

SUMMARY OF MINUTES

FINANCE COMMITTEE

5:00 P.M., MONDAY, MAY 10, 2010

COMMITTEE ROOM

ROOM 239, CITY HALL

MEMBERS PRESENT: Mayor Allen Joines (out at 5:48 p.m., in at 6:11 p.m.)
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 James Taylor, Jr. (in at 5:10 p.m.)

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

Council Members requested to pull Items C-1(a&e), C-3, C-4(c), C-5, C-7, C-8, C-9, and C-10. 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 Leight and carried unanimously.

CONSENT AGENDA

Property Matters

- C-1. CONSIDERATION OF ITEMS RELATING TO THE ACQUISITION/SALE OF PROPERTY:
- b. RESOLUTION AUTHORIZING ACQUISITION OF PROPERTIES FOR CLEMMONSVILLE ROAD WIDENING PHASE II BY DEED OR CONDEMNATION - *Located on Luther Street, W. Clemmons Road, and Konnoak Drive. [\$122,475 in General Obligation Bond Funds.]*
 - c. RESOLUTION AUTHORIZING THE ACCEPTANCE OF DONATIONS OF EASEMENTS FOR THE LITTLE CREEK GREENWAY - *Property located on Bridgeport Drive and Creekshire Way.*

- d. RESOLUTION AUTHORIZING DEDICATION OF A GREENWAY EASEMENT ON CITY OWNED PROPERTY.
- f. RESOLUTION AUTHORIZING THE SALE OF CERTAIN CITY-OWNED PROPERTY AT 2401 GREENWAY AVENUE UNDER THE PROVISIONS OF N.C.G.S. 160A-269. *[Receipt of \$62,000.]*

Community and Economic Development

- C-2. RESOLUTION AUTHORIZING THE CITY OF WINSTON-SALEM TO APPLY FOR THE RE-DESIGNATION OF A STATE OF NORTH CAROLINA URBAN PROGRESS ZONE.

Finance/Budget

- C-4. CONSIDERATION OF ITEMS RELATING TO CONTRACTS:
 - a. RESOLUTION AWARDED CONTRACT FOR RESURFACING CITY STREETS - *APAC-Atlantic, Inc., Thompson-Arthur Division - \$1,016,283.37 (Estimated Amount).*
 - b. RESOLUTION AWARDED A CONTRACT FOR RESURFACING BROAD STREET - *Yadkin Valley Paving, Inc. - \$157,929.51 (Estimated Amount).*

Transportation

- C-6. CONSIDERATION OF A MUNICIPAL AGREEMENT WITH THE NORTH CAROLINA DEPARTMENT OF TRANSPORTATION FOR THE INSTALLATION OF BICYCLE RACKS:
 - a. RESOLUTION AUTHORIZING THE CITY TO ENTER INTO A MUNICIPAL AGREEMENT WITH THE NORTH CAROLINA DEPARTMENT OF TRANSPORTATION FOR THE INSTALLATION OF BICYCLE RACKS. *[\$25,600 from North Carolina Department of Transportation.]*
 - b. ORDINANCE AMENDING THE PROJECT BUDGET ORDINANCE FOR THE CITY OF WINSTON-SALEM, NORTH CAROLINA FOR THE FISCAL YEAR 2009-2010.

General Government

- C-11. APPROVAL OF COMMITTEE OF THE WHOLE SUMMARY OF MINUTES - *April 12, 2010.*

Property Matters

C-1. CONSIDERATION OF ITEMS RELATING TO THE ACQUISITION/SALE OF PROPERTY:

- a. RESOLUTION AUTHORIZING THE PURCHASE OF FLOOD RAVAGED PROPERTY LOCATED AT 164 QUEENSBURY ROAD AS PART OF A REPETITIVE FLOOD CLAIMS GRANT PROJECT. [*\$160,000 in Federal FEMA Funds.*]

In response to Council Member Clark's question, Mr. Gregory M. Turner, Assistant City Manager/Public Works, noted that the house will be removed from the property and the City will preserve the land as open space and no impervious surface can be created on the property. He also stated that the land itself cannot be deeded to adjoining property owners but usage of the property could be, as long as the City maintains ownership of the property.

Council Member Clark expressed concern that this will become an additional property that the City will have to maintain in perpetuity.

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

Council Member Burke urged staff to be mindful of troubled properties that may be deeded to someone other than the property owner and the potential for other issues.

