



**Town of Clayton
Special Meeting - Clayton Town Council Minutes
Monday, May 9, 2022 @ 9:00 AM
Rotary Room**

COUNCIL PRESENT:

Mayor Jody McLeod (arrived at 10:09 a.m.)
Mayor Pro Tem Jason Thompson
Council Member Andria Archer
Council Member Porter Casey
Council Member Avery Everett
Council Member Michael Sims

STAFF PRESENT:

Interim Town Manager Rich Cappola
Interim Town Clerk Sherry Scoggins
Town Attorney Jim Cauley
Interim Deputy Town Manager Lee Barbee
Deputy Town Manager Dolores Gill
Deputy Town Clerk Heidi Holland
Finance Director Robert McKie
Assistant Finance Director Tracy Stubblefield
Customer Service Director Ann Game
Senior Utility Billing Specialist Terry Johnson
Utility Billing Specialist Eileen Folger
Procurement Manager Shaun Mizell

1 CALL TO ORDER

- a) Call to Order

Mayor Pro Tem Thompson called the special meeting to order at 9:02 a.m.

2 SPECIAL WORK SESSION

- a) Electric Rate Model (9 a.m. to 9:45 a.m.)

Craig Brown of 1898 & Co., part of Burns and McDonnell, provided an overview of the electric rate study process.

Rate study process:

- Step 1 - Financial Planning
- Step 2 - Cost of Service
- Step 3 - Rate Design

The goal of the enterprise fund is to be self-sustaining.

Proposed rate adjustment:

2023 - 7%
2024 - 5%
2025 - 4%
2026 - 0% (no adjustment)

Alternate rate adjustment:

2023 - 3.5%

2024 - 7%

2025 - 6%

2026 - 3%

Goals & Objectives of the rate study:

- **Equal rate increase across all classes of customers**
- **Maintain same general rate increase**
- **Increase fixed cost recovery in fixed charges and reduce variable charges**

Recommendation: Conduct a campaign on best practices for electric usage.

Recommendation: Reach out to ElectriCities for information on what the other communities are doing.

b) Water/Sewer Rate Model (10 a.m. to 10:45 a.m.)

Managing Director Prabha Kumar and Principal Consultant Robert Chambers of Black & Veatch Consulting provided an overview of the water and sewer rate model.

Study Purpose:

- **Multi-Year Financial Plan**
- **Customer Class Cost of Services**
- **Water and Sewer Rate Design**

What's Happening in Clayton:

- **Aging Infrastructure**
- **Revenue from Customers**
- **Rates**
- **Costs**
- **Climate Change**
- **Information Technology, including Data Management**
- **Aging Workforce**

Industry Perspective - Having Consistent Practices in Rate Reviews:

- **Financial Policy Target**
- **Multi-year planning**
- **Review Cost of Services Today to Stay in Alignment**
- **Rate Structure**

Financial Planning Process (Bottom Up Approach):

- **Revenue Requirements**
- **Cost of Service**

- Rate Design

Study Approach

- Financial Planning
- Cost of Service Analysis
- Rate Design

The Town performed an asset inventory of the water and sewer pipes a few years ago. The Town will need to update the asset information.

Capital Improvement Program, CIP:

Water System

Capacity Purchase
5 MGD Water Treatment Plant
Operations Facility
Storage Tank (Infrastructure)
Other System Wide Projects
Pipe Rehabilitation

Sewer System

Neuse Water Reclamation Facility
East Clayton Industrial Area to
NRWRF
Operations Facility
Lift Station Upgrade
NC 42 WW Transmission
Forest Hills Pump Station

A process in place to prioritize CIPs would help the Town of Clayton with funding opportunities.

Based upon question, Finance Director Robert McKie stated the water and sewer bonds have covenants for debt and this is included to protect the bond holders.

The analysis process is proactive. Rating agencies look at the municipal process for making recommendations to amend its rates.

Town's water and sewer rates are mostly impacted by the new plant project.

Town staff will work on message for the water and sewer rates to explain the why.

- c) Closed Session to Discuss a Legal Matter; **added 5/3/2022**
Presenter: Jim Cauley, Town Attorney

Motion: Council Member Archer moved to go into closed session to consult with the Town Attorney.

Second: Council Member Sims.

Vote: Motion carried unanimously.

Motion: Council Member Archer moved to return to open session

Second: Council Member Sims

Vote: Motion carried unanimously

3 ADJOURNMENT

a) Adjournment

Motion: Mayor Pro Tem Thompson moved to adjourn
Second: Council Member Casey
Vote: Motion carried unanimously at 11:47 a.m.

Jody L. McLeod
Mayor

ATTEST:

Sherry L. Scoggins, MMC
Interim Town Clerk