

The Smithfield Town Council met in regular session on Tuesday, January 5, 2016 at 7:00 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
J. Perry Harris, District 2
Travis Scott, District 3
Roger A. Wood, District 4
John A. Dunn, At-Large
Stephen Rabil, At-Large

Councilmen Absent

Administrative Staff Present

Jim Freeman, Interim Town Manager
John Blanton, Interim Fire Chief
Lenny Branch, Public Works Director
Pete Connet, Interim Public Utilities Director
Paul Embler, Planning Director
Gary Johnson, Parks & Rec Director
Tim Kerigan, Human Resources/PIO
Greg Siler, Finance Director
Shannan Williams, Town Clerk

Present:

Bob Spence, Town Attorney

Staff Absent:

Michael Scott, Chief of Police

The invocation was given by Centenary United Methodist Church Senior Pastor William Holliday followed by the Pledge of Allegiance led by members of Boy Scout Troop # 77.

APPROVAL OF AGENDA:

Mayor Pro-Tem Ashley made a motion, seconded by Councilman Harris, to approve the agenda as with the following amendments:

- Remove from Presentations: *Item 1: Administered Oath of Office to new Police Officer – Tyler Hayes*
- Remove from the Consent Agenda, *Item #5: Consideration and approval to authorize Parks and Recreation staff to pursue/ begin the grant application process for land acquisition and add as Business Item #6.*
- Business Item #3: *Consideration and approval of a Fund Balance Retainage Policy for the Water and Sewer Fund will be heard by the Council before Business Item #2: Approval of a request to increase the Water/Sewer Base Charge and Rates*

Unanimously approved.

PRESENTATIONS:

1. Mary Nell Ferguson – Public Schools in the Smithfield – Selma Area

Mrs. Mary Nell Ferguson addressed the Council on her thoughts and concerns on the area schools. Mayor Moore expressed his appreciation to Mrs. Ferguson for expressing her trepidations to the Council.

A copy of Mrs. Ferguson's information is on file in the Office of the Town Clerk

PUBLIC HEARINGS:

Town Clerk Shannan Williams affirmed those that wished to offer testimony in any of the Public Hearings.

1. Conditional Use Permit Request by Triangle Marketing Associates, Inc: (CUP-15-04)

Councilman Harris made a motion, seconded by Councilman Rabil, to open the Public Hearing. Unanimously approved.

Planning Director Paul Embler addressed the Council on a request by Triangle Marketing Associates, Inc. Mr. Embler stated that the applicant was requesting a conditional use permit to allow for the construction and operation of a 30 foot radio antenna with studio on property located within an LI (Light Industrial) zoning district. The property considered for approval is located on the east side of Airport Industrial Drive and approximately 450 feet north of its intersection with Swift Creek Road. The property is further identified as Johnston County Tax ID# 15J08017F.

Mr. Embler explained that the radio station is located within a three bay multi-tenant building located within Airport Industrial Park subdivision. Automobile parking is ample and the building is setback far enough so that if the proposed antenna was to collapse it would not land within any public right-of-way or environmentally sensitive areas. The location of the antenna is within close proximity to Johnston County Airport. Therefore, FAA (Federal Aviation Administration) approval is required. The applicant has submitted documentation from the FAA showing that a determination has been made that the antenna will not create a hazard to flight operation occurring in the area.

Planning Director Paul Embler has incorporated his entire record and provided it to Council in written form in the January 5, 2016 agenda packet.

The Planning Board, at its December 3, 2015 meeting, unanimously voted to recommend approval of conditional use permit request to allow for a radio station with a 30 foot high antenna on property located within the LI (Light Industrial) zoning district.

Planning staff recommends approval of a Conditional Use Permit request to allow for the operation of a radio station and construction of a 30 foot high antenna on property located within a LI (Light Industrial) zoning district.

Mayor Moore asked if there were any questions from Council.

Councilman Scott asked if there were any issues with it being located close to the Airport. The applicant, Richard Heilmann stated that they have completed the FAA requirements and there are no issues with the size of location of the tower.