The motion for approval carried unanimously.

- e. RESOLUTION AUTHORIZING THE FINAL DISPOSITION OF PROPERTY LOCATED AT 5455 WOODCLIFF DRIVE THROUGH A PUBLIC AUCTION AS PERMITTED IN N.C.G.S. 160A-270. [*Receipt of \$112,000.*]

Mr. Kirk Bjorling, Real Estate Administrator, noted that the City netted a commission of \$113,000 from the auction of this property and there is another similar property remaining of the original 17 to be auctioned.

Council Member Burke expressed concern about what investors would be doing with the properties.

Mr. Bjorling stated that previous properties were sold in the condition that a mortgage could be obtained, but this particular property was not eligible for a mortgage and the buyer would need to pay cash. The individual purchasing the property has intention to repair the structure and live in the home or possibly sell it at a later date. That individual has expressed no desire to rent out the property.

Council Member Burke noted that it was assumed that purchasers would be homeowners, rather than investors.

Council Member Adams expressed concern that the property has been sold to an investor and hopes that no complaints are received from whomever the investor sells the property to. She questioned if the investor was aware of the location of the landfill and any noise or issues that may stem from its proximity.

Mr. Bjorling noted that buyers of these homes have a deed restriction that recognizes the presence of the landfill, that the purchase comes with restrictions and there is no possibility of coming back to the City with complaints or concerns. In response to Chair Merschel's question, Mr. Bjorling stated that there are restrictions on the deed for any subsequent or future property owners from the sale of these properties.

Council Member Burke requested to know how much has been spent on these properties and how much has been gained from the sales.

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

Public Safety

C-3. INFORMATION ON NEW ON-STREET PARKING RATE STRUCTURE.

Council Member Leight requested to know how many machines would be needed to cover the entire downtown area, the annual amount made on parking meters and how much money is lost on handicapped parking when the meter is not used.

Mr. Turner stated that staff would provide a report. He also stated that the intent for the machines is to place one per block on each short block, which is 250 feet. Staff proposed that Second Street, between Church and Chestnut Streets, would be the starting location.

Council Member Taylor in at 5:10 p.m.

Mr. Turner noted that it is assumed the City is losing between \$15,000 and \$20,000 when spaces are utilized by handicapped individuals who do not pay to park.

In response to Council Member Clark's question, Mr. Turner stated that the machines are similar to a change machine, they will accept paper or metal money and credit cards and will sit mid-way through each block on a street. An individual will insert their choice of payment for the time they indicate, then place the parking card on their dashboard, and there may be some machines where they may indicate the space they are parking in. There is also an alarm feature to prevent vandalism to the device.

In response to Council Member Adams' question, Mr. Turner noted that other cities have transitioned from meters to these machines and there is the benefit of one device to maintain on one street. There is also a reduction in vandalism due to alarm and security features on the machine. He also noted that periodically, there may be an increase in vandalism to parking meters.

In response to Council Member Burke's inquiry, Mr. Turner noted that handicapped citizens will pay for parking just like everyone else under the proposed parking rates and this information will be distributed through the media and marketing campaigns. Under the current statute, handicapped individuals can park in a metered space without a time restriction, and the proposed changes will eliminate this option, whereby anyone can pay and remain in one space all day. For individuals working downtown, on-street parking is intended to be short-term so anyone wishing to park all day should seek a spot in a parking lot or deck.

Chair Merschel requested that staff review the area of Fourth Street between Brookstown Avenue and Broad Street, as there is an issue with individuals parking all day, even with a handicapped placard, and that staff review enforcement in that area and possibly reconfigure the time in the lot. She also requested that staff review Liberty Street between Third and Fourth Streets where individuals park all day and are ticketed, but they feel it is cheaper to pay the ticket, than park in a nearby deck.

Mr. Turner noted that staff is proposing an increase in the overtime parking rate from a \$5 fine to a \$10 fine to deter individuals from remaining in a space once a fine has been assessed.

In response to Council Member Burke's question, Mr. Turner stated that individuals dining downtown will need to anticipate how long they will be at a restaurant and purchase that much time from the machine. He also stated that the intention is to turn over hourly spaces and provide an economic incentive for those who need to park long term by encouraging them to move to lots or decks.

Council Member Merschel questioned if on-street parking could be limited to two hours.

