

## SUMMARY OF MINUTES

### FINANCE COMMITTEE

4:00 P.M., MONDAY, JULY 11, 2011

COMMITTEE ROOM

ROOM 239, CITY HALL

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*MEMBERS PRESENT:* Mayor Allen Joines (out at 5:10 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 Derwin L. Montgomery  
Council Member Denise D. Adams (in at 4:15 p.m.)  
Council Member James Taylor, Jr.

Chair Merschel called the meeting to order and stated that without objection, the Committee would first consider the Consent Agenda and asked if any items needed to be removed for discussion. Council Member Leight requested to pull Item C-3(c). Council Member Clark requested to pull Item C-3(b). No other items were removed.

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

#### CONSENT AGENDA

##### Property Matters

- C-1. RESOLUTION AUTHORIZING THE DISPOSITION OF SURPLUS PROPERTY LOCATED AT 4545 OAK RIDGE DRIVE THROUGH A PUBLIC AUCTION AS PERMITTED IN N.C.G.S. 160A-270 AND AUTHORIZATION FOR ACCEPTANCE OF A FLAT \$500 BID DEPOSIT.

##### Community and Economic Development

- C-2. RESOLUTION AUTHORIZING A COMMITMENT OF FUNDS TO THE HOUSING AUTHORITY OF THE CITY OF WINSTON-SALEM IN SUPPORT OF A FISCAL YEAR 2011 CHOICE NEIGHBORHOODS PLANNING GRANT.

##### Finance/Budget

## C-3. CONSIDERATION OF ITEMS RELATING TO CONTRACTS:

- a. RESOLUTION AUTHORIZING THE CITY MANAGER TO PURCHASE PROPERTY, BOILER, AND MACHINERY INSURANCE FROM THE BERKLEY MID-ATLANTIC GROUP THROUGH SURRY INSURANCE - *\$0.0441/\$100 Property Value.*
- b. RESOLUTION AUTHORIZING THE EXECUTION OF A CONTRACT WITH QUEST DIAGNOSTICS FOR BIOMETRIC SCREENING - *\$124,325.*
- c. RESOLUTION AWARDING PURCHASE ORDER FOR FIRE TRUCK REPAIRS - *Anchor-Richey EVS, Inc. - \$121,694.44.*
- d. RESOLUTION AWARDING CONTRACT FOR NEW SIDEWALK CONSTRUCTION ALONG OLD VINEYARD ROAD - *Premier Design Builders, Inc. - \$110,590.*

Transportation

## C-4. CONSIDERATION OF ITEMS RELATING TO A MUNICIPAL AGREEMENT WITH THE FEDERAL TRANSIT ADMINISTRATION ACCEPTING JOB ACCESS REVERSE COMMUTE AND NEW FREEDOM FUNDS FOR THE WINSTON-SALEM URBAN AREA:

- a. RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO A MUNICIPAL AGREEMENT WITH THE FEDERAL TRANSIT ADMINISTRATION ACCEPTING JOB ACCESS REVERSE COMMUTE AND NEW FREEDOM FUNDS FOR THE WINSTON-SALEM URBAN AREA.
- b. ORDINANCE AMENDING THE PROJECT BUDGET ORDINANCE FOR THE CITY OF WINSTON-SALEM, NORTH CAROLINA FOR THE FISCAL YEAR 2011-2012.

## C-5. CONSIDERATION OF ITEMS RELATING TO INTERLOCAL AGREEMENTS:

- a. RESOLUTION APPROVING AN INTERLOCAL AGREEMENT WITH THE TOWN OF BERMUDA RUN TO REIMBURSE THE TOWN FOR THEIR COSTS OF THE US HIGHWAY 158 GATE TRAFFIC SOLUTIONS STUDY MINUS THEIR REQUIRED 20% LOCAL MATCH.
- b. RESOLUTION APPROVING AN INTERLOCAL AGREEMENT WITH THE TOWN OF KERNERSVILLE TO REIMBURSE THE TOWN FOR THEIR COSTS OF THE SOUTH MAIN STREET TRANSPORTATION STUDY MINUS THEIR REQUIRED 20% LOCAL MATCH.

