



Report of the Citizens' Bond Oversight Committee

January 2018

On November 4, 2014, Winston-Salem voters approved a \$139.2 million bond package that would address the City’s most critical capital needs. The bond package included the following five bond orders:

Bond Order	Amount
Economic Development	\$25,000,000
Housing	\$10,000,000
Public Safety Facilities	\$31,000,000
Parks and Recreation	\$30,850,000
Streets and Sidewalks	\$42,350,000
Total	\$139,200,000

On November 17, 2014, the Mayor and City Council created the Citizens’ Bond Oversight Committee whose purpose is “to ensure efficiency, equity, timeliness, and accountability in the implementation of the projects” approved through the bond referendum. The committee is composed of nine members who are city residents and represent the diversity present in the community. One member of the committee is a professional engineer. Members of the committee were appointed in March 2015.

The duties and responsibilities of the Citizens’ Bond Oversight Committee are as follows:

- (1) To review the City Manager’s plan relating to the issuance of \$139.2 million in bonds for projects approved by City of Winston-Salem voters on November 4, 2014.
- (2) To ensure contracting meets the City’s priorities regarding the participation of local vendors and Minority/Women Business Enterprises in implementing the bond-funded projects.
- (3) To monitor the timeliness of the implementation of the City Manager’s plan.
- (4) To review the appropriation and spending plan of bond proceeds.
- (5) To provide regular reports to the Mayor and City Council on the progress of bond projects.
- (6) To perform such other tasks as the Mayor and City Council may direct.

The committee has submitted three reports to the Mayor and City Council—in August 2015, April 2016, and January 2017. The Citizens’ Bond Oversight Committee hereby submits its fourth report on the progress of the voter-approved 2014 bond projects. According to the resolution creating the committee, this report should indicate whether:

- (1) the timing and location of projects are equitably distributed in all areas of the City,
- (2) the projects are built in a cost-effective manner and within budget targets, and
- (3) the projects are built to acceptable standards of quality

Since the submission of the committee’s third report, the committee held five meetings, including three tours of bond project locations in March, May, and July to personally check the progress of select projects under construction.

March Tour

Police District #2
 Sedge Garden Recreation Center
 Salem Lake
 Quarry Park
 Beaty Public Safety Training and Support Center

May Tour

Police District #3 Facility
 Little Creek Sprayground
 Jamison Park
 Concrete Street Rehabilitation – Buena Vista
 Fire Station #7

July Tour

Police District #1 Facility
 Polo Road Corridor Improvements
 Fire Station #8
 The Benton

Even though The Benton renovation project is not part of the committee’s oversight responsibilities, City staff provided a tour due to the scope of the project.

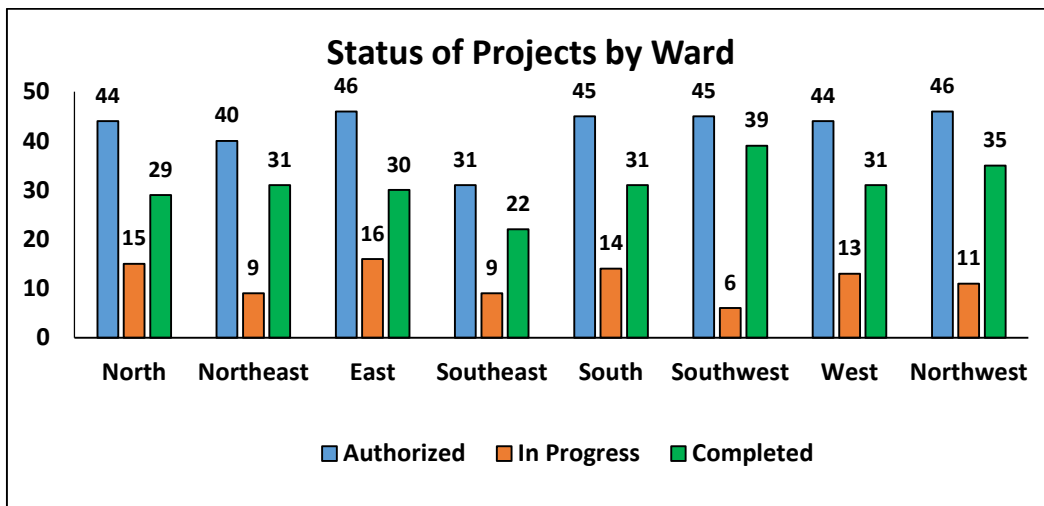
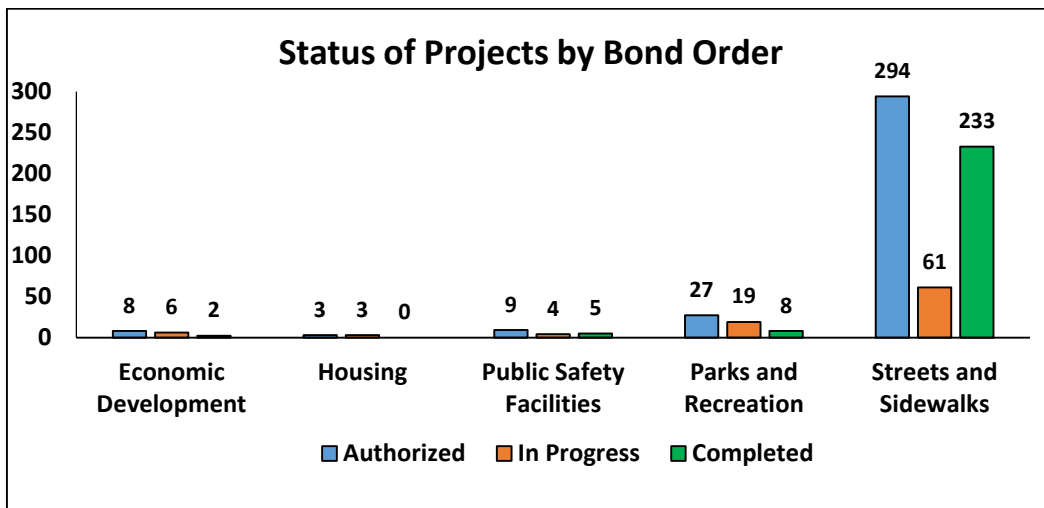
The following table notes the members’ attendance at each meeting and tour. Minutes from the committee’s meetings and tours are available in the City Secretary’s Office.

