



**Town of Clayton
Regular Town Council Meeting Minutes
Monday, June 6, 2022, at 6:00 PM
Council Chambers**

Council Present: Mayor Jody L. McLeod, Mayor Pro Tem Jason Thompson, Council Member Andria Archer, Council Member Porter Casey, Council Member Avery Everett, Council Member Michael Sims

Council Absent: None

Staff Present: Interim Town Manager Rich Cappola, Town Attorney Jim Cauley, Interim Town Clerk Sherry Scoggins, Deputy Town Clerk Heidi Holland, Deputy Town Manager Dolores Gill, Interim Town Manager Lee Barbee, Finance Director Robert McKie, Police Chief Greg Tart, Town Engineer Joshua Baird, Assistant Town Engineer Jonathan Jacobs, Communication Director Nathanael Shelton, Economic Development Director Patrick Pierce, Maintenance Superintendent James Blalock, Planner II Aaron Prichard, Planning Director Ben Howell

1. CALL TO ORDER

a. Call to Order

Mayor McLeod called the meeting to order at 6:00 p.m.

b. Pledge of Allegiance

Mayor McLeod lead the Pledge of Allegiance.

c. Invocation

Mayor McLeod provided the Invocation.

2. ADJUSTMENT OF THE AGENDA

a. Adjustment of the Agenda

Interim Town Manager Cappola requested the following adjustments to the agenda:

Add Item 5d. Juneteenth Proclamation

Add Item 9d. Other Staff (Valkyrie Report)

Council Member Archer requested to move item 7a. Country Lane Conditional Zoning District Request, 2021-20-CZM to item 5a.

ACTION:

MOVER: Council Member Everett moved to approve the agenda as adjusted.

SECONDER: Council Member Archer

VOTE: Unanimous

3. CONSENT AGENDA

a. Minutes:

- May 9, 2022, Special Meeting DRAFT Minutes
- May 9, 2022, Closed Session DRAFT Minutes
- May 16, 2022, Closed Session DRAFT Minutes

b. Resolution to Accept Streets into the Town of Clayton Street System for Maintenance - Lionsgate, Phase 6A & 6B

Presenter: Jonathan Jacobs, Assistant Town Engineer

c. Resolution to Accept Public Utilities into the Town of Clayton Public Utility System for Maintenance - Lionsgate, Phase 6A & 6B

Presenter: Jonathan Jacobs, Assistant Town Engineer

d. Resolution to Accept Dedication of Sidewalk Easement Adjacent to the Summerlyn Subdivision

Presenter: Jonathan Jacobs, Assistant Town Engineer

e. Clean Water Education Partnership (CWEP) – Memorandum of Understanding

Presenter: Joshua Baird, Engineering Director

f. Resolution Authorizing Johnston County Tax Administrator to Levy and Collect Property Taxes for the Town of Clayton

Presenter: Robert McKie, Finance Director

g. Resolution Authorizing Wake County Tax Administrator to Levy and Collect Property Taxes for the Town of Clayton

Presenter: Robert McKie, Finance Director

ACTION:

MOVER: Mayor Pro Tem Thompson moved to approve the consent agenda as presented

SECONDER: Council Member Everett

VOTE: Unanimous

4. ADMINISTRATIVE ITEMS (NONE)

5. INTRODUCTIONS AND SPECIAL PRESENTATIONS

a. Commuter Rail Presentation

Presenters: Patrick Pierce, Economic Development Director and Charles Lattuca, Executive Director (GoTriangle)

Mr. Pierce gave a quick biography of speaker, Charles Lattuca. Mr. Lattuca spoke about the feasibility study and provided an update. The current study includes Rail Analysis, Opportunity Analysis and Public Engagement (surveys and focus groups). Right now, still in the planning phase, the next phase is the

preliminary engineering phase which would require decisions to be made before moving to that step.

Mr. Lattuca discussed the commute pattern. Most people in Johnston County drive out of the county to work. Presented was a slide sharing 800,000 more jobs to come to the area as well as a slide of traffic congestion.

What happens when study is complete:

- elected and appointed boards will decide if the costs and benefits area acceptable
- if approved, project will advance into implementation for environmental review, final design, and application for federal funding
- construction could start as early as 2025
- service could start as early as 2030

Mayor McLeod thanked Mr. Lattuca for the information.

- b. Recognition of Utility Maintenance Mechanics 2 Dylan Carroll and Jake Kyer for passing the National Association of Sewer Service Companies, NASSCO, certification exam.

