

SUMMARY OF MINUTES

FINANCE COMMITTEE

4:00 p.m., Monday, January 9, 2012

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 Derwin L. Montgomery*
 Council Member James Taylor, Jr. (in at 4:08 p.m.)

Chair Merschel called the meeting to order and wished a Happy New Year to all.

Chair Merschel then stated that, without objection, the Committee would first consider the Consent Agenda. She noted that Council Member Leight has requested to be excused from voting on Item C-1(c), so that item will be voted upon separately. Council Member Burke made a motion to excuse Council Member Leight from voting on this item. The motion was duly seconded by Council Member Clark and unanimously approved.

Chair Merschel then asked if anyone wished to remove any additional items for separate discussion. Council Member Clark requested discussion on Item C-1(b). No other items were removed.

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 approved.

CONSENT AGENDA

- C-1. CONSIDERATION OF ITEMS RELATING TO THE ACQUISITION/SALE OF PROPERTY:
 - a. RESOLUTION AUTHORIZING ACQUISITION OF PROPERTY FOR CLEMMONSVILLE ROAD WIDENING BY DEED OR CONDEMNATION - *Property located at 18 W. Clemmons ville Road. [\$2,750.]*

- d. RESOLUTION AUTHORIZING THE SALE OF THE TRIAD PARK PARKING DECK UNDER THE UPSET BID PROCEDURE (N.C.G.S. 160A-269) - *Property located in the 200 Block of W. Second Street, between Liberty Street and S. Cherry Street. [Receipt of \$1,731,027.50.]*

Environmental Health

- C-2. RESOLUTION AUTHORIZING SUBMISSION OF A LEAD HAZARD CONTROL GRANT AND EXECUTION OF VARIOUS AGREEMENTS.

Human Resources

- C-3. RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH MERCER HEALTH AND BENEFITS, LLC TO ASSIST WITH THE DEVELOPMENT OF GUIDING PRINCIPLES FOR THE ADMINISTRATION OF EMPLOYEE AND OTHER RELATED BENEFITS.

Finance/Budget

- C-4. CONSIDERATION OF ITEMS RELATING TO CONTRACTS:
 - a. RESOLUTION AWARDING CONTRACTS FOR MOWING SERVICES FOR VEGETATION MANAGEMENT DIVISION - **Contract C** - *Russell & Son Landscaping - \$19,950.88; **Contract D** - *Turnkey International - \$22,176; **Contract E** - *Riverhill Landscaping Company - \$25,120; **Contract F** - *Turnkey International - \$14,480; **Contract G** - *Thompson's Lawn Care - \$5,984; **Contract H** - *Russell & Son Landscaping - \$11,075.36; **Contract I** - *Turnkey International - \$11,232; **Contract J** - *Russell & Son Landscaping - \$11,209.92; **Contract L** - *Crawford Landscaping - \$14,784; **Contract M** - *Turnkey International - \$9,968; **Contract N** - *Russell & Son Landscaping - \$12,801.60; **Contract O** - *Crawford Landscaping - \$9,568; **Contract P** - *Crawford Landscaping - \$9,792; **Contract Q** - *Riverhill Landscaping Company - \$10,160; **Contract R** - *Riverhill Landscaping Company - \$18,784; **Contracts S, T, U, V, W and X** - *Re-Mulch, Inc. - \$6,063.20, \$3,368.92, \$1,027.20, \$530.64, \$2,290.64, and \$3,148.56.****************
 - b. RESOLUTION AWARDING CONTRACT FOR OAK SUMMIT PARK PLAYGROUND RENOVATIONS - *Creative Design and Construction, Inc. - \$274,069.*
 - c. RESOLUTION AWARDING CONTRACT FOR SHAFFNER PARK PLAYGROUND RENOVATIONS - *Creative Design and Construction, Inc. - \$211,469.*
 - d. RESOLUTION AWARDING CONTRACT FOR PINEY GROVE PARK AND EASTON PARK PLAYGROUND RENOVATIONS - *Fabco Construction, Inc. - \$160,000.*

- e. RESOLUTION AWARDING CONTRACT FOR KIMBERLEY PARK AND FAIRVIEW PARK PLAYGROUND RENOVATIONS - *Creative Design and Construction, Inc.* - \$275,238.
- f. RESOLUTION AWARDING CONTRACT FOR ROOF REPLACEMENT AT FOURTEENTH STREET RECREATION CENTER - *Triad Roofing Company, Inc.* - \$105,664.
- g. RESOLUTION AWARDING CONTRACT FOR ROOF REPLACEMENT AT MARTIN LUTHER KING, JR. RECREATION CENTER - *Triad Roofing Company, Inc.* - \$113,594.
- h. RESOLUTION AWARDING CONTRACT FOR RESURFACING CITY STREETS - *Larco Construction, a Division of Branscome, Inc.* - \$1,097,559.97 (*Estimated Amount*).

