

SUMMARY OF MINUTES

FINANCE COMMITTEE

5:00 P.M., MONDAY, DECEMBER 13, 2010

COMMITTEE ROOM

ROOM 239, CITY HALL

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 Dan Besse (in at 5:48 p.m.)
Council Member Derwin L. Montgomery
Council Member Denise D. Adams
Council Member James Taylor, Jr. (in at 5:58 p.m.)

Chair Merschel called the meeting to order and stated that without objection, the Committee would first consider the Consent Agenda. Council Members Burke and Leight requested to pull Item C-4. Council Member Leight requested to pull Item C-5. Council Member Burke requested to pull Item C-7. No other items were pulled.

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

CONSENT AGENDA

Property Matters

- C-1. CONSIDERATION OF ITEMS RELATING TO THE ACQUISITION/SALE OF PROPERTY:
- a. RESOLUTION AUTHORIZING ACQUISITION OF EASEMENTS FOR HUTTON STREET SLOPE STABILIZATION BY DEED - *Property located on Silas Creek Parkway and Hutton Street. [\$11,000.]*
 - b. RESOLUTION AUTHORIZING ACQUISITION OF PROPERTY BY DONATION AND THE SUBSEQUENT DEDICATION OF A PORTION OF THAT ACQUISITION FOR THE CLEMMONSVILLE ROAD WIDENING PROJECT - *Property located on W. Clemmons ville Road.*

Human Resources

- C-2. RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO A CONTRACT WITH THE HARTFORD TO PROVIDE SHORT-TERM DISABILITY INSURANCE TO CITY OF WINSTON-SALEM EMPLOYEES.

Finance/Budget

- C-3. CONSIDERATION OF ITEMS RELATING TO CONTRACTS:
- a. RESOLUTION AWARDED A CONTRACT FOR CONSTRUCTION OF SPORTS FIELD LIGHTING AT WASHINGTON PARK NO. 3 AND HANES HOSEIERY PARK - *Tommy Lawrence Electrical Contractors, Inc.* - \$171,499.
 - b. RESOLUTION AWARDED CONTRACT FOR PURCHASE OF READY MIXED CONCRETE - *Hartley Ready Mix Concrete Mfg., Inc.* - \$277,385 (*Estimated Amount*).
 - c. RESOLUTION AWARDED PURCHASE ORDER FOR COMPACT PICKUP TRUCKS - *Capital Ford, Inc.* - \$303,613.80.
 - d. RESOLUTION AWARDED CONTRACT FOR ASPHALTIC CONCRETE FOR STREETS DIVISION - *Larco Construction* - \$2,174,625.
 - e. RESOLUTION AWARDED CONTRACT FOR CONCRETE PIPE - *Smith Setzer & Sons, Inc.* - \$119,130.50.

Transportation

- C-6. RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH DUKE ENERGY CAROLINAS, LLC FOR THE RELOCATION OF UTILITY FACILITIES ON MOTOR ROAD, OLD RURAL HALL ROAD, BAUX MOUNTAIN ROAD, OLD WALKERTOWN ROAD, AND CIRCLE DRIVE. [*\$271,988.*]

General Government

- C-8. RESOLUTION DECLARING CERTAIN CITY-OWNED VEHICLES SURPLUS AND AUTHORIZING THE SALE THEREOF.
- C-9. MONTHLY REPORT ON ECONOMIC STIMULUS PROJECTS UNDER THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009.
- C-10. APPROVAL OF FINANCE COMMITTEE SUMMARY OF MINUTES - *November 8, 2010.*

C-4. RESOLUTION APPROVING CONSTRUCTION AND OPERATION OF EMERGENCY SERVICES TRAINING CENTER AND FIRING RANGE FACILITY.
[Remanded by the City Council at its November 15, 2010 Meeting.]

Council Member Leight noted that on page 117 of the agenda book, it seems unclear if the City and County will split the expenses and maintenance of the facility or if the City will cover them.

Mr. Gregory M. Turner, Assistant City Manager/Public Works, stated that after revenues generated by the use of the facility, costs will be split by the City and County evenly. After the capital costs of construction and once operation of the facility has begun, operational costs are shared evenly.

Mr. Lee Garrity, City Manager, noted that each party pays a direct cost for the use of the range but the City funds the operating costs of the firing range and the County funds the operating costs of the fire training facility.

Council Member Leight made a motion for approval. The motion was duly seconded by Council Member Burke and unanimously carried.

C-5. ORDINANCE AMENDING THE PROJECT BUDGET ORDINANCE FOR THE CITY OF WINSTON-SALEM, NORTH CAROLINA FOR THE FISCAL YEAR 2010-2011.

Mr. Turner indicated the Solid Waste Study report will come in draft form to the Committee in January.

