

**HAMLET CITY COUNCIL BUDGET WORK SESSION
COUNCIL CHAMBERS ROOM
201 MAIN STREET, HAMLET, NC 28345
WEDNESDAY, APRIL 21, 2021
3:30 PM
MINUTES**

Governing Body Present:

Mayor	Bill Bayless
Mayor Pro Tem	Jesse McQueen
Council Member	Eddie Martin
Council Member	Oscar Sellers
Council Member	Abbie Covington

Staff Present:

City Manager	Matthew Christian
City Clerk	Gail Strickland
Finance Officer	Jill Dickens
Public Works Director	Billy Stubbs
Police Chief	Dennis Brown
Museum Director	Mechelle Preslar

Others Present: Will Toler, Scotty Wilkins and Andre Noel

1. Call to Order

Mayor Bayless called the meeting to order at 3:30 pm. He announced Council Member Stuart was unable to attend due to a health concern with his Mother.

2. Adoption of Agenda

Council Member Covington motioned to adopt the Agenda. Council Member Sellers provided the second. The vote was 4-0.

3. Presentation – AMI Water Meters (Advanced Metering Infrastructure)

Mayor Bayless welcomed Scotty Wilkins, Director of Sales, and Andre Noel, Director of Revenue Management and Metering Services with SUEZ Water Technologies to speak with Council. Mr. Wilkins provided background information on the company and reminded Council that Utility Services, now a part of SUEZ, has managed the City's water tanks for 20 years. Mr. Noel offered the advantages of his company and AMI meters as:

- 20-year association with the City in water tank maintenance
- They provide a solution and offer preventative and proactive maintenance
- Full turn-key package
- Meter reading every hour to see usage and patterns
- Information goes to collector and then to cloud
- Information accessible on any smart device
- Customers can create portal and see their usage
- City can slow water flow and cut off from smart device
- City can detect tampering
- Staff can alert customers of high water use quicker

- Software can forecast revenue
- No physical meter reading required
- 15- year warranty
- City owns the meters, infrastructure and software
- Current water distribution employees can shift to other City projects
- Billing can be delayed 12 – 18 months
- Payments can be spread out up to 15 years
- Estimated revenue increase of \$4.6 million

Mr. Noel reported, after studying Hamlet's data, they selected ultrasonic Aclara meters that have no moving parts and are compatible with North Carolina water. He advised the proposal includes 4 collectors and an acoustic leak detection system. Data indicated the City has 35.8% non-revenued water. The cost analysis presented was \$2.4 - \$2.6 million with an annual maintenance fee of \$56,000.00. The study indicated the City would have an estimated increase in revenue of \$4.6 million that would pay for the project and allow money for other projects.

Council's concerns were:

- Estimated revenue may not be accurate
- Ownership of the meters
- Total cost of the 15-year period
- Next steps after the 15-year time frame
- Costs of individual meters
- Loss of jobs for employees
- Service Charge for customers

Mr. Noel and Mr. Wilkins recommended sending meters to a third party for testing to validate the information at no cost to the City. Mr. Noel advised all meters would need to be replaced in 15-20 years and provided an estimate of half a million dollars to do so since the infrastructure would be in place. Mr. Noel advised the Company would come back to the City in approximately 13 years and provide an estimate. To answer the loss of jobs, Mr. Noel suggested they shift the Water Distribution Employees to other City projects.

Council Member McQueen calculated the total cost of the project, including the 15-year maintenance fee, as \$3.1 million, requiring the City to have additional revenue of \$213,000.00 annually to break even. He asked the City Manager to provide meter reading costs to Council and inquired if the City had to follow a formal bidding process. Mr. Christian answered the project does not fall under the same parameters as a construction bid. They will place an announcement soliciting qualified firms but will have latitude to select the company.

Review of Proposed FY2021-22 Budget

City Manager Matt Christian advised the Department Heads Council requested attend, with the exception of Chief White who was on a call, were in attendance to answer Council's questions regarding their Capital Outlay Requests. He stated the information received for the Local Government Commission has accelerated the timeline to get the requested information to them. He has spoken with Staff about what is critical and they have determined they can wait another year without purchasing any vehicles. The only Capital Item Purchase listed in the Manager's Recommended Draft Budget is the required air packs for the Fire Department. Council discussed the \$5,000.00 cabinet would be used as a display for Hamlet Fire and

Police Public Safety at the Museum and decided to leave it in the Budget. The street sweeper was discussed extensively, but determined not to purchase at this time; other items would be more necessary. The Board discussed the need to compensate the City employees to show appreciation and to help with employee retention. They did not receive a raise for FY2020-21 and did not receive a Christmas bonus due to the position the City was put in with the County changing the sales tax distribution, reducing the City's revenues. The difference in providing a bonus versus a raise was discussed; the raise would be ongoing and Council was not sure they could sustain the increase in the next few years. A final recommendation was not made.

Matt Christian reported the General Fund is balanced with no increase in taxes. The proposed Budget has a Fund Balance Appropriation of \$343,660 a reduction of 37.9% from last year. The Budget maintains current operations. Regarding the Powell Bill, he said Council needs to consider long term management and look at ways to get the personnel expenses out and use the money for projects. The Enterprise Fund is balanced with no rate increase. The City does have the water meter needs, for more efficiency. He has another company that will provide a presentation. He stated his main concern is our future debt service. As of now, the City will be putting back \$350,000.00 in the Enterprise Fund, money the City can use to invest in projects. When we receive the debt service for the WWTP, we will not have the same liquidity. Now is a good time to look at water meters before the 40-year service debt with the WWTP expansion.

Mayor Bayless inquired on safety vests for the Police Department. Chief Brown reported the vests have not been upkeep and are needed. He is identifying the critical needs of the Department and will report to the City Manager.

Council Member Covington asked for an explanation on the decrease in investment funds. Jill Dickens explained interest rates have decreased. Mrs. Covington mentioned the Emergency Service Fees dropped. Matt Christian stated the decrease is due to the agreement with the City. They are not reimbursing for part-time employees and the second payment is due next month. The City Manager reported the City is moving forward with Option 1 in Employee Health Insurance, as discussed at the last Budget Meeting. The annual premium increase is 3.4%. Also mentioned was some of the part time positions have been shifted. Mr. Christian informed Council his recommendation for the American Rescue Plan Funds is to take care of employees first, and then purchase supplies, equipment, technology and special projects the City cannot afford.

Council discussed contributions to other Organizations, but determined they could not give to one and not to all. They discussed with Chief Brown other ways the City could facilitate Crime Stoppers Fund Raisers. The Police Chief stated they would advertise on their FaceBook page.

Council Member McQueen ended the Budget Discussions by saying the Board had to cut \$400,000.00 in Capital Outlay Requests, things that are needed to run the City.

5. Motion to Adjourn

At 5:35 pm, Council Members Covington and Sellers provided the motion and second to adjourn the meeting. The vote was 4-0. Council set the next Budget Meeting for Thursday, May 6th at 3:30 pm.

Respectfully submitted,


Gail M. Strickland, City Clerk

