

## SUMMARY OF MINUTES

### FINANCE COMMITTEE

4:00 P.M., MONDAY, JULY 10, 2006

COMMITTEE ROOM

ROOM 239, CITY HALL

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*MEMBERS PRESENT:*            *Mayor Allen Joines*  
   *Council Member Wanda Merschel, Chair*  
   *Council Member Robert C. Clark, Vice Chair*  
   *Council Member Vivian H. Burke (out at 5:02 p.m.)*  
   *Council Member Joycelyn V. Johnson (in at 4:02 p.m.)*

*OTHERS PRESENT:*            *Council Member Molly Leight*

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-6 and C-7(a) for discussion. No other items were pulled.

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

*(Council Member Johnson entered the meeting at 4:02 p.m.)*

#### CONSENT AGENDA

##### Property Matters

4. RESOLUTION ESTABLISHING MINIMUM FAIR MARKET REUSE VALUES FOR PARCELS IN THE OLD CHERRY NO. 2 REDEVELOPMENT AREA AND AUTHORIZING THEIR ADVERTISEMENT FOR SALE PURSUANT TO THE PROVISIONS OF N.C.G.S. 160A-269 (NEGOTIATED OFFER, ADVERTISEMENT, AND UPSET BID PROCEDURE) AND N.C.G.S. 160A-457 (NEGOTIATED PRIVATE SALE).
  
5. CONSIDERATION OF ITEMS RELATING TO PROPERTY OWNED BY THE NORTH CAROLINA DEPARTMENT OF TRANSPORTATION AND LOCATED AT THE EXIT RAMP FROM BUSINESS I-40 EAST TO U.S. HIGHWAY 52 SOUTH:

- a. RESOLUTION AUTHORIZING THE ACCEPTANCE OF A DONATION OF LOT 104 OF BLOCK 0519 FROM THE NORTH CAROLINA DEPARTMENT OF TRANSPORTATION.
- b. RESOLUTION AUTHORIZING THE DISPOSITION OF A PORTION OF LOT 104 OF BLOCK 0159 BY PRIVATE SALE (DONATION) UNDER N.C.G.S. 160A-279, TO A NON-PROFIT ENTITY CARRYING OUT A PUBLIC PURPOSE.
- c. RESOLUTION AUTHORIZING THE SALE OF CERTAIN CITY-OWNED LAND UNDER N.C.G.S. 16A-269, UPSET BID PROCEDURE.

#### Finance/Budget

7. CONSIDERATION OF ITEMS RELATING TO CONTRACTS:
  - b. RESOLUTION AUTHORIZING ANNUAL RENEWAL OF LICENSES WITH NOVELL, INC. - \$130,381.68
8. RESOLUTION APPROVING A LEASE AGREEMENT WITH NORTH CAROLINA MUNICIPAL LEASING CORPORATION AND RELATED MATTERS – *Lease Financing for Operating Equipment.*
9. CONSIDERATION OF ITEMS RELATING TO BIDS:
  - a. RESOLUTION AWARDED CONTRACT FOR WATERWORKS ROAD WIDENING – *Larco Construction, Division of Nello L. Teer - \$1,385,276.10 (estimated amount). [Capital Projects Fund]*
  - b. RESOLUTION AWARDED CONTRACT FOR PURCHASE OF ROLLOUT REFUSE CARTS UNDER THE BID PROCEDURE WAIVER OF N.C.G.S. 143-129(g) – *Toter, Inc. - \$260,000. [NCML Funds]*

#### Community and Economic Development

6. RESOLUTION AUTHORIZING THE CITY TO APPLY FOR A GRANT FROM THE GOLDEN LEAF FOUNDATION FOR INFRASTRUCTURE DEVELOPMENT AT AIRPORT BUSINESS PARK.

Council Member Clark inquired about the local history of the Golden Leaf Foundation program.

Mr. Derwick Paige, Assistant City Manager, explained that several grants had been awarded locally and the City received one award for infrastructure improvements to Sara Lee Park on Hanes Mill Road.

Council Member Burke pointed out that the tourism industry also receives assistance from the Foundation.

Mayor Joines responded to Council Member Clark's question, stating that Libba Evans, North Department of Cultural Resources, is an advocate for local assistance.

Council Member Clark made a motion to approve the item.

Council Member Burke commented that Senator Linda Garrou has worked with the Tourism Development Authority (TDA) to assist with grant awards.

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

7. CONSIDERATION OF ITEMS RELATING TO CONTRACTS:

- a. RESOLUTION AUTHORIZING THE EXECUTION OF A CONTRACT BETWEEN THE CITY OF WINSTON-SALEM AND RECORDABLES, INC. FOR CLAIMS MANAGEMENT SYSTEM SOFTWARE AND SERVICES.

