

The Washington City Council met in a continued session on Monday, January 28, 2008 at the Municipal Building at 4:30 P.M. Present were: Judy Jennette, Mayor; Doug Mercer, Mayor Pro tem; Gil Davis, Councilman; Richard Brooks, Darwin Woolard, Councilman; Archie Jennings, Councilman; James Smith, City Manager; and Rita A. Thompson, City Clerk; and Franz Holscher, City Attorney.

Also present were: Carol Williams, Finance Director; Keith Hardt, Electric Director, Mick Reed, Police Chief; Allen Lewis, Public Works Director; bobby Roberson, Director of Planning and Development; Jimmy Davis, Fire Chief; Philip Mobley, Parks and recreation Director; and Mike Voss of the Washington Daily News.

Mayor Jennette called the meeting to order and Councilman Woolard delivered the invocation.

APPROVAL/AMENDMENTS TO AGENDA

Mayor Jennette asked that Northgate Subdivision be added to the agenda. An item for discussion under Closed Session will be the Hamilton Beach property.

On motion of Councilman Woolard, seconded by Councilman Jennings, Council unanimously approved the agenda, as amended.

ELECTRIC SYSTEM BETTERMENT REPORT

Ken Raber and Greg Booth, representatives from ElectriCities of North Carolina and PowerServices, Inc. attended the Council meeting and presented a Power Point Presentation on the System Betterment Report. Highlights of the report are as follows:

Overview

- The ElectriCities Board of Directors approved funding the System Betterment Program (SBP) to help members maximize the benefits of their electric distribution systems.
- Past System Betterment Programs (1987-1988 and 1990-1993) have identified significant opportunities for cost reductions.

Information Gathering

- ElectriCities paid PowerServices, Inc. to perform an audit of your distribution system and provide the cost/benefit analysis for projects they identified.
- ElectriCities staff worked with each utility to gather a broad range of information which provided benchmarking and indicators.

Areas Reviewed

- Power Factor Optimization
- Voltage Reduction
- System Operating Voltages
- Phase Balancing
- Distribution Transformer Program
- Street and Area Lighting Program
- Distributed Generation Program
- Operation and Maintenance Program
- Billing Analysis
- Long-Range and Capital Improvement Plans
- Coordination of Line Protection Equipment

- Conductor Optimization
- Load Management Program
- Reliability Tracking

Categories

Performance Indicators/System Losses

- benchmarks of how well your system operates

Physical/Technical areas

- the hardware on your system – is it the right size, right place, etc.

Business/Operational areas

- are procedures in place to maintain the system and equipment, were any safety concerns noted.

•System Losses:

Agency - Average 4.3%
Washington - Average 5.9%
Improve -5% = \$384,982 Net Savings
Trending Improvements – gradual

•Arc Flash

Coordination Study – 7 Years Ago

•Pole Attachments - Additional Information received since report prepared

Enhanced Revenues

- The city owns the utility poles and allows other companies to attach to the poles (pole attachments).
- There is a cost that the City incurs by allowing attachments to the poles.
- Attaching companies reap a benefit by attaching to your poles and not building their own system.
- The City is allowed to recoup their costs from the attaching companies/

Pole Attachments

- Currently Washington is collecting \$5 per pole per year for a total of \$23,000 in revenues.
- Attaching companies include: Sudden Link Cable; Embarq; Tri-County Telephone, and Bath Cable TV.
- Recent court rulings infer that you can charge a significantly higher rental rate and also recoup a prorated share of your maintenance costs.

Pole Attachment Program

Current Estimates`
Poles you own: 14,000
Poles with attachments: 7,000
Poles w/multiple attachments: 300

- At \$15 per attachment the revenues would be at least \$69,000 per year (increase of \$46,000 annually)
- This does not include
 - Recouped costs for maintenance (tree trimming, etc.)
 - Costs associated with moving lines to new poles
 - Negotiated charges for buying attachments, etc.

I. **Inventory**

An accurate inventory must be taken. This is done along with the attaching companies and they share in the costs.

II. **Develop a new rate for attachments**

The rate may have to be phased in over a few years, but it should greatly increase your revenues.

III. **Negotiate a new contract**

Determine if your current contract is adequate and can be modified. If not, then negotiate a new contract.

IV. **Pole Attachment Management**

Put a system in place to manage requests for new attachments, ensure proper billing, and update inventories periodically.

Automatic Meter Reading (AMR)

- Staff has successfully implemented an automated meter reading project.

- Some benefits included:

- increased safety for employees (less exposure the risks)

- reduced cost to read meters

- increased productivity (trained personnel can now use their time more productively)

- lower insurance costs due to less vehicle time (?)

- **SCADA System Implementation**

- increases reliability response time, safety and provides additional system management features

- **Well maintained distribution system**

- prepared to meet the needs of today and the future

- **Stable power supply well into the future**

- **Local control**

Conclusion

The System Betterment Program, is an ongoing program that seeks to help cities continually improve their electric operations and enhance the value of public power.

They encouraged the City Council to consider the recommendations presented.

NOTE – Council discussed pole attachment fees in length and agreed this should be discussed at the Council's Planning Session on February 20th.

