Town of Clayton
Town Council Work Session Minutes
Monday, May 6, 2024 at 12:00 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 Gretchen Williams
Council Member Ruth Anderson

Council Absent:
None

Staff Present:
Rich Cappola, Town Manager
Jim Cauley, Town Attorney
Heidi Holland, Town Clerk
Dolores Gill, Deputy Town Manager
Lee Barbee, Deputy Town Manager
Robert McKie, Finance Director
Nathanael Shelton, Communications Officer
Joshua Baird, Engineering Director
Sam Johnson-Phillips, Deputy Town Clerk
David Ranes, Fire Chief
Michelle Snyder, Executive Asst. to Town Manager
Todd Melton, Budget Manager
Steven Langston, Clayton Center Director
Cathy Marraccini, Box Office Coordinator
Martha Vandergriff, Conference Center Coordinator
Mel Poole, Circulation Supervisor
Chris Gallant, Project Manager

1 CALL TO ORDER

a) Mayor McLeod called the meeting to order at 12:03 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, Gretchen Williams, and Ruth Anderson
NO:	None

3 WELCOME

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

Welcome
Review of Agenda
Work Outcomes
Presenter: Dolores Gill, Deputy Town Manager

Ms. Gill stated we would start this afternoon with an update on financial pieces and a Cultural Arts update. She provided an overview of topics on the agenda. She reminded everyone that Raftelis would be here on May 20, 2024 from 12-4:00 p.m. and from 4-5:00 p.m. would be final recommendations.

4 ITEMS FOR DISCUSSION

a) 12:15 - 12:45 p.m.
Cultural Arts Update
Presenter: Steven Langston, Cultural Arts Director; Cathy Marraccini, Box Office Manager; Martha Vandergriff, The Clayton Center

Martha Vandergriff, Conference Center Coordinator and Cathy Marraccini, Box Office Manager were present and provided an update on the Cultural Arts Department. Ms. Marraccini stated the last time they presented to Council they were in the middle of a large transition. She discussed the See It Live Branding. Continuous Improvement was shared which includes the continuous improvement was shared which includes maintaining healthy financials, maintain space utilization, refining strategic marketing and diversity offerings to serve broader audiences.

Shared was the focus of the department which includes See It Live Shows, family programming, school programming and rental events. Also, they support the town square series and in-house town rentals and functions.

Shared were the states of the See It Live financials. Ms. Vandergriff stated in FY23 2, 693 total tickets solid for an average of 336 tix per show. In FY24, 2,872 total tickets sold as of March 31 for an average of 410 tix per show. The Drifters were not in these stats; that was a sellout show. A dance floor was brought in for the Drifters show.

Revenues and expenditures were shared. She stated the goal is to try to get the artist's guarantee back. Shared were revenues for FY24 which are are $136,000 and expenses are $85,500. She stated they have made a big jump from last year to this year and are coming close to getting all expenses back.
Shared was a Cleveryls and Collinsworth settlement sheet, all of Council was provided with this. This showed variable expenses in detail.

Shared was the Family Financial Overview. She stated in FY23, 470 total tickets sold for a total of 235 tix per show for two shows. In FY24, 363 total tickets were sold for an average of 363 tickets per show (there was only one show). Shared was their settlement sheet.

Shared was the Student Stage Series Financial Overview. She stated these do not bring in any revenue other than grant money. These shows are free to students. She stated there were two shows in FY23. Cultural Arts partners with Johnston County Schools, they bus them in. She stated they have received positive feedback from these shows. She stated they would continue to research for grant opportunities.

They have received a $24,000 grant for upgrades to the auditorium the Town would have to provide the match.

Rental Events for the Auditorium stats for location fees were shared. They have seen an uptick in performance rentals. Revenue for FY24 through March 31, 2024, is $34,565 and projected for FY24 is $48,261. The department has doubled the number of promoter shows from FY23-FY24.

