Rescheduled Meeting February 20, 2014

(Postponed Meeting Due to Snow on February 11, 2014)

7:00 P.M.

The Town of Pink Hill held its monthly board meeting on Thursday, February 20, 2014 at 7:00 p.m. in the town hall board room. Present for the meeting were Mayor Carol Sykes, Commissioners Mike Hill, Donald King and Debra Grady, Town Attorney George Jenkins, Public Works Director Timmy Kennedy, and Town Clerk Kimberly Mitchell. Police Chief Joey Thigpen was unable to attend.

Visitors present were Slade Harvin and Amanda Murphy.

Mayor Sykes called the meeting to order. Mayor Sykes welcomed everyone to the meeting. Commissioner King then led everyone in the pledge of allegiance. Commissioner King made a motion to approve the regular board minutes from January 14, 2014. Commissioner Hill seconded the motion and it carried unanimously. Commissioner Hill made a motion to approve the agenda and amendments. Commissioner King seconded the motion and it carried unanimously.

The first item on the agenda was the Presentation of FY 2012-2013 Audit Report by Amanda Murphy. Amanda stated she appreciated the opportunity to work with the town. She said the first item that they would go over is the management letter with her comments. She stated there was nothing really significant there. She said a lot of the same things every year like (1) segregation of duties which is a problem that they have every year. Amanda stated that is not really a problem but an issue that is present in smaller local governments. Amanda said it is just not feasible to hire three or four people just so you can segregate all jobs. (2) Making sure you have two signatures on the checks. She stated that there was one check with only one signature. (3) Amanda said payroll personnel files have to have certain documents in those files and she said one file was missing an I9 form. (4)Testing of cash disbursements. We need to make sure that we pay close attention to the payment terms on invoices so that we can make sure that we are catching those discounts like paying early. She said (5) and (6) we will talk about later on in the audit when we go through the financial part of it. She asked everyone to turn to Page 13 to discuss the Statement of Deposition. She said the only thing she wanted to point out here was if you compare the cash balances from last year to this year, there was an increase of $223,000 which is a little bit misleading. She stated mainly that increase was where they had consolidated the Fire Department books with the Town books. Amanda said the Fire Department had like $204,000 in their bank account. She stated that contributed to the increase in cash for this year and it has to be used entirely by the Fire Department. She said the capital assets showed a huge increase too this year but again that is because we added the Fire Department’s assets to the Town’s books as well. Amanda then asked for everyone to flip over to page 15 to discuss fund balance available for appropriation. She informed the board that the Local Government sets a minimum percentage that they think that all local governments should have on hand so that if you have cash difficulties or just to meet current obligations. The Local Government wants 8% of general fund expenditures on hand in this fund balance. She stated right now we have $320,000 in unassigned fund balance which means it has not been appropriated for anything. She said right now we are at about 55% which is good. Amanda then asked everyone to turn to page 45 to look at the General Fund Statement. It shows basically all the money that came in for the year and what the money was spent on. She said the property taxes were down just a little bit because the town had a pretty big customer who didn’t pay until July and so that revenue was not shown on this year’s books and that affected the collection percentage too. She stated that it will show on this coming year though. Amanda said that all the departments were either below last year’s spending or they maintained prior year standing. She then asked everyone to turn to page 47. She stated this year on June 30, 2013 the town’s revenues actually exceeded the expenditures by $11,600.00 so we were able to add to our fund balance which is good. Amanda then asked everyone to turn to pages 48 and 49. She said this is the statement for the Water/Sewer Fund which is an enterprise fund and it should operate where it maintains itself. You should not have to borrow from the general fund to maintain the water fund. It should take in enough money to pay its way and at the end of the year you want it to break even or make a profit. Amanda said we are not at that point yet. Mayor Sykes said that is why they have to raise water bills and Amanda stated that was correct. Mayor Sykes then explained to Commissioner Grady why the town has to raise the water bills some times. Mayor Sykes said it is not something that they want to do but something they have to do. Amanda said also with the water project going on too, it also affects the town. She also stated that depreciation is what always gets the town. Depreciation is big assets like treatment plants, and water main lines. Those are assets that last several years, so instead of recording that expense all in the year that you buy it, the cost of those assets have to be allocated over several years. Commissioner Hill asked Amanda how many towns does she audit that fund depreciation. Amanda stated hardly any. Commissioner Hill said he thinks he has done two towns in the state that fund depreciation. If we raise the water bills to put the money in to fund depreciation, then the water bills would be very high. Amanda stated even though the town does have a loss this year, it is better than what it was last year. She said last year it was $141,000. She said once again in the Water/Sewer Fund there was less spending this year and the revenue was up from the prior year. Amanda then asked everyone to turn to page 52 which was the property tax collection percentages. She stated the town was just a little bit under the statewide average for other property at 90 percent. Amanda said that was all she had to discuss and stated she appreciated Kim and it is a pleasure coming. Mayor Sykes stated she wanted to commend Amanda and thank her for the job she does. Mayor Sykes said she especially wanted to commend Kim for the great job she does. Mayor Sykes stated she wanted to reiterate that the audit report is not to be shared with anyone else other than the board. She said if anyone has a question or wants to see it, they need to come to the Town Hall and ask Kim. Commissioner Hill made a motion to accept the FY 2012-2013 Audit report as presented. Commissioner Grady seconded the motion and it carried unanimously.