**REPORT ON UTILITY BILLING SYSTEM SOFTWARE UPGRADES AND
PROCESS REENGINEERING STUDY**

Carol Williams, Finance Director, stated that the City has been on the software system developed in I-Cobalt language since 1981. We are now getting ready to change to the windows format.

Features

- Increased performance and stability

- Account console allows you to check account balances, billing and usage history, service orders, and comments on the same screen
- Right-click technology provides powerful search capabilities
- With a single click you can switch to edit mode to modify account information
- Enhanced Service Order Calendar allows for simple “drag and drop” rescheduling of Service Orders
- Provides an asset management module for tracking locations of meters and other equipment infrastructure
- Reports are produced as .pdf files using the high-powered, XML-driven LogicXML Report Engine
- Colorful charts and graphs display right on your reports along with your organization’s custom logo
- Integrated “Analysis Grid” allows ad-hoc querying and reported
- Data can easily be exported to Excel, Word or comma delimited files for additional analysis
- Allows integration with existing GIS Systems
- Optional dashboard feature allows you to build and manage fully customizable, real-time updating snapshots of critical information at a glance.

Technology

- Built on industry-proven Microsoft technologies
- Developed using the Microsoft .NET 2.0 Framework
- MS SQL Server 2005 for data management
- Compatible with Internet Explorer 7.0 or greater

Mr. Smith stated that the present software system goes back twenty five years and we don’t have a written flow chart of that process. We have found two other areas in addition to the Beaufort County Hospital error. There has been an under billing to Bath High School and to a private party. We will have a flow chart of the current process and a recommended flow chart along with a recommended organizational change in February.

FIRST DISTRIBUTION OF FINAL DRAFT OF RECREATION AND PARKS MASTER PLAN

Philip Mobley, Parks and Recreation Director, passed out a copy of the Parks Master Plan. The Recreation Advisory Committee is meeting tonight on the plan and it will be brought to Council in February. He recommended that Council review the last two sections. Mr. Mobley stated that the consultant has been four times. His bid was \$31,000 and it was cut to \$26,000.

Councilman Jennings noted that the population figure in the report seems low, that we will only grow about 200 people in the next five years. Mr. Mobley stated that he has been here 30 years and we have gotten up to 2,000 population. Councilman Jennings stated that we serve about 15,000 in our ETJ. Councilman Davis stated it is closer to 40,000. Mayor Jennette stated that is what this plan should be based on. Mr. Mobley stated that the plan can be adjusted, this is a recommendation. They will look at the ETJ service area.

Mayor Jennette stated that population growth is low, according to figures at the College.

Mr. Mobley stated that this is the best direction we have, that plans change.

Councilman Davis pointed out that an addendum was made of the last Master Plan to add just the McConnell Complex.

Mayor Jennette asked that the Planning Board take a look at it too.

NORTHGATE SUBDIVISION – JASON BRILEY

Mr. Jimmy Nelson, Jason Briley's Attorney, reported to the board that they are prepared to go forward with the construction of seven homes and are asking the board to release the seven lots. Holland Consulting Planners have delivered their opinion that the seven lots are approved for low to mod income out of the original seventeen.

Mr. Roberson stated that he is drafting a letter to the State to forward the information on the seven lots that Holland Consulting Planners feel meet the low to mod income criteria. They have not been approved by the State yet. There will be twenty five left after the seven are approved.

Mr. Roberson stated a building permit has been issued and need to make a determination about the release of the lots. Mr. Roberson stated that the Washington Housing Authority cannot afford to buy twenty-five lots. Mr. Briley stated they had a meeting Friday night and Mr. Recko has written a letter and they are enthused about the process.

Mr. Holscher stated that seventeen lots have been sold before tonight. Seven of those the State will hopefully confirm that they are LMI purchases. The Brileys have asked for a release of seven additional lots, and those will go to a builder. He stated he questioned whether or not that conveyance to the builder will qualify through the State's process. So he is recommending an escrow be set up. He understands that we have the first lien holder status. The proceeds from the closings would go to the second lien holder. As a practical matter, we might not be able to ask them to put the proceeds from the seven closings into an escrow account.

Council asked the City Attorney to research the title and see if there is in fact a second lien holder, and if there is, come to the Council with a proposal on what we need to do. If there is not a second lien holder, then the Attorney come back with a recommendation as to what we should do, require an escrow or not.

Councilman Jennings asked if Council can make a determination in closed session, assuming there is not a second lien holder.

Mr. Holscher pointed out that there are a lot of conditions in the Agreement that has not been complied with. Mr. Briley stated that he has until December 31, 2008.

Mr. Holscher raised the question that if the lots are conveyed to a builder, how does that qualify? This has to be clarified if they go to a builder before going to a LMI purchaser.

After a lengthy discussion, Council agreed to take this up further in closed session.

CLOSED SESSION – ATTORNEY/CLIENT PRIVILEGE

On motion of Councilman Woolard, seconded by Mayor Pro tem Mercer, Council unanimously agreed to go into closed session under G.S. 143-318.11(a)(3) Attorney/Client privilege.

CONTINUED – NORTHGATE

On motion of Councilman Davis, seconded by Councilman Woolard, Council unanimously authorized the release of seven lots at Northgate under the condition that they put into escrow \$10,000 per lot with Mr. Nelson.

There being no further business, the meeting adjourned at 6:45 p.m.

**Rita A. Thompson, CMC
City Clerk**