Town of Clayton
Town Council Work Session Minutes
Monday, May 5, 2025 at 12:00 PM
Rotary Room, Town Hall
111 E. Second Street

Council Present:
Mayor Pro Tem Michael Sims
Council Member Andria Archer
***arrived at 1:14 p.m.*
Council Member Porter Casey
Council Member Ruth Anderson
Council Member Gretchen Williams

Council Absent:
Mayor Jody McLeod

Staff Present:
Rich Cappola, Town Manager
Jim Cauley, Town Attorney ***arrived at 1:07 p.m.*
Heidi Holland, Town Clerk
Dolores Gill, Deputy Town Manager
Lee Barbee, Deputy Town Manager
Courtney Tanner, Deputy Town Manager
Robert McKie, Jr., Finance Director
David Ranes, Fire Chief
Nathanael Shelton, Communication Director
Conrad Olmedo, Planning Director
Tim Robbins, Public Works Director
Brandon Carroll, Public Works Ground Superintendent
Todd Melton, Budget Manager
Sam Johnson-Phillips, Deputy Town Clerk
Joshua Baird, Water Resources Director
Ann Game, Revenue & Utility Customer Service Director
Michael Tatum, Fire Marshal

1 CALL TO ORDER

a) Mayor Pro Tem Sims called the meeting to order at 12:00 p.m.

2 ADJUSTMENT OF THE AGENDA

a) **Approve or Adjust the Agenda**

RESULT:	**CARRIED 4-0**
MOVER:	Ruth Anderson
SECONDER:	Porter Casey
YES:	Michael Sims, Porter Casey, Ruth Anderson, and Gretchen Williams
NO:	None
ABSENT:	Andria Archer

3 STAFF INTRODUCTIONS AND RECOGNITIONS

a) 12:00 - 12:15 p.m.

- Brandon Carroll, Grounds Maintenance Superintendent
- Robert Kleisner, Equipment Service Mechanic
- Brandon Sargent, Equipment Service Mechanic

Presenter: Tim Robbins, Public Works Director

- Haley Downey, Assistant Planning Director
- Robert Tate, Senior Planner
- Jonathan Weckesser, Senior Zoning & Code Enforcement Officer
- Corinne Miller, Planning Technician

Presenter: Conrad Olmedo, Planning Director

- Julia Harward, Customer Service/Cashier

Presenter: Ann Game, Revenue & Utility Customer Service Director

- Seth Mason, Grounds General Maintenance Crew Leader
- Bradley Ladd, Grounds General Maintenance Worker
- Josh Matherly, Grounds General Maintenance Worker

Presenter: Brandon Carroll, Public Works Grounds Superintendent

- Richard Livingston, Utility Analyst

Presenter: Joshua Baird, Water Resources Director

Department heads and superintendents introduced their new employees and recognized recent promotions. Council extended a warm welcome and congratulations to all.

4 ITEMS FOR DISCUSSION

a) 12:15 - 12:45 p.m.
Fire Marshal Update
Presenter: Michael Tatum, Fire Marshal

Fire Marshal Tatum provided a discussion about the partnership with LIV (LifeSafety Inspections Vault). The purpose of this partnership would be to streamline and centralize the inspection records. It was stated this service was reported not to be at the cost of the Town. Fire Marshal Tatum reported the benefits of partnering with LIV. It was reported the service contract is currently under review. The benefits mentioned were:

- Real time tracking on inspections and violations.
- Improved communication with property owners.
- Better documentation for code compliance.

The next partnership discussed with FireRecoveryUSA. The purpose of this partnership would be to assist with billing and collections for fire inspections and permits. The reasonings mentioned for this partnership would be to reduce the administrative burden and to increase compliance and revenue collection. It was reported that FireRecoveryUSA would handle the invoicing for inspections, operational permit billing and the follow-up on delinquent payments. It was stated that this contract is currently under review.

Discussion continued with the Fire Prevention Ordinance Revisions. Three key revisions discussed:

- Clarification of Town Regulations and Codes.
- New Language for Town specific requirements.
- Alignment with Unified Development Ordinance.

It was stated the fee schedule would remain the same. The reason behind the fee adjustment rationale was to encourage compliance and to offset Administrative costs. There were three focus areas discussed regarding the updated fee schedule:

- Fire Inspections (Routine, Re-Inspections)
- Operational Permits
- Response (HazMat, Stand-by)

Chief Ranes provided an update on the Hazardous Material Incident Billing. It was mentioned there would be a policy addition which would be to bill the responsible parties for HazMat responses. The rationale provided for this decision includes the necessity to recover expenses related to materials, personnel, and equipment, as well as adherence to standard practices observed in regional jurisdictions.

b) 12:45 - 1:00 p.m.
Mobile Vendor UDO/Ordinance Alignment and Vendor Use On Town-Owned Facilities
Presenter: Courtney Tanner, Deputy Town Manager

Ms. Tanner stated that the Town needs direction on whether to allow vendors, such as ice cream trucks, on public property outside of sanctioned events, provided they follow the proper permit process. Council Member Casey noted that this contributes to the charm of being a small town. When asked about potential liability, Ms. Tanner responded that liability would only arise if no formal process were in place. She added that a policy would need to be developed. It was the consensus of Council to move forward with establishing a structured process for this.

5 BREAK

a) 1:00 - 1:15 p.m.