Council Member Casey asked, regarding the increase in pricing, how was the feedback? Ms. Vandergriff stated she doesn't think it has negatively impacted the sales; what it may affect is the small two-hour business meetings. She stated any show that was already on the books was grandfathered in. She stated WQDR left the Raleigh scene to come to The Clayton Center.

Discussed was Non-Auditorium Rentals. They have seen about a 16% increase. Revenue for FY24 (through March 31, 2024) was $48, 814 and projected in FY24 is $62,081. Shared was the additional support of Town's functions and details of the diversified programming.

Ms. Marraccini included a list of upcoming shows that are on sale. In addition, there are more shows that are in the works and have not yet been announced. Ms. Vandergriff stated they would continue to focus on maintaining the revenue/expense balance, building partnerships, promoting diversity, and broadening the Town's patron and client-base.

Council Member Anderson stated she was curious to see what the budget is for the Foundation, how that contribution relates back to the Town and how it is defined. Steven Langston, Cultural Arts Director, stated they would pass that request on to Lyn Austin, the Chair of the Foundation. Discussed was without the foundation holding the permits for alcohol, the shows would not be able to have alcohol. Also, there are grants that go through the foundation.

Council Member Sims asked if the diverse upcoming shows. Mr. Langston stated they are looking to add a Motown show and next April looking to add something for Black History Women's Month. Council Member Sims stated they need to be careful on how that is marketed. Council Member Anderson stated they need to think about Latin-American community also. Mr. Langston stated rentals have picked up with the Latin-American and the Indian community. There was further discussion on this. Discussion on working towards sponsorships with companies in the Town and on polling employees to see who they would like to see.

Ms. Gill stated they would move forward with a survey and come back to Council with the results. Council Member Casey asked if they could receive a report about the financials broke out and broken down per year as well as a report on utilization. Council Member Anderson stated it was helpful to understand how slow the process can be and how far out shows are booked out. Mayor McLeod stated we need to continue to cultivate the schools. If the day comes, we can't get grants, we would have to look into investing for outreach. He stated the department has done a great job. He stated the level of hospitality you get at The Clayton Center is the reason for the ticket increase; it boils down to the level of service and the whole experience.

b) 12:45 - 1:15 p.m.

Library Capital Project Design Update
Presenter: Chris Gallant, Project Manager

Chris Gallant stated he has been working with the library on renovation project; he stated this project is listed as #10 in the CIP projects. The goal of the project is to review previous efforts, review recent design progress and discuss next steps. He stated they have engaged with Davis Kane architects.

He provided history of the assessment Margaret Sullivan provided in 2018 which was presented to Council. Shared were three different scenarios. The discussion was to use the existing building and renovate it. Margaret Sullivan was brought back in 2022 and did another assessment; four different schemes were created. This was presented to Council, minor renovations were the preferred choice, shared were these details. The intent was to modernize the building. The total cost was $2.77M back in 2022.

There was a town side facility assessment. Jacobs Engineering identified items that need attention within 5 years and between 5-10 years. Completed in 2023 was replacement of windows and roof. In 5-10 years, the items that would need attention is HVAC unit, electrical and plumbing fixtures, fire alarm and security, and entrance doors. It was stated this building has been added onto several times. Shared was a floorplan of how the building Is currently being used.
He stated grant funding is available. There is a $250,000 grant available that can be used to design and construction. This expires in October 2025. $47,000 is available from the Coronavirus State Fiscal Recovery Funds but can only be used for items such as furniture and staff. This grant must be used before December 2024. A grant from the Friends of the Library is also available for $100,000; there is no expiration date.

He stated they have engaged a design firm with David Kane, they started with an existing site review. Staff visited surrounding area libraries, then schematic design package was started. Shared were key highlights during surrounding area libraries. Examples are history room, open design, storage, furniture, bar tops, openness and visibility, study room, RFID system, computer stations, meeting/conference room and workspace/tables.