General Government

- C-6. RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO A NORTH CAROLINA SERVICE AGREEMENT FOR GOVERNMENTAL LIGHTING WITH DUKE ENERGY CAROLINAS, LLC.
- C-7. QUARTERLY REPORT ON ECONOMIC STIMULUS PROJECTS UNDER THE AMERICAN RECOVERY AND REINVESTMENT ACT.
- C-8. APPROVAL OF FINANCE COMMITTEE SUMMARY OF MINUTES - *June 13, 2011.*

Finance/Budget

- C-3. CONSIDERATION OF ITEMS RELATING TO CONTRACTS:
  - b. RESOLUTION AUTHORIZING THE EXECUTION OF A CONTRACT WITH QUEST DIAGNOSTICS FOR BIOMETRIC SCREENING - *\$124,325.*

In response to Council Member Clark's question, Mrs. Martha Wheelock, Assistant City Manager, stated that staff will be going through the request for proposal process this month and will bring back information at the August Finance Committee meeting regarding employee healthcare costs over the last several years.

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

- c. RESOLUTION AWARDDING PURCHASE ORDER FOR FIRE TRUCK REPAIRS - *Anchor-Richey EVS, Inc. - \$121,694.44.*

In response to Council Member Leight's inquiry, Mrs. Denise Bell, Chief Financial Officer, stated that the average life span of a fire pumper truck is ten to 12 years.

In response to Council Member Clark's question, Mr. Jerry Bates, City/County Purchasing Director, stated that the truck in question was purchased for \$340,000 but the most recent truck purchased cost \$416,000, so the price can vary.

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

GENERAL AGENDA

- G-1. RESOLUTION AWARDDING CONTRACT FOR CURBSIDE COLLECTION SERVICES - *Waste Management, Inc. - \$1,515,000.*

Mr. Johnnie Taylor, Sanitation Director, stated that over the last several months, staff has worked to obtain and evaluate proposals for a single-stream recycling program as the City's current curbside recycling contract expires in April 2012. A single-stream program will allow all commodities to be collected at once without sorting and the increased collection efforts will provide a revenue increase

for the City. The bi-weekly collection and use of larger collection carts will provide a savings of approximately \$800,000 in the first year of service.

In response to Council Member Clark's question, Mr. Taylor noted that once staff receives City Council approval, they will submit requests for proposal on cart costs, then 30 to 45 days later, formal bids should be received from vendors. He also noted that he feels confident the project is on schedule for roll out by April 2012 when the current recycling contract expires.

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

Council Member Burke noted that Council Members regularly receive comments regarding Mr. Taylor and that many times, he personally goes out into the community to handle situations, and has a positive relationship in the community.

G-2. RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A DEED OF CONSERVATION EASEMENT WITH THE DOWNTOWN WINSTON-SALEM FOUNDATION.

Mr. Derwick Paige, Deputy City Manager, provided background information on the property and noted that this item will grant a permanent easement to the Downtown Winston-Salem Foundation (DWSF) to preserve, enhance, restore and maintain the open and potential public benefit the property will provide to downtown. The DWSF has agreed to use a portion of the proceeds from its sale of the Pepper Building to contribute \$50,000 to the City for the maintenance of Civic Plaza above any baseline needs.

In response to Council Member Burke's question, Mr. Paige noted the \$50,000 will be utilized for maintenance needs above and beyond the norm and the DWSF may provide additional funds in the future. He also noted that staff could provide information on what average maintenance costs would be.

*Council Member Adams in at 4:15 p.m.*

In response to Mayor Joines' inquiry, Mr. Paige indicated that there is specific language incorporated in the agreement that if the City so chooses, it will be allowed to pursue building a parking deck underneath Civic Plaza.

In response to Mayor Joines' question, Mrs. Angela I. Carmon, City Attorney, stated that should the property be sold by the City, as the agreement states the grantee is eligible to receive fair market value of their ownership or grantee rights, it would be calculated based on their amount paid to purchase the easement in the beginning, which is \$0.00.

Mr. Jason Thiel, Downtown Winston-Salem Partnership (DWSP) President, 305 West 4<sup>th</sup> Street, noted its long-term goal is to alleviate the deficiency of parking in the downtown area, but it also wants to create a park or greenspace for everyone to meet and celebrate downtown.

In response to Council Member Clark's questions, Mr. Thiel confirmed that the easement stipulates a grassy area will need to be present on top of the parking area but the current level of gradation on the site will allow for a varied design and the second level of excavation will give more details. He also stated there have been estimations that a two-level deck could contain 800 parking spaces.

Council Member Clark expressed concern that a subterranean deck will limit the amount of parking that can be contained on the site if greenspace needs to be maintained at the ground level.

Mr. Thiel noted that the DWSP is still working with an engineer and reviewing further details for one to two levels of parking, but it simply wanted to ensure the land use will be reserved for a public park space.

Council Member Montgomery expressed support for the proposed idea as the property lends itself to a greenspace area and a parking deck in the area establishes a foothold for future development.

