stated that no offers have been received comparable to the purchase price for this property. Based upon the success of this sale, auction may be an option for the other two properties remaining to be sold.

In response to Council Member Burke's question, Mr. Bjorling stated that all of the homes have been sold to resident homeowners and have not been sold as rental properties. He also stated that he is unsure if any buyers were first time homeowners. He further stated that it cannot be specified when a home is sold at auction that it become a non-rental property.

Council Member Burke requested to know how much money has been obtained from the sales and the City's current investment.

Mayor Joines noted that 17 housing units were purchased and the City is receiving \$0.90 on the dollar per sale. He also noted that the City would be netting a savings of \$5 million because the other option was to build a berm at a cost of about \$6 million.

Mr. Lee Garrity, City Manager, stated that the City's costs will be below \$1 million.

Council Member Adams noted that the main concerns of residents were the nearby landfill and noise.

Mr. Bjorling noted that a release had been signed by all buyers stating an awareness of the landfill and any potential or perceived problems. Of the 14 units sold, all have been purchased by individuals or couples, but there is no way to determine who has purchased properties at an auction until the auction is closed.

Council Member Burke explained that the original owners of the properties had expressed complaints with the landfill and the City took ownership of the homes.

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

#### Community and Economic Development

C-2. RESOLUTION AUTHORIZING A FINANCING COMMITMENT FOR UP TO 82 UNITS OF RENTAL HOUSING FOR LOW-INCOME FAMILIES KNOWN AS THE ENCLAVE. [*\$1,800,000 in Neighborhood Stabilization Program and HOME Funds.*]

Mayor Joines questioned if this project was the best use of Neighborhood Stabilization Program (NSP) funds and if there was a backup plan, should this project fall through, due to the number of contingencies attached to it.

Ms. Mellin Parker, Housing/Neighborhood Development Director, stated that NSP funds can be utilized for subdivisions or multi-family property construction and The Enclave is a qualifying project.

Council Member Adams stated that she supports a project like The Enclave, but due to the struggling housing economy and condition of this property, she expressed concern with adding more housing for below income buyers or rental housing. She also stated that the construction should be protected, should the developer choose to leave the area, so it does not become a source of blight.

Ms. Parker stated that staff has met with the developer and has partnered locally with the North Carolina Housing Foundation (NCHF), and various local programs will be incorporated with the development to ensure that the project is successful. The project will involve three phases: an initial multi-family development, a second multi-family development and a single family development. As a foreclosed property, the City would have to purchase the entire development to ensure ownership of the property.

Council Member Burke noted that Kensington Village is a similar property that has seen success and questioned if there are any other projects these funds could have been allocated for rather than this project.

Mr. Derwick Paige, Deputy City Manager, stated that the NSP funds have to be utilized by July so any potential project has to be ready for development. He also stated that the City already has a program in place for individuals to acquire foreclosed properties. During the six months that

program has been in place, with extensive marketing and local bank involvement, only six properties have been acquired. He further stated that this is the only project on the horizon with the capability to utilize these funds by the deadline.

Council Member Burke noted that sometimes, developers who do not live in the area, will establish a development, then leave the area and all that remains is more crime and more problems.

In response to Council Member Burke's question, Mr. Paige stated that the City has 18 months to spend approximately \$2 million in funding and this is the only large scale project on the horizon. While all NSP funds do not have to be allocated to this project, there is a risk of losing the funding if a development opportunity is not found soon.

In response to Council Member Clark's question, Ms. Parker stated that Miller Valentine and the NCHF will own the property. She also stated that Home Investment Partnerships Program funds are a low-interest loan, NSP funds are a 30-year deferred loan and the property is currently owned by Wells Fargo.

Council Member Clark questioned if an individual earning 60% median income could afford a 1,700 square foot apartment.

Ms. Parker stated that average rent for the apartments would start at \$550 and increase as the size of the apartment increases. She also stated that vouchers would be available for renters to supplement their payment with Housing and Urban Development assistance.

In response to Mayor Joines question, Ms. Parker stated that six individual property owners have taken advantage of the program so far and three are pending.

Mayor Joines noted that there is a funding allotment of \$1.575 million as well as an additional \$1 million to fund this project.

Ms. Parker noted that staff will also be working in the Smith Farms subdivision, utilizing \$495,000 to construct 21 single family homes.

Chair Merschel questioned if the area around the 12 completed units had been cleared of the issues that may have an impact on the new units.

Ms. Parker stated that the area has been cleaned up and it is vacant land similar to the photos in the back of the write-up in the agenda book.