Shared was a wall demolition plan from Davis Kane. This plan showed how to open up structural walls to open the space up. Shared was the new floor plan. Shared were plans for built-in seating, a larger shaped storage room, larger circulation desk, a dedicated space for staff, and to open up the floor for safety issues. It also showed providing staff with a separate door to go in, having a break room, a study room for teens with built in desks and a staff conference room that could be booked. Shared was a furniture plan. She stated they are trying to reuse furniture as much as possible.

Costs incurred from previous efforts were shared. The total spent on previous studies were $117,692.16.

For current work and pulling from the $250,000 grant, that leaves with $42,100. The next steps would be to proceed with design, utilize existing grant funding, and create a shovel ready project. Architects Davis Kane estimated construction cost $1,641,000.

This number includes 4" Qtr market escalation, full interior fit up, non-phased construction, and there is no sprinkler system.

A budget was put together which is $2,250,000; shared were all the components that make up this number. This includes full designs costs, construction costs, and designer construction costs. This includes the $250,000 grant but not the Friends of the Library grant, so the cost could go down $100,000. Shared were benefits to proceeding with construction: avoid upcoming code changes, carry design momentum and staff, reduce cost escalation risk, utilize additional grant funds efficiently, create a modern facility and capture upcoming facility maintenance items.

There was discussion on looking for space during the renovation. Mr. Cappola stated we would have to get a lease somewhere for about a year. Ms. Gill introduced Mel Poole, Circulation Supervisory, who has been taking on additional duties since Joy Garretson's leaving. Council Member Casey asked if we are expanding the children's area. Ms. Poole stated the shelving would be slightly reduced; however, the space would become slightly bigger than it is currently.

Council Member Archer appreciated that Mr. Gallant visited the other libraries. She stated she would like to know how the staff feels about this. Ms. Poole stated the staff's concern is safety. She shared concerns about the current layout of the library and the lack of exits. Council Member Archer discussed this item in the budget and the cost of this project. Mayor McLeod asked in the design, what could we do without and is it more important to have more meeting room space or space for children? Ms. Poole stated the meetings rooms are rented for free, there is no revenue. There was discussion on possible satellite locations. Council Member Archer stated we have a lot of money and time invested so far.

It was consensus of Council to move forward with the current proposed plan from Davis Kane. The funds are available to take this to full design. Mr. Gallant stated he would tell the designer to design this for the new code.

5 BREAK

a) 1:15 - 1:30 p.m.
Break

6 ITEMS FOR DISCUSSION

a) 1:30 - 2:00 p.m.
County Fire Tax Plan Information and Implications
Fireman's Relief Fund
Presenter: Chief Ranes, Fire Chief

County Tax Fire Plan Information and Implications
Chief Ranes stated there are two topics to update on. There was discussion on the fire service districts to be combined into a single service tax district. This would be effective July 1, 2024. This impacts county jurisdiction only – no municipal district impact. There was discussion on the struggles some municipalities have with their budget. Outside of Clayton, their fire tax will go up. The cost of the increase has not been determined. This tax provides standard funding avenue for all Johnston County fire departments with a minimum budget of $300,000 annually. This tax would require

minimum performance parameters (minimum staffing of 1 firefighter Monday-Friday from 8 a.m.-5 p.m.; minimum level of medical responder (effective 1/1/2025); and future dispatch will include closest station dispatch.

He stated the goal is to implement common practices county wide for data collection and provide a budget process that addresses and fulfills the needs of departments to provide a reasonably equal level of service. We would still work off the 15 cents tax for the next two years.

Shared was a project matrix. Discussed was the matrix of performance and the money received for different calls/responses. Received is about $233,000 from the matrix performance in addition to the tax base.

