

The Smithfield Town Council continued the recessed April 20, 2017 meeting on Wednesday, April 26, 2017 at 6:30 p.m. in the Council Chambers of the Smithfield Town Hall. Mayor M. Andy Moore presided.

Councilmen Present:

Emery D. Ashley, Mayor Pro-Tem
Marlon Lee, District 1
Travis Scott, District 3
Roger A. Wood, District 4
John A. Dunn, At-Large
Stephen Rabil, At-Large

Councilmen Absent

J. Perry Harris, District 2

Administrative Staff Present

Michael L. Scott, Town Manager
John Blanton, Fire Chief
Lenny Branch, Public Works Director
Ted Credle, Public Utilities Director
Paul Embler, Planning Director
Gary Johnson, Parks & Rec Director
Tim Kerigan, Human Resources/PIO
R. Keith Powell, Chief of Police
Greg Siler, Finance Director
Shannan Williams, Town Clerk

Mayor Moore reconvened the meeting at 6:37 pm.

1. Storm Response

Town Manager Michael Scott informed the Council that there was a good response from all departments during the recent storm event. At this time, several roads were still closed and impassible.

2. Budget Highlights

Town Manager Michael Scott made a presentation to the Council concerning the FY 2017-2018 Budget. Items of discussion are as follows:

- The purchase of the West Side Fire Station
- New ladder Truck
 - The Town Manager explained that a few years ago, the Council made a decision to purchase a ladder truck; through transition this was never completed. A ladder truck has not been ordered nor is it included in this budget. A ladder truck will take over a year to receive once ordered and due to its cost will have to be financed. The Town Manager has discussed with the Town Manager of Selma the feasibility of purchasing 2 ladders trucks to obtain a better deal.
- Police Department take home car program
 - Currently not in the budget, but there are ways to implement it.
- Parks and Recreation
 - There is a personnel matter in the parks and recreation department that will need to be resolved. Based on the decision made, it may affect the lawn care contract.
- Storm Water
 - The Town Manager questioned if the Town wished to create a stormwater utility. If not, how does the Town continue to pay for stormwater management. If the Council chooses to make stormwater a utility, it can be implemented in the FY 18-19 budget.

- Streets and road condition
 - The Town Manager stated that Powell Bill funds received are not sufficient to maintain Town Streets. The Council may wish to consider special assessments in the future.
- Economic Development Budget and Direction
 - The Town Manager informed the Council the current budget shows no funds appropriated for Economic Development; however, \$50,000 will be encumbered from this fiscal year to be spent in next fiscal year.
- Fund Balance
 - The Town Manager informed the Council that after the purchase of the West Smithfield Fire Station, the fund balance will hold at 41%. \$25,000 of fund balance has been appropriated for tennis courts at Community Park. The funds will come from proceeds from the sale of Bingham Park
- Water Cost and Water Sewer Revenues
 - Staff is working with Johnston County on a wholesale water rate contract-work out a better contract with the County.
- Sewer costs
 - The Town Manager informed the Council that Johnston County has projected a rate increase to take effect September 1st.
- Personnel Expenses/ Recommended Salary Increase
 - The Town Manager informed the Council that there is a proposed 2% salary increase included in the budget, but he will be proposing a structure that will do something a little differently with lower level employees
- Electric rates
 - The Town Manager informed the Council that with the wholesale rate reduction of 4.5%, the Council will need to determine what if anything they would like to do. Rates will increase by 3% in 2020 and again by 3% in 2021.
- Family Life Center Improvements
 - The Town Manager informed the Council that improvements are being made to the Family Life Center now that the property is owned by the Town.
- Revenues
 - Proposed in this budget are no transfers of funds from the Electric Fund to the General Fund.
 - Proposed in this budget are no change in the property tax rate
 - Proposed in this budget are no added motor vehicle tax
- Proposed in this budget are no special assessment
- Re-examine policy on residential development
 - The Town Manager stated he felt this policy was contrary to state statute and possibly the Council should rescind the policy.

Mayor Moore stated that the policy should not be rescinded, but reviewed to determine what the Town was legally able to do. Mayor Moore further stated that the Town should not do anything to discourage development.