Councilman Harris made a motion, seconded by Councilman Wood, to close the Public Hearing. Unanimously approved.

The Written Finding of Facts

Town Council of the Town of Smithfield shall decide the matter of this Conditional Use Permit Application by motion and vote on each of the following four findings of fact.

Mayor Pro-Tem Ashley made a motion, seconded by Councilman Wood, to vote in the affirmative to the below Finding of Facts. Unanimously approved

Finding One of Four: Approved

Based on the evidence and testimony presented it is the finding of the Town Council that the application will not materially endanger the public health or safety if located where proposed and developed according to the plans as submitted and approved or is approved with the following stated conditions.

The proposed radio station with a 30 foot antenna will not materially endanger the public health safety or general welfare because the antenna will be constructed to meet all plans and specifications as required by Johnston County Building Inspections to include engineered footings. The FAA has made a determination that the proposed tower will not create a hazard to flight operation occurring within the vicinity of Johnston County Airport.

Finding Two of Four: Approved

Based on the evidence and testimony presented it is the finding of the Town Council that the application meets all required specifications and conforms to the standards and practices of sound land use planning and the Town of Smithfield Unified Development Ordinance or other applicable regulations or is approved with the following additional stated conditions.

The proposed radio station with a 30 foot antenna conforms to the standards and practices of sound land use planning and the Town of Smithfield Unified Development Ordinance and meets all zoning regulations that were in place at the time the applicant first contacted the Town of Smithfield.

Finding Three of Four: Approved

Based on the evidence and testimony presented it is the finding of the Town Council that the application will not substantially injure the value of adjoining or abutting property and will not be detrimental to the use or development of adjacent properties or other neighborhood uses or is approved with the following additional stated conditions.

The proposed radio station with a 30 foot antenna will not adversely affect the use or any physical attribute of adjoining or abutting properties. The radio station will blend in with all the other businesses within Airport Industrial Park.

Finding Four of Four: Approved

Based on the evidence and testimony presented it is the finding of the Town Council that the application would not adversely affect the adopted plans and policies of the Town of Smithfield, or violate the character of existing standards for development of the adjacent properties or is approved with the following additional stated conditions.

The proposed radio station with a 30 foot antenna will not adversely affect the adopted plans and policies of the Town of Smithfield, or violate the character of existing standards for development given that it will occur within an existing multitenant development which has adequate parking, landscaping, and generally meets all other modern development standards.

Record of Decision: Approval of Conditional Use Permit Application # CUP-15-04

Mayor Pro-Tem Ashley made a motion, seconded by Councilman Harris, that based upon satisfactory compliance with the above four stated findings and fully contingent upon acceptance and compliance with all conditions as previously noted herein and with full incorporation of all statements and agreements entered into the record by the testimony of the applicant and applicant's representative I move to recommend approval of Conditional Use Permit Application # CUP-15-04. Unanimously approved.

2. Conditional Use Permit Request by GrayCliff Enterprises, Inc: (CUP-15-05)

Councilman Harris made a motion, seconded by Councilman Dunn, to open the Public Hearing. Unanimously approved.

Planning Director Paul Embler addressed the Council on a request by GrayCliff Enterprises, Inc. Mr. Embler stated that the applicant was requesting a conditional use permit to allow for one residential housing unit on property located within a B-3 (Business Highway Entrance) zoning district. The property considered for approval is located on the north side of Powell Street and approximately 240 feet east of its intersection with Computer Drive. The property is further identified as Johnston County Tax ID# 15J08071.

Mr. Embler explained that the property is home of Graycliff Enterprises LLC whose primary business is in support of the cable industry through the installation of fiber optic cable throughout the area. The property has a large storage yard in the rear and two structures with parking in the front of the site. The applicant is seeking a conditional use permit to allow for the smaller of the two office buildings to be used for housing quarters for security and staff. Residential uses are permitted within the B-3 (Business) zoning district providing that a conditional use permit is issued by Town Council.

Planning Director Paul Embler has incorporated his entire record and provided it to Council in written form in the January 5, 2016 agenda packet.