Meeting/Tour Date	Attendance
January 20, 2017	6
March 17, 2017 (Tour)	4
May 19, 2017 (Tour)	7
July 21, 2017 (Tour)	5
September 15, 2017	5

In addition to the tours, City staff provided updates on the status of all of the projects, MWBE commitments, and the use of bond premium proceeds to ensure projects meet community expectations.

Timing and Location of Projects

Currently, there are 341 specific projects defined. Of the 341 projects, 93 currently are in design or under construction and 248 (73%) have been completed. The following charts provide the status of all authorized projects to date (blue bar), noting those in progress (orange) or completed (green). Most of the completed projects are resurfaced road segments.



Since the committee’s last report in January 2017, the following projects have been completed:

Project	Ward
Public Safety Facilities	
Police District 1 Facility	North
Police District 2 Facility	Southeast
Police District 3 Facility	Southwest
Alexander Beaty Public Safety Training & Support Center – Phase II	Northeast/East
Fire Station #8	Northwest
Parks and Recreation	
Quarry Park	Southeast
Jamison Park	West
Sedge Garden Recreation Center Gymnasium	East
Little Creek Water Sprayground	Southwest
Hathaway Park Water Sprayground	West
Bowen Boulevard Park Improvements	Northeast
The Gathering Place at Fairview Park	Northeast

Current Budget and Spending Commitments

When the first \$60 million in authorized bonds was issued in March 2016, the City’s debt capacity increased by \$5.3 million because the bonds were sold at a premium. To date, the Mayor and City Council has fully committed these funds to ensure the bond projects meet community expectations.

In June 2017, the City issued \$59 million in authorized 2014 general obligation bonds and sold them at a premium of \$5.97 million. In a briefing to the City Council’s Finance Committee in August, City management identified some potential uses of the funds, including increasing project contingency for remaining 2014 bond projects (e.g., Happy Hill Park, Public Safety Center Renovations, Old Salem Infrastructure, Kimberley Park, and Meadowlark Drive), Long Creek park development, Sides Road park development, housing development, and street resurfacing. The members of the Finance Committee recommended holding on to the additional funds in case construction bids for the remaining bond projects are high. At their November 2017 meeting, the members of the Citizens’ Bond Oversight Committee agreed with this recommendation.

In December, the Mayor and City Council approved a budget amendment to appropriate the \$5.97 in new bond premium proceeds, as well as \$247,000 in capital projects reserves, and to transfer \$828,000 from the Alexander Beaty Public Safety Training and Support Center Phase II project, for a net increase in project funding of \$6.217 million. The increases were based on bids submitted or updated cost estimates from project architects and engineers. The amendments will ensure the projects meet the community’s expectations and needs.

