

The Smithfield Town Council continued the January 5, 2016 recessed meeting on Thursday, January 14, 2016 at 6:00 pm. 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

Perry Harris, District 2

Administrative Staff Present

Jim Freeman, Interim Town Manager
Pete Connet, Interim Public Utilities Director
Greg Siler, Finance Director
Shannan Williams, Town Clerk

I. Call to Order

II. Agenda Approval

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

III. Called Session Agenda Items

1. Local Government Commission (LGC) Matters

Interim Town Manager addressed the Council on some of the recent developments with the LGC. Mr. Freeman explained that since the January 5th meeting, staff did have a January 7th phone conference with LGC Director Sharon Edmundson to discuss and relay Council's questions, especially if a possible water/sewer rate schedule increase could be delayed until completion of a rate study.

a. Water and Sewer Rate Increases

Mayor Moore stated that no one wanted to raise the water rates or sewer rates, but if the LGC denied the loan, the Town needed to have a contingency plan on how to pay for the projects that were currently underway.

Councilman Wood questioned the proposed increase of the base rate. Interim Public Utilities Director Pete Connet responded that 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 stated this would generate approximately \$324,073.68 in revenue that could go strictly towards paying the debt service. He further explained that the base rate is a fixed cost that should be used for infrastructure and not operational costs.

Councilman Scott questioned if the Town should only raise sewer rates since that is such a big part of the problem. Mr. Connet responded that both should be increased because they are contingent on water usage.

Councilman Dunn stated that if the Town implements all these cost savings infrastructure improvements then the rates can always be reduced later. Councilman Wood questioned if staff explored all option. Mr. Connet responded that staff has and still is continuing to explore every option.

Mayor Pro-Tem Ashley stated that during the last budget session there was discussion concerning water and water/sewer rates. It was recommended at that time that the base rate be increased to cover rising costs. He explained that the base rate charge should pay for infrastructure costs and usage should pay for operational costs.

Councilman Wood stated that the Council has taken into consideration every possible option in order not to raise rates and at this time, based on the infrastructure needs, the Council really doesn't have a choice.

Mayor Pro-Tem Ashley stated that if the Council chose to raise the rates, he would like to work with Public Information Officer Time Kerigan to craft a letter to the customers explaining the rate increase.

Councilman Wood made a motion, seconded by Councilman Dunn, to at this time, increase the water base rate for in town customers from \$6.02 to \$9.00; increase the water base rate for out of town customers from \$12.00 to \$15.00; increase the sewer base rate for in town customers from \$7.98 to \$10.00. The sewer base rate for out of town customers would remain \$15.00. This would be effective in the March billing. Councilman Wood, Councilman Dunn, Mayor Pro-Tem Ashley and Councilman Rabil voted in favor of the motion. Councilman Lee and Councilman Scott voted against the motion. Motion passed 4-2.

Interim Town Manager Jim Freeman asked for direction in the event that the LGC does not approve the \$1.43 million loan needed for the I & I project in the amount of \$900,000 that has already begun and the Raw Water and Sand Removal System Project in the amount of \$ 530,000 that has already been awarded and will begin soon.

Mayor Pro-Tem Ashley made a motion, seconded by Councilman Wood, to proceed with the contracts and to pay for the above mentioned projects out of the water/sewer fund balance in the event that the LGC does not approve the \$1.43 million loan. Unanimously approved.

b. Water/ Sewer Rate Study Proposals

Interim Manager Jim Freeman informed the Council that staff informally contacted four consultants to inquire about their interest in providing a cost of service study. Two companies expressed their interest in conducting the study. Raftelis estimated that the study could cost approximately \$25,000 - \$30,000. The Wooten Company estimated that the study could cost approximately \$18,500 with an additional cost of \$ 3,500 should the Town wish to have the Wooten Company assist with billing threshold changes.

Interim Public Utilities Director Pete Connet informed the Council that the Town has never had a formal rate study on water or water/ sewer rates. He explained that with these models, the Town would actually receive the customized rate model and those models would be turned over to the Town for future use.

Councilman Scott questioned if a rate study would look at alternative rate methods. Mr. Connet responded that the rate study would look at all possible scenarios.

Mayor Pro-Tem Ashley questioned the high cost of the rate study and suggested that staff contact former Johnston County Public Utilities Director Tim Broom to inquire if he would be able to assist the Town with a cost of service study.

Mayor Moore suggested that staff review all the cost of service proposals as well as speak with Mr. Broom.

It was the consensus of Council that staff compile all the water/ sewer cost of service proposals for the Council to make a decision at the February 2, 2016 regular meeting.

2. Briefly

a. **ARI Grant Project**

Staff met with all the involved parties. A project administration agreement with Skip Green will be brought before the Council at the February meeting for consideration and approval.

b. **County Town Staff Meeting**

Staff has had informal discussions on conducting a water/sewer topic meeting.

c. **NCDOT Hwy 70 Landscaping Project**

NCDOT recently awarded this project to Charles Hughes Construction. The total amount of the contract was \$349,918.

d. **Downtown State grant**

Please submit projects to the Manager as soon as possible. This item will be brought before the Council at the February meeting for consideration and approval.

e. **Brogden Road Substation**

Bids for this project were opened at 2:00pm on January 14th. The apparent lower bid amount was \$725,180 from GE. This project will be brought before the Council at the February meeting for consideration and approval.

f. **Council Work session**

Load Management work session is scheduled for January 26th at 6:00 pm in the Council Chambers

g. **Planning Budget Work session**

Mayor Moore asked staff to contact the facilitator as to her schedule for the next several weeks to determine a suitable date for everyone.

IV. **Close Session pursuant to NCGS 143-318.11 (a) (6) to consider the negotiated employee hire and Town Manager candidate applications.**

Mayor Pro-Tem Ashley made a motion, seconded by Councilman Wood, to go into closed session pursuant to NCGS 143-318.11 (a) (6) to consider the negotiated employee hire and Town Manager candidate applications. Unanimously approved at 7:15 pm.

V. **Reconvene in Open Session**

Councilman Scott made a motion, seconded by Councilman Wood, to reconvene in open session. Unanimously approved at 8:30pm.

VI. **Adjourn**

There being no further business, Councilman Scott made a motion, seconded by Councilman Rabil, to adjourn the meeting. Unanimously approved at 8:31pm.

M. Andy Moore, Mayor

ATTEST:

Shannan L. Williams, Town Clerk