The Planning Board, at its December 3, 2015 meeting, unanimously voted to recommend approval of conditional use permit request to allow GrayCliff Enterprises LLC to operate one residential unit for the housing of on-site security and staff use only.

The Planning Department recommends approval of this request.

Mayor Moore asked if there were any questions/from those in the audience that had been duly sworn to testify. There were none.

Mayor Moore asked if there were any questions from Council.

Mayor Pro-Tem Moore questioned if any of the conditional use would require additional landscaping. Mr. Embler responded that landscaping has been done and the property looks almost residential in nature.

Councilman Scott questioned if there would be any adverse impact on the surrounding area. Mr. Embler responded that there the property does not negatively impact the surrounding areas, but in fact is more organized than the last use.

Councilman Harris stated that he should recuse himself from voting due to his relationship with the property. Mayor Pro-Tem Ashley made a motion, seconded by Councilman Wood, to recuse Councilman Harris from voting in this matter. Unanimously approved.

Mayor Pro-Tem Ashley made a motion, seconded by Councilman Wood, to close the Public Hearing. Unanimously approved.

The Written Finding of Facts

Town Council of the Town of Smithfield shall decide the matter of this Conditional Use Permit Application by motion and vote on each of the following four findings of fact.

Mayor Pro-Tem Ashley made a motion, seconded by Councilman Wood, to vote in the affirmative to the below Finding of Facts. Unanimously approved

Finding One of Four: Approved

Based on the evidence and testimony presented it is the finding of the Town Council that the application will not materially endanger the public health or safety if located where proposed and developed according to the plans as submitted and approved or is approved with the following stated conditions.

The accessory residential unit will not materially endanger the public health safety or general welfare because the structure will meet all plans and specifications as required by Johnston County Building Inspections. Adequate infrastructure to include water, sewer, electric and on-site parking exists at the site.

Finding Two of Four: Approved

Based on the evidence and testimony presented it is the finding of the Town Council that the application meets all required specifications and conforms to the standards and practices of sound land use planning and the Town of Smithfield Unified

Development Ordinance or other applicable regulations or is approved with the following additional stated conditions.

The accessory residential unit conforms to the standards and practices of sound land use planning and the Town of Smithfield Unified Development Ordinance and meets all zoning regulations to include parking and landscaping.

Finding Three of Four: Approved

Based on the evidence and testimony presented it is the finding of the Town Council that the application will not substantially injure the value of adjoining or abutting property and will not be detrimental to the use or development of adjacent properties or other neighborhood uses or is approved with the following additional stated conditions.

The proposed accessory residential unit will not adversely affect the use or any physical attribute of adjoining or abutting properties. The requested accessory use is adjacent to an existing residential zoning district and compatibility issues are unlikely.

Finding Four of Four: Approved

Based on the evidence and testimony presented it is the finding of the Town Council that the application would not adversely affect the adopted plans and policies of the Town of Smithfield, or violate the character of existing standards for development of the adjacent properties or is approved with the following additional stated conditions.

The proposed accessory residential unit will not adversely affect the adopted plans and policies of the Town of Smithfield, or violate the character of existing standards for development given that it will occur only as an accessory use to the principle use of contractor's office of GrayCliff Enterprises Inc.

Record of Decision: Approval of Conditional Use Permit Application # CUP-15-05

Mayor Pro-Tem Ashley made a motion, seconded by Councilman Wood, that based upon satisfactory compliance with the above four stated findings and fully contingent upon acceptance and compliance with all conditions as previously noted herein and with full incorporation of all statements and agreements entered into the record by the testimony of the applicant and applicant's representative I move to recommend approval of Conditional Use Permit Application # CUP-15-05 for GrayCliff Enterprises Inc. only. Unanimously approved.