Chair Merschel expressed concern that developing 82 additional units in the area will re-create the same issues that have just been remedied. She also stated that she thought the gist of the project was to create smaller communities in various locations in the city, rather than multi-unit buildings.

Ms. Parker stated that the proposed project addresses total economic development in phases, and staff is looking beyond the proposed 82 units. Phase two of the project will address single family development as well and staff can partner with this developer and the NCHF to build new structures rather than the same dilapidated structures that once existed.

In response to Council Member Clark's question, Ms. Parker stated the average investment in the units already completed was between \$8,000 and \$20,000.

Council Member Clark echoed Council Member Adams' concern that this project may not be the best use of NSP funds as it may create more of the same problem that staff is trying to alleviate. He also expressed concern that there are only three months left to spend the remainder of the funds.

Ms. Parker stated that staff has received 465 applications but individual credit is keeping citizens from qualifying.

Council Member Leight requested a more detailed explanation of the actual footprint of the project, possibly a visit to the site, what each of the different phases would entail and the City's involvement.

Mr. Garry Merrit, 229 Whispering Creek Road, King, stated that he is the chair of the NCHF, which has developed similar properties such as University Place, Granville Place and Hunters Hill. Miller-Valentine recommended the NCHF for this project because of its experience with similar projects. He also stated that this project will provide additional affordable housing that is needed in the area.

*Council Member Taylor in 4:33 p.m.*

Mayor Joines noted that he was not questioning the NCHF's work, rather he questioned if this project was the best use of these funds.

Chair Merschel requested the total number of rental units within two miles of the site and the number of vacancies in those units.

Council Member Clark made a motion to forward the item to the full Council without a recommendation, pending additional information and discussion with Council Member Adams. The motion was duly seconded by Council Member Burke and carried unanimously.

#### Public Safety

- C-3. CONSIDERATION OF ITEMS RELATING TO AN INTERLOCAL AGREEMENT TO SHARE FUNDS WITH FORSYTH COUNTY AND THE TOWN OF KERNERSVILLE UNDER THE 2009 JUSTICE ASSISTANCE GRANT PROGRAM AWARD:

- a. RESOLUTION AUTHORIZING AN INTERLOCAL AGREEMENT BETWEEN THE CITY OF WINSTON-SALEM, NORTH CAROLINA, THE COUNTY OF FORSYTH, NORTH CAROLINA AND THE TOWN OF KERNERSVILLE, NORTH CAROLINA TO SHARE THE 2009 BYRNE JUSTICE ASSISTANCE GRANT PROGRAM AWARD.
- 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 Clark's question, Mr. Scott Cunningham, Chief of Police, stated that 83% of marked cars have cameras and these funds will help to bring the Winston-Salem Police Department (WSPD) closer to 100%.

Council Member Clark requested further information on an executive order signed by the governor relating to the definition of a North Carolina company, how it relates to meeting or winning a low bid and whether or not that information should be included in bid packages.

Mr. Garrity noted that most North Carolina companies are defined by their payroll tax.

In response to Council Member Leight's question, Chief Cunningham stated that the WSPD is double the size of the Sheriff's Department and there are four times as many road deputies. He also stated that K-9 software is an additional tool to track various calls that K-9 officers respond to.

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-4. UPDATE REGARDING REQUEST FROM WASHINGTON PARK NEIGHBORHOOD ASSOCIATION FOR MATCHING FUNDS FOR PURCHASE OF PROPERTY TO BE USED AS PARKLAND. [*Item continued from the February meeting of the Finance Committee.*]

In response to Council Member Burke's question, Mr. Tim Grant, Recreation and Parks Director, stated that staff is unsure of how much money will be required for the project and there are 26.15 acres of land involved.

Ms. Cornelia Barr, 355 Park Boulevard, stated that the Washington Park Neighborhood Association (WPNA) reached out to the Happy Hill neighborhood through Pastor Edith Jones, and as that neighborhood association begins to regroup, it will work with WPNA to ensure that all areas involved are represented. She also stated that she spoke with the principal of Diggs-Latham Elementary School about opportunities to involve children via field trips.

Council Member Clark questioned if \$20,650 per acre was a fair price and if there are any national or state funds that could be pursued.

Mr. Grant noted that staff's recommendation was to partner with the Trust for Public Land (TPL) as it will contact the land owner, negotiate a price, perform all due diligence such as soil testing, appraisal and legalities, then present a negotiated price to the City, who will have no financial obligation or commitment, but will have a better idea of the viability of the land and associated cost.

