

SUMMARY OF MINUTES

FINANCE COMMITTEE

4:00 P.M., MONDAY, SEPTEMBER 12, 2005

COMMITTEE ROOM

ROOM 239, CITY HALL

MEMBERS PRESENT: *Council Member Wanda Merschel, Chair*
Council Member Frederick N. Terry, Vice Chair
Council Member Vivian H. Burke
Council Member Robert C. Clark

Chair Merschel called the meeting to order and stated that, without objection, the Committee would first consider the Consent Agenda. No items were pulled for discussion.

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

CONSENT AGENDA

Property Matters

4. CONSIDERATION OF ITEMS RELATING TO ACQUISITION/DISPOSITION/LEASE OF PROPERTY:
 - a. RESOLUTION AUTHORIZING ACQUISITION OF PROPERTIES FOR BURKE MILL ROAD WIDENING BY DEED OR CONDEMNATION – 4 Properties. [*\$283,000 from G.O. bond funds.*]
 - b. RESOLUTION AUTHORIZING ACQUISITION OF PROPERTIES FOR COUNTRY CLUB WIDENING BY DEED OR CONDEMNATION – 7 Properties. [*\$402,900 from G.O. bond funds.*]
 - c. RESOLUTION AUTHORIZING THE SALE OF CERTAIN CITY-OWNED PROPERTY LOCATED AT 5405 WOODCLIFF DRIVE UNDER THE PROVISIONS OF N.C.G.S. 160A-269. [*Receipt of \$125,000*]
 - d. RESOLUTION AUTHORIZING THE SALE OF CERTAIN CITY-OWNED PROPERTY AT 419 W. TWENTY-THIRD STREET UNDER THE PROVISIONS OF N.C.S. 160A-269. [*Receipt of \$26,011.25*]
 - e. RESOLUTION AUTHORIZING THE DISPOSITION OF SURPLUS PROPERTY LOCATED AT 1225 E. SEVENTEENTH STREET THROUGH A PUBLIC AUCTION AS PERMITTED IN N.C.G.S. 160A-270 AND AUTHORIZATION FOR ACCEPTANCE OF A FLAT \$500 BID DEPOSIT.

- f. RESOLUTION AUTHORIZING A MONTH-TO-MONTH LEASE AGREEMENT WITH TWIN CITY WAREHOUSES FOR THE POLICE DEPARTMENT'S EVIDENCE STORAGE. [*\$915 per month from General Fund.*]

Finance/Budget

5. CONSIDERATION OF ORDINANCES AMENDING THE ANNUAL APPROPRIATION AND TAX LEVY AND PROJECT BUDGET ORDINANCE FOR THE CITY OF WINSTON-SALEM FOR FY 2004-2005.
6. RESOLUTION ACCEPTING THE FISCAL YEAR 2005 ANNUAL TAX SETTLEMENT AND ADOPTION OF AN ORDER TO COLLECT CURRENT TAXES FOR 2005 (FISCAL YEAR 2005-2006) AND DELINQUENT TAXES FROM 1996 THROUGH 2004.
7. RESOLUTION AWARDED CONTRACT FOR NEW SIDEWALK CONSTRUCTION ON PEACE HAVEN ROAD AND NEW WALKERTOWN ROAD – *FSL Enterprises, Inc.* - \$120,615.00 (estimate). [*Funds from G.O. bonds.*]
8. RESOLUTION AUTHORIZING ADVERTISEMENT OF BID PROCEDURE WAIVER AND ELECTRONIC AUCTION OF REAL OR PERSONAL PROPERTY SOLELY BY ELECTRONIC MEANS.
9. RESOLUTION AUTHORIZING THE CITY MANAGER TO DISPOSE OF PERSONAL PROPERTY VALUED AT LESS THAN THIRTY THOUSAND DOLLARS.
10. RESOLUTION DECLARING CERTAIN CITY-OWNED EQUIPMENT SURPLUS AND AUTHORIZING THE SALE THEREOF.

GENERAL AGENDA

1. CONSIDERATION OF ITEMS RELATING TO INTEREST RATES:
 - a. RESOLUTION ADOPTING AN INTEREST RATE SWAP POLICY FOR THE CITY OF WINSTON-SALEM.
 - b. RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF INTEREST RATE SWAP AGREEMENTS FOR THE CITY WITH RESPECT TO WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2006.