The next item on the agenda was James Sprunt 50th Anniversary. Mr. Jimmy Tate could not attend the meeting due to being in Raleigh. Kim said that he just wanted to talk about James Sprunt celebrating their 50th anniversary which will go on all year long.

The next item on the agenda was Update on AMR Meter Replacements & Award Construction Contract to KBS. Slade Harvin said he wanted to give an update on the water meter project. He said things have seemed kind of slow getting started due to a change order with the meters with the current project. Mayor Sykes asked Slade if he could give a little history on this from the beginning for Commissioner Grady. He explained that instead of the guys having to pop open each meter box to read the meters and record that, they will be able to drive down the road and read meters quickly. It will also assist with more accurate meter reads within town but also to free up time of the town staff. He said it will allow us to read meters quickly, identify any leaks, and potentially complaints from residents who have questions on their meter due to being able to track daily records of water use. In addition for the town accounting and water billing to be able to have that reading directly import into the billing software to provide a very quick and efficient means of doing water meter billing. When the town applied for this roughly in about 2009 the state kind of postponed the award and did not award the town this funding for the project actually after the town had been awarded funding and bid the water line replacement which occurred after the application was submitted. It was sort of a three year delay in actually being approved and getting funded. He stated of which this meter replacement project received approximately 80 percent of the total funding in grant funds which is a definite big savings for the town. As such the town was able to bid the project that initially came in above budget due to the fact that the original application had included one of the components that was being done as part of the water line replacement project at that time. In order to now bring, which is the meter setters, the portion that was replaced on the section of line being done in the current water line replacement project of which the number currently being replaced now with the current water line project was taken out to then bring the current AMR Project within budget for funding for the town to be able to proceed which is where we are tonight. The Town had accepted the bids and performed a bid modification to bring it within budget and is now in the position if the town is in agreement to award that contract to KBS Construction for the work. He said the town has currently provided all the funding, information, and paperwork to the state as far as all the contracting requirements and that has been accepted. He stated the next step now is to be able to award the contract and then send the contracts to the contractor for execution to return to the town and get approval from the state. Slade stated if the town is in agreement then a motion needs to be made to accept the construction contract amount of $191,586 to KBS Construction. Commissioner Hill made a motion to award KBS Construction with the contract for $191,586. Commissioner King seconded the motion and it carried unanimously. Slade stated for the next steps with the awarding of the contract, he will obtain the notice after the mayor signs it tonight to assemble contract documents to have them mailed to the contractor by Monday. He said typically as far as being able to obtain the necessary bonding, signing of the contract is anticipated to take approximately two weeks of which he will receive them and get them back to the town for the town’s review and approval. Then it will be sent to the state for their final review. The next steps in addition to the contract is setting up a preconstruction meeting of which is anticipated based on the town’s preference of schedule and to schedule sometime around the end of March to the first week of April. Slade said after tonight the town can let him know what days may work to be able to schedule that. He stated the contractor is planning on sending submittals to him next week to enable the review of that. He said so when the preconstruction meeting is scheduled he can already have the water meters ordered to be able to move forward as quickly as possible on actually having the project commence. He said there will be somewhat of a delay from the ordering to being able to actually start due to kind of the lag time from the actual time the order is made on the meters until the delivery of the meters. Once the meters are received it will approximately take about 60 to 90 days for installation of all the meters, training of the town, and having everything up and running. Mayor Sykes stated she was really excited about this project. She said the new meters should eliminate a lot of rereads. Kim asked Slade if she and Timmy would have to do software training. Slade said there would be a training session for the town. Commissioner King asked for an estimate in how much labor will be saved with these new meters. Timmy said it will probably take about an hour to read all the meters and that is one man with one truck. He said currently it takes two men and approximately one day and a couple of hours the next day. Slade said with the new meters the person can ride through town at the speed limit and read the meters without having to stop and start. He stated there are antennae’s in the truck and under the meter lid. He said the other good thing about replacing all the old meters is that we should be able to bring up all the town’s meters to new meters with accuracy. This should help also to provide accurate billing and recapture potential losses that the town may be losing with older meters. Slade said if we have any water complaints, we can pull up the data to show them exactly how much they used. He stated hopefully they will be able to start installing them in May. Mayor Sykes thanked Slade Harvin for coming.