In response to Council Member Leight's question, Mr. Grant stated that TPL could determine a dollar amount for the land and if the City decides to move forward, the next Parks and Recreation Trust Fund (PARTF) cycle is January 2011. The TPL will also help the City to pursue regional and national funding opportunities. By the City partnering with the TPL, it will have an idea of the negotiated price, what funding sources are available, any funds that will need to be raised and the amount that may be needed from a PARTF grant.

#### General Government

#### C-12. CITIZENS' BASEBALL STADIUM REVIEW COMMITTEE MONTHLY REPORT TO THE CITY COUNCIL.

Council Member Burke requested that staff review the minutes from previous meetings to determine the encouragement for a Watkins Street memorial marker to be placed at the stadium.

In response to Council Member Adams' question, Mr. Gregory M. Turner, Assistant City Manager/Public Works, stated that citizens are allowed to speak at review committee meetings.

Mayor Joines noted that in addition to the plaque for Watkins Street, there will also be a plaque in memory of Kay Vivas.

Chair Merschel noted that some history will also be spotlighted in addition to the public art requirement.

#### GENERAL AGENDA

#### G-1. LONG RANGE FINANCIAL PROJECTIONS FOR THE MASS TRANSIT TAX FUND. *[Item continued from the February meeting of the Finance Committee.]*

Chair Merschel requested that staff provide a calendar for upcoming budget meetings. In the interest of time, she asked that Council Members review the information presented and provide any questions to Mrs. Ann Jones, Budget/Evaluation Director or Mr. Ben Rowe, Deputy Budget/Evaluation Director.

Mr. Rowe gave the presentation.

*Council Member Montgomery in at 5:02 p.m.*

Council Member Clark noted that the City is only paying 5% of the purchase price for hybrid buses.

Council Member Leight noted that the report does not address the future of the transit system, and the incorporation of trolley or rail lines.

Mr. Garrity noted that there has been some funding established for planning light rail transportation, but no funds have been established to cover operating costs, so a long-term need will be a dedicated revenue source.

In response to Council Member Burke, Mr. Art Barnes, Winston-Salem Transit Authority (WSTA) General Manager, stated that no routes are being extended, but there have been citizen requests for Sunday service. He also stated that WSTA service along Highway 158 extends to approximately two miles from Clemmons city limits and extends to the employment center and Hanesbrands building off of University Parkway.

Chair Merschel expressed her support of hybrid buses as they are a sign of advancement within the city's transportation system.

Council Member Adams requested information on whether or not rider participation has increased with the newer, cleaner buses.

#### G-2. REPORT ON PROPOSED USE OF DELL REPAYMENT FUNDS.

Mr. Paige stated that the City received \$15.5 million from Dell. It is recommended that \$1.5 million be allotted to the General Fund to help bridge the gap, \$7 million broken down to \$5.5 million allotted to pay off the debt service on Special Obligation bonds and \$1.5 million allotted to a Revitalizing Urban Commercial Areas (RUCA) program, and the remaining \$7 million allotted to a City/County economic development program focused on technology-based businesses. Winston-Salem Business, Inc. also will be reimbursed \$270,000 for the purchase of land from this \$7 million. The reimbursement funds have accrued \$130,000 in interest since they were received. Technology-based businesses tend to be human rather than capital intensive but based upon the current economic development assistance guidelines, many of these companies would not qualify.

Council Member Leight questioned if the interest earned could be considered for a special use outside of these proposed options.

Chair Merschel noted that staff once considered taking an equity position or venture capital position in nano-technology and medical research companies coming to the area, as those companies are a demonstrated area of growth locally and questioned if those areas should be redefined and considered.

Mr. Paige noted that staff reviewed taking an equity position with Targacept, which they would not allow, but the City obtained a better interest rate on its return instead and those monies are being put into a technology-based fund as they are repaid.

Chair Merschel requested that staff discuss these options and bring back information to Committee of the Whole in April.

Mayor Joines noted that the City will probably accrue \$200,000 in interest by the July close of Dell. He also noted that staff will ensure funds are utilized carefully and expressed his support of the funding pool for RUCA-eligible or small business projects and that staff be protective of the remaining \$6.7 million.

Council Member Clark expressed his support of utilizing some funds to pay back a portion of the debt.

Council Member Taylor noted that technology-based businesses are a good investment, but small businesses are the backbone of the community.

Council Member Montgomery echoed Council Member Taylor's comments and asked that staff continue to review the best use of the funds.

Council Member Burke noted that the governor was in town on Friday for a kickoff for small businesses, and that the owner of Kingz Market did not acknowledge the City. She encouraged staff to communicate more with small business owners.

Chair Merschel requested that staff provide feedback to the governor's office regarding the notification that was received late and to request a more timely notice for visits.

ADJOURNMENT: 5:35 p.m.