In response to Council Member Adams' inquiry, Mr. Gregory M. Turner, Assistant City Manager/Public Works, stated that there are 600 parking spaces contained in four underground levels at One Triad Park.

Council Member Adams requested to know what would be considered above City services, as outlined in the agreement.

Mr. Paige noted that staff would provide a report after reviewing the maintenance of Corpening Plaza and Winston Square Park, and their baseline of services. Anything above that baseline will be included.

Mr. Alfred Adams, One West 4<sup>th</sup> Street, noted that the \$50,000 contribution from the DWSF would be used as seed money to create an endowment, in hopes that citizens would be willing to contribute additional funds to support the property. In regards to the conservation easement, he noted that the City will ultimately maintain ownership of the property, although the DWSF will have the right to maintain and preserve the public benefit of the space.

In response to Council Member Burke's question, Mrs. Carmon stated that endowment funds would be referred to as the maintenance fund.

In response to Council Member Taylor's inquiry, Mrs. Carmon confirmed that the \$50,000 maintenance fund is allocated to the City, assuming the Pepper Building is sold and noted that the easement will not be conveyed until the sale takes place.

Chair Merschel noted the maintenance fund is a good idea for a public space and identified the Fourth Street area as a project that has suffered due to maintenance being cut from recent budgets. She also noted the development was very beneficial to the downtown core but that crosswalks need to be repainted and re-stamped.

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

G-3. FOLLOW-UP REQUEST FROM THE NORTHWEST CHILD DEVELOPMENT CENTERS.

Mr. Paige noted that this item came before the Committee in April and provided some background information.

Mr. Tony Burton, Northwest Child Development Centers (NWCDC) requested that the City consider donating the land or reducing the cost so NWCDC can build a child development center on the site as it is working within a fixed budget. He also noted that NWCDC will be paying tax on the property if the project is approved and creating additional jobs in the area.

In response to Council Member Clark's question, Mr. Burton stated the total investment of the project, excluding the cost of the land is approximately \$1.8 million.

In response to Chair Merschel's inquiry, Mr. Burton indicated NWCDC does have most of the project financing in place but needs a cost for the land to finalize the details. He also indicated that it does not yet have a commitment letter from the bank.

In response to Council Member Adams' questions, Mr. Paige stated the original proposal for the property was for a mixed use development, at an estimated cost in the mid-\$20 million range. He also stated that the City entered into an agreement with Goler Community Development Corporation (CDC) regarding the use of the land and allowed them 24 months to obtain financing. That time period expired in March or April of this year and they were given two 12-month extensions to show that significant progress was being made or that financing was being secured. The Local Initiative Support Corporation (LISC) was the original primary lender on the land, BB&T was the second loanholder on the land, and the City held the last note on the land. As LISC was in the process of foreclosing on the land, the City would have lost its position, so it stepped in and bought out the first and second positions from LISC and BB&T. The property then came under the ownership of the City and it gave Goler CDC the opportunity to secure financing to purchase the land back. To date, Goler CDC has made no payments. If this item for NWCDC is approved, Goler CDC will control the remaining 1.75 acres of the three acre tract, which it will use for mixed use development. The City will receive new property taxes generated by the project each year for the first 10 years, approximately \$8,000 to \$8,500 per year, and additional property tax if the remaining portion of the land is developed, which could potentially be \$70,000 to \$75,000 per year. He also stated that it is still possible to develop the remaining portion of the site if the daycare center is developed on one side and that a portion of land on Patterson Avenue was found to be privately owned, not available for sale and is not a suitable alternative for the daycare center building.

In response to Council Member Taylor's inquiry, Mr. Paige noted that if the site were to be sold to NWCDC at a reduced cost, those funds will be placed in the Housing Finance Assistance Fund as they were used to purchase the site originally.

In response to Chair Merschel's question, Mr. Lee Garrity, City Manager, confirmed that it is not required that the funds be returned to the funding source of origination.

Council Member Montgomery questioned if there was a City program that can be offered up front to NWDC to help offset their costs, in addition to a reduced purchase price of the land, as they are creating jobs.

Mr. Paige noted that the Target Area Business Assistance Program (TABAP) qualified several areas of the City based upon vacancy and blight, including this site, and the program provides assistance based upon job creation and salaries of the employees. He also noted that staff could review the possibility of a loan forgiveness program over a ten year period as NWDC will be paying property taxes.

Council Member Leight expressed support in reducing the purchase price based upon property tax to be paid as it is a tool that has been used before, as well as the job creation program funding.

Council Member Burke noted that development in the Liberty Street area needs to continue, and if there is a program that can be offered to NWDC, it should be done.