Mr. Turner stated that there could be different rules for different parking areas or time limits could be assessed on a block by block basis.

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

Finance/Budget

C-4. CONSIDERATION OF ITEMS RELATING TO CONTRACTS:

- c. RESOLUTION AWARING CONTRACT FOR VACUUM LEAF COLLECTION MACHINES - *White's International* - \$555,268.

In response to Council Member Leight's question, Mr. Turner stated that vendors provided needed information but they failed to meet the specific requirements of the bid, such as the seven year warranty and exhaust requirements, so they were disqualified from the bid.

Council Member Clark requested that staff review the type of trucks required for this service and re-open the bid. If six of eight vendors were rejected, there may be a flaw in what was requested in the bid. He also expressed concern that the proposal may have been inadvertently written to focus on a specific manufacturer.

In response to Council Member Burke's question, Mr. Jerry Bates, Purchasing Director, stated that to be a vendor to the City, one must complete the vendor application as found on the Purchasing website and submit it to the Purchasing Department. A permit must be issued prior to that vendor bidding for a City contract.

In response to Council Member Burke's inquiry, Mr. Turner noted that through some staff discussion for clarity, it is currently the City's practice that a vendor must have a license to operate before beginning work, but a vendor may bid without having a license to operate.

Council Member Burke questioned if money had been lost because of inconsistent bidding practices.

In response to Council Member Leight's question, Mr. Turner stated that even though some vendors knew they would not meet the requirements, they may have bid in hopes that the City would overlook their short-comings or allow an exception to the bid, or due to the current economy, they are taking every opportunity to work.

Council Member Adams stated that the contract was questionable and it seems to have been written where it was impossible to meet.

Chair Merschel requested to know how much the leaf pickup process costs plus capital and equipment costs, prior to accepting any bid.

Council Member Clark requested that staff determine the average height of exhaust, engine torque and other specifics and that the bid be re-written.

Mr. Lee Garrity, City Manager, noted that staff will bring back a report on the bidding process and purchasing issues. He also noted that Mr. Johnnie Taylor, Sanitation Director, was working on a proposal to make leaf collection more efficient. He further noted that the Finance Department will bring an overview of purchasing policies this summer to ensure they are consistent with Council's direction.

Chair Merschel stated that by consensus, this item would remain in Committee.

Transportation

- C-5. RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH HANOVER INSURANCE COMPANY TO COMPLETE THE CONSTRUCTION OF THE WEST CLEMMONSVILLE ROAD EXTENSION PROJECT.

In response to Council Member Leight's question, Mr. Turner stated that Hanover Insurance Company will have 150 days and liquidated damages in their contract to complete the construction.

In response to Council Member Burke's question, Mr. Turner stated that if the deadline is not met, there will be a fine per day, anywhere from \$200 to \$1,000.

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

General Government

C-7. UPDATE ON CONTRACT ENHANCEMENTS.

Mr. Turner noted this item is in response to City Council's question about what it is allowed to do in terms of placing employment conditions on service contracts and the question was precipitated by the concern of an individual employed by Veolia, which is the company in charge of Winston-Salem Transit Authority (WSTA) operations.

Council Member Clark stated that staff can require that third party vendors and independent contractors follow specified laws but cautions staff in telling them what they can pay or how to run their companies and to ensure that legal bounds are not overstepped.

Council Member Burke noted that it should be communicated more clearly that WSTA operations are contracted and not under City control. She also noted that when citizens have concerns with WSTA, they are addressed to City staff and Council Members, who have no control. She further noted that Veolia should do a better job of addressing the current concerns of surrounding business owners. She questioned who was responsible for the cleanliness of the WSTA facility and for security.

Mr. Turner noted that the City's Property Maintenance division cleans the WSTA facility and there is a private security company to address safety concerns.

Chair Merschel noted that when an entity bears the name of the city, the City is to some degree responsible for how that service is delivered and she understands why citizens may be confused.

Mr. Garrity noted that the WSTA contract with Veolia is about to expire and WSTA is taking proposals. He also noted that staff is ensuring various issues are addressed and Council Members are updated throughout the process.

C-8. ORDINANCE AMENDING SEC. 34-12 OF THE CITY CODE RELATING TO ELECTRONIC SWEEPSTAKES OPERATIONS.