Presenter: James Blalock, Maintenance Superintendent

Mr. Blalock recognized Dylan Carroll and Jake Kyer for passing the National Association of Sewer Service Companies, (NASSCO) certification exam. He stated they passed three exams to receive these certifications. He explained the importance of this certification. They are two of three employees in the Town of Clayton that have this certification.

- c. Employee Introduction:

Presenter: Rich Cappola, Interim Town Manager

- John Mack, Information Systems Director

Mr. Cappola introduced John Mack, the Town's new Information Systems Director. He has been in the IT business for about 20 years and was employed with the Town of Garner for 10 years. Mr. Mack stated he was happy to be here.

- d. Juneteenth Proclamation

Presenter: Mayor McLeod

Mayor McLeod read the proclamation into the record.

6. PUBLIC HEARINGS

- a. Public Hearing for Text Amendment to the Code of Ordinances, Chapter 151 - Flood Damage Prevention Ordinance

Presenter: Susan P. Locklear, PE - Stormwater Engineer

Joshua Baird filled in for Susan Locklear. He stated this is an administrative item related to flood damage prevention ordinance. It was last adopted in 2018 when Johnston County released new maps. The update shared tonight is two

items, one is related to the 160D legislation and the second is related to the map. In 2018 when the ordinance was updated, FEMA and the State had gone through an update exercise looking at areas remodeling and the maps for Johnston County were updated. The Town then updated their ordinance to reflect that. On January 19, 2022, FEMA sent a letter of final determination for Wake County, now Wake County's maps are updated. Because of the fact some of their panels overlap with the Town's jurisdiction, we need to have a new date for those panels that also have Wake County information.

Nothing has changed with the actual floodplain analysis for property owners. The flood boundaries remain the same. Asking Council tonight to adopt a new date for those maps that overlap with Wake County.

Mr. Baird stated he wants to bring one additional item to Council's attention, the ordinance that was in tonight's agenda packet has been updated to show all of Johnston County having a new date of July 19, 2022. Mr. Baird is requesting that the ordinance amended tonight will show the maps associated with Johnston County still remain the effective date of June 20, 2018, and only modifying the maps that overlap with Wake County to the new date of January 19, 2022.

This was noted as a public hearing. Mayor McLeod opened the floor for any public comment. This public hearing was closed and turned over to council for deliberation.

ACTION:

MOVER: Mayor Pro Tem Thompson moved to approve Public Hearing for Text Amendment to the Code of Ordinances, Chapter 151 Flood Damage Prevention Ordinance

SECONDER: Council Member Archer

VOTE: Unanimous

- b. Public Hearing 2021-153-CZM for Grifols West Campus Development for Requested Zone Change from Heavy Industrial (I-2) to Conditional Zoning - Industrial (CZ-I)

Presenter: Aaron Prichard, Planner II

Mr. Prichard shared information on this item. This item was approved by the Planning Board on April 25. The request is to rezone 373 acres from Heavy Industrial (I-2) to Conditional Zoning-Industrial District.

Project Details include:

- 360,000 sq ft of gross floor area for Phases 1 and 2.
- Up to 10,000,000 sq ft of gross floor area for entire west campus.
- 100' wide development buffer along northeast perimeter abutting single family residential.

The engineering department and applicant are still finalizing wastewater allocation for phases 1 and 2. Any decision made tonight will not take into account wastewater.

This request meets all seven of the conditional zoning district criteria as well as the master plan approval criteria. The Planning Board and staff recommend approval of this request. 10 conditions were recommended and approved by the applicant. These conditions are listed in the staff report in the agenda packet.

This was noted as a public hearing. Mayor McLeod opened the floor for any public comment. With no one wishing to speak, this public hearing was closed and turned over to council for deliberation.

ACTION:

MOVER: Mayor Pro Tem Thompson moved to Public Hearing 2021-153-CZM for Grifols West Campus Development

SECONDER: Council Member Sims

VOTE: Unanimous

- c. Public Hearing to Consider Revising the Electric Rates and Water and Sewer Rates for Fiscal Year beginning July 1, 2022.

Presenters: Craig Brown, Consultant with 1898 & Co and Robert Chambers, Consultant with Black & Veatch Company

ELECTRIC RATES

Mr. Cappola filled in for Craig Brown. He stated some of this information was shared at a previous work session. Shared was the Rate Study Process to include Financial Planning, Cost of Service, and Rate Design. Shared were Key Financial Metrics Under Existing Rates.

