



Town of Clayton
Special Meeting - Clayton Town Council Minutes
Tuesday, October 29, 2024 at 9:00 AM
City Club Raleigh
150 Fayetteville Street, Raleigh, NC

Council Present:

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

Staff Present:

Rich Cappola, Town Manager
Jim Cauley, Town Attorney
Heidi Holland, Town Clerk
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, Finance Director
Michelle Snyder, Executive Asst. to Town Manager
Sam Johnson-Phillips, Deputy Town Clerk
Chris Gallant, Project Manager
Todd Melton, Budget Manager

Council Absent:

None

1 BREAKFAST

2 CALL TO ORDER

- a) Mayor McLeod called the meeting to order at 9:01 a.m.

3 WELCOME

- a) Mr. Cappola welcomed everyone and discussed the agenda for the day.

4 EXECUTIVE TEAM GOALS

- a) Mr. Cappola shared and discussed the goals of the Executive Team which included:
-) • Goal 1: Actively recruit for both current vacancies and proposed staffing needs within the Town of Clayton. <https://townofclaytonnc.sharepoint.com/:p/s/ExecutiveTeam/EVAgmzCWbIBBjJnJn2la01UBK-UoyR2D3g382HqYbt90mg?e=1jdX9e&nav=eyJzSWQjOjMwMiwiY0lkIjo5MDM2NDg5MTN9>
 - Goal 2: Develop staff capacity to fulfill the completion of current initiatives, attend to growth, and promote leadership.
 - Goal 3: Actively implement recruitment and retention strategies related to pay, market analysis, work environment and organizational alignment for effectiveness.

- Goal 4: Continue modernization initiatives for town efficiency and effectiveness which have lagged during rapid growth period.
- Goal 5: Develop a staffing and operational plan for Sam's Branch Water Reclamation Facility (FY25).
- Goal 6: Refine, plan, and implement key decisions for the General, Electric, and Water/Sewer Capital Improvement Plans.
- Goal 7: Focus on the finalization and delivery of identified goals and priorities.

He spoke of the Executive Team retreat which was held at the Police Department last month. He discussed the challenge of recruitment and stated the Town is doing a paying class analysis throughout all departments. He discussed how working from home plays a part in recruiting.

Mr. Cappola stated the Town has hired a new Engineer Director who would start November 18, 2024. Mr. Cappola stated the search for an Economic Development Director is currently in process and the application process would close on Thursday. He noted that the job description emphasized downtown development while downplaying the governmental affairs aspect. However, he mentioned that the process has attracted several strong candidates so far. A position for a Digital Communications Specialist is open, this position would focus on web content and keeping the website current. The Project Manager position continues to be an ongoing recruitment. One of the two positions introduced at last month's work session has already left because of a better offer. The Ground Superintendent position is still in progress, with hopes of filling it soon. Additionally, the IT Department is requesting a position that is able to support Fire and Police 24 hours a day.

Council Member Casey asked if there was a form available showing new hires; Ms. Gill stated Emily Denison is working on a directory.

Discussed was the ongoing Emergency Management training. The goal is for senior leadership to complete this training by the end of the calendar year; this goal is anticipated to be met.

A project overview was provided, highlighting the projects that have been successfully completed as well as updates on those currently in progress. The contractors working on Legend Park predict this project to be completed sooner than scheduled. The Clayon4U videos have received positive feedback, however, Mayor McLeod asked that more staff be involved in creating the videos.

Key staffing updates for the Sams Branch Water Reclamation Facility (WRF) were discussed. Training for staff has been completed and continues. The supplemental program with Hazen and Sawyer is also progressing, and a site tour was conducted to familiarize all new operators with the facility.

