



Town of Clayton
Town Council Regular Meeting Minutes
Monday, May 19, 2025 at 6:00 PM
Council Chambers, Town Hall
111 E. Second Street

Council Present:

Mayor Jody McLeod
Mayor Pro Tem Michael Sims
Council Member Andria Archer
Council Member Porter Casey
Council Member Ruth Anderson
Council Member Gretchen Williams

Staff Present:

Rich Cappola, Town Manager
Jim Cauley, Town Attorney
Dolores Gill, Deputy Town Manager
Lee Barbee, Deputy Town Manager
Courtney Tanner, Deputy Town Manager
Greg Tart, Police Chief
David Ranes, Fire Chief
Robert McKie, Jr., Finance Director
Nathanael Shelton, Communication Director
Conrad Olmedo, Planning Director
Joshua Baird, Water Resources Director
Joe Stallings, Economic Development Manager &
Government Affairs Director
Conrad Olmedo, Planning Department
Sam Johnson-Phillips, Deputy Town Clerk
Emily Stoll, Communication Specialist
Todd Melton, Budget Manager
Christopher Gallant, Capital Program Manager
James Blalock, Assistant Water Resources Director

Council Absent:

None

1. CALL TO ORDER

a. Call to Order

Mayor McLeod called the meeting to order at 6:04 p.m.

b. Pledge of Allegiance

Mayor McLeod led the Pledge of Allegiance.

c. Invocation

Mayor McLeod provided the Invocation.

2. ADJUSTMENT OF THE AGENDA

a.

Approve or Adjust the Agenda

RESULT:	CARRIED 5-0
MOVER:	Andria Archer
SECONDER:	Michael Sims
YES:	Michael Sims, Andria Archer, Porter Casey, Ruth Anderson, and Gretchen Williams
NO:	None

3. CONSENT AGENDA

a. Minutes

- May 5, 2025 - Work Session
- May 5, 2025 - Closed Session

Presenter: Sam Johnson-Phillips, Deputy Town Clerk

b. Resolution Authorizing Town Clerk to Investigate the Sufficiency of the Annexation 2025-05-ANX Powhatan Self Storage

Presenter: Haley Downey, Assistant Planning Director

Adopt Consent Agenda as Presented

RESULT:	CARRIED 5-0
MOVER:	Andria Archer
SECONDER:	Porter Casey
YES:	Michael Sims, Andria Archer, Porter Casey, Ruth Anderson, and Gretchen Williams
NO:	None

4. ADMINISTRATIVE ITEMS

a. Clayton4U

- Summer Fun

Presenter: Nathanael Shelton, Communication Director

Mrs. Stoll presented the latest Clayton4U video entitled "Summer Fun."

5. INTRODUCTIONS AND SPECIAL PRESENTATIONS

a. Elected Officials Day Proclamation

Presenter: Sam Johnson-Phillips, Deputy Town Clerk

Deputy Town Clerk Johnson-Phillips read the Proclamation into the record.

b. National Public Works Week Proclamation

Presenter: Mayor McLeod to Present to Public Works Department

Mayor McLeod read the Proclamation into record and presented it to the Public Works Department.

c. Historic Preservation Month Proclamation

Presenter: Council Member Casey to Present to Clayton Historical Association

Council Member Casey read the Proclamation into record and presented it to the President of the Clayton Historical Association Mr. Bruce Naegelen and Vice President Mr. Robert Meikle.

6. PUBLIC HEARINGS

a. FY25-26 Budget - First Public Hearing

Presenter: Rich Cappola, Town Manager and Todd Melton, Budget Manager

Mr. Cappola expressed thanks to everyone that had participated in getting them to where they are now. It was stated the budget process is one of the most important responsibilities in the local government. It was stated there are many considerations that need to go in every year, particularly the need to operate three different major funds totaling over \$100 million.

Mr. Melton presented budget highlights for FY25–FY26. He noted that the budgeting approach for FY26 had shifted slightly, adopting a base budgeting strategy. As part of this process, Mr. Melton conducted a line-by-line analysis of expenditure over the past three years, calculating average spending for each item. He then compared those averages to the FY25 budget and adjusted the FY26 budget accordingly. It was reported that the three-year averages were significantly lower than the current year's budget, leading to reductions that brought FY26 figures closer to historical spending levels. Using this data-driven approach, Mr. Melton was able to engage department managers in more informed discussions about budgeting for actual needs.

Council was informed that the Town has implemented a new budgeting software called ClearGov. This software allows Mr. Melton to budget by position rather than by dollar amounts, as was required with the previous system. It was noted that ClearGov offers improved accuracy in the budgeting process.

