



**LUCAMA BOARD OF COMMISSIONERS
MONDAY, NOVEMBER 6, 2023
LUCAMA TOWN HALL
BOARD ROOM**

MINUTES

1. Call to Order

Mayor, Jeff Johnson, (hereinafter “Mayor Johnson”) called to order the regular meeting of the Town of Lucama Board of Commissioners (hereinafter “Board”) at 6 pm on November 6, 2023.

2. Roll Call

Mayor Johnson conducted roll call – by use of sign-in. The following were present:

Commissioner, Michael Best (hereinafter “Comm. Best”)
Commissioner, David Johnson (hereinafter “Comm. Johnson”)
Commissioner, Peggy Lamm (hereinafter “Comm. Lamm”)
Commissioner, Judy Mason (hereinafter “Comm. Mason”)
Commissioner, Keely Pate (hereinafter “Comm. Pate”)
Town Administrator, Darlene Newsome (hereinafter “Admin. Newsome”)
Town Clerk, Dena Owens (hereinafter “Clerk Owens”)
Billing Clerk, Ashleigh Hooks (hereinafter “Clerk Hooks”)
Town Attorney, Gabe DuSablou (hereinafter “Attorney Dusablou”)

3. Approval of Minutes of Last Meeting

Mayor Johnson gave the Board an opportunity to review the proposed minutes from the October 2, 2023, meeting and monthly financial report.

MOTION: Comm. Johnson made motion to approve the October 2, 2023, meeting minutes and financial report; seconded by Comm. Mason. Motion passed by unanimous vote.

4. Public Comments

There were no public comments.

5. Welcome Guests

Mayor Johnson welcomed James Overton, Town CPA. Mr. Overton was present at the meeting to give the Board an update on the audits. He mentioned receiving the draft copy of the 2020 audit from Nunn, Brashear, and Uzzell the previous Monday. He reviewed the report and had to make a few minor corrections. Those have been sent back to Mrs. Layne. With a few minor corrections, she should have the 2020 audit completed, hopefully, this week. Once finishing the 2020 audit and it is approved by the LGC, he will start next week or the week after on 2021.

He brought to the Board's attention Budget Amendment #1 for approval for the current fiscal year. He explained that the Town's Public Work Director has said that the bucket truck that is used to repair electric lines can no longer be used because it does not meet OSHA standards. Therefore, it needs to be replaced. He asked the Board to declare the old bucket truck surplus – disposing of it or not, trying to get funds from selling the vehicle. He continued by saying the Public Works Director has looked at two trucks. The price for one is \$130,000 and the other \$142,900. The budget amendment capital outlay in the electric fund, it was budgeted \$50,000 for the down payment on the bucket truck, using loan funds for the balance. Because the Town is not able to borrow funds currently, Mr. Overton suggested that the capital outlay be increased from \$50,000 to \$143,000. He mentioned that the truck for \$130,000 may be purchased but felt it advantageous to bring the capital outlay amount up to \$143,000.

The other transfers for the meter replacement capital project fund. There is a transfer from the electric fund of \$60,000 and \$40,000 from the water and sewer fund. This transfer is to help pay for the meters.

The last amendment is for Parks and Rec. Mr. Overton stated that Clerk Owens requested money be placed in the line item for the park to pay for a few minor repairs and upkeep and for the rental of the porta-johns. The amount of \$3,600 was placed there to cover those costs for the rest of the year.

Mr. Overton requested that the Board approve Budget Amendment #1 for 2024.

Mayor Johnson allowed the Board an opportunity to ask questions. Admin. Newsome mentioned to Mr. Overton that there is a rumor going around that the Town is in a 1.5-million-dollar deficit. She asked that he clarify. He mentioned that whoever started the rumor cannot read a financial statement. There was laughing and excitement in the audience. Admin. Newsome stated that she wanted the audience to hear from Mr. Overton because no matter what is said from Town Hall, it is stated not to be the truth. He mentioned that the Town has spent a lot of money in the last year or two. One being the hiring of additional employees to do repairs. But by hiring additional employees the cost for contract services has been cut out because the crew can do the work and provide the services. Supplies for

the electric department did get very low last year, so money had to be spent to replenish the light poles and items to repair the electric lines because the inventory had been depleted to almost nothing under the previous administration, which is another reason that contracted services were hired. With the employees doing the work, it will save on contracted services. Mr. Overton stated that the Town is not losing over a million dollars a year, that is just not true.

