

The Smithfield Town Council held a work session on Tuesday, March 24, 2015, at 6:30 pm. in the Council Chambers of the Smithfield Town Hall. Mayor John H. Lampe II presided.

Councilmen Present:

M. Andy Moore, Mayor Pro-Tem
Marlon Lee, District 1
J. Perry Harris, District 2
Travis Scott, District 3
Emery D. Ashley, At-Large (left at 7:00 and returned at 8:00)
Charles A. Williams, At-Large

Councilmen Absent

Roger A. Wood, District 4

Administrative Staff Present

Paul Sabiston, Town Manager
Greg Siler, Finance Director
Lenny Branch, Public Works Director
Patrick Harris, Fire Chief
Gary Johnson, Parks and Rec Director
Shannan Williams, Town Clerk

Mayor Lampe called the meeting to order at 6:31pm. Mayor Lampe informed the Council that the work sessions were not functioning as planned. His recommendation was to suspend the scheduled work sessions for a few months to see if the extra meeting was actually needed.

Approval of Agenda

Mayor Lampe asked that a Close Session be added to the agenda pursuant to NCGS 143-318.11 (a) (6) to discuss a personnel matter.

Councilman Harris made a motion, seconded by Councilman Williams, to approve the agenda with the addition of a Closed Session. Unanimously approved,

Closed Session

Councilman Harris made a motion, seconded by Councilman Williams, to enter into Closed Session NCGS 143-318.11 (a) (6) to discuss a personnel matter. Unanimously approved at 6:35 pm.

Reconvene in Open Session

Councilman Harris made a motion, seconded by Councilman Williams, to reconvene in open session. Unanimously approved at 7:25 pm.

Topics of Discussion:

1. Bid award Bid Award for 2014-2015 Street Resurfacing Project

Public Works Director Lenny Branch addressed the Council on the 2014-2015 Street Resurfacing Project. Mr. Branch explained that the project would consist of seventeen streets (approximately 1.7 miles). Bids received were as follows:

ST Wooten Construction	\$420,266.27
Johnson Bros. Utility & Paving	\$403,892.49
Barnhill Construction Co	\$383,244.50
Turner Asphalt	\$350,989.30
Selco Construction	\$312,133.68

Mr. Branch asked that the Council consider awarding the bid and contract to Selco Construction. He also requested that Council allow staff to utilize the remaining \$12,866.32 to do asphalt repairs at the Town Hall parking lot and the parking lot beside Wells Fargo Bank.

Councilman Lee inquired as to how the streets were determined. Mr. Branch explained that an outside firm conducted a study and determined the order in which streets would need to be resurfaced.

Councilman Lee stated that Lemay Street had never been resurfaced. Mr. Branch responded that he would take a look at Lemay Street and determine where it was on the street resurfacing study.

Councilman Harris made a motion, seconded by Mayor Pro- Tem Moore to award the bid and contract for the 2014-2015 Street Resurfacing Project to Selco Construction in the amount of \$312,133.68 and to also look at Lemay Street. Remaining funds would not be utilized for parking lot repairs at this time. Councilman Harris, Mayor Pro-Tem Moore, Councilman Scott and Councilman Williams voted in favor of the motion. Councilman Lee voted against the motion. Motion carried 4-1.

2. Discussion on Cost of Service Study and Electric Rate Analysis

Town Manager Paul Sabiston addressed the Council on consideration on an electric Cost of Services Study and Electric Rate Design. Mr. Sabiston explained that with the forthcoming asset purchase agreement and purchase power agreement between NCEMPA and Duke Energy Progress (DEP), the Town is anticipating a significant reduction in cost for purchased power. Mr. Sabiston explained that Public Utilities staff felt that now was the best time to conduct the study and analysis. Bids received were as follows:

ElectriCities	\$25,700
Utility Financial Services	\$30,548
Power Services	\$37,000

Mr. Sabiston asked the Council to consider awarding the bid to ElectriCities in the amount of \$25,700 to conduct the Cost of Service Study and Electric Rate Analysis.

Mayor Pro-Tem Moore questioned if this was a service that the Town could partner with neighboring Towns to help share in the cost. Mr. Sabiston responded that the study and analysis are specific to each Town; therefore, partnering with neighboring Towns would not be an option.

Councilman Harris asked staff to look at how lowering the Town’s electric rates to match DEP would affect operations. Mr. Sabiston responded that the study and analysis will be able to accurately show how rates would compare to DEP.

Councilman Scott stated that the Town was charging too much for electricity and he suggested that the Town’s rates be lower to 5% over what DEP currently charges its customers. Mayor Lampe responded that DEP doesn’t have the complex rate structure for commercial customers and that it would be nearly impossible to arbitrarily lower rates without a study.

Councilman Harris made a motion, seconded by Mayor Pro-Tem Moore, to award the bid to ElectriCities in the amount of \$25,700 to conduct a Cost of Services Study and Electric Rate Analysis with emphasis on how the Town can inexpensively sell Electric. Also, to instruct the Town Manager to deliver a draft budget that doesn’t transfer any money from the Electric Fund to the General Fund. Unanimously approved.