In response to Council Member Clark's question, Mrs. Angela I. Carmon, City Attorney, stated that this could be a potential lawsuit but it is preventable. She also stated that various lawsuits have been filed, but there have been no court rulings to date.

Mayor Joines noted that he had received phone calls from other mayors experiencing the same situation and that the City is being proactive to address concerns about these establishments.

In response to Council Member Burke's question, Mr. Jerry Kontos, Assistant City Attorney, stated that there are no particular set hours, or established open and close times and that they vary by location.

Mr. Scott Cunningham, Chief of Police, stated that these establishments are viable businesses and that there is a statewide injunction to prohibit law enforcement from taking action against them. He also stated that there are substantial amounts of money involved, as well as risks, safety issues and concerns, areas of operation and no regulations.

In response to Council Member Burke's inquiry, Mr. Kontos stated that some establishments sell snacks and some provide them free of charge.

Chair Merschel noted that it may be helpful for Council Members to visit some of these locations to obtain a better understanding of how they operate.

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

C-9. CITIZENS' BASEBALL STADIUM REVIEW COMMITTEE MONTHLY REPORT TO THE CITY COUNCIL.

Council Member Clark noted that the City retained an independent construction manager to oversee the site while it was under construction and questioned if he is still retained as the stadium is finished and what payment is due to him.

Mr. Turner noted that the overseer has finished his work and completed his contract. The work of the Citizens' Baseball Stadium Review Committee (CBSRC) now moves into the review of the operations of the stadium relative to revenue for the next 20 years until the bonds are paid off.

Council Member Burke expressed her pride in the stadium and requested that staff advertise that the stadium may be used for programs other than baseball.

Mayor Joines out at 5:48 p.m.

In response to Chair Merschel's question, Mr. Turner stated that the CBSRC was trying to determine what information they were entitled to in terms of financial documents relative to contracts. As they are overseeing operations that are related to finances, they wanted to know under the contract, what information they were entitled to.

C-10. MONTHLY REPORT ON ECONOMIC STIMULUS PROJECTS UNDER THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009.

In response to Council Member Clark's question, Mr. Turner stated that the City will receive reimbursable funds as projects are completed, that formula funds for the Energy Efficiency Conservation Block Grant are forthcoming and other funds will be reimbursed as projects are completed.

Council Member Burke requested to know how many jobs have been created.

GENERAL AGENDA**G-1. RESOLUTION APPROVING FINANCIAL ASSISTANCE TO THE PIEDMONT TRIAD RESEARCH PARK FROM THE CITY'S BROWNFIELDS REVOLVING LOAN GRANT FUND. [*\$430,000 in Federal Grant Funds.*]**

Mr. Ruben Gonzales, Economic Development Director, stated that this item will grant and loan funds from the Brownfields Revolving Loan Grant Fund (BRLG) to the Piedmont Triad Research Park (PTRP) to aid in asbestos removal from the Bailey Power Plant. The item is broken down into three levels: the loan amount of \$161,000, the grant amount of \$200,000 and the Environmental Protection Agency (EPA) discount of \$69,000. In response to Council Member Burke's question, he stated that previously, BRLG funds were for assessment only, although the Small Business Loan Program can be utilized for remediation.

Mr. Derwick Paige, Deputy City Manager, stated that BRLG funds are the third set of funds received from the EPA. The first set of funds were assessment dollars, then the City received job training dollars and revolving loan cleanup funds. The City has approved three different projects in recent years, but due to various fund restrictions, smaller projects were going to be more cost prohibitive than beneficial.

In response to Chair Merschel's question, Mr. Paige stated that some of the projects were Goler at the corner of Patterson Avenue and Martin Luther King, Jr. Drive, Stratford Metals, although that project never came to fruition and the Arts Council, along with several smaller projects over the years. The BRLG fund requirements are very stringent and many communities have to return funds because of paperwork requirements. He then stated that the City has received several extensions on projects to allow staff to attempt to find viable projects for the funds.

Council Member Burke noted that she is a former regional manager for the Department of Environment and Natural Resources.

Chair Merschel noted that the site has a lot of potential, not only for PTRP, but for various uses. She expressed her thanks to staff for identifying project resources and uses for land.

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

Council Member Clark noted that the City has been in similar situations before where there are good intentions for funding, but sometimes restrictions are written so that no project qualifies. He also complimented staff for their efforts.