Mrs. Denise Bell, Chief Financial Officer, explained that approximately \$2.5 million in workers' compensation claims are processed every year and noted that the City currently utilizes three separate systems for the process. The requested software would allow the process to be consolidated into one system. She stated that the software is prepackaged with a few customizations for the City's needs.

Council Members Clark and Burke expressed concern about the contract. By consensus, the Committee decided to hold the item in Committee until August pending additional discussion.

Chair Merschel stated that the Committee would now consider the General Agenda and noted that an additional item would be considered after Item G-3.

GENERAL AGENDA

1. RESOLUTION AUTHORIZING THE PROVISION OF REHABILITATION LOANS TO OWNERS OF SPRUCE STREET CONDOMINIUMS.

Mr. Paige presented the staff report, noting that the loans would be paid with Housing Finance Assistance and Community Development Block Grant (CDBG) funds. He stated that if approved, the loans would be provided for a maximum term of 10 years without interest.

In response to Council Member Clark's question, Mrs. Bell indicated that the original \$2.6 million loan was not borrowed from the City.

Mr. Paige explained that each homeowner in the building would receive the loan and the individual units would serve as collateral. He noted that many of the loans would be first time homeowner loans and some would be third time loans.

Council Member Johnson inquired about the incidence of the City offering 0% interest rates on Rehabilitation Loans.

Mr. Ritchie Brooks, Director of Housing Services, indicated that although some loans are made with a low interest rate, many are offered at 0% or at a deferred rate.

Council Member Burke requested a report on the status of original owners who no longer live in the building and those who are leasing their units.

Chair Merschel expressed a concern that many units are not owner-occupied and suggested reducing the deferral time or offering the loans with an interest rate.

Mr. Paige explained that there would be no deferral on the loans but they would be offered at a 10-year term without interest and begin amortizing immediately.

Council Member Johnson suggested offering the loans at 1-5% interest rates for the investor units.

Mr. Brooks explained that Rehabilitation Loans are generally offered at a maximum of 6% interest for investor rates and 0% to market rate for homeowners, based upon income.

Council Member Burke noted that the Crystal Towers loans were offered at 2% and asked for a report on how the loans were made and current status of the loans and owners.

Mr. Mike Pearsall, Housing Services, indicated that the Homeowners Association would like to address the rehabilitation issues as soon as possible due to the urgency of current drainage problems. In response to Chair Merschel, he stated that some of the water runoff from Fourth Street retail areas is contributing to drainage problems at the building.

Mr. Paige suggested setting the rates consistent with the Rehabilitation Loan Program, basing them on maximum 6% investor versus income-based owner-occupied rates.

Mr. Pearsall stated that some repair costs could be reduced by utilizing less costly supplies and indicated to Council Member Johnson that repairs to the drainage system had already been approved by City staff.

Council Member Clark made a motion to approve the resolution with changes in the interest rates to match the City's current Rehabilitation Loan program.

The motion was duly seconded by Council Member Johnson and unanimously carried.

## 2. RESOLUTION AUTHORIZING FINANCIAL ASSISTANCE TO THE LIBERTY COMMUNITY DEVELOPMENT CORPORATION.

Mr. Paige explained that if approved, the Liberty Community Development Corporation (LCDC) would use the funds to demolish one building and utilize the other building as its offices in one half and lease the other half of the building for commercial use. He noted that the owners have agreed to allow the LCDC to use the building rent-free and they would use the extra income to pay off the loan.

Council Member Johnson pointed out that there are issues with loitering at the property and inquired about the timeframe for the rehabilitation and plans for the property at the expiration of the lease.

Mr. Don Nielson, 100 N. Cherry Street, Chairman, Liberty CDC, stated that the building would be returned to the owners after five to seven years, and illicit activities in the area should diminish through the rehabilitation process and commercial use of the property. He indicated that although the owners do not want to sell the property, this process would allow the property to be redeveloped in accordance with plans for the Liberty Street Corridor.

Council Member Leight inquired about the intended use of the lot on which the adjacent building to be demolished is located.

Mr. Nielson indicated that the lot would be used for parking.

Chair Merschel expressed a concern that the City would have no collateral position on the structure.

Mr. Paige noted that although there would be no collateral, the loan terms would require insurance on the structure. In response to Council Member Johnson's question, he stated that work should begin on the property in September.

Council Member Johnson expressed concern over the lease agreement and disposition of the property at its expiration and requested information on the plan to overcome existing problems by the lease expiration.

Mr. Ruben Gonzales, Development Office, explained that the lease agreement contains an option for the CDC to continue the lease after the initial 7-year period.

Mr. Paige responded to Council Member Johnson's question, stating that the City collects approximately \$600 in taxes on the property.

Mr. Gonzales indicated that the draft lease agreement allows for the taxes to be paid by the LCDC.

