

The Smithfield Town Council held a budget work session on Tuesday, May 19, 2015, at 6:00 pm. in the Council Chambers of the Smithfield Town Hall. Mayor Pro-Tem M. Andy Moore presided.

Councilmen Present:  
 Marlon Lee, District 1  
 J. Perry Harris, District 2  
 Travis Scott, District 3  
 Roger A. Wood, District 4  
 Emery D. Ashley, At-Large  
 Charles A. Williams, At-Large

Councilmen Absent  
 John H. Lampe II, Mayor

Administrative Staff Present  
 Paul Sabiston, Town Manager  
 Lenny Branch, Public Works Director  
 Paul Embler, Planning Director  
 Patrick Harris, Emergency Services  
 Gary Johnson, Parks & Rec Director  
 Tim Kerigan, Human Resources/PIO  
 Michael Scott, Chief of Police  
 Greg Siler, Finance Director  
 Shannan Williams, Town Clerk

**Approval of Agenda**

Councilman Scott made a motion, seconded by Councilman Wood, to approve the agenda as submitted. Unanimously approved.

**Topics of Discussion:**

**1. Recommendation and approval of FY 2015-2016 Employee Health Care Benefits**

Town Manager Paul Sabiston addressed the Council on employee primary medical and dental insurance. Mr. Sabiston explained that staff met with the Town's insurance broker , Mark II to discuss renewal options. Below is a summary of the proposed options

**Medical Insurance (based on 163 employees and retirees)**

<u>Option 1:</u>	<u>16.22% total increase to premium</u>	<u>Town increase</u>
	(a) If shared increase to dependent premiums	\$168,979
	(b) If Town caps dependent contributions	\$94,154
<u>Option 2:</u>	<u>9.00% total increase to premium</u>	<u>Town increase</u>
	(a) If shared increase to dependent premiums	\$93,711
	(b) If Town caps dependent contributions	\$52,216

Dental Insurance (based on 138 employees at \$31.75 per employee per month):  
 Town currently pays per year: \$52,5278

**Total medical Insurance Options/ Changes without Dental (\$52,578)**

<u>Option 1:</u>	<u>16.22% total increase to premium</u>	<u>Town increase</u>
	(c) If shared increase to dependent premiums	\$116,401
	(d) If Town caps dependent contributions	\$41,576
<u>Option 2:</u>	<u>9.00% total increase to premium</u>	<u>Town increase</u>
	(c) If shared increase to dependent premiums	\$41,133
	(d) If Town caps dependent contributions	\$363 (decrease)

Councilman Harris made a motion, seconded by Councilman Williams, to approve with Option 2 (a) which is a 9.00% total increase to premium and share the increase with the employee and pay 50% of the employee dental. Unanimously approved.

## **2. General Discussion regarding FY 2015-2016 Draft Budget**

### **Public Utilities – Water/Sewer**

Mr. Sabiston explained that in the Water/Sewer Department approximately \$1 million was appropriated for sewer line repairs.

Councilman Ashley stated that repairs to the sewer lines are absolutely necessary. Mayor Pro-Tem Moore stated that the amount of sewer treatment charges have been staggering and this is partly due to the inflow and infiltration issues.

Councilman Harris questioned if the Town was able to sell the County more water. Water Plant Superintendent Dale Boyette responded that with the current plant capacity, the Town could supply the County with approximately another million gallons of water.

Councilman Harris also questioned if the Town could renegotiate the wholesale water rate with Johnston County. Interim Public Utilities Director Pete Connet responded that staff is proposing an increase from \$1.40 to \$1.50 per gallon for wholesale rates. Under the current contract, this is the amount that the Town can charge the County. Councilman Harris questioned the term of the current contract. Mr. Connet responded that the contract expires next year. Councilman Harris stated that the contract should be renegotiated. Mr. Sabiston stated that the County was aware that the Town would like to renegotiate the contract when it expires.

Councilman Scott questioned the amount of proposed capital items for the water plant and how these would be funded. Mr. Connet explained that there was an opportunity to increase revenues with an increase to the base water rates and the base sewer rates. Mr. Connet explained that the Town's base water rates are even lower than the County. It was his recommendation that the base rates be increased.