Altogether, these amendments to the 2014 bond projects total \$11.6 million. The following table accounts for the use of the bond premium proceeds and capital reserves.

Project	First Bond Premium	Second Bond Premium + Capital Reserves	Total Amendments
Public Safety Facilities			
Public Safety Center Renovations (Net of \$828,000 transferred from Beaty Phase II project)	\$ 0	\$ 327,000	\$ 327,000
Fire Station #7 Renovation	150,000	0	150,000
Subtotal	\$ 150,000	\$ 327,000	\$ 477,000
Parks and Recreation			
Salem Lake Park	\$ 500,000	\$ 0	\$ 500,000
Rupert Bell Park	110,000	0	110,000
Hanes Park	750,000	500,000	1,250,000
New North Ward Park	750,000	250,000	1,000,000
Eight Spray Parks	800,000	0	800,000
Jamison Park	75,000	0	75,000
Quarry Park	273,000	0	273,000
Second Street Park	250,000	50,000	300,000
Parks Master Plans	150,000	0	150,000
Kimberley Park Improvements	49,220	0	49,220
Happy Hill Park Improvements	0	500,000	500,000
Miller Park Improvements	0	500,000	500,000
Parkland Pool Improvements	0	50,000	50,000
West Ward Pocket Park	0	35,000	35,000
Subtotal	\$ 3,707,220	\$ 1,885,000	\$ 5,592,220
Streets and Sidewalks			
Old Salem Infrastructure	\$ 255,600	\$ 2,000,000	\$ 2,255,600
Business 40 Corridor Improvements	32,180	0	32,180
Meadowlark Drive Widening	0	2,005,000	2,005,000
Subtotal	\$ 287,780	\$ 4,005,000	\$ 4,292,780

Project	First Bond Premium	Second Bond Premium + Capital Reserves	Total Amendments
Other			
Benton Renovations	\$ 1,190,000	\$ 0	\$ 1,190,000
Subtotal	\$ 1,190,000	\$ 0	\$ 1,190,000
Total	\$ 5,335,000	\$ 6,217,000	\$ 11,552,000

The authorized budgets in the following table reflect the appropriation of these additional funds.

Bond Order	Authorized	\$ Committed	% Committed
Economic Development	\$25,000,000	\$7,125,689	28.5%
Housing	\$10,000,000	\$6,811,070	68.1%
Public Safety Facilities	\$31,477,000	\$21,208,065	67.4%
Parks and Recreation	\$36,442,220	\$26,168,979	71.8%
Streets and Sidewalks	\$46,642,780	\$26,788,638	57.4%
Total	\$149,562,000	\$88,102,441	58.9%

To date, the City has spent or encumbered approximately \$88.1 million on the bond projects, including \$11.8 million in encumbered contracts. These numbers reflect amounts that have been recorded in the City's finance system. The Mayor and City Council has approved commitments, in particular with the economic development and housing bonds, which are not accounted for in the finance system but are reflected in the table above.

Attachment A provides the total actual MWBE participation results for *completed* bond projects that were bid out through the formal process or through an informal process. MWBE goals for projects costing \$300,000 or more were formally set as part of the bid process. Projects under \$300,000 were bid out through an informal process that did not require setting MWBE goals. While formal goals only relate to subcontracting elements of a formal project, the participation data provided in the first table include the full amount of the construction contract if the general contractor was a MWBE firm. For informal projects, MWBE participation was counted if the architect or general contractor was a MWBE firm. Of the 245 projects that have been bid out, 90% have been awarded through a formal process, with the remaining 10% awarded through an informal process. The high number of formal projects reflects the three resurfacing contracts and includes each road segment as a separate project.

To date, approximately 110 formal and 23 informal projects have been completed with final reports submitted for Historically Underutilized Businesses (HUB). The number of formal projects includes the individual road segments that were resurfaced through street resurfacing contracts 1 and 2. For the completed formal projects, the MWBE goal, including design and construction, totaled 16.8%; actual MWBE participation totaled 22.4%, almost six percentage points better than

the goal. While no formal goals were set for informal projects, the value of the contracts awarded to MWBE general contractors represented 63.2% of the total value of contracts awarded.

Quality and Scope of Projects

The City staff has provided the committee updates on the bond projects since the start of the projects. Early on, the City experienced challenges with bidder participation and cost escalation, in particular for a number of the parks and recreation projects. Bids for projects, such as the Quarry Park and Salem Lake Park, exceeded the estimated construction budgets and required staff to work with the architects to value engineer the projects to bring the cost within the approved budgets. The committee expressed its concern in a previous report that these choices and adjustments in scope, while necessary, will result in projects that do not meet the community's expectations.

