

**CITY OF LAURINBURG
SPECIAL MEETING
NOVEMBER 26, 2012
MUNICIPAL BUILDING
303 WEST CHURCH ST.
7:00 P.M.**

Minutes

The City Council of the City of Laurinburg held a special meeting on November 26, 2012 at 7:00 p.m. in the council room of the Municipal Building with the Honorable Thomas W. Parker, III, presiding. The following Councilmembers were present: Mary Jo Adams, Curtis B. Leak, Herbert M. Rainer, Jr., Kenton Spencer and Andrew G. Williamson, Jr.

Also present were Edward F. Burchins, City Manager; Jennifer A. Tippet, City Clerk; and William P. Floyd, Jr. Assistant City Attorney.

Also present were Stacey McQuage, Public Utilities Director; Robert Smith, Electric Services Director.

Mayor Parker called the special meeting to order at 7:00 p.m.

The Invocation was given by Councilmember Williamson.

AUTOMATED METER READING SYSTEM UPDATE

The City Manager provided an update on the Automated Meter Reading System as follows:

- The City stopped payments to Datamatic on March 29, 2012, the day the crews for Datamatic that were installing meters left the project.
- On that date the City owed \$2.129 million to Datamatic, with \$2.315 million for materials, \$84,000 for labor and \$18,897 for annual maintenance agreement.
- The contract required that 5,700 electric meters to be installed. Of the 5,700, 714 of those were not installed and these are the 3-phase commercial and industrial meters.
- At beginning of project, he made Stacey McQuage responsible for managing the water meter installation, Ronald Pierce responsible for managing the electric meter installation and Cindy Carpenter for software piece. Datamatic was responsible for managing the sub-contractors and for managing the software and all communications equipment.
- Of the water meters to be installed, out of 8,800 meters, only 78 meters have not been installed.
- Biggest concern is the 714 three-phase electric meters as those meters calculates almost 50% of the electric revenue for the City.

- Decision made at beginning of project to replace all of the water meters but not to replace the 714 three-phase electric meters because Ronald Pierce was concerned about problems with communication and being able to physically read these meters. During the course of the project, City staff was informed that the fireflies could not be retrofitted to the meters and then discussion began about replacing those meters with electronic meters. He stated that he believed that Datamatic made commitment to replace the electric meters.
- City staff asked for specs on the electronic meters and Ronald Pierce did not want to install the meters without conducting pilot testing first. Datamatic provided specs on the meters and the information was checked by McGavran Engineering, and also had a meter technician evaluate the specs on the meters. He stated that at this point City staff is still not sure what the best solution is for those meters.
- The 78 water meters that have not been installed are the City's largest customers.

Mr. Stacey McQuage explained that there are approximately 50 three (3) to six (6) inch water meters that were to be installed and only eight (8) more remain to be installed. He added that 70 one and one-half (1.5) to two (2) inch meters are in the warehouse to be installed and Datamatic has no contractor to install these meters. He added these meters were also some of the City's large customers such as motels and businesses which constitute a lot of revenue.

The City Manager discussed the following with regard to the 714 three-phase electric meters:

- At some point the City will have to negotiate with Datamatic regarding the three-phase electric meters.
- If the City would buy three-phase meters it would cost approximately \$464,000.
- The water meters can be read currently even with communication issues.
- Contingency plan is being reviewed by the City's electric engineering consultant and will make recommendation on what to do with the electric meters.

The City Manager then provided a brief history of the purchase of the automated meter reading system from the original purchase in 2006 to current.

The City Manager discussed the following with regard to the communication issues experienced with the automated meter reading system:

- David Secord of Datamatic was on-site working on the communications issues until August.
- Mr. Secord has continued to work with the City and with Harris (utility billing system) to create a filter to allow the Datamatic software to interface with Harris.
- A new filter is scheduled to arrive on December 3, 2012 which will then be tested.
- The communication issue is Datamatic's responsibility and Mr. Secord will continue to work with the City until a filter works that allows Datamatic software to interface with Harris. Harry Gale, Head Meter Reader, has been trained on the

software and continues to work closely with Mr. Secord and the technology people with Datamatic.

- The City has received support from McGavran Engineering to understand some of the coding of the various electric meters.
- The Assistant City Attorney will provide advice on how to move forward from a legal perspective.
- At some time, the City will need to begin talking with Datamatic to get the project completed.

Upon question by Councilmember Willis, the City Manager explained that the majority of payment to Datamatic was made following delivery to the City of the equipment and its installation by the contractor. He added that the contractor would install the fireflies on the meters and when the meters were installed in the field, payments to Datamatic would be processed.

Councilmember Willis expressed concern that the City paid Datamatic \$2.1 million upon delivery of the equipment without ensuring the equipment's functionality.

Upon question by Councilmember Adams, the City Manager explained that Datamatic was asked to come provide an update to Council at the September Council meeting, and a report was sent to the City by Datamatic that was received on September 17, 2012. He further added that he and staff disagreed with some of the issues contained within said report. He stated that he received an email on October 5, 2012 that Rich Sanders, the Project Manager with Datamatic, was no longer with Datamatic. He further added that David Secord was still working with the City at that time on the communication issues. He stated that when he was notified that the Project Manager was no longer with Datamatic, he notified the Assistant City Attorney about this project in great detail.

