

## SUMMARY OF MINUTES

### FINANCE COMMITTEE

5:00 P.M., MONDAY, JUNE 14, 2010

COMMITTEE ROOM

ROOM 239, CITY HALL

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*MEMBERS PRESENT:* 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 5:12 p.m.)  
Council Member Dan Besse  
Council Member Derwin Montgomery

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-4 and C-12. 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

##### Property Matters

- C-1. CONSIDERATION OF ITEMS RELATING TO THE ACQUISITION/SALE OF PROPERTY:
  - a. RESOLUTION AUTHORIZING ACQUISITION OF PROPERTIES FOR CLEMMONSVILLE ROAD WIDENING PHASE III BY DEED OR CONDEMNATION - *Lots located on W. Clemmons Road, Stavanger Court, Clinard Avenue, Hege Street, and Sage Meadows Drive. [\$142,290 from General Obligation Bond funds.]*

- b. RESOLUTION AUTHORIZING THE SALE OF CERTAIN CITY-OWNED PROPERTY TO THE LIBERTY COMMUNITY DEVELOPMENT CORPORATION UNDER THE UPSET BID PROCEDURE N.C.G.S. 160A-269 - *Lots located on the east side of Liberty Street between Fourteenth and Seventeenth Street. [Receipt of \$5,000.]*

Community and Economic Development

- C-2. RESOLUTION EXTENDING THE FINANCIAL COMMITMENT AND PROGRAM GUIDELINES FOR THE HAPPY HILL GARDENS HOPE VI HOMEOWNERSHIP PROGRAM.

Finance/Budget

- C-3. RESOLUTION AUTHORIZING THE CITY MANAGER TO PURCHASE PROPERTY, BOILER, AND MACHINERY INSURANCE FROM THE BERKLEY MID-ATLANTIC GROUP THROUGH SURRY INSURANCE. [*\$329,668.*]
- C-5. CONSIDERATION OF ITEMS RELATING TO CONTRACTS:
  - a. RESOLUTION APPROVING A CONTRACT WITH NWN FOR NETWORK INFRASTRUCTURE SUPPORT SERVICES - *NWN - \$809,210.*
  - b. RESOLUTION AWARDED CONTRACT FOR QUARRY PRODUCTS - *Vulcan Construction Materials - \$1,393,036.50 (Estimated Amount).*
  - c. RESOLUTION AWARDED CONTRACT FOR MARTIN LUTHER KING, JR. DRIVE ORNAMENTAL FENCING - *Fence Builders, Inc. - \$97,312.50 (Estimated Amount).*
  - d. RESOLUTION AWARDED CONTRACT FOR HANES PARK PLAYGROUND RENOVATIONS - *Creative Design and Construction, Inc. - \$172,000.*
- C-6. CONSIDERATION OF ITEMS RELATING TO SOIL REMEDIATION AT THE WINSTON-SALEM POLICE DEPARTMENT FIRING RANGE:
  - a. RESOLUTION AWARDED CONTRACT FOR SOIL REMEDIATION AT THE WINSTON-SALEM POLICE DEPARTMENT FIRING RANGE - *CST Environmental, LP, dba CST Environmental Acquisitions, LP - \$689,167.01 (Estimated Amount).*
  - b. ORDINANCE AMENDING THE PROJECT BUDGET ORDINANCE FOR THE CITY OF WINSTON-SALEM, NORTH CAROLINA FOR THE FISCAL YEAR 2009-2010.