Clayton Firefighters Relief Fund
This was established in 1907 to assist firefighters injured in line of duty. This is funded by a portion of the gross premium tax and funded by one half of one percent tax. When there is a line of duty death, this fund would issue a lump sum of money to the family. Other uses of the money were discussed; some of these include Treasures GAP insurance, Johnston County Benevolence Fund Assessment, retirement, critical illness policy, scholarships, medical physical and exams, pension fund dues, workman's comp premiums, as well as other approved uses. Maximum is 2500 times the number of staff on the roster and the minimum is 500 times the number of staff on the roster. 5 members make up this board; shared were these members. Board Member Nancy Medlin has decided to step down after 25 years. Council would need to decide who to appoint in her place and if this board would like to have term limits.

Chief Ranes stated he would like to recommend Wayne Wallace to fill Ms. Medlin's position. He shared information about Mr. Wallace. The vacancy would be available July 1, 2024. Council Member Anderson stated she would be fine with appointing Chief Ranes' recommendation. Council Member Archer stated she agrees with Council Member Anderson.

Council Member Anderson made a motion to appoint Wayne Wallace; seconded by Mayor Pro Tem Sims.

Motion to Appoint Wayne Wallace

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

7 BREAK

a) 2:00 - 2:15 p.m.
Break

8 ITEMS FOR DISCUSSION

a) 2:15 - 5:00 p.m.

Presentation of FY25 Budget Recommendations
Presenter: Rich Cappola, Town Manager and Robert McKie, Finance Director

Mr. Cappola presented the manager's recommended budget. The budget balance for the general fund is $52.8M, water and sewer is $59.5 M and electric at $19.5M putting the Town's total operation at $133M. Shared were recommended new positions and where the money would come from. tax dollars are being spent was shared; the biggest expense is public safety and public services which both take up about 50% of the budget.

Budget Highlights

- General Fund budget is balanced at $52.8 million. Capital outlay is $9.2 million. Leveraged debt financing and fund balance appropriation to balance the budget.
- Water & Sewer Fund budget is balanced at $59.5 million. Capital outlay is $18 million. A 12.2% combined rate increase is recommended for FY 2025 compared to the projected 16.3% combined rate increase in the prior year rate model
- Electric Fund budget is balanced at $19.5 million. Capital outlay is $2.6 million. A 3% rate increase is recommended for FY 2025 compared to the projected 5% rate increase in the prior year rate model.
- 22 new positions included at a cost of $1.5 million.

Economic Considerations

- Consumer Price Index (CPI) inflation rate was 3.5% in March compared to 5% for March 2023.
- Personal Consumption Expenditures (PCE) Price Index was 2.7% in March compared to 4.4% for March 2023.
- Federal Reserve policy – rein in inflation to 2% target.
    - Rate increases have stabilized.
    - Federal Funds rate has remained constant at 5.25% to 5.5% - highest in 20+ years.
    - Three rate reductions projected for calendar 2024 has shifted to one.
    - Investment income has been adjusted downward due to the anticipated rate cuts.
- GDP increased 3.2% in Q4 2023, 4.9% for Q3 2023, and 9.2% for 2022.
- Federal Reserve doesn't predict a recession in next three years (2024-2026).
    - Fears about Stagflation are mounting.
    - Stagflation – high inflation, low growth, and rising unemployment (1970s-era).
    - Federal Reserve stated no signs of Stagflation in the economy on May 1, 2024.

Major Revenue Assumptions

- Recommend $0.03 tax rate increase to $0.63 with a 99% collection rate.
- Ad Valorem property taxes will grow 12.1%. Value of $0.01=$318,500
- Sales tax revenues will decrease $19,400 compared to FY 2024 budget or 1.4% higher than the $8.9 million estimate for FY 2024. Is single digit annual growth the new norm?
- Single Fire District Funding (Johnston County Fire Protection Service District). Claytex Fire Service District abolished.

- Development revenue will decline slightly.

Employee Benefit Assumptions
- 5% pool for salary adjustments. 2% COLA effective July 1st.
- State Health Plan employer contribution increase = 11.2%.
- State Health Plan deficit without bailout for COVID-19 expenses.
- NC Retirement Fund employer contribution increase = 0.75% General and 1% for LEO.

