

The Smithfield Town Council met in special session on Monday, May 9, 2016 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
J. Perry Harris, District 2
Travis Scott, District 3
John A. Dunn, At-Large
Stephen Rabil, At-Large

Councilmen Absent

Roger A. Wood, District 4

Administrative Staff Present

Michael L. Scott, Town Manager
Jim Freeman, Interim Town Manager
John Blanton, Interim 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, Interim Chief of Police
Greg Siler, Finance Director
Shannan Williams, Town Clerk

Mayor Moore called the meeting to order at 6:30 pm.

CONSENT AGENDA

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

- 1. Memorandum of Understanding between the Town of Smithfield and the East Smithfield Improvement Organization to utilize the concession stand at Smith Collins Park.**

(Attached by reference and made a part of these official minutes is a copy of the approved Memorandum of Understanding between the Town of Smithfield and the East Smithfield Improvement Organization. A copy is on file in the Office of the Town Clerk: 2016 Memorandum of Understanding- East Smithfield Improvement Organization: Concession Stand)

- 2. Approved the Citizens Participation Plan for the UDO Ad Hoc Committee.**

(Attached by reference and made a part of these official minutes is a copy of the approved Citizen Participation Plan for the UDO Ad Hoc Committee. A copy is on file in the Office of the Town Clerk: 2016 Citizens Participation Plan – UDO Update)

Unanimously approved.

BUSINESS ITEMS

- 1. Approval of Brokers for Primary Health and Ancillary Employee Insurance**

Human Resources Director Tim Kerigan addressed the Council on consideration for selection of a broker of record for primary health and ancillary employee insurance benefits. Mr. Kerigan explained that the first Requests for Proposals (RFP) was for brokerage services to obtain health insurance benefits for full time employees. The Town received five responses to the RFP.

Councilman Harris questioned if the local broker worked with any other municipality. Mr. Kerigan responded that this company is the broker of record for the Town of Kenly. Mr. Kerigan's recommendation was to renew the contract with Mark III to be the broker of record for primary employee health benefits. Mr. Kerigan ultimately recommended renewing the contract with Municipal Benefits to serve as the broker of record for ancillary employee benefits.

Mayor Pro-Tem Ashley made a motion, seconded by Councilman Harris, to remain with Mark III as the broker of record for primary health employee insurance and Municipal Benefits as the broker of record for ancillary employee insurance. Unanimously approved.

Introduction of the FY 2016-2017

Town Manager Michael Scott presented the Council with a balanced budget in the general fund and the electric fund. Mr. Scott informed the Council that the budget is not balanced in the water sewer fund because staff has not received the rate study information from the Wooten Company and staff did not want to arbitrarily project those numbers.

Finance Director Greg Siler presented to the Council the following highlights to the FY 2017 Budget:

- General Fund \$ 12,775,743 - Balance the budget without any property tax increase. The property tax remains at \$0.57 per \$100 valuation where it has been since 2003.
- No fund balance was used to balance the budgets.
- Water/Sewer rate increase is anticipated in this budget.
- Electric rate decrease is proposed in this budget.
- Capital Reserve Fund will be established to enable the Town to set aside funds over the course of several fiscal years to pay for large equipment purchases instead of incurring the debt typically associated with such purchases.

Mr. Siler presented the following historical data to the Council:

- General Fund
 - Fund balance at June 30, 2015 was \$6,113,971 or 53.9%
 - Use \$447,087 to pay off 2 USDA loans
- Water/Sewer Fund
 - Fund balance at June 30, 2015 was \$3,414,548 or 48.03%
 - Fund balance is declining rapidly due to I & I issues
- Electric Fund
 - Fund balance at June 30, 2015 was \$3,882,039 or 20.74%
 - Use \$1,146,515 for fund the 2nd transformer at the Brogden Road Substation

Town Manager Michael Scott presented to the Council some key issues that needed to be considered and discussed during this budget. They are as follows:

- Voltage conversion on Brogden Road - \$1.5 million multiyear project.
- Electric Rates – consider a reduction in rates
- Water and Sewer rates and the cost of sewer treatment
- Water Line relocation on Booker Dairy Road estimated at \$3.5 million
- Economic Development Budget and Direction
- Venture Drive resurfacing project
- Establishing a Capital reserve Fund to allow the Town to pay for things without borrowing
- Personnel expenses
- Eva Ennis Pool

- Electric Fund
 - \$157,000 in transfers has been removed
 - Voltage Conversion- multiyear project
 - Electric Rate decrease

- Water/Sewer Fund
 - Water Sewer Rate Study will be completed by Monday.
 - Rate increase is likely for both water and sewer

- Booker Dairy Road Extension Project is a \$3.5 million project that the NCDOT will construct within the next year and a half. The Town will only be reimbursed for a portion of the project
Public Utilities Director Ted Credle explained that the NCDOT will reimburse the Town for the three separate but not equal projects. The reimbursements will be 100% for section 1 of the project; 0% for section 2 of the project; and 75% in like kind improvements for section 3 of the project. Finance Director Greg Siler explained the 2 step process needed to borrow funds for this project.
- I & I problems. Mr. Credle is working with the County on how the Town is being billed.
- General Fund
 - Economic Development - 100k in the general fund new money... 50k in water/sewer... several different avenues in what we want to do.
 - Venture Drive – This road is a cause for concern. It is estimated that the project will cost \$681,000 for a total reconstruction of the road while allowing it to remain open.
 - Capital Reserve Account something new which will allow the Town to take 2 projects and spread them out over 2 years instead of needing to borrow money for the projects.
 - Personnel expenses. A salary study requested, but Mr. Scott stated that he discovered several things that he would like to be able to evaluate before the Town pays for a salary study. He asked that the Council give him a year to evaluate things
 - All the proposed salary increases are no longer in the contingency. A 2% base line salary increase has been proposed in this budget.
 - Employee benefits and retirements are status quo.
 - Eva Ennis Pool – This is an issue that Mr. Scott would like to resolve. Included in this budget is \$10,000 to demolish it and turn it into a green space. Also proposed is that the Council allow the funds the Police Department was going to use for the substation to be encumbered and carried over until next year to consider a substation near Smith Collins Park.

Electric Fund

Pete Connet former Interim Public Utilities Director informed the Council that staff was comfortable recommending another electric rate reduction of an average of 2.74% beginning July 1, 2016. Even with this rate reduction, the Town can still operate. Staff is trying to handle the load and look to the future for growth in the North side of town.

Councilman Scott questioned if the conversion from hospital road to the Brogden Substation was a multi-year project and inquired as to a project outline. Mr. Connet responded that the long term plan was to convert everything from the Hospital Road substation to the Brogden Road Substation.

Councilman Harris questioned the increase in the fuel budget. Mr. Siler responded that is the most unpredictable. Staff took a 3 year average and then added 10% because they didn't want to underestimate.

Public Utilities Director reviewed the Electric Fund expenditures with the Council.

There was general discussion about the transfers from the Electric Fund to the General Fund. Mr. Scott responded that \$86,214 is the only transfer in this budget and that is only payment in lieu of taxes. There are no other transfers proposed in this budget.

Councilman Scott questioned the AMI in system. Mr. Credle responded that was going to be meeting with Benson to ensure that this system is what we need. Mr. Credle further responded that preferred to implement this in parts. He wants to make sure that the system is fully functioning well before everyone in Town is converted to this metering system.

Recess

There being no further business, Mayor Pro-Tem Ashley made a motion, seconded by Councilman Dunn, to recess the meeting until Thursday, May 12, 2016 at 6:30 pm. unanimously approved.

The meeting adjourned at approximately 8:44 pm.

M. Andy Moore, Mayor

ATTEST:

Shannan L. Williams, Town Clerk