The next item on the agenda was Pink Hill Rose Festival & Planting Roses in Town. Susan Meyers was unable to attend and asked to be added to the March meeting.

The next item on the agenda was Amendment of Effective Date of Voluntary Annexation. George stated assuming we want taxes to be collected effective January 1, 2014 and for that year, after consultation with County Manager, the County Finance Officer, the Institute of Government in Chapel Hill, and the Lenoir County Tax Collector the date to make it effective is June 30, 2014. Commissioner Hill made a motion to amend the former ordinance to make the annexation effective June 30, 2014 and any prior annexation is null and void. Commissioner King seconded the motion and it carried unanimously.

Police Updates was next on the agenda. There was no report given at this time due to Chief Joey Thigpen not being present.

The next item on the agenda was the Fire Department Report. Timmy stated since January 1, 2014 they have had 5 structure fires, 5 EMS calls, 1 smoke investigation, 3 vehicle accidents, and 2 odors of gas in house. He said everything seems to be going well. He stated they are still trying to get everything ready for their ISO inspection. Timmy said the particular date has not been set yet but it is sometime around the first of June.

The next item on the agenda was Water/Sewer Updates & Adopt Resolution Approving Local Water Supply Plan. Timmy said between the rain, ice, and snow storms the guys with the water project have still made some progress on the asphalt patching. He said they have started some of the cement driveway repairs. He also stated that some more of the tie-ins have been done and did some of the services today. Timmy said the majority of the lines are going to have to go live before they can put the services on. He said they cannot cut the water line off until they are tied into the new one. The board then discussed the Local Water Supply Plan. Commissioner Hill made a motion to adopt the Resolution for the Local Water Supply Plan. Commissioner Grady seconded the motion and it carried unanimously. Timmy wanted to let the board know about a sewer issue on North Central Avenue where it ran into the basement of one particular property. He said he had to turn it in on our insurance to try and see if the insurance would pay. Timmy said he has to wait and see how this process is going to work out. He said he was told about the sewer stop-up at 11:00 a.m. on February 14, 2014 and by 11:30 a.m. he and one of his guys was out there with their jet machine and had already ran the main within 30 to 40 minutes. He stated he does not really see how they can find the town negligent. Kim stated she had spoken with the town’s insurance company and they will make the decision of whether the town is responsible or not. Timmy stated the damage was to the basement and mostly carpet other than the smell they had to put up with for about three days. He said our agent was very good about going on out and getting pictures and getting the ball rolling. Timmy said that Jr. Westbrook was the plumber hired by the landowner. He stated he just wanted the board to know about the issue.