CITIZENS' COMMENTS:

- Tony Nixon of 8 Cedar Drive expressed his concerns to the Town Council about the buffer between the Pine Acres subdivision and the Smithfield Crossing's Roadway Project. Mr. Nixon inquired as to the proposed completion date on this project because it's been approximately 9 1/2 years since this all began. He questioned if restrictive covenants were specifically in place between the Crossings Development area and the residences. Mayor Pro-Tem Ashley responded that he and Councilman Lee have been working with planning staff to get some things moving on this issue. Planning has provided some information to both Mayor Pro-Tem Ashley and Councilman Lee. Mayor Moore asked Planning Director Paul Embler for further clarification. Mr. Embler responded that Mr. McLamb (one of the adjacent property owners) did file with the town for a rezoning and preliminary plat subdivision. The plat was never recorded. Once the property is further developed, the Town will see that the 50 foot buffer is incorporated into the plans. As part of the Crossing project, the Town obtained permission from the owner to construct a fence and install landscaping between Pine Acres and the roadway. Mayor Moore asked staff to bring this back to the Council at next month's meeting. Councilman Harris also asked that the noise study that was conducted to also be provided.

CONSENT AGENDA:

Councilman Wood made a motion, seconded by Councilman Harris, to approve the following items as listed on the Consent Agenda:

1. Approval of Minutes:

December 1, 2015 – Regular Meeting
December 8, 2015– Special Meeting

2. Bid Award to Capital Ford (North Carolina State Bid Contract) and Purchase approval of two SUV's in the amount of \$61,482.00 to replace existing K-9 Patrol vehicles in the Police Department. The purchase of these vehicles was approved in the FY 2015 – 2016 Budget.
3. Purchase approval of a 2017 Smeal Fire Engine in the amount of \$491,799.00 by utilizing the National Joint Powers Alliance (NJPA) cooperative buying group which the Town of Smithfield is a member. The purchase of this was fire engine was approved in the FY 2015 – 2016 Budget.

Bids were solicited from the following vendors using Department Specifications:

- Atlantic Coast Fire Trucks - Smeal - \$490,000.00 that includes Performance Bond, Trip, and Contract Fees
 - Atlantic Emergency Solutions - Pierce - \$494,996.00 with a 3% increase - \$14,849.88 after November 27, 2015; for an estimated total of \$509,845.88
 - First Choice Fire & Safety – Spartan ERV - \$491,158.00 did not include Performance Bond, Trip, and Contract Fees that will increase an additional- \$11, 350.00 for a total price of \$502,508.00
4. Approval to allow the Fire Department to apply for Assistance to Firefighter's Grant (AFG). The grant funding would be used to replace aging Air Packs and an aging Air Compressor. This grant is a 95/5 match. The amount for the grant application would be \$445,827.00 with the Town's responsibility being \$21,229.00. The process is approximately 8-12 months before grants are awarded; therefore, funds would be budgeted in the 2016-2017 fiscal year.
 5. Approval of the physical relocation of the Town of Smithfield PEG Chanel in the amount of \$10,656.00 to be paid from the PEG Chanel line item. This is due to Johnston Community College withdrawing its involvement with the PEG channel. This decision on the part of JCC will require the relocation of the broadcasting equipment from the JCC campus to Smithfield Town Hall. Relocating the equipment will require an infrastructure update to be performed by Time Warner Cable.

Unanimously approved.

BUSINESS ITEMS:

1. Approval of a Contract Agreement for grant Number 2016-018-3201-2538 – Project “Atlantic Resources, Inc. (ARI) – Brightleaf Blvd Building Renovation Project”

Interim Town Manager Jim Freeman addressed the Council on consideration of a contract agreement for the ARI Grant Project. Mr. Freeman explained that at the September 1st meeting, the Council approved filing the grant application for a Building Reuse Grant through the Rural Economic Development Division of the Department of Commerce for funding assistance for Atlantic Resources, Inc. to renovate the abandon Jerold Manufacturing Facility. Mr. Freeman explained that the Council was now asked to approve the Town's part of the agreement and authorizing the Mayor to execute the agreement on behalf of the Town. He further explained that Mr. Barefoot of Atlantic Resources, Inc. would be responsible for completing some of the exhibits and Skip Green would be administering the grant. The grant itself would not be of any cost to the Town. Any matching funds would be paid by ARI.