Councilman Scott questioned why the rate increases for FY 2010-2011 were never implemented. Mr. Sabiston responded that he had searched the minutes and could not find any Council action approving rate increases.

Councilman Ashley questioned the increase in water/sewer service contracts. Mr. Boyette stated that the sludge had not been budgeted correctly in the past; therefore, this line item appeared to be higher than normal.

Mayor Pro-Tem Moore questioned if door and window replacements were necessary. Mr. Boyette responded that there are windows that are actually leaking water into the plant and doors that would not close. It was his opinion that these items are a necessity.

Councilman Williams questioned if the proposed shelter could be delayed. Electric Superintendent Rodney Johnson stated that it can be delayed. The whole purpose was to store equipment under the shelter so that staff can take proper care of the equipment. It was the consensus of the Council to delay the shelter for one year.

Councilman Harris stated that staff should contact Gregory Poole to see if a used backhoe could be purchased instead of purchasing a new one.

Councilman Williams questioned if staff was still comfortable with the AMI system. Mr. Sabiston responded that he had reduced the amount to \$50,000 in water/sewer and electric.

### **Public Utilities - Electric**

Interim Public Utilities Director Pete Connet explained that the biggest capital expenditure for the Electric would be the additional transformer needed at the Brogden Substation. Mr. Sabiston explained that staff had been informed that this is the best time to purchase the transformer because costs are at an all-time

low. Mr. Connet explained that if anything ever happened to the Brogden Road substation a lot of people would be without power for an undetermined amount of time.

Councilman Harris questioned when staff should receive the cost of service study. Mr. Sabiston responded that it should be completed by late summer or early fall.

### **Public Works - Sanitation**

Councilman Williams questioned if the knuckle boom was being replaced or if an additional one was being added to the fleet. Public Works Director Lenny Branch responded that it was to replace an aging knuckle boom.

Mayor Pro-Tem Moore questioned if it was necessary to purchase Christmas decorations. Mr. Branch responded that a lot of decorations need to be replaced.

Councilman Williams questioned the proposed facility upgrades. Mr. Branch responded that the Public Works building is not handicapped accessible and they still have iron bars on the windows that need to be removed. Also, the HVAC systems at the Hastings House are 30 years old and need to be replaced.

Mayor Pro-Tem Moore questioned if projects have been identified for the proposed increase for the Appearance Commission. Mr. Branch responded that projects have been identified.

Councilman Harris informed the Council that one of the projects the Appearance Commission is investigating is starting a nursery with possible funds from the new J.B. George endowment.

Councilman Williams questioned if purchasing a new flatbed truck was necessary or if the bed could simply be replaced. Mr. Branch responded that if the Council would allocate \$7500 for a dump body trailer then he wouldn't need the flatbed truck at this time.

### **Public Works – Streets**

Councilman Scott questioned if there was any funds proposed for Venture Drive. Mayor Pro-Tem Moore responded that everyone knows that this is going to be an expensive project. Mr. Branch stated that he is waiting for solid numbers from the contractors to bring back to Council for consideration. Mr. Branch explained that Powell Bill Funds could be utilized for a portion of the repairs to Venture Drive.

### **Public Works- Garage**

Mayor Pro-Tem Moore questioned if we have the expertise in house to utilize the universal heavy truck diagnostic scanner. Mr. Branch responded that this equipment will allow staff to be able to diagnose problems and repair them in-house.

### **Planning**

Planning Director Paul Emblar explained that only three capital items are being proposed. Mr. Emblar explained that the current vehicle being utilized by the Planning Department is not a reliable vehicle. It was suggested that the Planning Department utilize either the Chevrolet Volt or the Ford Taurus currently being used by the Electric Department instead of purchasing an SUV.

Councilman Harris questioned the increase in Service Contracts. Mr. Emblar responded that some of it is for Storm Water Management and engineering fees.

**Recess**

There being no further business, Councilman Harris made a motion, seconded by Councilman Scott, to recess the meeting until May 27, 2015 immediately following the scheduled Closed Session. Unanimously approved.

The meeting recessed at approximately 9:39 pm.

ATTEST:

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Shannan L. Williams, Town Clerk

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M. Andy Moore, Mayor Pro-Tem

Corrected