A Base Budget strategy was implemented in conjunction with the ClearGov software to enhance the development of the Town's budget, Capital Improvement Plan, and Strategic Plan.

The General Fund Budget is reported to be balanced at \$67.2 million. The Town has proposed a tax rate of \$0.49 per \$100 of assessed property value. This revised rate is expected to generate approximately \$0.9 million less in personal property tax revenue compared to the current rate. The Capital Outlay is projected at \$17.9 million, which includes a \$7.5 million land banking

investment intended to support Economic Development initiatives. Mr. Melton noted that the Town has utilized a combination of debt financing and fund balance appropriation to achieve a balanced budget.

The Water and Sewer fund budget is reported to be balanced at \$48.3 million. A 10.2% combined rate increase would be recommended for FY26 compared to the projected 12.2% combined rate increase in the previous year rate model. The Capital Outlay is projected at \$2.2 million.

Mr. Melton reported the Electric Fund Budget to be balanced at \$25.7 million. A 2% rate increase would be recommended for FY26, which would not change from the previous year's rate model. The Capital Outlay is projected at \$6.2 million.

Council was informed of a recommendation to add seven new positions across the Town—four in the General Fund and three in the Enterprise Funds—at a total estimated cost of just over \$700,000.

There was a discussion on Economic considerations. Consumer Price Index (CPI) and Personal Consumption Expenditures (PCE) came down in March and April, there are some uncertainties surrounding interest rates, tariffs, and GDP growth was a negative number in Q1.

It was shared experts are concerned about the tariff impact in conjunction with darkening consumer sentiment.

- Retaliation by other countries could lead to trade wars.
- Business and consumer response to high uncertainty.
- Interest rate reductions by Fed.
- Inflation projected to increase to 4 - 4.5% over the next year.

There was discussion on Major Revenue assumptions.

Mr. Melton recommended a \$0.05 commitment at the current tax rate to support funding for the Capital Improvement Program (CIP):

- LAPP Projects
- Main St. and First St. Improvements
- Public Safety Complexes
- Land Banking for Economic Development
- Operations Facility Expansion
- Library Renovation
- Sinclair Park Parking Improvements
- Town Hall Fire Rating Improvements
- Fire Station 1 Renovation

- Ad Valorem property taxes would grow 14.6%. Value of \$0.01 = \$545,968.
- \$0.01 reduction for unknown impact of \$484.1 million of real property under appeal.
- Sales tax revenues would increase 2.5% compared to the \$9.4 million projected for FY25.
- Development revenue would decline due to the economic uncertainty.
- Investment income would grow \$0.7 million compared to the FY25 Budget.

Mr. Melton shared Employee Benefit assumptions:

- 5% salary adjustment pool and 2% COLA recommendation.
- State Health Plan employer contribution would increase by 10%.
 - Shortfalls of \$500 million and \$800 million expected in 2026 and 2027, respectively.
 - Employee premiums would be salary based (salary bands).
 - \$60 Wellness Credit for tobacco would be eliminated.
 - Increase proposed for deductibles and out-of-pocket max.
 - Premium structure would be finalized in August 2025
- NC Retirement Fund employer contribution increase = 0.74% for General and 1.04% for LEO.

Council was made aware of the Revenue Neutral Tax Rate Calculation:

- Statutory requirement that does not require adoption.
- Statutory calculation would increase revenue by the average annual growth since the last revaluation.
 - Revenue Neutral Tax Rate (RNTR) would be \$0.45 per \$100 valuation.
 - 6.13% average growth rate
 - Town's aggregate assessed value increased 55.4%
 - Real property comprises 90.2% of aggregate assessed value; personal would be 9.8%.
 - RNTR generates \$1.1 million less revenue for personal property compared to existing tax rate.
 - Taxpayer's bill would increase if real property value increased exceeded the Town's.
 - Rising real property market values shift more of the Town's tax burden from personal property to real property.
- Average assessed value for single-family residential homes is \$355,629.

Mr. Melton stated that the FY26 Budget reflects continued use of budgeted funds in an efficient and effective manner:

- Ongoing economic uncertainty creates the possibility of revenue shortfalls.

- Focus on Strategic/Master Plans and utilization of Focus Groups to achieve goals.
- Prioritize the completion of projects.
- Ensure flexibility to pivot in response to market changes and/or opportunities.
- Modernization initiatives for efficiency are ongoing.