Comm. Mason asked with the 2020 audit being finished that the Board is being pressed to get the others done. Although she understood that he didn't really know the answer to the question but looked for guidance on how long he did foresee it taking. Mr. Overton stated that he hoped that 2021 would be completed by Christmas. After finishing another Town's work, he stated that he would be working for Lucama until 2021 is done. He stated that the reason it has taken this long to complete the audits was because in 2018 the last auditor had errors that needed to be corrected. In 19 and 20 he said that under the previous administration two years of cash disbursements were never posted to the computer. He said those two years had to be posted. Nothing was posted to the ledger other than the utility billing. No cash disbursements, payroll, or property taxes were posted to the general ledger. He stated that was the reason the Town is several years behind on the audit. Two years of work had to be posted. He mentioned that 21 is the last year that will have to be dealt with. He stated that 22 and 23 have been posted as the year has gone along. Once 21 is out of the way, 22 and 23 will go much faster.

Comm. Lamm asked how the Town had gotten away with such. Mr. Overton stated that is what happens when someone incompetent is hired.

MOTION: Comm. Mason made a motion to approve Budget Amendment #1; seconded by Comm. Johnson. Motion passed by unanimous vote.

Mayor Johnson welcomed Ted Orrell of UTEC, Utility Technology Engineers Consultants, PLLC. Mr. Orrell was present to talk with the Board and those in the audience about electricity. He reminded the Board how he came to be involved with the Town, because Kevin O'Donnell the previous Utility Engineer who had been working with the four towns (Sharpsburg, Black Creek, Stantonsburg, and Lucama) had determined that he was going to retire. Because Mr. O'Donnell knew the UTEC firm, he contacted them because he did not want to leave his clients without someone to take over in his absence that he felt comfortable with and would give the same level of care. Mr. Orrell mentioned that the firm is contracted with Lucama, Black Creek, Stantonsburg, and Sharpsburg to provide services.

UTEC is a full range engineering firm for electric power industry, is experienced in all manner of facilities design, electric on economic studies, and in cost of service and rate studies for electric, water, wastewater, and city non-revenue producing departments. Mr. Orrell reminded the Board that the project manager to service

the Town is Louis Davis. Due to having surgery, Mr. Davis was unable to attend the meeting. Mr. Orrell shared Mr. Davis's professional background and stated that he would work with the Town regarding rates and power supply.

Regarding Lucama's electric system, Mr. Orrell mentioned that we have a contract with NTE Carolinas, the one who built the plant in Kings Mountain. They have since sold the plant and it is now being managed by Carolina Energy Partners. The plant that is used produces energy by using natural gas, 264 miles away. Transmission systems provide capacity that a customer buys from someone else and wheels it across their system. These costs must go before the Federal Energy Regulatory Commission where they show what their costs are, what their plans are to upgrade or expand the transmission system and say what their capacity rates justify and will pay for that. Large power companies must pay the cost to the transmission company to get power to their retail spots. Transmission systems are intended to be fair for everyone. There are many municipalities and cooperatives that buy power from that facility. Mr. Orrell mentioned again that the plant is a natural gas combined cycle plant. The combined cycle has been a very efficient way to produce electricity for the last 10 years. A combined cycle has two pieces. One has a combustion turbine that has a jet engine and hot gas turns the turbines and makes electricity. Because so much heat is generated pipes are run through and water is used to make a steam generator. The gas that burns and makes electricity also produces steam that makes more electricity. The kicker is that gas used to be very expensive in the early 70s and the industry discovered how to do fracking, finding thousands of years' worth of gas which has driven the cost of natural gas down. Mr. Orrell stated that the need is still there to get natural gas from the ground, which is the pipeline, and that is an issue with environmental problems. This has caused the gas every now and then to spike. During the last winter that was extremely cold and the demand for natural gas went very high, which was used in the plant to generate electricity and the price spiked. That is the reason the Town had to raise the electric rates to cover the cost. There wasn't necessarily a study that was done – a cost of service rate study – it was a “we've got to have this” and the rates were raised to get the revenue. In July it got very hot, and the Town had to do the same thing. There can be times when costs spike and the Town must be prepared to handle it or know what to do about it.