What's New in the Budget
- 0.9 million fund balance appropriation – Streets program.
- $2.7 million installment financing for rolling stock, equipment, and IT infrastructure. First time since FY 2013.
- Property Maintenance reassigned to Public Services per recommendation from organization structure study.
- Salaries and benefits for Fire moved to Administration.
- Increased Days Cash on Hand to 120 in Electric Fund.

There was discussion of the increase in healthcare and reducing the number of GL Codes. Property maintenance has been put back into Public Works GL code and all personnel staff have been moved to Administration.

Shared were final thoughts. He stated with the strong growth in the Town, it does bring growing pains.
CIP Funding analysis was shared. It was stated that two more LAPP projects were approved. Those projects would need Town dollars associated with them. Top 10 CIP projects were shared as well as other Town projects.

Black and Veatch studies were shared which previously been shared with Council.

Mr. Cappola stated the fund balance conversation is at 30%; $13M would be required to maintain the fund balance with $4M on the table. That leaves us about $3M to play with. Trends on ad valorum tax revenue have slightly increased from last year, utility sales tax revenue has increased but are not as high as they would like.

Mr. Cappola asked Council for their direction on where they are feeling. The 3% increase that was discussed last year has been put into the budget. With 3%, Council would be asked to increase another 3% in the next couple years.

Comprehensive List of Fees and Charges have been distributed to all of Council. Council was provided a copy of a current bill as well as a proposed bill assuming the rates proposed. The average increase would be approximately $20.00.

Council Member Casey asked about the new Deputy Town Manager position, what is the expectations of that role? Mr. Cappola stated the idea is having the need to have more direct and availability from a leadership standpoint. Mayor McLeod stated the Council is not setting staff up for success if they do not have the manpower to share the workload. Mayor Pro Tem Sims he wants to make sure looking at comparisons, what does that look like and are we using the manpower to the best of their ability. Council Member Archer stated it is long overdue and she was glad to see it. Council

Member Casey stated he is not opposed to this but just wants to make sure this is the best use of funds. Ms. Gill stated one of the things they wanted this position to focus on is the KPIs and make sure the strategic plan gets implemented. There was discussion on private sector companies delegating duties to supervisory positions rather than hiring another upper-level staff member.

Mr. Cappola stated there are a lot of changes to the webpage and with the Communications Department working nights and weekends, the thought was to hire this position. Nathanael Shelton stated departments are manning their own departments. He stated they aren't able to keep up with the current changes needed on the website.

Council Member Williams stated she wants to be able to go back and tell the Library Advisory Board why these positions are deferred and when they could possibly be filled. Mr. Cappola stated these positions would be reconsidered for next year's budget.

There was discussion on the rate increase. If the tax rate goes up, Council could lower the tax rate during the reconsideration year next year. There was discussion of the CIP projects and what is considered desired and what is considered necessary. There was detailed discussion on this increase. The presentation of five and the explanation of what you are receiving from this, you could go with the 3 increase and still don't have what you need. The five could be an easier thing to market. Mayor McLeod stated as long as Council communicates and shows them what they would get for the increase, the citizens get a better understanding. He stated it is very important how this is communicated.

It was consensus of Council to raise the tax rate to 5%.

Council Member Casey stated he would like to have talking points to discuss the position for the new Deputy Town Manager.

9 CLOSED SESSION

a) To Discuss Purchasing of Real Estate in Accordance with NC GS 143-318.11(a)(5)

Motion To Go Into Closed Session

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

Motion To Return To Open Session

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

NO:	None

10 ADJOURNMENT

a) With nothing further, the meeting was adjourned at 5:22 p.m.

Motion To Adjourn

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

Duly adopted by the Town Council this 20th day of May 2024 while in regular session.

Jody L. McLeod
Mayor

ATTEST:

Sam Johnson-Phillips
Deputy Town Clerk

TOWN OF CLAYTON
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