

**CITY OF LAURINBURG
SPECIAL CITY COUNCIL MEETING
MAY 26, 2011
303 WEST CHURCH ST.
LAURINBURG, NC
5:30 P.M.**

Minutes

The City Council of the City of Laurinburg held a special meeting May 26, 2011 at 5:30 p.m. in the council room of the Municipal Building located at 303 West Church St., Laurinburg, NC with the Honorable Thomas W. Parker, Mayor Pro Tem presiding. The following Councilmembers were present: Curtis B. Leak, Herbert M. Rainer, Jr., Kenton Spencer and Joy Ellison.

Also present were: Edward F. Burchins, City Manager, Dolores A. Hammond, City Clerk, and Charles L. Hicks, Jr., Assistant City Attorney.

Mayor Pro Tem Parker called the meeting to order at 5:30 p.m. The invocation was given by Mayor Pro Tem Parker.

Mayor Pro Tem Parker stated that the purpose of this meeting is for discussion and possible action regarding the proposed contract with Datamatic, LTD.

Mayor Pro Tem Parker apologized for not being at Council's meeting on May 17, 2011. He explained that this is not why this meeting has been called. He stated that there was certain information that was not presented at the meeting held May 17, 2011 that is pertinent to the decision regarding the proposed contract with Datamatic, LTD. He added that it was prudent that the information be shared with council before a final decision is reached.

He then explained that he and Councilmember Spencer, in the absence of the Mayor, called for this special meeting so that the information that was not provided during the regular meeting could be shared with council.

Mr. Dan Devane of Datamatic, LTD. stated that one of the big differences between the previous contract with Datamatic and the proposed contract is the guarantee that the system will work. He stated that Datamatic felt so strongly about the system and its benefits to the City that it is willing to guarantee that if the system is purchased by the City, it will pay for itself within a five-year period. He explained that this is the first time that the company or any other automated meter reading business has made such an offer.

Councilmember Rainer asked for clarification regarding Datamatic's proposal.

Mr. Devane stated that Datamatic, LTD. is willing to guarantee that the system will pay for itself in five-years. In fact, Datamatic believes that it will pay for itself sooner than five years. This system will make for the City of Laurinburg \$483,771.74 on average per year over five years which will allow the system to pay for itself. He explained that if the system does not result in these savings over the first five years, Datamatic, LTD. will compensate the City for any lack of savings it suffers.

Mr. Devane explained that the payback is based on a return on investment analysis that has been conducted.

The City Manager stated that if the City of Laurinburg invests two million dollars then after five years if the City has only \$1,800,00.00 in savings (as calculated in accord with the investment analysis), Datamatic will pay to the City of Laurinburg the difference.

Mayor Pro Tem Parker stated that, because of the circumstances with the previous purchase of fireflies, the City will not be able to recoup funds spent.

Mayor Pro Tem Parker stated that the information that was not presented at Council's May 17 meeting was that, regardless of whether the City enters into the proposed agreement with Datamatic, the City will have to spend approximately \$1,200,000.00 to change out all of the old meters that need replacing.

Mr. Devane also explained that once the meters are pulled the City will be able to sell them as scrap.

A discussion ensued regarding the City's previous replacement policy on meters.

Mr. Devane explained that during the May 17 meeting the question was asked if Datamatic would honor its bid in the future and the response was that prices change and that the same agreement could not necessarily be honored. He indicated that Datamatic would be glad to submit a bid at a later date, but there is no guarantee that the same terms could be offered.

Upon question by Councilmember Ellison, Mr. Devane explained that broadband is not necessary for this system. He then explained that using broadband will be a different system.

A discussion then ensued on different types of meter reading.

Mr. Devane explained the process of installing and training staff to install the equipment. He stated that it should take approximately six months to get all of the equipment into the ground and the system operational.

Councilmember Spencer expressed that he has never had anyone guarantee a return on investment and that itself speaks highly of the company.

Upon question by Councilmember Rainer, Mr. Devane stated that training will be provided to City personnel to handle the day to day problems if any should arise. The current meter readers will become firefly technicians.

It was also explained that if this system is not installed, there will be need for an additional meter reader in the consumer billing department.

Cindy Carpenter, Finance Director, stated that the current meter readers are being paid overtime to compensate for the vacant meter reading position. She also explained that the proposed equipment would help to change the current billing cycle of our residents.

A discussion ensued on the number of citizens connected to the City's electric and water systems.

Upon question by Councilmember Ellison, it was stated that there are two other companies that provide the mesh system.

Upon question by Councilmember Parker, Mr. McQuage stated that the system works fine and that a good deal has been offered to the City of Laurinburg.

Mayor Pro Tem Parker summarized points regarding the proposal which will net 1.2 million dollars out of the City's cost. Those points are: (1) According to the mayor pro tem, other municipalities give this system a thumbs up; (2) Datamatic is willing to give the City a guarantee; and (3) the proposal is only good for this time period.

Upon question by Councilmember Ellison, Mr. Devane stated that Datamatic is providing a warranty for twenty years on the fireflies. He explained that the product is designed to be upgraded throughout its life cycle. He also explained that any failure is included under the warranties and guarantees of the system.

The City Manager stated that technology at some point will allow the City to turn water and power on without a person going out in the field.

Upon question by Councilmember Rainer, the Assistant City Attorney stated that he is working on the final wording of the proposed contract and that, if Council chooses to approve it, that the approval be subject to the final wording of the contract being approved by the City Attorney.

Upon question by Councilmember Ellison, the Assistant City Attorney stated that the current bids expire at the end of the month (May).

Councilmember Spencer motioned to approve the purchase from Datamatic, LTD. and to authorize the Mayor to execute the proposed contract upon completion of review and its final approval by the Assistant City Attorney. Councilmember Rainer seconded the motion.

A roll call vote was taken and the results were as follows:

Ayes: Spencer, Rainer, Parker

Nays: Ellison, Leak

Councilmember Rainer suggested that all members be sure to have all technology equipment turned off or left at home during the meeting.

ADJOURNMENT

Motion was made by Councilmember Spencer, seconded by Councilmember Ellison, and unanimously carried to adjourn the meeting.

The meeting adjourned at 6:34 p.m.

Matthew Block, Mayor

Dolores A. Hammond, City Clerk