Mr. Orrell stated that it is important that citizens realize what the rates cover. Rates are designed to meet a specific reason and basis. Associated with wholesale power costs, there is capacity cost, energy production costs including fuel costs, cost of power and energy losses in transmission systems, and the delivery transmission systems and substation and equipment. These costs are out of the Town's control, but the rates must cover the expenses. Also included in the rates are the Town's electric utility operating costs which includes trucks, equipment, line and service men, warehousing costs, billing department, administrative personnel, capital costs including computer systems and office equipment and buildings, capital costs including substations, power lines, transformers,

maintenance of facilities, professional technical services and payments to city budgets in lieu of franchise fees charged to outside business.

Mr. Orrell stated that all the aforementioned information must be available to do a cost-of-service analysis. Although he isn't at the meeting to sell a study, he does feel like one is needed for the Town as well as the other three municipalities mentioned earlier that UTEC is contracted with. When doing a study, you must take all the costs and determine what are fixed, demand or energy costs. There are different classes of customers; residential, commercial, industrial, churches, and schools. They create demands for the Town's system in a unique way. UTEC recommends that a cost-of-service study be done for the upcoming year and the next four years, giving a total 5-year view. The analysis will determine the necessary rates for each class to support the projected budgets each year. The Town can make the decision when to implement projected rates changes, such as annually or a few times during the 5-year window. They recommend that each year the model be updated, dropping off the year that was just completed and adding a new fifth year. Doing so will allow the Town to be proactive in rate development and always know what the expected future rates will be for the next five years.

Mr. Orrell mentioned that the cost increases that the Town has experienced are mostly driven because there have been things to cause the gas prices to go up, not only in the cold winter, but also the fact that usage has gone up, even in the summer. The rates were not the only change, the issue is the usage that customers are experiencing. Mr. Orrell said that the Town has done a good job managing the system and did what had to be done to get the revenue.

Mr. Orrell stated that UTEC will see what can be done with the power supplier to hedge purchase gas more economically, so that the Town will buy gas at a price of a little more than what it costs now but saving in the long run. He does feel that the Town is due for a cost-of-service study to see what the rates need to be. In the process of doing so, they will help identify areas that can be protected and keep the costs down. His goal will help keep the costs down and make the Town efficient and a Town to be proud of in terms of those costs.

Comm. Johnson mentioned that when Mr. O'Donnell was with the Town that the hedging that he orchestrated helped. Mr. Orrell agreed that it is something to investigate as mentioned earlier.

6. Request for Board Approval

Mayor Johnson presented the designated official resolution to make recommendations to the NC Alcoholic Beverage Control Commission on ABC permit applications.

Clerk Owens mentioned that the designated official resolution is to designate an official from the Board – not a person but position, that can sign where businesses coming in the Town wanting to have beer or fortified or unfortified wine for service the Board would be able to grant permission. This resolution allows the mayor of the Town to notify the NC ABC Commission of the recommendations of the Town of Lucama. The Mayor will make recommendations for the Board on any type of alcoholic beverage, excluding mixed drinks – only beer and wine. It will allow the mayor to sign if any restaurants were to request to serve beer and wine. This resolution will allow the signature after Board approval.

MOTION: Comm. Johnson made a motion to approve the designated official resolution giving the mayor authority to sign for the Board to allow beer and wine; seconded by Comm. Best. Motion passed by unanimous vote.

Mayor Johnson presented the amendment to contract to audit accounts from Nunn, Brashear and Uzzell, PA. Admin. Newsome mentioned that the amendment was for the accountants that were doing the audit – with it taking longer than what was projected, they requested a \$1,000 increase in their fee from \$17,500 to \$18,500.

MOTION: Comm. Johnson made a motion to approve the amendment to the contract to audit accounts for an additional \$1,000; seconded by Comm. Mason. Motion passed by unanimous vote.