As noted above, the City has realized \$11.3 million in additional debt capacity that resulted from the sale of \$119 million in bonds at a premium. Of that amount, the Mayor and Council has appropriated almost \$10.1 million for public safety facilities, parks and recreation, and streets and sidewalks to ensure these projects meet community expectations. The committee supports the use of this additional funding to restore more elements of the original scope for these select projects.

The members of the Citizens' Bond Oversight Committee appreciate the opportunity to serve the Mayor and City Council and the citizens of Winston-Salem in this important oversight role. As more bond projects are completed, the committee will report actual results to determine whether these projects have met *all* of the expectations of the Mayor and City Council.

We look forward to presenting our report to the City Council's Finance Committee in January.

ATTACHMENT A

Total Actual MWBE Participation Results – Completed Projects (Formal and Informal Bid)

AWARDED CAPITAL BOND PROJECTS > \$300,000 Formal	Total Cost (\$)	Total MWBE (\$)	MWBE % Goal	MWBE % Actual
Street Resurfacing - Contract 1	\$4,952,520	\$511,680	10.00%	10.33%
Street Resurfacing - Contract 2	\$2,422,000	\$337,951	10.00%	13.95%
Police District 2 Office (Waughtown St)	\$1,857,000	\$596,479	24.07%	32.12%
Sedge Garden Recreation Center Gymnasium	\$1,271,600	\$1,153,033	19.96%	90.68%
Reynolds Park Road Sidewalk Construction (no curb/gutter)	\$1,087,532	\$243,519	20.00%	22.39%
Cole Road Sidewalk Construction (no curb/gutter)	\$519,859	\$167,640	20.00%	32.25%
Jamison Park Development	\$2,954,991	\$735,983	21.17%	24.91%
Alexander Beaty Public Safety Training and Support Center - Phase II	\$5,218,552	\$612,820	19.28%	11.74%
Polo Road Corridor Improvements	\$1,480,594	\$216,912	20.00%	14.65%
Water Spraygrounds - Hathaway and Little Creek	\$369,690	\$391,790	10.00%	105.98%
TOTAL	\$22,134,338	\$4,967,807	16.83%	22.44%

AWARDED CAPITAL BOND PROJECTS < \$300,000 Informal	Total Cost (\$)	Total MWBE (\$)	MWBE % Goal	MWBE % Actual
Cherokee Lane Sidewalk Construction	\$101,310	\$0	NA	0.00%
Yorkshire Road Sidewalk Construction	\$186,158	\$186,158	NA	100.00%
Bryansplace Drive Sidewalk Construction	\$136,631	\$136,631	NA	100.00%
Fairview Park Renovations	\$227,760	\$227,760	NA	100.00%
Old Town Drive (no curb/gutter)	\$122,789	\$0	NA	0.00%
Water Spraygrounds - Reynolds Park	\$222,139	\$222,139	NA	100.00%
Water Spraygrounds - Sedge Garden	\$237,675	\$237,675	NA	100.00%
Gerald Street Sidewalk Construction	\$108,875	\$108,875	NA	100.00%
Blum Park Playground Equipment & Installation	\$227,736	\$0	NA	0.00%
Piney Grove Park Improvements - Fitness Course	\$129,861	\$0	NA	0.00%
25th Street Sidewalk Construction	\$29,850	\$29,850	NA	100.00%
Old Vineyard Road Sidewalk Construction	\$54,000	\$54,000	NA	100.00%
Piney Grove Park Improvements - Tennis Court	\$28,400	\$0	NA	0.00%
Chandler Street Sidewalk Construction	\$98,840	\$0	NA	0.00%
Robinhood Road Sidewalk Construction	\$19,540	\$19,540	NA	100.00%
Hobby Park Improvements (shelter install & site work)	\$38,196	\$38,196	NA	100.00%
Hobby Park Improvements (shelter only)	\$38,541	\$0	NA	0.00%
Grassy Creek Blvd Sidewalk Construction	\$69,370	\$69,370	NA	100.00%
Forest Drive Sidewalk Construction	\$14,392	\$14,392	NA	100.00%
Piney Grove Park Improvements - Tennis Court Lighting	\$48,390	\$0	NA	0.00%
Bicycle and Pedestrian - Bowen Blvd (Completed by City Department of Transportation)	\$0	\$0	NA	0.00%
Hollywood Road Sidewalk Construction	\$199,000	\$0	NA	0.00%
27th Street Sidewalk Construction	\$72,500	\$72,500	NA	100.00%
TOTAL	\$2,700,123	\$1,705,256	NA	63.15%