- C-7. 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-8. CONSIDERATION OF ITEMS RELATING TO A SUPPLEMENTAL MUNICIPAL AGREEMENT WITH THE NORTH CAROLINA DEPARTMENT OF TRANSPORTATION FOR THE CONSTRUCTION OF INTERSECTION IMPROVEMENTS AT SPRAGUE STREET AND KERNERSVILLE ROAD:
- a. RESOLUTION APPROVING AUTHORIZATION TO ENTER INTO A SUPPLEMENTAL MUNICIPAL AGREEMENT WITH THE NORTH CAROLINA DEPARTMENT OF TRANSPORTATION FOR THE CONSTRUCTION OF INTERSECTION IMPROVEMENTS AT SPRAGUE STREET AND KERNERSVILLE ROAD.
  - b. ORDINANCE AMENDING THE PROJECT BUDGET ORDINANCE FOR THE CITY OF WINSTON-SALEM, NORTH CAROLINA FOR THE FISCAL YEAR 2009-2010.
- C-9. RESOLUTION APPROVING AN INTERLOCAL AGREEMENT WITH THE VILLAGE OF CLEMMONS TO REIMBURSE FOR THE COSTS OF THE LEWISVILLE-CLEMMONS ROAD STREET INTERCONNECTIVITY STUDY.
- C-10. CONSIDERATION OF ITEMS RELATING TO A MUNICIPAL AGREEMENT WITH THE NORTH CAROLINA DEPARTMENT OF TRANSPORTATION FOR THE IMPLEMENTATION OF A SAFE ROUTES TO SCHOOL NON-INFRASTRUCTURE GRANT:
- a. RESOLUTION APPROVING AUTHORIZATION TO ENTER INTO A MUNICIPAL AGREEMENT WITH THE NORTH CAROLINA DEPARTMENT OF TRANSPORTATION FOR THE IMPLEMENTATION OF A SAFE ROUTES TO SCHOOL NON-INFRASTRUCTURE GRANT. *[\$50,000.]*
  - 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. CITIZENS' BASEBALL STADIUM REVIEW COMMITTEE MONTHLY REPORT TO THE CITY COUNCIL.
- C-13. APPROVAL OF FINANCE COMMITTEE SUMMARY OF MINUTES - *May 10, 2010*.
- C-4. RESOLUTION APPROVING THE FISCAL YEAR 2010-2011 OPERATING MEMORANDUM BETWEEN THE CITY OF WINSTON-SALEM AND THE RISK ACCEPTANCE MANAGEMENT CORPORATION.

In response to Council Member Clark's question, Mrs. Denise Bell, Chief Financial Officer, stated that the City borrowed \$15 million from Risk Acceptance Management Corporation (RAMCO) in 1988 and that the debt was completely paid off.

Council Member Clark requested the balance of RAMCO reserves and any funding that is available.

In response to Council Member Burke's question, Mrs. Bell defined RAMCO as a non-profit organization that issues Certificates of Participation to fund a reserve which the City may utilize for claims settlements. The City provides an annual premium to RAMCO to pay debt, claims and administrative costs.

Council Member Adams requested to know the amount of claims from the current year in comparison to last year, a 10-year trend report of incidents and the amounts paid, who is in charge of safety for the City, and a comparison of the City's worker's compensation payout in comparison to private industry. She also stated that staff should ensure every employee works safely and acts responsibly and that there should be no incidents or an incident target of zero and questioned how the City could work towards that target.

Council Member Burke suggested that staff provide a report on the types of vehicles being utilized by employees, any information on accident avoidance and the number of accidents employees have been involved in.

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

Chair Merschel stated that due to the broad base of functions the City performs, any information provided should be categorized by job, as some areas may have a higher tolerance or rating for incidents.

- C-12. MONTHLY REPORT ON ECONOMIC STIMULUS PROJECTS UNDER THE AMERICAN RECOVERY AND REINVESTMENT ACT.

In response to Council Member Clark's question, Mr. Gregory M. Turner, Assistant City Manager/Public Works, stated that he is confident that funding provided by the American

Recovery and Reinvestment Act is arriving as projects are finished. He also stated that there are some grants the City is eligible for that are still being discovered and applied for.

*Council Member Taylor in at 5:12 p.m.*

#### GENERAL AGENDA

- G-1. RESOLUTION AWARDDING CONTRACT FOR VACUUM LEAF COLLECTION MACHINES - *White's International* - \$555,268. *[Item remanded to Finance Committee by City Council on May 17, 2010.]*

Mr. Lee Garrity, City Manager, stated that Mr. Johnnie Taylor, Sanitation Director, would answer questions previously posed by Council Members.

Mr. Taylor stated that staff modeled the specifics for this contract from various manufacturers within the community, based upon a Freightliner truck with a Cummings engine. He had conversations with various vendors and responded to any questions to allow as many vendors as possible to submit bids. Upon receiving vendor feedback, the City provided an addendum to the contract. At the time, no vendor had any questions or problems with the City's requirements, with the exception of Freightliner's concern with the exhaust and warranty requirements. Prior to the bid opening, staff received information from one vendor pertaining to the exhaust and warranty requirements. When collecting leaves from the curbside, if the exhaust is not located on the left side of the vehicle, it increases the potential for fire hazard and staff wants to ensure that all employees are safe. The warranty requirement is due to the nature of the current financial environment, and the City wishes to utilize vehicles for longer periods of time. These elements will ensure that the City has the best equipment, is allowed the extended use of vehicles, enhances the safety of employees and allows for a fair bidding process. In response to Council Member Clark's questions, Mr. Taylor stated that the new vehicles will improve the production of leaf collection through an increased capacity and the ability to cover territory more quickly. He also stated that the cost of the current trucks in use and the proposed vehicles are comparable but the savings come in the level of efficiency that will be obtained with the newer vehicles.