6 ITEMS FOR DISCUSSION

a) • 1:15 - 2:00 p.m.
Utility Rate Discussion
Presenter: Rich Cappola, Town Manager and Robert McKie, Jr., Finance Director

Mr. McKie reported Black and Veatch updated the rate model with no impact. There was discussion on Revenue Projections (FY 2025-FY 2030): Key Assumptions. The retail base charge (accounts) was reported that the annual average total water account growth between FY 2026 and FY 2040 would be 1.2%. It was reported that the annual average total sewer account growth would be between FY 2026 and FY 2030 would be 1.2%.

Mr. McKie updated Council on the retail: commodity charge (billed volume). This would be the assumed growth in average volume for GRIFOLS only.

There was discussion on two other revenues: (System Development Feeds) SDF & Non-SDF. It was stated that SDF would be based on projected growth in accounts and adjusted according to the Town's guidance.

The following information was shared for the revenue and revenue requirement projections: key assumptions.
Operations and Maintenance:

- FY 2026 proposed operations and maintenance as baseline
- Escalation factors for FY 2027 - FY 2030
- Assumes 100% actual to budget spend ratio

Capital Improvement Program*:

- Five year Total: $226M
  - Water: $42M
  - Sewer: $224M
- Water Utility: Interconnection: $15M
- Sam's Branch WRF Phase Two Project: $146M

Debt Service*:

- Five-year Total: $89.1M
- Existing DS: $73.5M
- Proposed DS: $15.6M
- Includes Revenue Bonds and State Revolving Fund (SRF) DS

Reserves:

- Minimum (Requirement Per Financial Policy)
- Days Cash On Hand:
  - 201 (Minimum)
  - 360 (Desired)

- Debt Service Coverage
  - 1.5 (Minimum)
  - 2.0 (Desired)

It was reported Fiscal Year 2025 beginning balances were as follows:

- Operating Fund Cash: $28.0 million (unrestricted cash)
- Capital Balance: $84.0 million (restricted for capital projects)
- System Development Fees: $19.9 million (restricted for Capital Projects, capacity purchases and debt service)

b) 2:00 - 5:00 p.m.
FY26 Budget Review
Presenter: Rich Cappola, Town Manager; Robert McKie, Jr., Finance Director; and Todd Melton, Budget Manager

Mr. McKie presented updated budget highlights, outlining changes since the April 7, 2025, work session. These updates included recommended staffing positions, manager-reviewed budget reports, the impact of the recent property revaluation, an updated Capital Improvement Plan (CIP) funding analysis (now including land acquisitions), and a revised water and sewer fund financial plan.

The Water and Sewer and Electric funds are currently balanced, while the General Fund remains unbalanced. A budget summary and an account classification report were provided. Visual aids included graphs showing the sources of Town revenue, the allocation of tax dollars, and a five-year trend of General Fund expenditures, highlighting that salaries and benefits continue to be the largest expense. Additional data included expenditures by function, annual percentage changes in revenues and expenditures, and a breakdown of the salaries and benefits budget.

An update received earlier that morning revealed that $484.1 million in property value is currently under appeal from the recent revaluation. The outcome of these appeals will not be known before the Town's budget is finalized.

A projected average monthly impact summary for FY2026 was shared:

- Property tax: Based on a proposed $0.50 rate (compared to a revenue-neutral rate of $0.45), the average increase would be $14.82 per month.
- Water: A 6% rate increase would raise the average monthly bill by $2.73 (based on 4,000 gallons/month usage).
- Sewer: A 12.5% rate increase would add $11.05 to the average monthly bill.
- Electric: A 2% rate increase would result in a $2.79 increase.
- Total projected monthly increase: $31.39

Davenport's updated financial analysis now incorporates recent land acquisitions. Their projection assumes the Town would finance $5 million and use $2.5 million in PAYGO funding, with downstream impacts in future budget years. Council discussed various proposed financial scenarios.

There was a focused discussion on the need to drill down into the budget as thoroughly as possible while recognizing the importance of maintaining current service levels and improving infrastructure. One suggestion was to cut the Fleet Management Program, though it was noted that vehicle replacements have been deferred for several years, creating current operational challenges.

Council also discussed the impact of continued residential growth, noting that "growth does not pay for itself." Emphasis was placed on the need to improve public communication regarding this issue. Insights from the recent CityVision conference were shared with council members noting that other municipalities are in more difficult financial positions.

Additional Council discussion included:

- Anticipation that the upcoming new sewer system may help stabilize long-term sewer rates.
- Support for affordable housing neighborhoods and an upcoming fixed-income senior development.
- No major concerns were raised about projected increases, as the data from nationwide consultants showed no significant red flags.

Mr. Cappola concluded by outlining the next steps, which include finalizing the numbers and preparing comparative year-over-year budget reports and account structure documentation. This information will be provided to Council in advance of the May 19, 2025 Council meeting.

7 CLOSED SESSION

a)
- To Discuss Legal Matter in Accordance with NC GS 143-318.11 (a)(3)
- 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)
- To Discuss Personnel Matter in Accordance with NC GS 143-318.11 (a)(6)

Motion To Go Into Closed Session

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

8 ADJOURNMENT

a) With nothing further, the meeting was adjourned at 4:50 p.m.

Motion To Adjourn

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

Duly adopted by the Town Council this 19th day of May 2025 while in regular session.

JMcLeod

Jody L. McLeod
Mayor

ATTEST:

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

Sam Johnson-Phillips

Sam Johnson-Phillips, CMC
Deputy Town Clerk