Upon question by Mayor Parker, the City Manager explained that the City borrowed the money for this project from BB&T and the City disbursed money to Datamatic upon invoice.

Upon question by Mayor Parker, the City Manager stated that the City held back approximately \$289,000.00 as the retainage of the contracted amount.

Upon question by Mayor Parker, the City Manager explained that it was a point of contention with Datamatic that the 5,700 electric meters in the contract included the three-phase electric meters, but he felt the 714 three-phase meters were included in the 5,700.

Further discussion ensued concerning whether the contract for 5,700 meters included the 714 three-phase meters. Councilmember Willis expressed concern that before the contract was signed, it should have been known exactly how many of each type of meters was known.

Upon question by Councilmember Williamson, the City Manager stated that the contract was entered into on September 1, 2011. He added that even though the contract negotiation was a team effort by several staff members, he accepted responsibility to ensure that the project was completed.

A discussion ensued concerning the original equipment purchased from Datamatic, and the progression to the current situation with Datamatic.

Upon question by Councilmember Leak, the City Manager stated that he, Stacey McQuage, Marcus Smith and Cindy Carpenter took a trip to a city in California which utilizes the Datamatic system. He added that the system works great in that city which is in a mountainous area. He further added that phone calls were made to other cities that utilize Datamatic and the company was vetted by staff.

Councilmember Leak expressed concern that since the City executed a piggyback bid off Goldsboro's contract with Datamatic that no one from the City visited Goldsboro to discuss issues Goldsboro was having with Datamatic.

A lengthy discussion ensued concerning the difference in the Legacy system originally purchased from Datamatic and the current Mosaic system and that the current contract with Datamatic included the purchase of the old Legacy system meters for the same amount the City purchased them from Datamatic.

Upon question by Mayor Parker, Mr. McQuage stated that the hardware purchased from Datamatic is good and once the software and gateway issues are resolved, the system will work.

Discussion ensued concerning the gateways and communication issues, and that out of the 15 gateways, 3 did not work. The City Manager explained that staff continues to work with Dave Secord and NWN regarding the gateway issues. He added that new gateways had been switched out with the three (3) that were not working and after approximately a day, the gateway fails at the new location. He further added that it is believed that there could be an IP address issue with the three (3) gateways.

The City Manager stated that the software/gateway problem will be resolved. He added that discussion needs to be held with Datamatic to discuss the three-phase electric meters. He further added that the current 714 electric meters can remain in place but in the event they cannot be retrofitted with fireflies, they will have to be read manually.

Councilmember Willis expressed concern that there should be a way of determining from the contract whether the 714 three-phase electric meters were included in the 5,700 electric meters listed in the contract.

The City Manager explained that he met this morning with Stacey McQuage, Robert Smith, Harry Gale and Mr. Floyd to determine the exact timeline of events for the issues

with Datamatic. He added that he had forwarded to Mr. Floyd all of the important emails regarding Datamatic.

Upon question by Councilmember Williamson, the City Manager stated that once the gateways are working, the filter for the software programs has to work. He added that once that is completed, staff should be able to read the meters.

Upon question by Mayor Parker, Mr. Smith stated that the gateways need to be working.

Upon question by Mayor Parker, Mr. Floyd stated that there had been a lot of communication with Datamatic within the last few weeks. He added that he felt the issues already discussed were the highlights of the issues the City is facing with the automated meter reading system. He further added that he needed to know how Council wanted him to be involved.

Upon question by Councilmember Leak, Mr. Smith explained that until the gateways are working, he cannot determine if the electric meters are working properly.

After questioning staff about the number of electric and water meters, Mayor Parker stated that the City has 12.5% electric meters uninstalled and 1% of the water meters not installed. He then stated that the City should not pay any more money to Datamatic and should hold onto the \$289,000.00 retainage until the system works.

Further discussion ensued concerning the installation of the meters and the gateways.

SALARY FOR HUMAN RESOURCES DIRECTOR

Councilmember Willis expressed concern regarding the different amounts that have been reported for the City's new Human Resources Director.

The City Manager explained that the original information he provided to *The Laurinburg Exchange* was salary plus benefits; however, he forgot that the City would not be providing medical insurance to the Human Resources Director, and this was the reason for the confusion and different amounts reported.

CLOSED SESSION

At 7:48 p.m. motion was made by Councilmember Willis to go into closed session pursuant to North Carolina General Statute 143-318.11(a) (3) to consult with an attorney employed or retained by the public body in order to preserve the attorney-client privilege between the attorney and the City; pursuant to North Carolina General Statute 143-318.11(a)(4), to discuss matters relating to the location or expansion of industries or other businesses in the area served by the public body, including agreement on a tentative list of economic development incentives that may be offered by the public body in negotiations; and pursuant to North Carolina General Statute 143-318.11(a)(6) for the purpose of considering the qualifications, competence, performance, character, fitness,

conditions of appointment, or conditions of initial employment of an individual public officer or employee. The motion was seconded by Councilmember Adams, and carried unanimously.

At 9:11 p.m., motion was made by Councilmember Spencer, seconded by Councilmember Willis, and unanimously carried to adjourn the closed session and resume the open meeting.

ADJOURNMENT

Motion was made by Councilmember Williamson, seconded by Councilmember Adams, and unanimously carried to adjourn the meeting.

The meeting adjourned at 9:11 p.m.

Thomas W. Parker, III, Mayor

Jennifer A. Tippett, City Clerk