It was stated major fund balance appropriations are not a financially prudent strategy, nor sustainable in the General Fund Budget:

- Growth continues into the foreseeable future.
- Revenues are not increasing at the same rate as growth (potential impact on services).
- Continue to perform the annual debt capacity and affordability analysis for the CIP.
- Executive Team advocates for the implementation of the Organization Structure Study recommendations to achieve operational efficiency.

There was discussion stating that Water and Sewer and Electric Funds would continue to necessitate rate increases. Mr. Melton shared the Electric Fund rate increase would be much smaller, it was reported to be 2% this year. The Town would have to acquire debt to expand and build new development in the Electric Fund.

Mr. Melton provided a slide of the FY26 manager's recommended positions. The positions were broken down according to the Funds.

General Fund:

- Engineering: Environmental Programs Manager
- Property Maintenance: Maintenance Crew Leader - Public Works
- Public Works: Fleet Coordinator
- Public Works: Operations Manager

Water Sewer Fund:

- Water Sewer Enterprise: Pump Technician
- Water Sewer Enterprise: Plant Operations Supervisor

Electric Fund:

Electric Enterprise: Electric Line Technician I

Mr. Melton provided a chart that showed where the funds came from for the FY26 Budget:

- Ad Valorem Taxes - 40%
- State Shared Revenues - 18%
- Other Financing Sources - 11%
- Intergovernmental - 8%
- Fund Balance - 8%
- Sales and Services - 6%

- Miscellaneous - 5%
- Permits and Fees - 3%
- Grants and Donations - 1%

Mr. Melton provided a second chart that illustrated the expense side and it was broken down by function:

- Public Safety - 23%
- Public Works - 21%
- General Government - 20%
- Finance - 9%
- Data and Technology Services - 5%
- Parks and Recreation - 4%
- Debt Service - 4%
- Cultural Arts and Library - 3%
- Inspections - 3%
- Community Development - 2%
- Engineering - 2%
- Operations Management - 1%
- Planning - 1%
- Human Resources - 1%
- Communications and Outreach - 1%

There was discussion regarding the impact of the current tax rate on the average single-family home. It was noted that the current average home value is \$221,000, which, at a tax rate of \$0.65, results in an annual property tax bill of \$1,436. Following the revaluation, the average home value is projected to increase to \$355,000. At the revenue-neutral tax rate, the estimated annual tax bill would rise to approximately \$1,600, resulting in an average monthly increase of about \$13.61 in property taxes.

Mayor McLeod asked if there were questions or comments for staff.

Council Member Casey verified with Mr. Melton that The Town would take the revenue neutral stance and would add \$0.04. Mr. Melton replied, that is the recommendation. Council Member Casey requested that there be more detail in some of the line items on the budget that has been provided. An example that was provided was Training and Development. Council Member Casey asked Mr. Melton how he took that approach and asked for details.

Mr. Melton responded that professional development is included in the budget, covering items such as classes, seminars, and conferences. He noted that every line item across all departments and divisions was carefully reviewed. The Executive Team evaluated each budget request, and any proposed increase required justification. From the FY25 adopted budget to the FY26

manager-recommended budget, funding for professional development was reduced by 20%.

Council Member Casey thanked Mr. Melton.

Mayor Pro Tem Sims requested that, for the next work session, staff provide a summary of total personnel increases from 2022 to 2024, including a breakdown by department, along with total salary and benefits for each of those years. Additionally, he requested data on the number of homes constructed annually during that period and the corresponding increase in Ad Valorem tax revenue.

Mayor McLeod thanked Mr. Melton, noted that this item was a public hearing, and opened the floor for public comment. As no one came forward to speak, Mayor McLeod closed the public hearing.

Mr. Cappola thanked Mr. McKie for his hard work and dedication during Mr. Cappola's time out of the country. He noted that the proposed Fiscal Year Budget reflects both the opportunities and challenges associated with a growing community. Increasing demands on services—ranging from public safety and infrastructure to parks and utilities—have impacted the budget. The proposal includes a recommended tax rate that exceeds the revenue-neutral rate for the year, as well as utility rate adjustments aimed at maintaining the delivery of high-quality services.

Mayor McLeod emphasized the importance of maintaining strong business operations and continuing to deliver the high-quality services for which the Town of Clayton is known. He noted the need to strike a careful balance and affirmed the Town's commitment to preserving that balance as a core part of Clayton's values. Mayor McLeod acknowledged Council's understanding of the importance of allowing residents to retain as much of their income as possible without facing ongoing financial burdens. He reminded that this is a proposed budget, and that Council will have the opportunity to examine the details more. Mayor McLeod also expressed appreciation for the community's continued support and feedback.