Mayor Johnson mentioned that there was other information included in the Board packet for review for management representation proposal for the Community Economic Development assistance and the Planning and Adjustment Board meeting minutes from the last meeting on October 18th.

7. Departmental Reports

Comm. Mason reported that the Fire Department had a total of 11 first responder calls, six car accidents, and a total of 31 calls.

Comm. Mason reported for the electric department they have changed out poles, got up the system for the Family Dollar to begin work, helped with a water leak on Spring St. and worked on area lights in multiple locations. They also worked on the substation and switches and transmissions and set a pole on Woodcrest. They are always working hard.

For the water and sewer report, Comm. Johnson mentioned that all the wells are up to date and the rate to Black Creek has been good due to not having rain events. He did ask if discussions had taken place about smoking the lines in Town. Admin. Newsome mentioned that the Department does have the smoke and they will work for Rural Water to come in and smoke at no charge.

Comm. Pate reported for the Sheriff's Department that there were 215 calls total. There were 186 self-initiated calls and 29 calls for service. He also mentioned that it was a good month.

Regarding beautification, Comm. Pate mentioned that he had nothing further to report.

Comm. Best mentioned that the park looks good. He mentioned that the Harvest Fest was a great success. He thanked Clerk Owens and everyone that volunteered. There were 38 vendors, nine food trucks, bouncy houses, and a DJ. He mentioned that the next event would be Jingle in the Park, December 1st and the time will be announced. The committee is still in the planning process.

Comm. Best asked if the sidewalks were completed. Mayor Johnson mentioned that two more bids had to be sought to rebid the project.

Comm. Johnson mentioned that he understood that the railroad had been contacted about the issue at the crossing on Main Street and stated that they were slow. Admin. Newsome has contacted them two times and has also contacted DOT. They assured her they had all the information needed.

Comm. Lamm reported that the door count for the Library in October was 233, reference questions 90, computer usage was 14, there were 373 materials checked out and 7 library cards issued. During the month of September, the Library kicked off "Sock It To Me in Socktober", a community event to provide items to the Veteran's Residential Services of Wilson County. It did extremely well and was an absolute success. There were 208 pairs of socks given, 14 toddler, 17 girl, 20 boy, 64 men and 93 women. Twenty-five large toiletry bags and eight small toiletry bags were prepared. In overflow supplies there are two bars of Dove Soap, three mini tubes of toothpaste, one large tube of toothpaste, 11 children's toothbrushes, four razors, five packs of floss, one toothbrush cover, two large bottles of hand sanitizer, three packs of feminine hygiene pads, 20 pairs of children's gloves, 26 Burts Bees lip balm tubes and 150 disposable face masks. She commended the generosity of the citizens and those that gave.

Comm. Lamm mentioned that the thermostat issue or whatever the problem had been corrected. She mentioned that water is still dripping from the faucet in the kitchen. Admin. Newsome mentioned that she believes the renters will often push the faucet handles back too far, which causes them after time to leak. It may be prudent to replace the current faucet with a different type. Admin. Newsome will have the workers out tomorrow to ascertain what needs to be done for the correction.

Comm. Lamm asked if Admin. Newsome had an opportunity to seek out grants for the paving of the parking lot. Nothing has been found at this time.

8. Update

Mayor Johnson asked for an update on the Ponderosa Steak House that plans to open on US 301 at the previous Ranch House. Demestrius Boston, Jr. is the gentleman that plans to open the restaurant. He plans for it to be an upscale steak house with hopes to open in January, if not before. Admin. Newsome mentioned that he had done a lot of work on the building.

Comm. Pate asked if the Ponderosa was part of the chain restaurants. Admin. Newsome answered no that the Ponderosa franchise she wasn't sure about was even in business.

9. Adjournment

Mayor Johnson adjourned the meeting at approximately 7:00 pm, November 6, 2023, upon motion of Board.

MOTION: Motion was made to adjourn by Comm. Best; seconded by Comm. Johnson. Motion carried by unanimous vote.

Respectfully Submitted: Dena Owens, Town Clerk