3. Electric

Public Utilities Director Ted Credle highlighted some line items in the Electric Department's proposed FY 17-18 budget. They are as follows:

- 31-7230-0200 Salaries & Wages: There is an increase in these line items due to potential career advancement and a 55 salary adjustment for the administrative assistant. Public Utilities Director Ted Credle informed the Council the administrative assistant has also become the Public Utility Department's purchasing agent. Town Manager Michael Scott stated that the current administrative assistant with her knowledge and enterprise is becoming more difficult to replace.

Mayor Moore stated that he had difficulties will awarded one employee an additional increase for a job that is currently being performed. He suggested that staff update her job description and treat this as a promotion. The Town Manager responded the job description would be amended and this would be treated as a salary adjustment based on additional duties instead of a promotion.

- 31-72300-1800 Training & Education: There is a proposed increase in this line item for additional training to enhance job performance.
- 31-7230-4800 Electricity Purchased: There is a proposed decrease in this line item due to the 4.5% decrease in whole power
- 31-7230-3501 Service Contracts: Town Manager Michael Scott informed the Council that contained in this line was \$154,200 for the Grid One Meter reading Contract. He discovered that all of the cost was being taken out of the Electric Fund when a portion should be budgeted in the water/sewer fund because Grid One reads both water and electric meters. Mayor Pro-Tem Ashley responded that the cost for meter reading should be allocated appropriately to the electric fund and the water/sewer fund.
- 31-7230-7400 Capital Outlay: Proposed in this budget is \$500,000 for the AMI System, \$ 250,000 for voltage conversion and \$115,000 to replace a bucket truck. For the bucket truck half the cost will be budgeted this year and the other half in the FY 18-19 budget. Mayor Moore requested staff to add more narrative to the voltage coverage to better describe the project.

Councilman Rabil questioned the AMI meter progress. Public Utilities Director Ted Credle responded \$200,000 has been spent in electric and \$150,000 in water. By appropriating \$500,000 this year, a third of the Town can be switched to the AMI Meters. \$500,000 will be budgeted in FY 18-19 and FY 19-20 to complete the conversation from analog meters to the smart meters. Total estimated cost of the project was \$1.8 million. Councilman Rabil questioned if staff had received any feedback on the AMI meters. Public Utilities Director Ted Credle responded most customers do not know they have it, but staff has received several complaints because the AMI meters are more accurate.

Councilman Scott questioned how the Booker Dairy Road Project was accounted. Finance Director Greg Siler explained that funds for the Booker Dairy Road Project were transferred into a capital project fund until the project is completed.

- Electric Fund revenues – Finance Director Greg Siler informed the Council that he estimates the Town will not meet this fiscal year's revenue projections. He attributed that to a mild winter and the last reduction in electric rates.
- Electric rates
Town Manager Michael Scott informed the Council that he had spoken with the Town Manager of Clayton and they have decided not to pass the 4.5% wholesale rate reduction onto its customers. Instead they plan on using the funds for infrastructure and equipment. According to the rate structure, rates will increase by 3% in 2020 and another 3% by 2021. He questioned if it was important to lower rates now only to have to increase them later. He stressed his concerns about the volatility of bills decreasing and increasing.

Councilman Scott suggested will the rate reduction, set aside some of those funds for the load management portion of the AMI meters. He further suggested that staff contact UFS to inquire if they would recalculate the utility rate study they completed for the Town factoring in this wholesale rate

reduction and make a recommendation to the town for any type of rate reduction for all classifications of customers.

Councilman Scott requested staff to provide a more transparent accounting of the electric purchased because the bill contains usage, demand and debt. Finance Director Greg Siler responded that he would establish those lines and review prior bills to look at the overall cost for next year.

Councilman Scott explained the largest portion of the Town's electric bill was from the one hour of peak demand a month. He suggested that the Town educate it's consumers to be conscious about shaving the electric load during that one hour a month. He further explained the load management program would greatly assist with shaving the load.

Mayor Pro-Tem Ashley suggested the Town offer workshops with like types of commercial customers and ElectriCities to educate the business owners on effective ways to reduce their utility bills.