In response to Council Member Adams' question, Mr. Taylor noted that a left side exhaust system has been utilized for the last nine years and it meets the latest emissions requirements.

In response to Council Member Burke's inquiry, Mr. Taylor stated that the company proposed for the contract award is located in Greensboro and that there were no local vendors.

Chair Merschel questioned if City Council should consider different methods of leaf collection, such as bagging and if the new equipment could be adapted for another use when no leaf collection is needed.

Mr. Garrity stated that the newer vehicles may be utilized for storm drain cleaning, cleaning within the downtown area and various other uses.

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

Council Member Burke and carried unanimously.

G-2. RESOLUTION APPROVING ECONOMIC DEVELOPMENT ASSISTANCE TO WISDOM BEVERAGE, LLC. *Public Hearing: June 21, 2010. [\$15,000.]*

In response to Council Member Clark's question, Mr. Ruben Gonzales, Development Director, stated that there is a fallback provision and the company's capital investment still needs to be verified.

In response to Council Member Burke's inquiry, Mr. Gonzales noted that the company will immediately create 50 jobs and an additional 50 will be created within the next five years.

Council Member Burke suggested that some incentives could be provided to companies that hire employees who are Winston-Salem residents and that staff should encourage new companies to do so.

Mr. Garrity noted that there are legal constraints on hiring requirements.

In response to Council Member Besse's question, Mr. Gonzales stated that he believed the project did not meet the County's guidelines because its capital investment was not large enough.

Chair Merschel noted that the site does not appear to be an area in need of incentives, but that she supports the item as a significant investment and for the job opportunities. She requested that staff be more consistent going forward and considerate of locations and projects that these funds are allocated to.

Council Member Clark made a motion to approve the item. The motion was duly seconded by Council Member Leight. The vote carried on a motion of three in favor, none opposed and one abstaining. Those voting in favor of the motion were Council Members Merschel, Clark and Leight, with Council Member Burke voting in abstention.

G-3. RESOLUTION AUTHORIZING A COMMITMENT OF FUNDS TO SIMON GREEN ATKINS COMMUNITY DEVELOPMENT CORPORATION FOR THE EASTSIDE ENTERPRISE CENTER. *[\$160,000 in General Obligation Bond funds.]*

Ms. Mellin Parker, Housing/Neighborhood Development Director, provided background information on the item. In response to Council Member Burke's question, she stated that Historically Black Colleges and Universities applied directly to the department of Housing and Urban Development for funding towards the renovation of the former Boys and Girls Club building into the Eastside Enterprise Center, with construction beginning in August.

In response to Council Member Clark's inquiry, Ms. Parker stated that the City will be in the first position on a deferred loan.

Ms. Carol Davis, Executive Director of the S.G. Atkins Community Development Corporation (CDC), noted that there were no banks involved with this request as all funding will be obtained through grants.

In response to Council Member Besse's question, Mr. Derwick Paige, Deputy City Manager, stated that the source of the funding is General Obligation Bonds awarded in 2000 that have not yet been issued for housing. He also stated that there were no remaining economic development bonds and that the project qualified for housing bonds.

Council Member Burke commended the S.G. Atkins CDC for obtaining such a large portion of funding prior to its request of funding from the City.

Chair Merschel noted that the S.G. Atkins CDC and its partnerships are notable in an effort to continue to support the local economy and to create jobs.

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

G-4. CONTINUATION OF REVIEW OF PROPOSED FY10-11 BUDGET. [SEE ATTACHED FINANCE COMMITTEE WORKSHOP AGENDA.](#)

1. DISCUSSION ON INFORMATION AND RESPONSES FROM JUNE 10, 2010 FINANCE COMMITTEE WORKSHOP.

- Council Member Burke questioned if staff had considered a further reduction in membership costs paid for by the City and suggested that some employees could pay their own memberships.
- Chair Merschel questioned if Council Member Burke was requesting this information for the proposed budget or as a review post-budget.
- Council Member Besse questioned if the reduction to the Piedmont Triad Partnership will affect the City's eligibility for membership.
- Council Member Adams requested job descriptions as a hard copy document.

2. STAFF CHANGES TO THE CITY MANAGER'S PROPOSED BUDGET.

- Council Member Burke questioned if there will be any type of public hearing or citizen participation regarding the use of Dell funds.
- Council Member Clark requested to see the total budgets for the two new veteran organizations included in the Housing Finance Assistance Fund.
- Council Member Burke requested to know the amounts involved with the recommended changes to City charges and fees.