Key Drivers Leading to the Need to Rate Increases

- Increasing Operating Costs
- Growing Capital Improvement Program (CIP)

It is recommended 7% average increase across the entire utility program for this next fiscal year. The typical Clayton resident uses 966 kwh per month or 32 kwh per day. This proposed increase would raise the average bill about 28.5 cents per day.

Financial forecast indicates the need for rate increase each of the next three years: in 2023 a 7% increase; in 2024 a 5% increase; in 2025 a 4% increase; and in 2026 a 0% increase.

WATER AND SEWER RATES

Robert Chambers and Prabha Kumar of Black & Veatch presented on this item.

Purpose of the Study

Perform Independent water and sewer rate study that will accomplish the for

- Multi-year financial Plan
- Customer Class Cost of Service
- Water & Sewer Rate Design

Ms. Kumar stated the goal is to create a reasonable solution between service demands and the actual cost. She stated more work is needed to really educate the customer on the service they pay for.

Key Drivers and Financial Resilience Strategies

- WRF Project Cost
- Market Conditions
- Purchased Water Costs
- Purchased Wastewater Treatment Capacity

Mr. Chambers shared financial plan objectives. 2023 will be the most significant year with the Wastewater Treatment Plan, the Town will see the impact to the Financial Plan. He further discussed O&M Expenditures. Mr. Chambers went into further detail on the Proposed FP (2023-28). Shared were proposed financial plan summary with a 12% & 15% revenue adjustment.

Research was complete on neighboring municipalities and in comparison, to existing Clayton bill, we are somewhere in higher side. One of the key things is the sewer component is a significant portion of the bill. This research shows neighboring towns are currently going through what Clayton is going through.

This was noted as a public hearing. Mayor McLeod opened the floor to the public. With no one wishing to speak, the public hearing was closed.

Mayor McLeod called for a 10-minute break beginning at 7:26 p.m.

ACTION: Public Hearing. No Citizen Comment Received.

- d. Public Hearing on the Fiscal Year (FY) 2022-2023 Budget
Presenter: Robert McKie, Finance Director

Mr. McKie shared information on the expenditure budget summary.

Budget Highlights

- General Fund budget is balanced at \$43.6 million and required a \$5.2 million fund balance appropriation.
- Water & Sewer Fund budget is balanced at \$35.1 million and required a reappropriation of the \$4.0 million ARPA monies to fund the CIP. A 15.1% combined rate increase is required.
- Electric Fund budget is balanced at \$20.0 million and required a \$1.1 million fund balance appropriation. A 7% rate increase is required.
- 4 new Patrol Officers and a Plan Reviewer included at a cost of \$0.4 million.

Economic Considerations

- Consumer Price Index (CPI) inflation rate increased to 8.5% in March. Highest since January of 1982.

- Personal Consumption Expenditures (PCE) Price Index at a 40-year high of 6.6% in March.
- Federal Reserve policy to rein in inflation = higher interest rates. 0.25% increase in March with an additional 0.50% increase in May, and another 0.50% increase is expected in June. Fed Funds Rate forecasted to be 2.75% 2023.
- GDP fell 1.5% in Q1 2022. First contraction since 2020.
- Recession projected to occur in late 2023 or early 2024.

Major Revenue Assumptions

- Tax rate remains at \$0.58 with a 99% collection rate.
- Ad valorem property taxes will grow 6.8%
- Sales revenue taxes will increase \$1.8 million compared to FY 2022 and 5% higher than the \$7.4 million estimate for FY2022
- Development revenue will remain steady.

Employee Benefit Assumptions:

- 5% pool for salary adjustments, which includes a 2% COLA for full-time and permanent part-time employees.
- Pay and classification study results will be implemented effective October 1, 2022.
- State Health Plan employer contribution increase = 12%.
- NC Retirement Fund employer contribution increase = 0.75% General and 1.0% for LEO.

What's New:

- Town's FIRST-EVER Budget Survey = SUCCESS.
- Centralized budget for fuel, vehicles, and heavy equipment except for Enterprise Funds.
- Mission Critical review and evaluation implemented to balance the budget and prioritize CIP projects.
- Fund balance appropriation recommended to cover CIP.
- \$1.5 million installment financing for rolling stock in General Fund. First time since FY 2013.