Councilman Dunn questioned if there was a restrictions on the amount of customers ElectriCities would contact concerning the peak time. Public Utilities Director Ted Credle responded there are no restrictions. Councilman Dunn stated if the public can be educated on the peak time and load management not only would it reduce their bills but also the Town's over all electric bill. He further stated that information is the most important and the least expensive way to say money on electric usage.

Mayor Moore asked that staff be more proactive with its commercial customers as to what is available from ElectriCities and how they can save money on electricity. He directed staff to make it a point to meet with local businesses and educate them.

Councilman Scott made a motion, seconded by Councilman Rabil, to direct the Town Manager to contact UFS and request they determine the feasibility of a rate reduction based on the current numbers that included the 4.5% wholesale rate reduction. If the cost to update the study is more than \$10,000 bring it back to Council for approval. If it is less than \$10,000, move forward with the updated study. Unanimously approved.

Councilman Scott stated that the Town should not plan on getting out of the electric business.

Worker's Compensation and Property and Liability

The Town Manager informed the Council that a local Company would like to offer the Town a quote on Worker's Compensation insurance. He explained that staff is satisfied with the service the Town receives from the North Carolina League of Municipalities. It was the consensus of the Council to remain with the North Carolina League of Municipalities for Workers Compensation and Property and Liability insurance

Parks and Recreations

Town Manager Michael Scott asked the Council's direction on a personnel matter that affects the Parks and Recreation Department. He explained when Dennis Tyner retired; Channing Byrd was promoted into that position. An employee was moved from the Public Works Department into the Parks and Recreation Department due to a pending lawsuit and conflict. The employee is happy in Parks and Recreation and does not want to return to Public Works. The Manager's recommendation was to leave the employee in the Parks and Recreation Department and make it his responsibility to maintain Community Park and Smith Collins Park and reduce the lawn care contract by \$12,000 to fund this position. Currently the employee is working in Parks and Recreation, but his salary is being funded from the Public Works Sanitation Department. Public Works needs the additional sanitation equipment operator, but cannot fill it until this issue is resolved. Manager further recommended that Mr. Byrd be classified as an exempt employee because of his supervisory role and allow the Parks and Recreation Department to hire an additional person.

Parks and Recreation Director Gary Johnson explained that the additional person hired would be considered a Maintenance Technician 2. This person would be responsible for the athletic facilities at Community Park, Smith Collins Park, Civitan Field and Talton Park.

Mayor Pro-Tem Ashley inquired as to what percentage of the Parks and Recreation's \$820,000 budget was allocated to Parks. Parks and recreation Director Gary Johnson estimated that 35% of the overall budget was devoted to the parks. Mr. Johnson further explained that by adding that one position would allow the Town to continue to have top notch fields for state and other large tournaments. Town Manager Michael Scott stated that while he understood why there was a reduction in force several years ago, it may have been too much for the Parks and Recreation Department.

Mayor Pro-Tem Ashley requested better maintenance of the Greenway.

Town Manager Michael Scott informed the Council that in line item 10-6200-7400, renovation to the JC Kiddie Park was reduced from \$51,500 to \$ 43,000. Also, \$15,000 was removed for renovations to the concession stand at Civitan Park and \$33,000 for a replacement truck was removed. It was the consensus of the Council to add the \$15,000 back into the budget for concession stand renovations at Civitan and fund the total amount of \$51,500 for the renovations at JC Kiddie Park.

The Town Manager also explained that \$25,000 was being appropriated in fund balance for the resurfacing of tennis courts at Community Park. These funds would come from the sale of Bingham Park. The sale of Bingham Park funds are a part of the restricted fund balance.

At the request of Councilman Lee, it was the consensus of the Council to discuss the personnel matter in closed session at the next meeting.

Councilman Scott inquired if at some point the Council could discuss constructing a dog park in town. Mayor Moore responded he had conversations with a property owner concerning utilizing the back fenced in area at Civitan Field for a dog park. The Mayor suggested the town contribute \$ 5,000 - \$6,000 and private funds could also be raised.

Adjourn

There being no further business, Councilman Rabil made a motion, seconded by Councilman Dunn, to adjourn the meeting. Unanimously approved.

M. Andy Moore, Mayor

ATTEST:

Shannan L. Williams, Town Clerk