Ms. Denise Bell, Chief Financial Officer, presented the staff report, and noted that Citigroup made initial contact with the City regarding the rate swap program. In response to Council Member Burke's question, she indicated that DEC out of Charlotte, NC is the company conducting financial business on behalf of the City's Utilities Division. Ms. Bell explained that given the AAA rating of the City's water and sewer system, and advance advertising, the previous Special Obligation Bonds had sold within the first four hours.

Council Member Burke requested that staff pursue marketing on TV13 to cover the City's AAA water and sewer rating, the procedure for purchasing bonds, as well as use of those funds.

In response to Chair Merschel, Ms. Bell stated that an interest rate would be set prior to and become effective upon issuance of the bonds.

Council Member Clark inquired as to the current variable rate.

Ms. Bell stated that it is approximately 2.7. She indicated to Chair Merschel that, if needed, the City could pull out of the program for a fee.

Council Member Clark made a motion to approve Items 2(a) and (b). The motion was duly seconded by Council Member Terry and unanimously carried.

2. RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH DUKE POWER FOR THE RELOCATION OF OVERHEAD UTILITY LINES ON COUNTRY CLUB ROAD AND WATERWORKS ROAD.

Mr. Stan Polanis, Department of Transportation Director, presented the staff report, pointing out that the City would be responsible for 60% of the expense for the project.

Council Member Clark pointed out the need to move forward with Country Club Road, but noted that many Duke Power employees are currently away from the State dealing with the disaster on the Gulf Coast.

Council Member Terry inquired if there would be a difference in cost to install underground utilities as opposed to overhead structures.

Ms. Andrea Kiser, Engineering Department, noted that most of the current structures are overhead.

Mr. Bill Stuart, City Manager, pointed out that Duke Power could not pass along to their customers any difference in price for installation of different structures.

Mr. Polanis explained to Chair Merschel that the project was budgeted for \$4.2 million and although a bid has not yet been accepted, the project should remain within budget.

Council Member Burke requested staff investigate several neighborhoods experiencing numerous streetlight outages for the past three months and suggested that staff attend neighborhood meetings to discuss those issues.

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

3. REPORT ON CITY'S PURCHASE OF PETROLEUM PRODUCTS.

Ms. Bell reported that the City currently budgets \$3.2 million for fuel, including fuel for Winston-Salem Transit Authority (WSTA). She explained that five vendors qualify as suppliers. The Purchasing Department contacts the vendors based on departmental need, and the lowest bidder receives the order. In response to Council Member Burke, Ms. Bell listed the vendors as being

Kyle's Friendly Service in Greensboro, NC, Cox Transport in Thomasville, NC, WilcoHess in Winston-Salem, NC, Cary Oil in Cary, NC and Derryberry Oil in Wilmington, NC. She noted that a company qualifies as a supplier based on their ability to transport the amount of fuel required by the City in any one order.

Council Member Clark inquired about the fuel shortage impact on the City's budget.

Mrs. Ann Jones, Director of Budget and Evaluation, explained that the budget could be exceeded by up to \$1 million, depending upon future variations in fuel prices and cutbacks in the City's fuel usage.

Council Member Terry inquired about the possibility of purchasing fuel futures to lock in prices.

Ms. Bell explained that, under North Carolina General Statutes (N.C.G.S.), the City would not be allowed to invest in futures. She also noted that long-term contract negotiations with suppliers had been unsuccessful because the price to be locked in would be a higher price.

In response to Chair Merschel, Mr. Marshall Mathers, City/County Purchasing Director, explained that N.C.G.S. would not allow the City to qualify for priority delivery for fuel purchases. He noted that one of the City's suppliers had voluntarily offered priority status to local governments.

Mr. Stuart responded to Chair Merschel's concern, stating that in the event of a shortage crisis, the Governor has authority to declare an emergency allowing government agencies to obtain fuel on a priority basis.

Chair Merschel requested staff research the Governor's authority for emergency fuel requests, and the procedure a local government would follow to acquire fuel in an emergency situation.

Mr. Stuart responded to Chair Merschel's question, stating that WSTA has consistently indicated that they have had no problems in obtaining fuel.

Mr. Mathers stated that WSTA obtains their fuel from the same vendors as the City.

Mr. Stuart explained that the City implemented Plan A by parking most City vehicles, cutting fuel usage by 50%. He stated that Plan B had since been applied, restoring a number of the City's vehicle-related service, and Plan C would be to return to full operation, with permanent fuel conservation measures put into action.

ADDITIONAL INFORMATION

Council Member Clark inquired about information on the Kelso case.

Mr. Stuart explained that a booklet containing responses to issues raised during the Public Comment Period would be put into the Council's packages this week.

ADJOURNMENT: 4:36 p.m.