What's Changed since May 2, 2022

- Higher assessed value = increased Ad Valorem revenues
- Sales tax revenue projection updated for 3-quarters actual
- Cost of services allocation updated
- CIP reevaluated and prioritized
- Updated balance the budget adjustments
- Fuel costs updated per U.S Energy Information Administration forecast

Mr. McKie shared his final thoughts on this budget to include:

- FY 22 budget was a more efficient and effective use of budgeted funds
- General Fund budget is not sustainable with major fund balance appropriations moving forward

- Water and Sewer Fund will continue to require rate increases to fund reinvestment in the system
- Electric Fund will require increases to sustain the financial health of the utility

Mr. McKie stated he felt it was important for citizens to know the general fund, water/sewer and electric funds are three separate funds. Our residents that pay taxes do not subsidize the water/sewer fund through electric. These funds are considered a business and have to be self-supporting through the fees & rates that are charged through services. There is no subsidy between the general fund, there are no tax dollars being utilized to support those enterprise funds.

Mayor Pro Tem Thompson stated a few things he has got out of this is we put public safety first. He stated the fund balance is obviously coming down and we are looking at a pending recession. Revenue is not increasing at the rate of growth, this tells him growth is not paying for itself. He stated we do not want to raise taxes, but we have to pay for our people. He would like to see what it would look like if we were to do ad valorem increase of 1%. He wants citizens to know Council keeps in mind that everything costs more and as much as we hate to say raise taxes, we need to face the inevitable at some point.

Council Member Archer stated she agrees with Mayor Pro Tem Thompson. She stated we are heading into uncertain times. She stated she would prefer a slow and steady approach versus a big jump.

This was noted as a public hearing. Mayor McLeod opened the floor for any public comment. With no one wishing to speak, this public hearing was closed.

Mayor McLeod stated it is not easy to have to apply rate increases to our citizens. We are also here to be good stewards of the management of this town.

ACTION: Public Hearing. No Citizen Comment Received.

7. OLD BUSINESS

- a. Country Lane Conditional Zoning District Request, 2021-20-CZM, located on Country Lane northeast of Jasper Drive
Presenter: Ben Howell, Planning Director

This item was adjusted on the agenda to move to item 5a.

Mr. Howell stated the biggest change to the overall master plan is similar to what has been shared before. He presented a slide showing the change which showed where two stormwater ponds have been merged into one larger pond.

Staff is recommending approval. One condition has been added. Mr. Howell shared the recommended conditions of approval. He stated the first 5 conditions remain the same; conditions 12-19 remain the same; 21-25 remain the same; 27-31 remain the same; and 33 remains the same as well as consistency statement.

#8 has been modified to read: Enhanced erosion control measures shall be provided along the limits of disturbance immediately along the Little Creek and its tributaries, where areas identified as steep slopes are to be graded, as reasonably determined by Town Staff. Enhanced erosion control measures include but are not limited to: Double-Row silt fence, Super-Silt Fence, Sediment Traps, Increased number of baffles or increased baffle heights within each sediment basin, Reduced timeframe for stabilization of graded slopes, and sodding or erosion matting of newly graded slopes.

#20 has been modified to read: A minimum of 15% of the total homes (at least 41 homes) shall include masonry features on one or more of the front façades.

#26 has been modified to read: A minimum of 30 one (1) parking space per ten (10) residential lots shall be provided as off-street overflow parking spaces shall be provided, spaced throughout the development. Overflow parking spaces shall meet the standard dimensions for parking spaces in the UDC.

#32 has been modified to read: The development shall install tree protection fencing (TPF) around each of the two (2) trees identified as bent trees, and as shown in the tree report prepared by Travis Howell, Registered Forester (RF), to protect the critical root zone at one (1) foot per one (1) inch of caliper at DBH. Clearing and ground disturbance shall not impact the area enclosed by the TPF.

Council Member Archer stated she does support the condition rezoning in its current form. She discussed her thoughts on this item and went into detail. She spoke about density is in line with our Comp2040. The item presented tonight shows balance outcomes for all parties involved.

Council Member Archer moved to approve with conditions 2021-20-CZM Country Lane. Council Member Archer then amended her motion to include the statement of consistency and reasonableness. Council Member Sims seconded this.

Council Member Archer moved to approve with conditions the wastewater resolution #2022-26.

ACTION:

MOVER: Council Member Archer moved to approve with conditions, Country Lane CZM Request, 2021-20-CZM

SECONDER: Council Member Sims

VOTE: Motion Approved 4-1 with Council Member Casey voting opposed

ACTION:

MOVER: Council Member Archer moved to approve the Wastewater Resolution for Country Lane CAM, 2021-20-CZM with conditions.