Councilman Harris made a motion, seconded by Mayor Pro-Tem Ashley, to approve the contract agreement required finalizing the grant award from the North Carolina Infrastructure Authority ("Rural Authority") to allow Atlantic Resources, Inc. to renovate the abandon Jerold Manufacturing Facility and authorize the Mayor to execute the agreement. Unanimously approved.

2. Approval of a Fund Balance Retainage Policy for the Water and Sewer Fund and Resolution # 574 (01-2016)

Finance Director Greg Siler addressed the Council on consideration to adopt a fund balance policy for the Water/Sewer Fund. Mr. Siler explained that the purpose of the policy was to improve and maintain fiscal responsibility as recommended by the Local Government Commission (LGC). By establishing a fund balance policy for the Water and Sewer Fund any future rate increases needed to balance the water and sewer fund, can likely be phased in depending on the balance of the fund. As a result of the audit, the LGC had some concerns about the W/S Fund balance. Mr. Siler further explained that the Town is in the process of securing a \$1.4 million loan to do improvements at the Water Plant and to water and sewer lines. For the past several years, the water/sewer fund has had a revenue shortfall, this has been in part to the amount that the Town has been paying to Johnston County for sewage treatment. A lot of these costs are due to high rainfall totals and aging infrastructure that is in dire need of repair. The LGC stated that the first step in the process of addressing some of their concerns is to establish a fund balance policy. In this fund balance policy essentially an undesignated available fund balance of 30% is reasonable.

Councilman Scott stated that at a June budget meeting it was determined that the water rates adopted were not what the customers were actually being billed. This was corrected and an estimated \$50,000 - \$ 70,000 of revenue should have been generated. He questioned if this was information was relayed to the LGC. Mr. Siler stated that he had not responded to the LGC's letter.

Councilman Scott stated that it was important that the enterprise funds support themselves. Since the water/sewer fund is so unhealthy, then it should be a part of this fund balance policy that the water/sewer fund does not make transfers to the general fund. He further stated that the Town needed to control its spending and staff should review everything before it considered a rate increase.

Councilman Harris suggested that all utility bills be printed with the rates on them. He stated this would make it much easier for the customer to know what they are being charged.

In response to Councilman Scott's statements, Mr. Siler informed the Council that the LGC did not address operational expenses. The LGC's concern was that revenues were exceeding expenditures and most of these expenditures were to cover the cost of sewage treatment. Mr. Siler stated that since the beginning of the Inflow and Infiltration study, the contractor hasn't found any large areas of concern. Mr. Siler explained that the \$1.4 million loan is necessary to correct the I & I issues.

Mayor Moore stated that at this time, the LGC has not approved the \$1.4 loan needed for the water/sewer and water plant improvements. He expressed his concerns because the Town currently has contractors working on the I & I project and they will have to be paid.

Mr. Freeman explained that the LGC wants to make sure that the Town is trying to protect its future. It was his opinion that they would be willing to support the Town's efforts if the Town set the policy, if Town implemented some type of rate increase and inform them that the Town is trying to obtain a 3rd party vendor to conduct a rate analysis. Reassess the policy, the rate increase and the recommendation from the rate study at the end of the fiscal year to see what actions needed to be taken to ensure a healthy fund balance.

Mayor Pro-Tem Ashley stated that the only issue he has was in section 4 of the policy. He stated that the policy should read: "The Town Manager and Council shall reassess this policy at June 30, 2016 and every FY thereafter.

Mayor Pro-Tem Ashley Emery addressed the issues of the transfers from the proprietary funds to the general fund. He explained that the enterprise/ proprietary funds do have to stand alone as a business, but they don't have their own Council, Attorney and various other personnel. The Council

should be diligent in making sure that the general fund is not subsidizing the and proprietary funds and the proprietary funds are not subsidizing the general fund

Mayor Pro-Tem Ashley made a motion, seconded by Councilman Harris to adopt the policy with an amendment to Section 4.