G-2. RESOLUTION OF THE CITY OF WINSTON-SALEM, NORTH CAROLINA, PROVIDING FOR THE ISSUANCE OF \$10,500,000 GENERAL OBLIGATION BONDS IN TWO OR MORE SERIES.

In response to Council Member Burke's question, Mr. Paige stated that there are some funds available that are currently used for the citywide first-time time homebuyers program and this item will simply add additional dollars to that pool of funding.

Council Member Leight questioned what would happen if the bonds are sold, then the City expects to obtain funding from the state to help pay for the interest and it falls through.

Mr. Clark Case, Assistant Financial Officer, noted that if State matching funds fell through, there could be a reallocation of General Obligation bond proceeds to other Streets projects, and staff can reallocate to different projects within the same category. As the subsidy of the interest is from the federal government and if the subsidy is discontinued, the bonds could be refunded as tax-exempt bonds.

In response to Council Member Adams' question, Mr. Turner stated that the difference in what is covered under the Economic Stimulus program and General Obligation Bonds is that in some cases, the City is paying itself back for money anticipated to come from the stimulus program, so bonds are issued to complete a project and in some cases, projects may be funded multiple ways.

Mr. Turner confirmed Council Member Clark's assumption that if a project is funded by bonds and stimulus funds are received to fund the project, as long as it is within the same category, the bonds can be reallocated to another project.

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

G-3. RESOLUTION APPROVING THE REVISED CITY/COUNTY COOPERATIVE GOVERNMENTAL SERVICES FUNDING AGREEMENT. *[Item continued from the April 12, 2010 Committee of the Whole meeting.]*

In response to Council Member Leight's question, Mrs. Ann Jones, Budget/Evaluation Director stated that the updated chart was not included in the agenda packet, so some percentages are different in various locations.

Mr. Garrity noted the County has three parks that it operates located within municipalities, including Union Cross, Walkertown and Joanie Moser. There are also others close to the City limits, such as C.G. Hill and Kernersville Park. In response to Council Member Clark's question regarding what would happen if other municipalities decide they no longer want to take responsibility for their parks, Mr. Garrity noted that this item commits the County to pursuing discussions as to who would take ownership of various parks.

Council Member Clark noted that it would be best if the County works out these agreements prior to them coming before City Council in the future.

In response to Chair Merschel's question, Mrs. Jones stated that there will be approximate savings of \$63,000 and over \$200,000 in savings in the General Fund.

Chair Merschel noted that she previously expressed concern about the transfer of parks, but thinks it is a good step to try additional consolidation of services in a cost effective way, that she will be more receptive to other areas of consolidation, and challenged staff to bring other opportunities to the City Council.

In response to Council Member Burke's question, Mr. Garrity noted that the County pays half the operating cost of Bethabara Park and the entire cost of Union Cross, which it operates. Staff is trying to find consolidations that are close to revenue neutral, with the intention of discontinuing the practice of paying administrative costs related to the Board of Elections.

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

G-4. RESOLUTION APPROVING AN ECONOMIC DEVELOPMENT LOAN FOR AZZAT AMER, INC.

Mr. Gonzales noted that Mr. Amer would like to borrow \$75,000 at a low interest rate to help him complete a project. Jobs will not be created with his project, but jobs will be created by businesses going into the area, and funds are available through the Small Business Loan Program.

Council Member Clark made a motion to excuse Council Member Burke from the vote because of her request noting that she had a close personal relationship with Mr. Amer. The motion was duly seconded by Chair Merschel and carried unanimously.

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

The motion carried on a vote of three in favor, none opposed and one excused. Those voting in favor of the motion were Chair Merschel, Council Members Clark and Leight and Council Member Burke was excused from the vote.

G-5. RESOLUTION AUTHORIZING THE CITY OF WINSTON-SALEM TO APPLY FOR A GRANT FROM THE FEDERAL EMERGENCY MANAGEMENT AGENCY AND THE DEPARTMENT OF HOMELAND SECURITY FOR THE 2010 ASSISTANCE TO FIREFIGHTERS GRANT FOR THE PURCHASE OF FIRE SUPPRESSION EQUIPMENT.

In response to Council Member Clark's question, Mr. Antony Farmer, Fire Chief, stated that the funds would provide an opportunity to purchase equipment that is currently used but worn or needing replacement and to replace obsolete equipment.

Mayor Joines in at 6:11 p.m.

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

ADJOURNMENT: 6:13 p.m.