7. QUASI-JUDICIAL HEARING

8. OLD BUSINESS

- a. Hocutt-Ellington Memorial Library Renovation - Bid Award
Presenter: Christopher Gallant, Capital Program Manager

Mr. Gallant provided an update on the planned renovations for the Hocutt-Ellington Memorial Library. He stated that the project would involve the complete demolition and renovation of the library's 9,200-square-foot interior. The fully

modernized space would feature an improved layout designed to enhance services and programming for the residents of Clayton.

Vortex Construction Company submitted the lowest bid for the project, with a base bid—including all alternates—totaling \$1,259.30. It was noted that four competitive bids were received, with the apparent low bid coming in well below the architect's estimate. Mr. Gallant stated that this would result in a lower overall project budget.

Construction is expected to begin in June 2025 with an anticipated completion of April 2026.

The bid package was reviewed by the architect of record and the Town's Procurement Contracts Manager. Both recommended awarding the contract to Vortex Construction Company as the lowest responsive bidder. Staff requested that Town Council authorize the Town Manager, or their designee, to execute the construction contract and any associated change orders necessary to complete the project within the approved budget.

Mr. Gallant expressed his appreciation to the Mayor and Town Council for their support and valuable feedback throughout the design process. He also extended his thanks to the library staff and Public Works team for their contributions to the project.

Mayor McLeod asked Council if there were any comments or questions.

Mayor Pro Tem Sims shared that upon first joining the Council, he was assigned to the Library Advisory Board. He expressed enthusiasm and support for the upcoming renovation project.

Council Member Anderson expressed excitement about the renovation.

Council Member Casey inquired whether, given the renovation project is under budget, the remaining funds would be returned to the Capital Improvement Program (CIP) or reallocated to support another project. Mr. Gallant responded in the affirmative, it would return to the Capital Improvement Program (CIP). Council Member Casey also expressed enthusiasm for the renovation.

Mayor McLeod shared his excitement for the project and highlighted the safety improvements the renovation will provide. He noted that the library has long served as a central hub for the Clayton community.

Adoption of Resolution #2025-40

RESULT:	CARRIED 5-0
MOVER:	Porter Casey

SECONDER: Ruth Anderson

YES: Michael Sims, Andria Archer, Porter Casey, Ruth Anderson, and Gretchen Williams

NO: None

9. NEW BUSINESS

- a. Approval to Participate in NCWaterWARN Mutual Aid Program
Presenter: James Blalock, Assistant Water Resources Director

Mr. Blalock presented highlights of the NC Water WARN Mutual Aid Program and formally requested to join their network.

Sustainable Infrastructure Investment was discussed. One of the strategies mentioned was to evaluate opportunities for partnering and collaboration and to develop additional Mutual Aid Agreements.

NCWaterWARN Overview:

- NC Water/Wastewater Agency Response Network (WARN) was created in 2008 and currently has 142 members statewide.
- Group of utilities that support each other during emergencies.
- Voluntary mutual aid network across NC
- Opens access to additional personnel, equipment, materials, and resources.
- Includes public and private water/wastewater utilities

Activation & Integration

- Can be used anytime, not just during disasters
- During declared disasters:
 - NCWaterWARN is integrated into the State Emergency Operations Center (EOC)
- Aligns with:
 - January TEEX MGT 346 training & other NIMS training that has been attended by Town of Clayton staff.
 - Town's direction on Emergency Management
 - Incident Command System (ICS) principles

Inter-departmental consistency during emergencies:

- Public Safety (Fire/Police) have multiple options for mutual aid.
- Electric Department has mutual aid through ElectricCities
- Water Resources would now have equivalent support via NCWaterWARN

Benefits to the Town:

- Access to additional emergency resources
- Formalizes resource sharing with other municipalities

- Maintain redundancy for critical services
- Moves beyond informal "gentlemen's agreements"
- Framework for:
 - Requesting aid
 - Receiving support
 - Tracking resources

Key Takeaways

- Sustainable Infrastructure investment
- NCWaterWARN strengthens emergency readiness
- Aligns with EOC structure and ICS
- Enhances collaboration and resource availability

Next Steps

- Request that Town Council approve resolution to join NCWaterWARN
- Ensure integration with Town-wide emergency plans
- Participate in future NCWaterWARN training/drills

Adoption of Resolution #2025-31

RESULT:	CARRIED 5-0
MOVER:	Ruth Anderson
SECONDER:	Andria Archer
YES:	Michael Sims, Andria Archer, Porter Casey, Ruth Anderson, and Gretchen Williams
NO:	None

10. STAFF REPORTS

a. Town Manager

Mr. Cappola shared that he, Mayor McLeod, and Mr. Stallings, Economic Development Director, were invited by the Danish Foreign Ministry to participate in an Industrial Symbiosis study tour in Denmark. He noted that the program included a diverse group of delegates and was thoughtfully organized, offering a wealth of valuable information. Mr. Cappola expressed his gratitude to the Danish Foreign Ministry for the opportunity.

