



Town of Clayton
Town Council Work Session Minutes
Monday, January 6, 2025 at 3:00 PM
Rotary Room, Town Hall
111 E. Second Street

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
Robert McKie, Finance Director
Allen Turnage, Electric Director
Ann Game, Revenue & Utility Customer Service
Director

Council Absent:

None

John Mack, Information Systems Director
Todd Melton, Budget Manager

1 CALL TO ORDER

- a) Mayor McLeod called the meeting to order at 3:03 p.m.

2 ADJUSTMENT OF THE AGENDA

- a) **Approve or Adjust the Agenda**

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

3 STAFF INTRODUCTIONS AND RECOGNITIONS

4 ITEMS FOR DISCUSSION

- a) 3:00 - 3:45 p.m.
Electric Department Load Management Update
Presenters: Allen Turnage, Electric Director and Ethan Poppe, Project
Coordinator

Mr. Cappola stated since the 90s it has been a Town requirement to install load management boxes on all properties; owners could opt into the program and receive credits on their utility bill. The more appliances enrolled; the more

credits received. Out of approximately 15,000 customers, about 3,640 are enrolled; 3,174 AC units are controlled; 2,236 water heaters are controlled; and 2,125 heat pumps are controlled.

Mr. Turnage discussed this program further in detail. He stated the Town's wholesale bill is split in two pieces: energy and demand. Our bill is about 60% demand.

Shared were the costs of the program for FY24:

- \$355,000 in credits
- \$25,000 per year for electricians to install and inspect boxes
- \$51,200 per year for staff and vehicle time
- \$132 per switch which equals \$39,600 per year (assuming 300 new customers per year)
- For a total of \$470,820 to continue the program

There was discussion on how the units operate. It was stated there is not an accurate way to tell how many units are working correctly. If a heat unit gets replaced, a lot of the time the boxes are disconnected, and staff is not made aware. Out of the approximately 3,640 boxes, we may only have about 1,800 working. Without sending staff door to door, we do not have a way to find out an accurate number that is working.

The policy did change a few years ago to state we would install the boxes we had on hand and stop installing when those ran out. It was stated if there were major problems with the boxes, we would have to hire an electrician.

Mr. Turnage stated that the Town hired a consultant to analyze the hourly electric consumption data of all residential customers and evaluate the program's effectiveness. The study compared customers enrolled in the program with non-participating customers during load control events. Results indicated that the most effective group consisted of 400 customers with AC and heat pump controls. However, the consultant's analysis found that, overall, the 3,640 enrolled customers had no measurable reduction in load. This means the \$470,820 program cost is not producing any measurable benefits, leading to the recommendation for its discontinuation.

Discussed were current customer savings offerings which include Home Energy Audits through Electricities, no-interest loans to residential customers for energy efficiency upgrades (new appliances, weather stripping, etc., and residential solar interconnections).

There was discussion on the options of moving forward with the Load Management program. It was stated there would be a cost either way we choose. The program could be slowly phased out, suddenly stopped, begin a Smart Thermostat program, or rate design. Phasing out the program would involve some combination of not allowing new customers and decreasing

credits; this option would have the lowest impact to our existing customers. Suddenly stopping the program would cause payments to stop on all load management credits and the Town may have some customers demand their load management boxes be removed, which would require hiring an electrician. It was stated suddenly stopping the program may be the most expensive option.

Beginning a Smart Thermostat program would help our customers save energy. This option would provide a free smart thermostat in exchange for cancellation of their load management credits. It was stated the rate design involves charging customers a rate that increases the cost of electricity during peak hours. The incentivizes customers to reduce electricity usage during the peak. This is a fairer across-the-board option and is discussed at almost every ElectriCities conference. If a customer uses more during peak, they would pay for it; if they use less during peak, they pay less.

There was discussion on ways to get the boxes back from our customers. Mr. Cappola suggested if a customer applies for a permit and we know they have a box, we can offer to deduct a certain amount off their bill when the box is returned. Council Member Anderson stated it looks like the rate design is the way to go. She stated a big part of this would be educating our citizens. Council Member Casey stated he liked the idea of sunseting the current program as the rate design program comes online. It was stated the soonest the rate design could happen would be FY27.

5 BREAK

a) 3:45 - 3:50 p.m.

6 ITEMS FOR DISCUSSION

a) 3:50 - 4:15 p.m.

Technology Update

Presenter: John Mack, Chief Information Officer

Mr. Mack stated there was a 3-year plan to move away from VC3 which has almost been met.

Shared were his department's accomplishments:

- Almost 95% of the town migrated away from VC3
- Full network infrastructure upgrade to include NextGen firewalls
- Redundant internet connectivity using IPSEC and SDWAN technologies
- Secure offsite backup installation and configuration on include office 365 data
- Internal server infrastructure installation and configuration
- CityWorks, New World, Active Directory migrations
- PC and Laptop iPad refresh

- To ensure technology stays up to date. He stated he is working on all being on a 3-year replacement cycle.
- GeoTab Implementation
 - This is for all fleet vehicles to use for GPS. It shows data such as seat belt violations and failure to stop at stop signs. He stated we are not fully utilizing the capabilities but would have more of a handle on this in the future.
- PD Toughbook refresh
- New Antivirus and VPN solution
- SharePoint deployment
- Multi Factor Authentication Implementation
- ArcticWolf Cyber Security Awareness Group
- NinjaOne RMM (Remote Monitoring and Management) for internal remote support and software patching
 - This helps users remote into laptops and can proactively let the end user know if they are running out of space.
- ATT First Net migration
 - For public safety, it has better service. Almost all Town phones have been switched over to this.
- Over 4200 service requests and over 130 new equipment requests completed
 - These requests have different degrees of difficulty.