SECONDER: Council Member Sims

VOTE: Motion Approved 4-1 with Council Member Casey voting no

8. NEW BUSINESS

- a. Selection of a Consultant Firm for the Town Manager Recruitment
Presenter: Jody McLeod, Mayor

Mayor McLeod stated today during the work session, Council had the opportunity to discuss the Town Manager Recruitment process. Mayor Pro Tem Thompson stated the consensus of the Council is that they would not be good stewards of taxpayers' dollars if it was spent on a search firm. We have a strong Human Resources department that is able to craft job descriptions and advertisements. He stated it is the consensus of the Council to rely internally to put together the advertisement to reach out to the appropriate places and get this message to them, put together the process and timelines with regard on how to move forward with hiring a town manager. The goal is to develop a process that could be used in the future. For the public's benefit, he stated the Town would not move forward with hiring a firm. There will be a process and the best candidate would be selected.

ACTION: Discussion

9. STAFF REPORTS

- a. Town Manager

Mr. Cappola provided an update on the Sam's Branch WRF. Involved in a lot of conversation in funding and expenditure in general. Been on a path for a few years to get this project off the ground. Mr. Cappola provided history on this facility. Discussion on the costs exponentially increasing up to 30%. The offering that came in end of April is significantly more than anticipated bringing new cost to \$230 million. We have indicated to Design Build team we have rejected the offer. RFPs on this project will go out the end of summer.

Shared were Program Costs & Major Events Impacting WRF Costs that effect this project.

Shared was Supply-Chain Issues to include:

- Longer fabrication times
 - Pre-engineered metal building – 48-week lead time supplier May 2022
 - Roofing materials – 4-to-6-month lead time
- Plant shutdowns and transportation issues
 - Port of Long Beach and LA 78 ships – trucker shortage +30% (80,000)
 - New California emission standards – trucks - 50% blocked from entry to ports
- Texas freeze and Hurricane Ida effects on plastics, glues, and resins

- PVC pipe, fiberglass, vinyl siding, moisture barriers, paint, coatings, geotextiles, roofing, insulation, plywood, oriented strand board, i-joists, wraps – Inputs +170%.
- Suez Canal – 6-day blockage
 - Material delivery issues - shortage of truck drivers causing delivery issues.

Price Volatility

- Drastic shortening of producers to hold their prices
- Monthly price increases
- 1-day to 5-day price guarantee
- Price-increase on steel the day after the increase took effect

He stated there would be a meeting later this week to put the word out that the project will be up for bid this summer. The timeline would be early August to have bids in hand and hope to have everything locked into place with LGC this fall.

b. Town Attorney

No Report

c. Town Clerk

No Report

d. Other Staff

Valkyrie

Presenter: Patrick Pierce, Economic Development Director

Mr. Pierce stated we have an opportunity to purchase Valkyrie. The artist of this sculpture has worked with Sara Perricone and has donated the sculpture to the town for a year with only the cost of paying the insurance. The price has been dropped to \$20,000 from \$25,000. Money has already been raised for this throughout the community and the DDA is working with . Asking town for \$7,000 leaving with an \$11,000 gap. He stated he wants to get this on council's radar and get a verbal go ahead to raise the money. He stated there should be additional façade grant money that would be left over from this year's budget that should be in the amount of \$7,000 which could hopefully close the gap. Mayor McLeod stated this would be a huge asset to the town. Mayor Pro Tem Thompson stated if we have the money in the budget that can be allocated, he would support that but cannot support if the money is not there. Council Member Casey in favor and feels it would be a great permanent addition to our downtown.

10. OTHER BUSINESS

a. Informal Discussion & Public Comment

- Individuals have 3 minutes to address the Town Council.

- Groups will designate a spokesperson. Spokesperson will have 5 minutes to address the Town Council.

Sam Selim thanked Council for the long journey with Country Lane. Wants to explore what path would be best used that the two trees in question and unmarked burials that may be outside 50 buffer. Maybe those things we could explore with the developer, wants to know how to go about this? Mayor McLeod stated this would be supported by Council but at this point he would have to work with developers. He stated if he works with developers to get a proposal, bring this back to Council, and see what kind of partnership could be made.

David Cawthorne, Horseshoe Lane, wants to point out developer has been disingenuous. The only thing they have recon is that the trees are just trees. They have not recognized any artifacts found, etc. There needs to be a comprehensive archeology study done. He stated he knows it's out of council's hands, but he would be working with developer on this.

b. Council Comments

11. ADJOURNMENT

a.

ACTION:

MOVER: Council Member Casey moved to adjourn at 8:41 p.m.

SECONDER: Council Member Sims

VOTE: Unanimous

Duly adopted by the Town Council this 21st day of June 2022 while in regular session.

Jody L. McLeod
Mayor

ATTEST:

Sherry L. Scoggins, MMC
Interim Town Clerk