C-1.

- b. RESOLUTION DESIGNATING THE FORMER VULCAN QUARRY AS AN ADDITION TO THE WINSTON-SALEM RECREATION AND PARKS DEPARTMENT'S PARKLAND INVENTORY - *Property located south of Reynolds Park Road and north of Waughtown Street.*

At the request of Council Member Clark, Mr. Tim Grant, Recreation and Parks Director, explained that a master plan is being developed for the former Vulcan Quarry property. He stated that there have been multiple public input sessions and he expects to have a draft recommendation within 60 to 90 days.

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

- c. RESOLUTION AUTHORIZING THE ACCEPTANCE OF A GIFT DEED FROM THE E.M. LEIGHT HEIRS - *Property located off Waughtown Street, adjacent to the City's undeveloped quarry property.*

Council Member Clark made a motion for approval of this item. The motion was duly seconded by Council Member Burke. Those voting in favor of the motion were Council Members Merschel, Burke, and Clark. Opposed: None. Excused from voting: Council Member Leight. This item will be forwarded to the full Council with three in favor, none opposed, one excused from voting.

GENERAL AGENDA

G-1. RESOLUTION AUTHORIZING THE CITY TO PARTICIPATE IN CERTAIN PUBLIC INFRASTRUCTURE IMPROVEMENTS WITHIN THE CENTRAL BUSINESS DISTRICT FOR THE WINSTON FACTORY LOFTS PHASE II PROJECT. [*\$46,500.*]

Deputy City Manager Derwick Paige made a brief presentation on this item. He explained that the property is the former P. H. Hanes factory on the northeast corner of Main and Sixth Streets, which will be converted into 86 apartment units. The City's participation of \$46,500 will be for lighting, sidewalks and landscaping over a five-year period.

Council Member Montgomery remarked that he considered this a good project overall, and expressed his hope that as residential units continue to be added downtown, the Council remain sensitive to price points to achieve a balance of residential opportunities for different income levels.

(Council Member Taylor entered the meeting at 4:08 p.m.)

Mr. Hugh Scheidel appeared before the Committee on behalf of Clachan Properties, the developer. He explained that the least expensive one-bedroom unit at Winston Factory Lofts is \$975 and the least expensive one-bedroom unit in Phase II will be \$725.

Council Member Burke agreed that there should be a balance of affordable housing for potential downtown residents. She referred to a project being developed by Mr. Baker and asked staff for a status report on its progress.

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

G-2. RESOLUTION APPROVING A CONTRACT WITH STIMMEL ASSOCIATES, PA TO COMPLETE A STREETScape MASTER PLAN AND DESIGN SPECIFICATIONS FOR THE SALEM CREEK CONNECTOR FROM RAMS DRIVE (OLD STADIUM DRIVE) TO MARTIN LUTHER KING, JR. DRIVE. [*\$140,000.*]

Assistant City Manager Greg Turner presented the staff report on this item. He explained that NCDOT plans to start design and construction of this project in the spring of this year. In advance of that work commencing, staff recommends entering into a contract with Stimmel Associates for transportation enhancements which then could be worked into the project's design.

Mayor Joines stated that he was glad to see this project moved up in the schedule, given that it is a critical component of continuing development of the downtown research park and improvements to Business 40.

Council Member Clark asked Mr. Turner about the timetable for relocating the City Yard.

Mr. Turner replied that relocation of operations will be done incrementally. This proposed road will affect the City Yard, so decisions will need to be made beginning with the April 2012 phase. In response to Chair Merschel, Mr. Turner stated that public input will certainly be part of this process.

Council Member Leight made a motion for approval of this item. The motion was duly seconded by Council Member Burke and unanimously approved.

- G-3. RESOLUTION AUTHORIZING THE SALE OF THE CHERRY-MARSHALL PARKING DECK ALONG WITH THE PEDESTRIAN BRIDGE UNDER THE UPSET BID PROCEDURE (N.C.G.S. 160A-269) - *Property located in the 400 Block of Cherry Street and Marshall Street between Fourth and Fifth Streets. [Remanded to Finance Committee by City Council on January 3, 2012.]*

Chair Merschel noted that a question of employee displacement was raised at the Council meeting on January 3, and this item was remanded to Finance Committee. She recognized the City Manager for a response.

Mr. Lee Garrity, City Manager, advised that there are current vacancies at other City-owned parking facilities which can be filled by all employees currently assigned to the Cherry-Marshall parking deck. He stated that no current employee will lose his/her job because of this proposed sale.

Council Member Taylor commented that this was good to hear because maintaining existing jobs in this economy is important.

Council Member Burke asked that the affected employees receive clear information and assurance that their jobs are not at risk.

Chair Merschel asked staff to encourage the new deck owner to offer convenient spaces for short-term parkers.

A brief discussion ensued regarding the benefits of a healthy mix of publicly and privately owned parking decks. If the Cherry-Marshall deck is sold as recommended, the City will still retain ownership of four existing decks.