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

C-7. RESOLUTION CHANGING THE NORMAL MEETING TIMES FOR CITY COUNCIL STANDING COMMITTEE MEETINGS.

Chair Merschel noted that it has been proposed that Committee meetings on the second Monday of the month go back to their original start times of 4:00 p.m. and 5:30 p.m. and that Tuesday meetings following the second Monday should be flipped, so that Public Works Committee would convene at 5:00 p.m. and Community Development/Housing/General Government (CD/H/GG) Committee would convene at 6:30 p.m.

Council Member Leight questioned that if Monday Committees were to move back to their original start times, why not move Tuesday Committees back to their original start times as well.

Council Member Clark stated that he was supportive of switching the Public Works and CD/H/GG Committees but noted that Council Members should be respectful of the second committee and of asking staff members to stay late two nights in a row and he would be in favor of starting meetings on both days at 4:00 p.m.

Council Member Adams noted that some Council Members have jobs that do not allow them to leave early and take time away from their paid work to participate in their community work, enabling them to get to meetings earlier. She asked that Council Members consider leaving the meeting start

times as they are so all Council Members can participate in meetings if they so choose.

Council Member Montgomery noted that meeting times were originally switched to ensure that the public had access to view or attend these meetings and even if the meetings are televised at 4:00 p.m., if citizens are at work, they will be unable to attend or view a meeting. He suggested that the City Manager could shift the hours of staff members working those days so they may come in later so their work day isn't as long. He also noted that evenings are the best meeting times for citizens and others to be in attendance and to be able to participate in Committee meetings.

Chair Merschel noted that she has received some feedback from citizens who have expressed interest in returning the meetings to their original start times and has asked for some feedback from the City Manager's office regarding viewership from either start time to see if there was a significant change. She also noted that Committees historically began at 4:00 p.m.

In response to Council Member Burke's question, Mr. Garrity noted that efforts are made to give staff some flexibility on meeting days but at the senior staff level, it is a part of the job requirement to attend meetings.

Chair Merschel stated that by consensus, the Committee will send this item forward to Council with the recommendation to flip Tuesday Committee meetings with Public Works starting first and CD/H/GG starting second and will forward the meeting start time without recommendation so there may be further discussion at Monday's meeting.

GENERAL AGENDA

- G-1. CONSIDERATION OF LEGISLATIVE PACKAGE FOR THE NORTH CAROLINA GENERAL ASSEMBLY SESSION THAT BEGINS ON JANUARY 26, 2011:
[Continued from the November meeting of the Finance Committee.]
- a. RESOLUTION ADOPTING THE CITY OF WINSTON-SALEM'S LEGISLATIVE PROGRAM FOR THE 2011 LEGISLATIVE SESSION.
 - b. AN ACT AMENDING STATE ENABLING LEGISLATION FOR CITY-COUNTY PLANNING AND ZONING IN FORSYTH COUNTY AND WINSTON-SALEM, NORTH CAROLINA.
 - c. AN ACT AMENDING N.C.G.S. §40A-42 FOR THE CITY OF WINSTON-SALEM TO INCLUDE PUBLIC TRANSPORTATION SYSTEMS.
 - d. AN ACT AUTHORIZING THE CITY OF WINSTON-SALEM TO ESTABLISH A LOCAL PREFERENCE FOR CONTRACTS.
 - e. AN ACT TO EXTEND THE POLICE JURISDICTION OF THE CITY OF WINSTON-SALEM TO ENCOMPASS INCORPORATED MUNICIPALITIES WITHIN THE COUNTY OF FORSYTH.
 - f. AN ACT AUTHORIZING CERTAIN CHANGES TO N.C.G.S. §158-7.1

RELATING TO LOCAL DEVELOPMENT FOR THE CITY OF WINSTON-SALEM.

- g. AN ACT AMENDING N.C.G.S. §159-32 AUTHORIZING DAILY DEPOSITS.
- h. AN ACT AMENDING SESSION LAW 2006-246, SENATE BILL 1566 TO ADDRESS PUBLIC AND PRIVATE LINEAR TRANSPORTATION PROJECTS SUCH AS ROADS AND GREENWAYS.
- i. AN ACT AMENDING N.C.G.S. §160-319 REGARDING UTILITY FRANCHISES.
- j. RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WINSTON-SALEM, NORTH CAROLINA SUPPORTING THE NORTH CAROLINA LEAGUE OF MUNICIPALITIES EFFORTS REGARDING ANNEXATION.
- k. RESOLUTION SUPPORTING THE NORTH CAROLINA METROPOLITAN MAYORS' COALITION 2011 ADVOCACY AGENDA.
- l. RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WINSTON-SALEM, NORTH CAROLINA SUPPORTING THE ISSUANCE OF LOCAL PRIVILEGE LICENSES.
- m. RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WINSTON-SALEM, NORTH CAROLINA SUPPORTING PEDESTRIAN AND BICYCLE FRIENDLY PROJECTS.
- n. RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WINSTON-SALEM, NORTH CAROLINA FINDING THAT A LOCAL PREFERENCE ON CONTRACTS IS NECESSARY TO STIMULATE THE LOCAL ECONOMY.