Section 4 will now read as follows: *The Town Council and Manager shall reassess this policy at the end of each Fiscal Year thereafter following an in-depth third party review of the Town's water and sewer rates.* Mayor Pro-Tem Ashley, Councilman Harris, Councilman Lee, Councilman Wood, Councilman Dunn and Councilman Rabil voted in favor of the motion. Councilman Scott voted against the motion. Motion passed 6- 1.

This decision is memorialized in Resolution # 574 (01-2016)

Councilman Scott stated for the record that he just received the policy tonight and felt that he did not have enough time to make a decision.

Mayor Pro-Tem Ashley stated that motion was made without currently being in violation of the policy, Mr. Siler responded that the fund balance is currently in compliance with the new policy.

RESOLUTION NO. 574 (01-2016)

A RESOLUTION ESTABLISHING A FUND BALANCE POLICY FOR THE TOWN OF SMITHFIELD WATER AND SEWER FUND

WHEREAS, for the purpose of improving and maintaining fiscal responsibility as recommended under the Local Government Commission it is prudent to establish a clear policy defining the level of fund balance to be held in reserve by the Town; and

WHEREAS, the NC Local Government Commission is charged with overseeing the fiscal health of cities and counties and recommends a fund balance reserve policy to provide guidance on consumer charges; and

WHEREAS, it is necessary to maintain undesignated available fund balance reserves to provided appropriate cash flow for operation of city services, to address emergencies and unexpected opportunities, to increase the potential for investment outcome, and to enhance the city's credit rating to provide the city the ability to borrow at the lowest possible interest rate; and

NOW, THEREFORE BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF SMITHFIELD, NORTH CAROLINA THAT:

Section 1. All revenue in excess of expenditures realized at the end of any given fiscal year be credited to undesignated available fund balance until a minimum goal of thirty percent (30%) is realized. IT is further resolved that the Town will adjust this minimum as appropriate based upon recommendations from the NC Local Government Commission and the changing financial outlook.

Section 2. Once thirty percent (30%) goal is realized, all revenue in excess of expenditures realized at the end of any given fiscal year may be credited to capital reserve funds heretofore recommended by the Town Manager and established by formal resolution of the Town Council.

Section 3. The Town Manager is charged to annually monitor and report to the Town Council during the preparation of the annual operating budget regarding the status of available fund balance and compliance with the stated thirty percent (30%) goal.

Section 4. The Town Council and Manager shall reassess this policy at the end of each Fiscal Year thereafter following an in-depth third party review of the Town's water and sewer rates.

A copy of the Water/Sewer Fund Balance Policy is on file in the Office of the Town Clerk

3. Request to increase the Water/Sewer Base Charge and Rates

Interim Public Utilities Director Pete Connet informed the Council that Finance Director Greg Siler had asked him to do a cost analysis of proposed water and proposed sewer rate increases. Mr. Siler explained that in response to the Local Government Commission (LGC) letter dated December 11, 2015, addressing the financial stability in the Water and Sewer Fund, management is recommending an immediate increase of 5% to the Water and Sewer rates, and an increase in the base charges to \$9 and \$15 (up from \$6.02 and \$7.98 respectively). The rate increase will generate some \$500,000 additional revenue, just enough to offset the fund balance appropriation adopted in this Fiscal Year's budget. In other words, the increase in rates will reduce the dependency or drain on water fund balance to balance the Water and Sewer fund budget.

Mr. Connet explained that the water base rate for in-town customers would increase from \$6.02 to \$9.00. The water base rate for out of town customers would increase from \$12.00 to \$15.00. The sewer base rate for in town customers would increase from \$7.98 to \$10.00 and the sewer base rate for out of town customers would remain \$15.00. Mr. Connet also provided to the Council a comparison should the Council also elect to raise the usage rate 3% and 5%. Mr. Connet explained that the revenue generated from the increase would be used for capital cost that have been neglected for so long.

Mayor Moore asked Mr. Connet for his recommendation on the minimum amount the rates should be increased. Mr. Connet responded that it was his suggestion that the base rates be increased and the usage rate be increased by 3%. He stated that when the Council reevaluate the fund balance policy they just adopted on June 30th, they could also reevaluate the rate increases.