5 FINANCIAL UPDATES

- a) Mr. McKie presented a detailed description of the Town's financial update. Highlights included:

- Total Fund Balance increased \$2.5M in the General Fund while Unassigned Fund Balance decreased \$0.2M, primarily due to an increase in Restricted Fund Balance.
- Investment income for General Fund was 17.5% higher than budget, or \$384.1K, and \$1.1M higher, or 76%, compared to prior year.
- Ad valorem tax revenues were 1% higher than budget, or \$285.7K, and \$980.9K higher, or 5%, compared to prior year.
- Sales tax revenues were \$96.9K lower than budget, or 1%, and \$582.6K higher, or 7%, compared to prior year.
- Utilities sales tax distributions from the State were 22% higher than budget, or \$327.7K, and 11% higher than prior year, primarily due to higher sales tax collections on electricity.
- Building permit revenues were \$146K higher than budget, or 12.7%, and \$345.7K higher than prior year.
- Water & Sewer operating revenues were 3.7% lower than budget, primarily due to rate model projections. Fund balance increased by \$1.1M.
- Electric System operating revenues were 2.6% higher than budget. Fund balance increased \$0.4M, excluding \$6M debt proceeds.

Investment Income Highlights included:

- Capital Management Trust (CMT) is the Town's main investment account. CMT is registered with the SEC and is the only mutual fund certified by the LGC. The monies are primarily comprised of shared revenue distributions from the State in conjunction with the proceeds from the sale of the public pretreatment facility back to Novo and the Parks & Rec Series 2021 and Series 2024 GO Bonds. Fidelity manages the accounts to maintain a par value, which means there are no losses recognized. The accounts have high liquidity and safety. The current annualized interest rate is 4.89% compared to the previous rate of 5.38%.
- The Escrow Project Account currently holds the proceeds from the Series 2022 Revenue Bond that was issued for the Sam's Branch Water Reclamation Facility. US Bank is the Trustee and has invested the proceeds with CMT with a 5.38% annualized rate. The account was closed in July 2024.
- The First Citizens Bank account is the Town's primary operating account for revenue collections and disbursements. The current annual yield is 0.10%.
- Certificates of Deposit are invested with KS Bank and have staggering short-term maturities (less than 1-year). The interest rate is approximately 4.65%.

FY2025 Budget Highlights:

Economic Considerations:

- Consumer Price Index (CPI) inflation rate was 2.4% in September compared to 3.7% for September 2023.
- Personal Consumption Expenditures (PCE) Price Index was 2.2% in August compared to 3.9% for August 2023.
- Federal Reserve policy – rein in inflation to 2% target.
 - Federal Funds rate constant at 5.25%-5.50% range since July 202 - highest in 20+ years.
 - 0.5% rate decrease on September 18, 2024 to the 4.75%-5.00% range.
 - Another 0.5% rate reduction projected by the end of calendar 2024.
 - The inverted yield curve, which lasted 793 days, recently ended.
- GDP increased 3.0% in Q2 2024, 2.9% for 2023, and 9.2% for 2022.
- Sales tax distributions are tracking 6.8% higher than budget and 5.7% higher than prior year through the August 2024 distribution.
- \$0.05 tax rate increase is projected to increase the CIP reserve by \$1.75M.
- Utility fund revenues are tracking within budget.

Final Thoughts included:

- Integrate the Strategic Plan into the CIP prioritization model.
- Water and Sewer Fund will continue to require rate increases to fund reinvestment in the system.
- Electric Fund will require nominal increases to sustain the financial health of the utility.
- The Town continues to experience strong growth, which impacts all components of operations.
- Economic uncertainty requires a conservative spending strategy.
- Strong financial health requires long-term planning to develop a roadmap for success:
- Leverage debt issuance (bonds and installment finance agreements).
- Ad valorem tax rate adjustments (revaluation in FY 2026).
- Maximize grant funding opportunities when feasible.
- Develop other funding sources.

Todd Melton shared that he has been holding monthly or bi-monthly meetings with all Department Heads, depending on the size of the budget. He is heavily focused on planning for the upcoming year and has received positive feedback from staff throughout the process. The budget development kickoff is scheduled for January 8, 2025, with the first public hearing before the Council targeted for May 19, 2025.

There was discussion on a new budget software, ClearGov, which is a software solution to assist with personnel planning, operations, capital projects, and the development of the budget book.

6 BREAK

7 CAPITAL PROJECTS UPDATES

- a) Mr. Gallant provided an update on Capital Projects. He shared the program to project lifecycle: Propose and Prioritize, Fund and Plan, Execute, and Maintain.