Mrs. Angela I. Carmon, City Attorney, noted that these are the same items that were in the package last month, with the exception of those outlined in the legislative memo.

Council Member Clark expressed concern that if other counties followed suit in adopting resolutions similar to Item N regarding Local Preference on Contracts, it could cause a loss of business to businesses within Winston-Salem and Forsyth County.

Council Member Adams expressed concern with the variation in pricing as Winston-Salem seems to have higher prices and wondered what other companies are providing and how the City seems to never get the bid. She questioned if there was that much market variation in those consumer goods.

Council Member Leight noted that she had the same concerns as Council Member Clark at possibly starting a trade war with the adoption of such a resolution.

Mr. Garrity noted that staff can review the companies that were noted in the resolution and review their specifications. He also noted that staff can review the efforts of local companies and help them to have a competitive bid.

Chair Merschel stated that the City Council encourages developers to use local contractors and that this is a local and national issue and encouraged people to buy local.

Council Member Burke requested information from the City Manager on local contractors that the City has done business with, particularly from the Neighborhood Services Department as some of their bids seem to run high.

Council Member Montgomery questioned if all of the Council Members are not in favor of the resolution, that may send a non-unified message to the legislature. He noted that there was some concern during their visit last year that each item may not have had unanimous approval and it would be best to be of one accord when forwarding items to the legislature.

Mrs. Carmon stated that it is not required that all members agree on a particular bill as was required last year during the short session.

Chair Merschel suggested the Committee send the item to the full Council approving items a through c and e through m and forward items d and n with no recommendation.

Council Member Clark made the motion as suggested by Chair Merschel. The motion was duly seconded by Council Member Leight. Council Member Burke abstained.

The motion carried on a vote of three in favor, none opposed and one abstaining. Those voting in favor were Council Members Merschel, Clark and Leight, with Council Member Burke voting in abstention.

G-2. RESOLUTION APPROVING FINANCIAL ASSISTANCE TO US AIRWAYS, INC.

Mr. Derwick Paige, Deputy City Manager, stated that US Airways, Inc. (USAir), in an effort to in-source its service calls to the United States, is anticipating locating 200 of 300 new jobs in Winston-Salem. The City will provide up to \$29,250 for up to 200 jobs at a rate of \$146.25 per job from the City's Economic Development Fund. The average starting salary of these jobs is \$20,200 per year. City funds will be used to help off-set training costs for USAir. At this time, both the County and State are considering providing financial assistance for the project and should the State decide to provide assistance, the City will serve as a pass-through for any State funds. Staff should know within the next few days if the State and/or County will be offering financial assistance.

In response to Council Member Leight's questions, Mr. Paige stated that the State and County will base any financial assistance on the median wage of that entity or possibly other factors. He also stated that when USAir only provided 1/3 of the amount of agreed upon employees in 2005, that move was based upon retention and relocation of employees, which was optional for those employees at the time, and that situation does not affect this agreement.

Council Member Clark stated that he would feel more comfortable requiring a minimum number of employees, probably 150, and to have the agreement contingent upon a funding match from the State. He questioned if USAir actually had fewer employees now than in 2005.

Mr. Paige stated that currently, USAir has 711 employees, which is less than in 2005.

Mayor Joines stated that given today's economic situation, \$29,250 is a small investment for the possibility of 200 jobs.

Council Member Burke requested to know the number of jobs that will go to residents of the City and County.

Council Member Adams noted that she is in favor of the item if it will provide an opportunity for individuals to be able provide for their families.

Council Member Montgomery noted that if there is a concern that the proposed salary is too low, perhaps there should be a review of the salaries of some City employees.

In response to Council Member Burke's question, Mr. Paige stated that the jobs are benefitted.

Chair Merschel noted that these are full time positions.

Council Member Besse in at 5:48 p.m.

Mr. Chuck Allen, USAir, noted that the company pays 80% of all employees' health care premiums, whomever is covered, be it single, spouse or family, and benefits are available day one. He also noted that employees receive flight benefits.

Council Member Clark requested information on the 401k matching program.

Council Member Clark made a motion to approve the item with a minimum of 150 jobs provided, with a funding match by any government or non-government entity. The motion was duly seconded by Council Member Leight. Council Member Burke abstained.