3. FINANCE COMMITTEE'S CHANGES TO THE CITY MANAGER'S PROPOSED BUDGET:

- a. CHANGES TO THE OPERATING BUDGET.
- b. CHANGES TO THE CAPITAL PLAN.

- Chair Merschel noted that an opt-out policy for curbside garbage pickup had been included at Council Member Burke's request.
- Council Member Leight questioned if there was any way to sell air time or sponsorships on WSTV-13 as an additional source of revenue.
- Council Member Burke stated that any sponsorships should be fair and that a very clear policy be presented to the public to determine how selections are made and requested to know the amounts that may be charged.
- Council Member Clark noted that various items being considered may have a significant impact on the City's budget, such as single cart recycling, new leaf collection trucks, front yard only garbage pickup, the reimbursement of property tax to the Housing Authority of Winston-Salem, the number of building inspectors, the organization chart and a potential charge for curbside recycling. He also noted that he had no specific changes to recommend.
- Chair Merschel clarified that Council Member Clark requested that Revitalizing Urban Commercial Areas (RUCA) funding be spread over a four-year period and that there were no further recommended changes to the proposed budget or Capital Improvement Plan from Finance Committee members.
- Council Member Burke questioned how many RUCAs had been identified, how much money was spent on each area and if it had made a tangible difference. She also suggested that when staff works within a RUCA, they should be aggressive and ambitious in how the funding is spent.
- Council Member Leight noted that completing renovations or enhancing an area one business at a time does not give the impression of overall change.
- Council Member Burke noted that the City Manager should have more influence in encouraging businesses to locate in a RUCA.
- Council Member Adams suggested that staff seriously consider Sunday transportation as the City is losing money through its public assembly facilities and this is an established need for the citizens. She also stated that it is poor customer service if staff cannot find a way to provide this service to so many citizens in need.
- Chair Merschel questioned if any funding was identified in the General Fund (GF) balance for Sunday transportation and if it would be considered.
- Council Member Adams noted that staff should look to areas that are not making money but are a portion of the revenue stream to see what changes can be made.
- Chair Merschel noted that Council Member Besse was a champion of motor vehicle tax restrictions and distributions.
- Council Member Clark noted that on many ventures, the city does lose money. He questioned if state and federal funding for transportation was fixed or variable and requested to know the number of riders on a new route started two years ago.
- Council Member Burke questioned if there were any small buses in the fleet that could be considered for Sunday transportation.
- Chair Merschel noted that she was an advocate for straight line routes versus hub routes.
- Council Member Montgomery expressed concern with RUCA regulations being too restrictive, and what would happen if a plan was presented for an area already inundated with small businesses. He suggested that an annual fee be assigned specifically to the carts for curbside pickup to maintain that service. He also suggested that fees be built into the tax rate to be sustainable.

5. CONSIDERATION OF A RECOMMENDED CAPITAL PLAN, FIRST YEAR BUDGET APPROPRIATION AND FUTURE YEARS AS A FINANCIAL PLAN.

9. CONSIDERATION OF A RESOLUTION AMENDING THE PERSONNEL RESOLUTION OF THE CITY OF WINSTON-SALEM MAKING CHANGES TO THE PAY PLAN AND LANGUAGE FOR CLARITY.

- Council Member Adams suggested that under “post-accident and drug/alcohol testing,” that wording be changed from accident to incident or near-miss. She also suggested that accident be replaced with incident in other sections of the document. Under item 11, subsection C: Prescription Drugs and Employee, she questioned how an employees’ reaction to a medication or drug interaction would be handled.
- Council Member Clark questioned if the change in verbiage would be allowed legally.

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

- Council Member Burke recommended that staff review this policy with temporary agencies working with the City in an effort to be consistent.

The motion for approval carried unanimously.

10. CONSIDERATION OF A RESOLUTION MODIFYING THE CITY OF WINSTON-SALEM POST-EMPLOYMENT HEALTH CARE BENEFIT PROGRAM ELIGIBILITY FOR NEW EMPLOYEES.

Council Member Clark made a motion for approval of the item. The motion was duly seconded by Council Member Leight and carried unanimously.

8. CONSIDERATION OF RESOLUTION OF INTENT TO FUND RECYCLING WITH CITY RESOURCES WITHIN THREE YEARS.

- Council Member Besse recommended one specific change to the Operating budget which is also relevant to Item 8 and recycling costs. He proposed that the transfer from the Solid Waste Disposal Fund (SWDF) to the GF of \$519,000 be dropped which could reduce the recommended property tax rate increase by one-quarter of a cent. He also stated that City Council should insist it is operating a comprehensive solid waste management program and review financing and changes to the program as a whole and by combining solid waste disposal and recycling, which is a preferred alternative. He provided a copy of the State statute for solid waste management and noted that the City/County Utility Commission (CCUC) is not the managing body for the City’s solid waste management program, but rather the City is the sole owner of the landfill and should control its functions. Council Member Besse clarified that he was recommending three separate actions: the transfer of the funds, the change to the proposed tax rate increase and the resolution substitution and that the Committee could consider them separately if they so chose.
- Council Member Leight stated that she was in support of the removal of the GF subsidy and

that she would support whatever the Committee and staff recommendation would be as far as the one-quarter cent reduction or addition to the proposed property tax rate increase.