Mayor McLeod stated that he had the opportunity to meet the Mayor of Kalundborg, describing it as a wonderful experience. He noted that Denmark uses green energy and expressed that the concept of Industrial Symbiosis has significant potential benefits for the United States. Mayor McLeod expressed his gratitude for this opportunity. Mayor McLeod remarked that it was great to see representatives from North Carolina's biotech sector participating in the tour, highlighting the significant educational opportunities it presented.

b. Town Attorney

c. Town Clerk

d. Other Staff

- Development Service Update

Presenters: Courtney Tanner, Deputy Town Manager and Alicia Thomas, Development Services Manager

Mrs. Tanner provided an update on the ongoing development review process. She informed Council that, effective July 1, 2025, the Town of Clayton will no longer accept paper applications. Her staff are currently working with the Communications Department to ensure this information is effectively communicated to the public and with the Information Technology Department to install a kiosk that will remain available for approximately one year. This kiosk will allow individuals who arrive with paper applications to scan and submit them electronically on-site.

Mrs. Tanner informed Council that the Clarity project is expected to be completed ahead of schedule, with completion anticipated in Summer 2026. However, she noted that the system will not go live in July 2025 as previously planned due to unforeseen adjustments. The revised go-live date is now projected for Fall 2026.

11. OTHER BUSINESS

- a. Informal Discussion & Public Comment
- b. Council Comments

Mayor Pro Tem Sims enthusiastically announced that the Third Annual Class St. Clair Basketball Tournament will be held on May 31, 2025, beginning at 10:00 a.m. at Municipal Park.

Council Member Casey expressed thanks to the Town staff for the trash trap unveiling. He also thanked Sound Rivers, Boy Scouts, Girl Scouts and other Civic groups.

It was announced that the initial launch of the *Flags for Heroes* display will take place on May 23, 2025, with flags to be placed near Johnston Memorial Hospital. Community members who wish to contribute can do so by visiting the Rotary Club's website.

12. CLOSED SESSION

- a.
 - To Discuss Economic Development in Accordance with NC GS 143-318.11 (a)(4)
 - To Discuss Purchasing of Real Property in Accordance with NC GS 143-318.11 (a)(5)

Motion To Go Into Closed Session

RESULT:	CARRIED 5-0
MOVER:	Michael Sims
SECONDER:	Porter Casey
YES:	Michael Sims, Andria Archer, Porter Casey, Ruth Anderson, and Gretchen Williams
NO:	None

Motion To Return To Open Session

RESULT:	CARRIED 5-0
MOVER:	Michael Sims
SECONDER:	Andria Archer
YES:	Michael Sims, Andria Archer, Porter Casey, Ruth Anderson, and Gretchen Williams
NO:	None

13. ADJOURNMENT

a. Adjourn

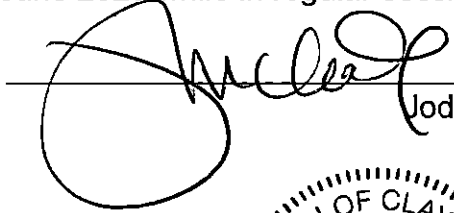
Council Member Archer adjusted the agenda to add Closed Sessions to include the following: To Discuss Personnel Matter in Accordance with NC GS 143-318.11(a)(6) and To Approve Town Manager Salary Retroactive To January 2025.

With nothing further, the meeting was adjourned at 8:45 p.m.

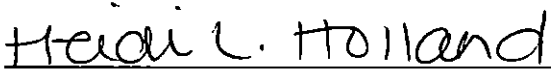
Motion To Adjourn

RESULT:	CARRIED 5-0
MOVER:	Andria Archer
SECONDER:	Michael Sims
YES:	Michael Sims, Andria Archer, Porter Casey, Ruth Anderson, and Gretchen Williams
NO:	None

Duly adopted by the Town Council this 2nd day of June 2025 while in regular session.


Jody L. McLeod
Mayor

ATTEST:


Heidi L. Holland, MMC, NCCMC
Town Clerk