The motion carried on a vote of three in favor, none opposed and one abstaining. Those voting in favor were Council Members Merschel, Clark and Leight, with Council Member Burke voting in abstention.

Mr. Paige noted that he spoke with representatives from USAir and they offered 50% of the amount of proposed new jobs, as they are unsure how many jobs they may need or be able to offer, rather than specifying a number of jobs.

Council Member Clark expressed concern with a percentage of jobs rather than a number of guaranteed jobs. He made a substitute to his previous motion for a minimum of 100 jobs. The motion was duly seconded by Council Member Leight. Council Member Burke abstained.

The motion carried on a vote of three in favor, none opposed and one abstaining. Those voting in favor were Council Members Merschel, Clark and Leight, with Council Member Burke voting in abstention.

G-3. RESOLUTION APPROVING ECONOMIC DEVELOPMENT ASSISTANCE TO WAKE FOREST UNIVERSITY.

Mr. Paige stated that this item utilizes \$250,000 from the Dell repayment funds to help Wake Forest University (WFU) relocate some of its tenants to accommodate Bottling Group, LLC's expansion. The up-fit cost for some of these tenants is high and City funds will be used to help off-set these costs.

In response to Council Member Burke's question, Mr. Paige stated that after this payment, there will be \$3.7 million remaining in the Dell fund.

Council Member Clark noted that WFU has been a good partner to the City and Bottling Group, LLC has an opportunity to bring many jobs to the community so he supports this project.

Mayor Joines noted that this is Phase I of this project and as the project expands, WFU and Bottling Group, LLC could create potentially more jobs in the community in the future.

Council Member Burke noted that WFU is a strong investor in the community and the City will easily make back any money it invests.

Council Member Clark made a motion for approval. The motion was duly seconded by Council Member Burke and carried unanimously.

G-4. PRESENTATION OF CITY OF WINSTON-SALEM ANNUAL FINANCIAL REPORT FOR FISCAL YEAR 2010 AND AUDIT REPORT BY CHERRY BEKAERT AND HOLLAND, LLP.

Council Member Taylor in at 5:58 p.m.

Mr. Eddie Burke, Partner with Cherry, Bekaert and Holland, LLP, gave the presentation.

Council Member Clark questioned if there had been any changes made by Congress in financial or reporting requirements for municipalities.

Mr. Burke noted that two new reporting standards were implemented this year and one fairly significant change will be implemented next year. The first is Governmental Accounting Standards Board (GASB) 51 relating to the recording of intangible assets and the second one was GASB 53 relating to the recording of the fair value of any derivatives. GASB 54, effective next year, relates to fund balance reporting and clarifies the definition of a special revenue fund and how it is reported on a financial statement.

G-5. REVIEW OF A FIVE-YEAR BUDGET FORECAST.

Mrs. Ann Jones, Budget/Evaluation Director, gave the presentation on the five-year budget forecast.

In response to Chair Merschel's question, Mrs. Jones noted that if the State is short on funds, beer and wine tax may be targeted since it has been before or the City's "hold harmless" payment could be targeted. She also noted that the list provided is in no specific order.

Council Member Clark noted that Council Members may want to meet with representatives in

Raleigh prior to Town Hall Day in June to make them aware of the Council's budgetary concerns.

In response to Council Member Taylor's question, Mrs. Jones stated that once federal funding is lost to fund certain positions in the Police Department, there is no specific plan as to how the City will absorb those costs, but all efforts will be made to ensure those positions are not lost and decisions will have to be made within that department.

Council Member Montgomery noted that looking forward, as the City may be in a better financial position next year than in years past, perhaps staff should make some larger cuts to be better prepared for what is to come knowing that the following years will be difficult.

In response to Council Member Besse's question, Mrs. Jones stated that the 5% increase amount was determined by looking at funds supporting those employee benefits, and reviewing what is needed on top of what is currently provided.

Council Member Besse suggested that staff review contributing factors related to the estimated 5% increase.

ADDITIONAL ITEM – RESOLUTION AUTHORIZING ACQUISITION OF PROPERTY AT 300 MARTIN LUTHER KING, JR. DRIVE

Mr. Turner stated that this item incorporates a road that was closed after Council took action and that it is included in the appraised value of the property that is inside the land known as Davis Garage. It also addresses a block and lot reference that needed to be covered.

Council Member Leight made a motion for approval. The motion was duly seconded by Council Member Burke. Council Member Clark opposed. The motion carried on a vote of three in favor, one opposed and none abstaining.

Those voting in favor of the motion were Council Members Merschel, Leight and Burke, with Council Member Clark voting in opposition.

In response to Council Member Clark's question, Mrs. Carmon stated that staff is not close to a final decision on the property, but the settlement is still being discussed.

ADJOURNMENT: 6:32 p.m.