He discussed the new software purchased, ClearGov "Budget Book", which was acquired for budget management purpose. ClearGov also has a "Capital Budgeting" that works in tandem and meets our prioritization needs. This will streamline project entries, manage scoring and generate reports. The ClearGov entry interface will be provided to all Department Heads which will allow them to enter directly into ClearGOV. Rating scores will be entered directly into ClearGov.

Shared was a sample of the dashboard of this software and a SharePoint site he has been working on. This is a dashboard where project managers can access and be on the same page. Also created was a grant and bond funding management sheet. These various grants have different criteria, taking all that information and putting it into a dashboard is a consistent way to house this information.

He spoke about exploring new Project Manager software. Shared was Trimble Construct. This program allows you to see how much you are spending on a product.

Shared were the Top Priority General Fund Projects

- Northside Public Safety Complex
- Southside Public Safety Complex
- Public Safety Training Facility
- Southern Connector – Cobblestone/LCC Rd Cut Through
- Operations Warehouse
- Main St Improvement Project
- Operations Facility (40% General Fund)
- Southern Connector – Central Spine to Dairy Road
- Library Renovation Project

He discussed the progress of the library renovation, which is at 50%. Shared were renderings of the final renovation. The outside of the library would be preserved.

8 PUBLIC SAFETY UPDATES

- a) Chief Tart provided his department's update. Shared were the safest cities in North Carolina in 2024 with Clayton ranking number 17. Calls for service have continued to rise. Last year there were over 41,000 calls and they continue to rise based on growth. He stated the department is fully staffed and have been

fortunate to hire some and send them to training and have not lost anyone in that process. He stated this has worked out well for the department and they would continue to do this.

He discussed the vision of decentralization, emphasizing the goal of reducing reliance on other agencies.

He spoke about new hires. A Crime Scene Investigator has been hired and is working out well. His mission is to get old cases out and old evidence destroyed. He comes with crime scene experience and would be attending a four-month program to become certified. Two positions are planning for retirement, he plans on have these filled before they retire. He spoke about the Traffic Enforcement Unit. This position works closely with the Government Safety Program and the primary job is traffic safety.

Nine staff have completed the Crisis Negotiation process and were put in place; this process is approximately 80 hours of training. Nine staff have completed the Special Response Team process which is approximately 200 hours. This team would be able to respond to active shooters situations.

Chief Raneprovided an update on the Fire Department. He stated as of October 16, 2024, he has been here a year. Since his arrival, he has been working on reorganizations, hirings, and promotions. Added positions included Deputy Fire Chief of Administration, Battalion Chief of Training and Safety, and Community Risk Specialist. Chad Stephenson was hired as Deputy Fire Chief of Operations, Stacey Turner was promoted to Deputy Fire Chief of Administration, Chris Carter was promoted to Battalion Chief of Training and Safety, Bryan Belvin was promoted to Community Risk Reduction Specialist and with the retirement of Fire Marshal Tony Atkinson, that position was reclassified to Assistant Fire Chief and Michael Tatum was hired for that position.

A Master Firefighter position was added, and 12 firefighters were promoted to Master Firefighter. 3 positions were reclassified to Captain and 3 reclassified to Fire Equipment Operator. This would provide Captains, FEOs and firefighters on each apparatus.

Discussed was the SAFER grant which they were recently awarded. Staffing levels have stabilized over the past year, and he stated morale within the department is good. He is in the process of hiring the 6 positions for the SAFER grant and hoped to have them in place in December.

He discussed the training staff has been involved in with ICS 300 and 400, that would be complete by the end of the year.

9 LUNCH

- a) Lunch was from 12:00 - 1:00 p.m.

10 COMMUNITY DEVELOPMENT UPDATES

- a) Ms. Tanner stated when she came to the Town she began her analysis of inspections, planning and engineering. She noted that the Town is losing potential revenue and highlighted the need for improved education about staff roles, as many employees are unaware of each other's responsibilities. Some observations made are timelines, she stated if she could adjust them she would. She discussed implementing a policy requiring all phone calls and emails to be returned within two business days to enhance responsiveness and communication.