- Chair Merschel noted that there were several options for the resolution and that the Committee could consider the proposed resolution from the City Manager, consider the resolution as proposed by Council Member Besse or to withdraw the resolution in its entirety.
- Council Member Leight stated that she would be in favor of removing Item 8 in regards to recycling, due to her agreement with Council Member Besse that the City should not take on the cost of recycling and relieving the SWDF of that cost. She also stated that she would like to wait until the study is completed to determine any changes to the operation of the SWDF, and that it could be completed in the three years proposed in the original resolution.
- Council Member Burke stated that she would like to review Council Member Besse's document and provide feedback at another time.
- Council Member Clark noted that the City Manager's proposed resolution is not binding to the proposed budget, that the City Council has asked the CCUC to perform a comprehensive study on solid waste disposal, that there is currently no comprehensive solid waste service and that it would be incomprehensible to withhold needed money from the GF to fund recycling. He also noted that a fee could be assessed for the collection of recycling, similar to leaf collection and household waste collection. He further noted that he was unsure if any resolution was needed until the final study has been completed by the CCUC regarding a comprehensive city/county solid waste disposal program.
- Chair Merschel stated that by consensus, Item 17 regarding recycling would be removed from the proposed budget. She also stated that details from the study would be presented in December which may help the City Council to determine a position on solid waste disposal. She further stated that the removal of this item would remove the option for Council Member Besse's substitute resolution.
- Council Member Adams suggested that staff continue to be proactive and methodical and continue to cover other activities and initiatives. She also stated that if staff had addressed the solid waste management issue as it has dealt with the budget shortfall when it was foreseen, the outcome may have been different. She further stated that she agrees with Council Member Clark about the removal of the non-binding resolution and also expressed support of anything that will lower taxes for citizens.
- Council Member Clark expressed his support of the City Manager's proposed budget with the incorporation of recommendations made.
- Council Member Montgomery expressed his support of the City Manager's proposed budget.
- Council Member Taylor stated that he would review comments and recommendations made today and that he would be prepared to comment at Monday's Council meeting.
- Chair Merschel reminded the Committee that Council Member Besse could not make a motion to the Committee and that if another member wished to support his resolution, they could make a motion on his behalf.
- Council Member Clark noted that the Public Works Committee would have a similar discussion on a proposed policy for roll-out carts.

6. ORDINANCE AMENDING SECTION 26 OF THE CITY CODE RELATING TO CHANGES IN THE RESIDENTIAL GARBAGE COLLECTION PROGRAM AND TO AN INCREASE IN THE ANNUAL FEE FOR YARD TRASH ROLL-OUT CONTAINER SERVICE. **SEE ITEM G-4 IN FINANCE COMMITTEE AGENDA BOOK FOR MATERIALS.**

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

7. RESOLUTION AWARDING CONTRACT FOR PURCHASE OF ROLLOUT REFUSE CARTS UNDER THE COMPETITIVE BIDDING GROUP PURCHASING PROGRAM OF N.C.G.S.143-129(E)(3) - *Toter, Inc.*- \$1,526,400. **SEE ITEM C-5(e) IN FINANCE COMMITTEE AGENDA BOOK FOR MATERIALS.**

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

4. CONSIDERATION OF A RECOMMENDED BUDGET AND PROPERTY TAX RATE FOR FISCAL YEAR 2010-11.

Council Member Clark made a motion to adopt the City Manager's proposed budget with the changes previously noted. The motion was duly seconded by Chair Merschel. Council Member Burke abstained from the vote. Council Member Leight voted in opposition. The motion carried on a vote of two in favor, one opposed and one abstaining.

11. PREVIEW OF BUDGET ITEMS TO BE INCLUDED IN THE CITY COUNCIL AGENDA FOR MONDAY, JUNE 21, 2010.

- Council Member Besse thanked staff for its thorough work and thanked Chair Merschel for her fairness in the process.
- Council Member Montgomery questioned any cost allocation for the installation of permanent remote cameras in the Committee room and encouraged Council Members to support the action.

ADJOURNMENT: 7:09 p.m.