Councilman Harris stated that no one wanted to raise rates and asked if it was possible to go back to the LGC and inform them that rates were actually increased last June when a billing error was discovered.

Councilman Wood questioned if the Council chose not to raise the rates, would the LGC not approve the \$1.4 million loan. Mr. Connet explained that it was his opinion that it would make a big impression on the LGC if the rates were increased. If nothing more, increase the base rates to address some of the capital costs.

Councilman Harris suggested that staff report the following to the LGC:

The Town no longer is transferring funds from the W/S to the General Fund

July 1st of this year, staff corrected an error whereby the adopted rates were the actually charged rates. Estimated revenue of 70,000 (per Councilman Scott) was generated due to this correction.

Work is being completed on the WTP and on the I & I project to control expenditures.

The Town feels it has this under control and we are willing to further address it during the new budget session

The Town will conduct a cost of services assessment.

Mayor Moore stated that the Town has started making repairs and we are going to start paying contractors. If the Town doesn't get the loan then we are going to have to pay these contractors. Mr. Freeman stated that some contracts will be cancelled.

Mayor Pro-Tem Ashley recalled that during the last budget, staff recommended a rate increase in water rates. Councilman Harris responded that it is the same increase staff is proposing now.

Mayor Pro-Tem Ashley made a motion to approve the request as recommended to increase the water and sewer rates by 5% and base rate increase of \$9 and \$15. The motion died for lack of a second.

Councilman Dunn stated that at the last meeting the Council approved treatment on the sludge with the estimated savings of \$230,000 a year. Mr. Freeman explained that the Town won't know the effect of that until next fall and won't realize any of those savings until the equipment is operational.

Councilman Scott made a motion, seconded by Councilman Harris, to deny the request of the rate increase and table this discussion. Revisit it when a recommendation to discuss it again is made by the Mayor. Ask staff to go back to the LGC with the changes that have been made and brought up tonight. In the interim, locate a company that will conduct a cost of services assessment. Councilman Scott, Councilman Harris, Councilman Lee, Councilman Wood, Councilman Dunn and Councilman Rabil voted in favor of the motion. Mayor Pro-Tem Ashley voted against the motion. Motion passed 6 -1.

Mayor Pro-Tem Ashley questioned the cost of the rate study. Mr. Connet responded that although he was unsure of an exact figure, he estimated the cost could be less than \$20,000.

4. Triangle J. Council of Governments Delegate And Alternate Appointment

Councilman Harris explained that members of Council serve as alternates and ex-officio members on various Town Boards and other committees. Currently, there is a vacant delegate position and a vacant alternate position on the Triangle J. Council of Governments Board of Delegates.

Councilman Harris made a motion, seconded by Mayor Pro-Tem Ashley, to appoint Councilman Wood to serve as the Delegate and Councilman Scott to serve as the Alternate. Unanimously approved.

5. Discussion regarding the State Health Plan for Employee Health Care Coverage

Human Resources Director Tim Kerigan gave the Council an update on consideration to continuing to pursue the State Health Plan for the Town of Smithfield employees. Mr. Kerigan explained that the legislature allowed 10,000 lives to be added to the State Health Plan. At the last meeting, the Council approved a resolution of intent which allowed the Town to get in que in the event that the 10,000 lives had not been exceeded. Mr. Kerigan stated it was the opinion of the Town's insurance broker, Mark III, that the Town was in good standing with its current health care plan and did not expect to see major increases in the premiums this year. The Town of Smithfield would not see the health insurance savings as some of the neighboring Towns because Smithfield has been able to control premium costs. Mr. Kerigan informed the Council that there are positives and negatives to the State Health Plan, but the Town's current 80/20 plan is very comparable to the State Health Plan. One of the downfalls of the State Health Plan is that once a municipality enrolls in it, it can never exit the plan. Mr. Kerigan's biggest concern was for the thirty-two retirees currently covered on the Town's medical insurance plan and the sixty-two current employees that were hired prior to July 1, 2007. The State Health Plan will not insure the Town's thirty-two current retirees and the only option would be to find them coverage on the health care exchange. No one knows what that cost would be but Mr. Kerigan estimated that premiums would be much higher than the Town's current premium. Another concern was the sixty-two current employees that would eventually receive the retiree health care benefit. The Town's current health care provider or no other provider would just insure one group of people. A health care provider will only insure the entire group.