Council Member Clark commended the LCDC for its plans to use income stream from rental of the property for rehabilitation of the property and future plans to do the same with other properties in the neighborhood.

Mr. James Shaw, 3471 Cumberland Road, explained that negotiations were in process with tenants for the building and requested the Council to consider immediate action on the request.

Council Member Burke noted that the owner is genuinely concerned about the property and requested that LCDC representatives contact Mrs. Morris to discuss options. She suggested that there be a commitment from the owner in the lease agreement.

Council Member Johnson made a motion to send the item to the Council without a recommendation. The motion was duly seconded by Council Member Clark.

The motion carried on a vote of three in favor and one opposed. Those voting in favor of the motion

were Council Members Johnson, Clark and Burke, with Council Member Merschel voting in opposition.

In response to Mr. Nielson's question, Council Member Johnson indicated that the questions to be answered prior to Monday refer to responsibility in the event of damages to the structure, long-term commitment by the owner as part of the lease, as well as repayment of the loan in the case of loss of income to the LCDC.

Chair Merschel suggested that the LCDC may want to have a financial lien against the property in the event of disaster requiring tenants to move from the building.

Council Member Johnson also requested that tax collection be made part of the loan repayment.

3. ORDINANCE APPROVING LOCAL HISTORIC LANDMARK DESIGNATION OF THE FORMER WACHOVIA BANK AND TRUST COMPANY, 8 WEST THIRD STREET.

In response to Council Member Clark, Ms. LeAnn Pegram, Planning Department, indicated that the building is owned by 8 West Third Street.

Mr. Jim Lambie indicated that the corporation is owned by he and his wife.

Council Member Johnson noted that there had previously been questions about the intent of designating the property as a landmark, and stated that through discussions it was determined that the owner is interested in using the tax savings to upfit the property.

Ms. Pegram stated that the designation would result in approximately \$2,400 in City tax deferral.

Council Member Leight stressed the importance of preserving the historical nature of the building.

In response to Council Member Clark, Ms. Pegram explained that County taxes would also be reduced in the amount of \$3,300 for a total deferral of \$5,874.

Council Member Clark expressed a concern over removing property from the tax list and inquired about the total City and County taxes deferred each year as a result of historical preservation.

Ms. Pegram stated that the City's yearly amount deferred is \$185,000, for a total amount of \$440,000 deferred yearly by the City and County.

Council Member Clark suggested that the City adopt a policy limiting the amount of yearly deferrals and stated that he would not support this item or others like it until the City gains greater financial control over the situation.

Council Member Burke stressed the importance of being fair in designations of properties throughout the city. She noted that only the State government has authority to make changes in allowances for historic properties.

Chair Merschel pointed out that historic preservation efforts increase tax values of properties and noted the importance of maintaining the heritage of the city.

Mayor Joines expressed his support for the item given that the tax savings would be used to maintain the historic significance of the structure.

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

Council Member Leight pointed out that historic preservation encourages tourism to the city.

The motion to approve the item was carried on a vote of three in favor and one opposed. Those voting in favor of the motion were Council Members Burke, Johnson and Merschel, with Council Member Clark voting in opposition.

Chair Merschel pointed out the significance of having all requests for historic designations come through Committees, allowing discussion of the request.

Ms. Pegram responded to Council Member Johnson's question, stating that owners of the property previously considered with this item had been directed to speak with their Council Member about further pursuit of the designation.

### **Extra Item**

- ADOPTION OF RESOLUTION AWARDED CONTRACT FOR RESURFACING CITY STREETS

*(Council Member Burke exited the meeting at 5:02 p.m.)*

Mr. Gregory M. Turner, Assistant City Manager/Public Works, explained that language in the resolution would be amended to read that the contract would be awarded "up to \$1,000,000.00, and noted that the list of roads to be resurfaced is included with the item. He responded to Council Member Johnson's question, stating that Larco's performance on previous contracts with the City had been satisfactory.

Council Member Clark inquired about circumstances with the budget for the projects.

Mr. Turner indicated that changes had to be made to the item since staff was mistaken about the budgeted amount for resurfacing projects and estimates had been received in excess of planned project expenses.

Chair Merschel requested that resurfacing be completed on Town and Country streets on which work has already begun.

In response to Council Member Clark, Mr. Lee Garrity, Assistant City Manager, stated that Pennington Lane resurfacing had been completed.

Council Member Clark made a motion to approve the item.

Council Member Johnson questioned the flexibility of the list and pointed out that conditions were worse along Fifth Street than Kinard Drive. She requested information on when resurfacing would be completed on Fifth Street.

The motion to approve the resolution was duly seconded by Council Member Johnson and unanimously carried.

#### COMMENTS

Chair Merschel recommended that everyone visit the corner of Fourth Street and Broad Street and noted that the remaining buildings in the West End Village complex were gone.

ADJOURNMENT: 5:10 p.m.