Council Member Clark expressed concern over whether or not a child daycare center can support a \$2 million investment and requested to see a pro forma. He also expressed concern that the City may be subsidizing one childcare center over another.

Mr. Paige noted that after ten years, NWDC will own the property and it will not be taxable as the NWDC is a 501(c)3 corporation.

Council Member Clark questioned if perhaps the County would divert some of its income stream from the property to assist in paying for the land.

Mayor Joines noted that a daycare facility on the Goler CDC site is consistent with the proposed mixed use development and along with the proposed job creation, sales price and increased tax base, it appears to be a good investment.

In response to Council Member Montgomery's question, Mr. Burton indicated there are 100 children on the waiting list at the Poplar Street facility and it is the hope of the NWDC that they will attend the proposed facility.

In response to Chair Merschel's inquiry, Mr. Michael Suggs, 889 N. Liberty Street, Goler CDC, stated that the daycare facility is consistent with the Goler CDC vision and will add momentum to the development of that area. He also stated there is a developer on board and the master plan is consistent with the number of children in the area. There is a research park across the street, proposals for residential building, and there will be final approval of what the building will look like, and he feels it will be consistent with the community and an asset to that area of downtown.

Council Member Burke stated that development should stop showing the difference in streets so citizens cannot tell when going from one area of town to the next, and there should be a visual flow between buildings.

In response to Chair Merschel's questions, Mr. Carl Carney, 171 Boxwood, Davie County, Davie Construction Co., noted that he has worked with Mr. Suggs and introduced Mr. Burton to a developer to assist with the NWCDC project, and indicated he does have a commitment letter from BB&T. He also noted the childcare center design will look similar to the Truliant Credit Union with pitched, shingled roofing and dormers, allowing synergy with existing buildings and proposed development.

Mr. Paige summarized that NWCDC would pay \$250,000 up front for the land and the remaining cost will be forgiven over a ten-year period based upon taxes paid and the TABAP.

Mr. Garrity noted that staff will bring more detailed information back next month.

Chair Merschel stated that by consensus, this item will remain in Committee for one month pending further detailed information from staff, including building plan elevations, perhaps a review and approval from the Community Appearance Commission and the pro forma as previously requested by Council Member Clark.

*Mayor out at 5:10 p.m.*

**G-4. REQUEST FROM WASHINGTON PARK NEIGHBORHOOD ASSOCIATION FOR MATCHING FUNDS FOR PURCHASE OF PROPERTY.**

Chair Merschel noted that she received a letter from a resident regarding the upkeep at One Park Vista and extended thanks to staff.

Mr. Tim Grant, Recreation and Parks Director, provided background information on the item and requested direction on how to proceed from the Committee.

In response to Council Member Leight's question, Mr. Grant indicated staff was not able to apply for a Parks and Recreation Trust Fund (PARTF) grant as Southeast Gateway representatives had not provided a purchase price for the property to indicate a funding amount.

Mr. Grant noted that there are seven usable acres located south of the Old Waughtown bridge, which would be of little value to Recreation and Parks, but would provide enhancement to the Happy Hill area.

Council Member Leight noted that 19 acres of the hillside have been compromised as developers moved toxic dirt across Broad Street and half of the site is now unusable, and the stream is compromised.

In response to Chair Merschel's questions, Mr. Grant indicated the next round of PARTF funding will take place this fall, with a deadline of January 2012. He also indicated there is not as much funding currently as there was last year and it will be competitive, and fewer projects will be funded across the state. He further indicated he feels the proposed price is still too high, given the current economy, but he is more than happy to meet again with the involved parties. There is currently no parkland acquisition money in the Recreation and Parks budget and he feels the property owner is

holding out for more than the property is worth.

In response to Chair Merschel's inquiry, Mr. Garrity stated that the transfer of dirt across the property was determined to be permissible and legal.

In response to Council Member Clark's question, Mr. Grant stated the City does not apply each time PARTF funds are available, rather only when it has projects it feels will score well and be competitive.

Council Member Clark noted the City should apply each time grant funds are available.

Council Member Leight commended the community for raising \$110,000 towards the purchase of the land.

Chair Merschel commended the neighborhood for their effort to reach an agreement with the seller, that she understands their frustration in dealing with a reluctant seller, and expressed concern over a high purchase price for a property that is essentially obsolete.

Council Member Clark noted the developer may have a substantial amount of money invested in the property and does not want to sell it for a low-ball offer. He also noted that the City does not have to buy the property and the owner does not have to sell it, so the parties may have agree to disagree.

Council Member Adams requested information on the number of properties that have received land for development or areas where the City has forgiven debt for economic development over the last five to ten years.

ADJOURNMENT: 5:36 p.m.