Shared was a Department Status:

- Building Inspections
 - No vacancies
- Development Services
 - Permit Specialist
 - Development Services Coordinator
- Planning
 - Planner II
 - Zoning and Code Enforcement Officer
 - Principal Planner
- Engineering
 - Engineering Technician
 - Project Manager
 - Land Development Manager
 - Development Plan Reviewer

She stated she has spent the last few weeks verifying record types in Clariti. She discussed the 4 phasing project steps: planning and engineering permits, trade permits (building, electrical, etc., planning and engineering plans, and enforcement

There was detailed discussion on density. She stated under NC law, we can only have density one way, which is based off gross acreage. Shared were lots sized of the same size with different densities. She stated density is not the problem it is the design.

Factors Impacting Density

- Land value
 - Great destination = \$\$\$
- Cost of construction
 - Lumber
 - Asphalt
 - Faucets
- Quality of land
 - Environmental features
 - Topography

- Government policies
 - Higher quality building materials
 - Meaningful open space
 - Sidewalks
 - Road improvements
 - Mix of uses
 - Stormwater
 - Greenways and trails
 - Landscaping

Shared was a Classification Informs Zoning Districts tables and was noted these numbers are from pre-COVID.

11 BREAK

12 REEVALUATIONIMPACT

- a) Topics put up for discussion from Council included:
- CIP Funding/More Project Updates
 - Train Station - Stop Downtown
 - Utilities Under Street
 - TrafficPerson in Planning
 - Redesign of Parking
 - Main Street Projects
 - Downtown Safety
 - Code Enforcement
 - Speaker System in Downtown

Mr. Gallant spoke about project updates. Southern Connection, which is broken up into two different segments. This would be a good candidate for LAPP/CAMPD submittal. The Operations Warehouse Space planning must be finalized before engaging with a consultant to move forward.

There was discussion on the Main Street Improvement Project. Several years ago an early study was completed by Stewart. Currently this street is a DOT street. Regarding Clayton Community Park, this should wrap up by December 2024. The playground should be installed by the first of November and the bocce courts and shuffleboard would go in next. The maintenance building at Clayton Community Park is under design, which should take 4-5 months and then it would go out for bid.

The Town Hall elevator is scheduled for modernization. Aging electrical components are causing issues and the software is obsolete. The new elevator would have new flooring, be stainless steel with recessed lights. The basement would be on a card reader so it would not be accessible to the public. The completion date is proposed for December/January timeframe.

Ranch Road Extension is ongoing and currently working on the water lines. The next step would be final paving and hope to complete this by Spring/Summer 2025. Shotwell Intersection would begin November 2024 and the work would be done at night. Robertson and Main Street Sidewalk projects need temporary easements.

Mr. McKie provided the Town's ten-year history and went into detail on the revenue neutral tax rate. Final thoughts included:

- Revaluation strategy – property values are expected to increase a minimum of 30%.
- Integrate Master Plan updates into CIP and reprioritize.
- Consider staffing impact of Master Plan updates.
- Update debt capacity and affordability analysis.
- Major fund balance appropriations are not sustainable in the General Fund Budget.
- Growth will continue into the foreseeable future.
- Revenues increasing at a lower rate than growth, which will impact services.

13 DAY ONE WRAP UP

14 ADJOURNMENT

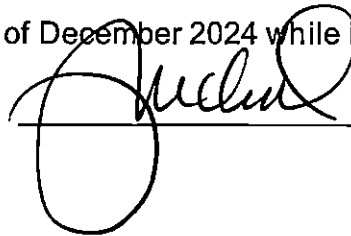
a) Adjourn

With nothing further, the meeting was adjourned at 4:11 p.m.

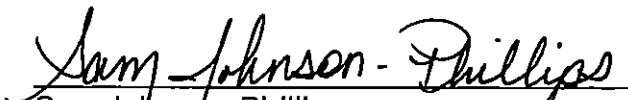
Motion To Adjourn

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

Duly adopted by the Town Council this 18th day of December 2024 while in regular session.



Jody L. McLeod
Mayor
ATTEST:


Sam Johnson-Phillips
Deputy Town Clerk

October 29, 2024
Minutes

TOWN OF CLAYTON
INCORPORATED
APRIL 1869
CLAYTON, N.C.