Current Projects

- Town wide Wireless Infrastructure upgrade
 - There would be a kickoff meeting this Friday.
- Intune Deployment for mobile Device Management
 - This allows IT to have control over devices if in the event an employee leaves and the device is locked.
- Viva Goals configuration and implementation
 - This was discussed at the most recent Council retreat; it would be used to align strategic plan goals.
- SIEM (security information and event management) implementation
 - This is in progress; this piece of software would help us not to be compromised.
- CityWorks Respond Mode deployment
- IT Department Reorganization
 - He stated we have lost a few staff members, and this reorganization would help to keep some of the talent we currently have.
- Town Fiber optic repair upgrade
 - This process to get all the fiber lines tested and repaired and/or replaced. There has been discussion with Lumos on a possible partnership.
- Town barcoding asset inventory initiative

Future Projects

- Develop IT Master Plan
- Conduct an AI usage survey across dept. to identify pain points and process improvement opportunities
- API Systems integration
- Implement a zero-trust architecture across all endpoints, apps and data
- Enhance collaboration across all departments
- Staff development and skill building
- Data driven decision making

Mayor Pro Tem Sims stated ISSA has individuals from different municipalities; he asked if the Town would like to be a part of that? Mr. Mack stated yes, we are getting to a place where we can implement things like this. He stated we have the capability to do this with the League. Council Member Casey asked about the status of the Town-wide WiFi; Mr. Mack stated he would know more on Friday.

b) 4:15 - 4:40 p.m.

Mid-Year Budget Discussion/FY26 Budget Survey Launch

Presenters: Todd Melton, Budget Manager and Robert McKie, Finance Director

It was stated this is the third year we have conducted a mid-year budget review. Shared were the fund balance categories. Mr. McKie stated based upon the fund balance projection, we would see the operation target is 13.4% which leaves \$1.7M for discretionary purposes. He stated \$3.9M has been removed for land purchases.

Mr. Melton shared the budget process calendar for the fiscal year. He stated the budget kick off would be in January. The next few things for staff to keep in mind are revenue and expense changes and any positions that need to be added.

Mr. McKie shared and discussed mid-year numbers for the general fund. All departments have plugged in their estimates for the end of the year. We are seeing lower projections for contract services and lower maintenance projections for special projects. He stated salaries and benefits are going to be lower than projects.

A mid-year snapshot for the water and sewer fund was shared. He stated the model used for the budget had higher projections. There would be lower projections for the WWTP contract services and higher projections for Town utility costs. A mid-year for the electric fund was shared. He discussed lower projection costs for contract services and indicated a workers compensation expense.

He stated the only budget adjustments that have been made have been for the property acquisitions of \$3.9M.

Shared were the Operational Budget Considerations:

- Library renovation financing – PAYGO recommended
- Public safety complex & facilities financing strategy – LOBs
- Rolling stock acquisitions (Vehicle Replacement Plan)
- Staffing

Shared were final thoughts:

- Strategic Plan is a living roadmap and will evolve.
- Revaluation strategy – property values are expected to increase a minimum of 60%.
- Town of Clayton maintains a healthy reserve fund.
- Sales tax revenues remain stable (5.77% higher than FY 2024).
- Capital projects and programs included in the capital improvement plan remain a priority for successful completion.
- 40% possibility of an interest rate increase by the Federal Reserve in calendar 2025 due to the strong economy, potential for lower taxes, higher tariffs, and immigration restrictions.
- Ongoing recruitment of quality, professional staff.

Shared were recommended mid-year adjustments:

- Communications – Convert PT Communications Specialist to FT Communications Specialist
- Electric Enterprise – Create Apprenticeship position with intent to convert to FT Lineman after Apprenticeship period
- Human Resources – Create FT Safety Specialist position
- Human Resources – Convert PT File Technician position to FT
- Parks & Recreation – Convert PT Athletics Facility Supervisor to PPT
- Lobbyist contract - \$22K for FY26

Mr. Melton stated the official budget launch date would be February 3, 2025. A budget survey would be opened to the public for 6 weeks and all survey questions would be submitted to Council.

7 ADJOURNMENT

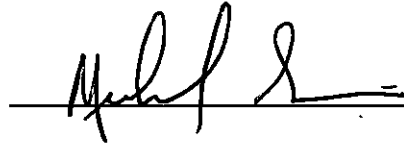
- a) With nothing further, the meeting was adjourned at 5:14 p.m.

Motion To Adjourn

RESULT:	CARRIED 5-0
MOVER:	Michael Sims
SECONDER:	Porter Casey
YES:	Andria Archer, Michael Sims, Porter Casey, Ruth Anderson, and Gretchen Williams

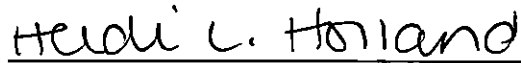
NO: None

Duly adopted by the Town Council this 3rd day of February 2025 while in regular session.



Michael Sims
Mayor Pro Tem

ATTEST:



Heidi L. Holland, CMC, NCCMC
Town Clerk