Town Attorney Bob Spence stated that the cost of the retirees and the potential retirees that were eligible for the health care benefit would likely cost the Town more by switching to the State Health Plan.

Perry made a motion, seconded by Mayor Pro-Tem Ashley to table a decision on transitioning to the State Health Plan unless the Town was informed that they were eligible for enrollment into the plan. Should that occur, staff would bring that information back to Council for consideration. Unanimously approved.

6. Authorization to allow Parks and Recreation staff to pursue/ begin the grant application process for land acquisition around Community Park.

Parks and Recreation Director Gary Johnson asked direction from Council concerning the filing of a grant application for land acquisition for parks. Mr. Johnson explained that the legislature approved \$5 million more this year for land acquisition for parks. He stated that the Parks and Recreation Master Plan does address purchasing the Hamilton property near Community Park, but staff needs direction if this is something that the Council wishes to pursue.

Mayor Pro-Tem Ashley questioned if the request was obligating the Council to do anything. Mr. Johnson responded that he was seeking direction as to whether the Council wanted to pursue the grant funding and land acquisition at this time.

Councilman Wood suggested that a subcommittee be formed which would include Mr. Johnson. This subcommittee would discuss and review the master plan and devise a strategy for the parks. Mr. Johnson stated that he did have reservations about purchasing more land, but the additional land could be used for much needed parking, open space and access to open space.

Councilman Harris stated that the Council and staff needed to have some serious conversation about the direction of the Town's parks. He questioned if the Town should be adding additional land when there were other parks that needed maintenance.

Mayor Moore suggested that the subcommittee review the master plan and discuss the idea of pursuing the grant funding. He further suggested that the Parks and Recreation Advisory Committee be asked to offer their input on the matter. Councilman Wood and Councilman Lee volunteered to serve on the subcommittee.

Councilmembers Comments:

- Mayor Pro-Tem Ashley stated that the annual Christmas parade was fantastic and asked that staff send a thank you letter to all the County staff that participated.
- Councilman Scott suggested that the Town consider offering free Wi-Fi in the Downtown area. He stated that Lexington does this and they have a very vibrant downtown. He also expressed his appreciation to Interim Fire Chief John Blanton and staff for bringing a recommendation to the Council for the purchase of a fire truck that was under budget.

Town Manager's Report:

- **Department Reports**
 - A highlight of each department's monthly activities was given to the Council.
- **Manager's Updates**

Interim Town Manager Jim Freeman gave a brief update on the following subjects:

- The FY 2016-2017 budget process and the proposed budget meeting with a facilitator
- Potential Economic Development Grant Pre-application
- Completed Memorandum of Understanding with Johnston County and the Library Brogden Road Substation Power Transformer Project

Closed Session: Pursuant to NCGS 143-318.11 (a) (6) and (3)

Mayor Pro-Tem Ashley made a motion, seconded by Councilman Dunn, to go into closed session pursuant to NCGS 143-318.11 (a) (6) to discuss Town Manager applications and (a) (3) to discuss a potential litigation matter. Unanimously approved at 9:35 pm.

Reconvene in Open Session:

Mayor Pro-Tem Ashley made a motion, seconded by Councilman Dunn, to reconvene in open session. Unanimously approved at 10:32pm.

Recess until Thursday, January 14, 2016 at 6:00 pm

There being no further business, Councilman Dunn made a motion, seconded by Mayor Pro-Tem Ashley to recess the meeting until Thursday, January 14th at 6:00 pm. Unanimously approved.

ATTEST:

M. Andy Moore, Mayor

Shannan L. Williams, Town Clerk