The next item on the agenda was a request to use town’s property on Jones Avenue for a wedding reception and parking on March 8, 2014. Mayor Sykes stated that Jonathan Best who lives across on the corner from the Salter’s is getting married March 8, 2014 and he has asked if they could use a piece of property that the town owns to have a wedding reception. Mayor Sykes told Mr. Best that she did not see a problem with it as long as they make sure that they cleaned up afterwards but she would have to ask the board. Kim said the property in question is where Miller’s Trailer Park used to be. They are getting married at the church but they would like to put tents up to have the reception and use it for parking. Commissioner King made a motion to allow use of property. Commissioner Hill seconded the motion and it carried unanimously.

The next item on the agenda was Appoint WASA Board Member for 3 year term. Timmy stated he has had several things going on in the last three months and has not even attended a WASA meeting in the past three months. He said he would like to ask the board to put somebody else in the position at least until all these water projects are finished. Commissioner Grady made a motion for Mike Hill to be WASA Board Member for the 3 year term and Timmy be backup. Commissioner King seconded the motion and it carried unanimously.

Budget Amendments if needed was next on the agenda. Kim informed the board that there were some budget transfers that she had done. She asked everyone to look at their Water and General Fund budget amendments and if they had any questions she would be glad to answer them. She said on the General Fund they had received $2,955.10 for the Hold Harmless Revenue which we did not think we would be getting. She stated that amendment is to recognize that revenue that we received. Kim stated in the Water Fund we are recognizing $3,000.00 we received in taps and connections. She said we will have to take $2,500.00 from Water Fund Appropriation for the Deep Run Sewer maintenance and repair of facilities line item. Kim stated that they have had a lot of repairs to pumps at the Deep Run lift stations. Commissioner Hill made a motion to accept the Water Fund and General Fund budget amendments as presented. Commissioner King seconded the motion and it carried unanimously.

The next item on the agenda was Remarks by Town Attorney. George stated that he was glad and happy to be here.

The next item on the agenda was Comments by the Board. Commissioner King stated this was the first year that he has really been pleased with the budget and he appreciates all the hard work. Commissioner Hill stated that he appreciated all the people who work for the town.

The next item on the agenda was Public Comment Period. No one from the public had signed up to speak.

Mayor Sykes asked Slade if he had anything else to add. He said he just needs to know what dates the town would be available for a pre-construction meeting. Slade said somewhere in the last week of March or first week of April would probably be best. He said it would be a preconstruction informational meeting and anyone could come. Mayor Sykes asked everyone if Thursday, March 27, 2014 at 1:00 p.m. and Thursday, April 3, 2014 at 1:00 p.m. would be good. Everyone agreed to those two dates.

The next item on the agenda was closed session. Commissioner Hill made a motion to go into closed session to discuss personnel. Commissioner King seconded the motion and it carried unanimously. Commissioner Hill made a motion to come out of closed session. Commissioner King seconded the motion and it carried unanimously. Commissioner Hill made a motion to terminate Ted Kelly at 11:59 p.m. on February 20, 2014 because of his job performance and that he is to get the following severance package which is his salary pay for the week ending February 20, 2014, two weeks severance pay and his vacation and comp time pay. Commissioner King seconded the motion and it carried unanimously. Commissioner Hill made a motion to amend the time in his previous motion and change the time from 11:59 p.m. to be at 12:00 noon on Friday, February 21, 2014. Commissioner King seconded the motion and it carried unanimously.

With there being no further business to be discussed the meeting was adjourned.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Mayor Town Clerk