<u>ELECTRIC FUND</u>	<u>BEFORE</u>	<u>ADJ.</u>	<u>AFTER</u>
1. Expenditure			
31-7230-7400 Capital Outlay	\$ 563,239	\$ (20,700)	\$ 542,539
31-7230-0400 Professional Services	<u>7,000</u>	<u>20,700</u>	<u>27,700</u>
	<u>\$ 570,239</u>	<u>\$</u>	<u>\$ 570,239</u>
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To fund the electric utility cost of service and rate design study.

3. Consideration and Approval for a Lease Agreement with Prosource of New Fitness Equipment for the Smithfield Recreation and Aquatics Center.

This item was tabled from the March 3, 2015 regular Council Meeting.

Parks and Recreation Director Gary Johnson addressed the Council on a request to approve a lease agreement with Prosource. Mr., Johnson explained that The Smithfield Town Council appropriated \$35,000.00 in the capital outlay line item (106220.7400) to replace the existing fitness equipment in the SRAC. The existing equipment has been in service since the opening of the building in 2009 and has far exceeded its life expectancy. Mr. Johnson stated that leasing the equipment would be more cost effective than purchasing equipment. Bids were received from the following:

<u>Prosource</u>	
Total Bid	\$98,377.00
LEASE INFORMATION:	36 MONTHS @ \$ 2,992.61 / MONTH \$35,911.00 PER YEAR \$1.00 BUYOUT AT END OF LEASE
<u>Carolina Sports and Fitness</u>	
Total Bid	\$113,370.00
LEASE INFORMATION:	36 MONTHS @ \$ 3,427.38 / MONTH \$41,124.00 PER YEAR \$1.00 BUYOUT AT END OF LEASE

Councilman Williams made a motion, seconded by Mayor Pro-Tem Moore award the bid to and enter into a three year lease agreement with Prosource for the lease of 10 Treadmills, 5 Elliptical Machines and 1 Stair Climber in the amount of \$35,911 per year for 3 years with a \$1 buy out for each piece at the end of the lease.

Councilman Williams, Mayor Pro-Tem Moore, Councilman Ashley, Councilman Harris and Councilman Lee voted in favor of the motion. Councilman Scott voted against the motion. The motion passed 5-1.

4. Discussion concerning merging services

Town Manager Paul Sabiston asked the Council for direction on contacting the Town of Selma for a joint meeting to discuss the consolidation of certain services between the two Towns. Mr. Sabiston explained that the Council committee held a meeting and it was determined that they would like to discuss with the Town of Selma the possibility of consolidating some services, primarily Fire Department services at this time.

Councilman Scott stated that there are a lot of questions unanswered. Councilman Harris responded that the Town of Smithfield needed to know if the Town of Selma was even interested in pursuing a joint venture. Mr. Harris further stated that these would be very preliminary talks if a meeting with Selma occurred.

Fire Chief Patrick Harris expressed his concerns to the Council in regards to consolidating fire protection services with the Town of Selma.

It was the consensus of the Council to contact the Town of Selma to schedule a joint meeting.

5. Discussion regarding renovations to the Finance Department

Town Manager Paul Sabiston addressed the Council on proposed renovations and upgrades to the Finance Department. Mayor Lampe explained that this is a project that he would like completed because the Finance Department’s esthetic condition is poor and antiquated. Mr. Sabiston explained that Council budgeted \$35,000 for carpet and general office equipment. The total cost for renovations, furniture and equipment would be less than \$60,000.

Mayor Pro-Tem Moore made a motion, seconded by Councilman Williams to approve the proposed renovations in the amount of \$60,000 or less using budgeted funds of \$35,000 and redirecting remaining needed funds from the utility capital outlay for the AMI project. Unanimously approved.

Revenue

10-3980-1850 Transfer from Water/Sewer Fund	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ 25,000</u>
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Expenditure

10-4200-7400 Finance - Capital Outlay	<u>\$ 35,000</u>	<u>\$ 25,000</u>	<u>\$ 60,000</u>
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To partially fund renovations in the finance department.

Expenditure

30-7220-7400 Wtr Distribution/Sewer Collection Capital Outlay	\$ 941,739	\$ (25,000)	\$ 916,739
30-7220-9103 Transfer to General Fund	<u>-</u>	<u>25,000</u>	<u>25,000</u>
	<u>\$ 941,739</u>	<u>\$ -</u>	<u>\$ 941,739</u>

To partially fund renovations in the finance department with unused AMI funds.

6. Budget Discussion

a. Parks and Recreation

The following items were discussed:

- Adding Community Park to the landscaping contract.
- Staff was directed to try to reduce the budget by \$100,000 without cutting service
- Amending the fees for residents and nonresidents. Resident fees should be ½ the cost of nonresidents

b. SRAC

The following items were discussed

- Councilman Ashley suggested that funds that are not utilized in a fiscal year in the maintenance and repair line item be allowed to be carried forward to the next year.

It was the consensus of Council that the next budget meeting be held on April 21st at 6:30.

Adjourn

There being no further business, Mayor Pro-Tem Moore made a motion, seconded Councilman Harris, to adjourn. Unanimously approved.

The meeting adjourned at approximately 9:15 pm.

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John H. Lampe II, Mayor

ATTEST:

Shannan L. Williams, Town Clerk