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

- G-4. BUSINESS DEVELOPMENT PROGRAM UPDATE.

Mr. Ruben Gonzales, Business Development Administrator, presented an update to the committee regarding the City's Business Development Program. He summarized various initiatives designed to assist the business community, and introduced Mr. Walter Farabee, the City's M/WBE Coordinator.

Committee Members discussed several activities which are designed to encourage business development, such as job creation, financial assistance for operations, loan versus grant availability and viability, and the status of resources, especially from federal Community Development Block Grant funds. Concerns were expressed regarding grants to small businesses based on job creation and forgiveness of portions of loans.

Council Member Burke requested information regarding programs of certain businesses and corporations. She specifically mentioned the Simon G. Atkins Corporation.

Council Member Taylor asked for information regarding surplus CDBG funds from last fiscal year.

Council Member Clark asked for an update on the Revitalizing Urban Commercial Areas (RUCA) program near the end of February.

Chair Merschel stated that no action was requested, so this item will be accepted as information.

G-5. GENERAL FUND LONG-RANGE FORECAST FISCAL YEAR 2011-2012 THROUGH FISCAL YEAR 2014-2015.

Mrs. Ann Jones, Director of the Budget and Evaluation Office, made a presentation regarding the City's budget status, the end of the year forecast, and a general three-year outlook. She advised that in order to balance the FY 2011-12 budget, a \$2 million appropriation from Fund Balance was anticipated. Based on mid-year reviews, it appears that appropriation may not be necessary due to a number of factors including salary savings, better-than-expected property and sales tax revenues, and utility franchise tax revenues. She presented a graph illustrating General Fund Expenditure and Revenue History from FY 07 through FY 11 actual, FY 12 estimated, and projections for FY 13 through FY 15.

Mr. Garrity noted that expenditures for the current fiscal year are in line with what they were four years ago, and he gave credit to staff for cautious fiscal management during a challenging economy.

Mrs. Jones reviewed a chart of future challenges anticipated in the long-range outlook including: the August, 2013 expiration of the State's hold harmless payment to reimburse cities for loss of intangible and inventory taxes, expiration of Federal and State stimulus funds for 33 police positions, increases in employee costs, rate increases for rent and utilities, increase in fuel and vehicle expenses, equipment replacement lease payments, recycling, and increased support of the mass transit tax fund.

Mrs. Jones advised that the Forsyth County Tax Office will carry out a property tax revaluation as of January 2013, and the City's FY 2013-14 tax rate will reflect that revaluation. The Tax Office has advised that current market values of property are approximately six percent below assessed values, which translates into a reduction in the tax base. Mrs. Jones explained that the State requires cities to perform a revenue neutral calculation, and based upon that calculation,

Mrs. Jones explained that the projected revenue-neutral property tax rate for 2013-14 would be 49.76 cents. However, there is no State requirement for implementation.

Mrs. Jones explained that a tight State budget can potentially put certain City revenues at risk of reduction or elimination. Revenue sources potentially affected are local privilege license taxes, local government sales tax refunds, beer and wine tax, gasoline taxes, utilities franchise taxes, and ABC revenues. Staff will continue to monitor any prospective threats to any of the City's revenue sources as well as identify options to reduce budget gaps. Mrs. Jones reviewed a preliminary budget review calendar for FY 2012-13.

Discussion ensued among Committee Members regarding various budget issues. Several members expressed concerns regarding property taxes paid by businesses and corporations as opposed to some amount of tax liability satisfied through community reinvestment.

Council Member Burke asked for a breakdown of fuel expenses and vehicle accidents by department.

In response to questions and concerns raised by Committee Members, Mr. Garrity advised that any forthcoming recommendations regarding police officer retirement benefits would be applicable to new hires only.

Council Member Clark suggested staff to have conversations with officials in Stokes County and other entities which may be heavily impacted by the State's Hold Harmless provision for a coordinated effort to postpone its expiration.

Chair Merschel requested that an inventory be taken of every streetlight within the City limits to identify those which are not working and therefore reduce the City's payments to Duke Power.

Chair Merschel thanked staff for the budget information. She asked the City Manager to proceed with identifying a savings target. In addition, she suggested that it may be beneficial to have a Committee of the Whole meeting to identify spending priorities.

Mayor Joines mentioned that he has had conversations with Mr. Garrity recently about capital needs and the possibility of a future bond issue, so a Committee of the Whole meeting would be a good opportunity for discussion.

At this time, Council Members Burke and Taylor expressed gratitude to Council Member Leight for her family's generosity in donating land to the City which will enhance the development of the former Vulcan property.

Chair Merschel stated that Fred Terry, a former Council Member, has had a great interest in the development potential of this property for a number of years, and she requested staff to contact him regarding the proposed project.

ADJOURNMENT: 5:18 p.m.