



**Town of Clayton
Town Council Work Session Minutes
Monday, April 6, 2026 at 12:00 PM
Council Chambers, Town Hall
111 E. Second Street**

Pursuant to N.C. General Statute § 143-318.10(e), these minutes provide a general summary of the Town Council meeting and do not represent a verbatim transcript. A complete video recording of this meeting is available for public access on the Town of Clayton's official YouTube channel: <https://www.youtube.com/user/TownofClaytonNC>.

Council Present:

Mayor Jody McLeod
Mayor Pro Tem Andria Archer
Council Member Ruth Anderson
Council Member Porter Casey
Council Member Amanda Underwood
Council Member Gretchen Williams

Council Absent:

Staff Present:

Rich Cappola, Town Manager
Jim Cauley, Town Attorney
Heidi Holland, Town Clerk
Dolores Gill, Chief of Staff and Strategic Initiatives
David Ranes, Fire Chief
Robert McKie, Finance Director
Nathanael Shelton, Communication Director
Todd Riddick, Parks and Recreation Director
Lauren Box, Assistant Parks and Rec. Director
Tucker Creech, Project Manager
Hannah Davis, Environmental Specialist
Alena Cook, Development Plan Reviewer
Kinsey Holton, Assistant Engineering Director
Kenya Walls, Human Resources Director
Laney Taylor, Budget and Performance Fellow
Todd Melton, Budget Manager
Chris Gallant, Capital Program Manager
Joshua Baird, Water Resources Director
Ann Game, Revenue & Utility Customer Service Director
Matt Proctor, Electric Director
Kerrie Greening, Utility Billing Supervisor

1. CALL TO ORDER

- a. Call To Order

Mayor McLeod called the meeting to order at 12:07 p.m.

2. ADJUSTMENT OF THE AGENDA

- a. Adopt or Adjust the Agenda

No adjustments were made to the agenda.

Adoption of Agenda as Presented

Result:	Passed 5-0
Mover:	Andria Archer
Seconded:	Porter Casey
Yes:	Andria Archer, Ruth Anderson, Porter Casey, Amanda Underwood, Gretchen Williams
No:	None
Absent:	

3. STAFF INTRODUCTIONS AND RECOGNITIONS

- a. 12:00 - 12:15 p.m.
Lauren Box, Assistant Parks and Recreation Director
Presenter:
Todd Riddick, Parks and Recreation Director

Tucker Creech, Project Manager
Hannah Davis, Environmental Specialist
Alena Cook, Development Plan Reviewer
Presenter:
Kinsey Holton, Assistant Engineering Director

Kenya Walls, Certification
Presenter:
Dolores Gill, Chief of Staff and Strategic Initiatives

New employees were introduced and staff recognitions were shared.

4. ITEMS FOR DISCUSSION

- a. 12:15 - 12:45 p.m.
Budget Survey Review
Presenter:
Laney Taylor, Budget and Performance Fellow

Laney Taylor, a participant in the UNC Chapel Hill Lead for North Carolina program, provided an overview of the Town's annual Budget Survey results. She shared approximately 1,600 responses were received, representing a broad range of residents, including both homeowners and renters, with a notable portion of respondents having lived in Clayton fewer than five years. Household size data showed two-person households as the most common.

The survey was organized around eight major themes: cultural arts; economic stability and growth; environmental sustainability; library; parks and recreation; public safety; transportation and infrastructure; and a vibrant and accessible downtown. She summarized key findings, noting economic stability and growth and public safety ranked highest in perceived importance,

followed closely by transportation and infrastructure. When asked how funding should be allocated, respondents prioritized public safety first, with transportation and infrastructure second.

Additional highlights included strong interest in family-friendly cultural events, concerts, infrastructure improvements aligned with growth, support for small businesses, environmental initiatives such as community forestry and stormwater programs, expanded library programming and digital access, maintenance of existing parks and facilities over new construction, sidewalk and greenway connectivity, pedestrian safety downtown, and expanded downtown dining, entertainment, and special events. She stated the primary overall takeaway from the survey was community concern about managing growth thoughtfully and transparently.

- b. 12:45 - 2:00 p.m.
Budget Summary
Presenter:
Todd Melton, Budget Manager

Todd Melton provided an overview of the Fiscal Year 2026–2027 budget development process. He outlined the timeline, including the December budget kickoff, departmental request submissions, departmental review meetings, and ongoing balancing efforts. Mr. Melton discussed external factors impacting the budget, including a new 2.4% state health plan surcharge and proposed changes to Johnston County fire district funding, together estimated at approximately \$1.1 million in additional costs.

Mr. Melton reviewed revenue assumptions, noting conservative projections of approximately 3% sales tax growth and property tax projections based on recent tax scrolls. He summarized departmental funding requests, totaling approximately \$8.8 million in the General Fund, resulting in a projected General Fund imbalance of approximately \$7.3 million. Requests are not yet prioritized, and balancing strategies are underway using the strategic plan, survey results, and operational needs.

Mr. Cappola provided additional context on the state health plan surcharge and fire district funding changes, noting limited flexibility regarding the health plan and ongoing discussions with county officials regarding fire funding. Chief Raines explained the evolving cost-sharing model and ongoing efforts to determine the true cost of operating the Fire Department, including indirect support costs, and how those figures may affect future funding calculations.

Council discussion included clarification of budget documents, fund distinctions, timing of decisions related to county fire funding, public communication strategies, and requests for clear talking points and increased transparency for residents.

Mr. Melton stated additional information would be provided as the budget process progresses, including enterprise fund discussions, updated revenue projections, and a Manager's Recommended Budget with a public hearing scheduled for May 18, 2026. Mr. Cappola thanked Council for feedback and reiterated appreciation for departmental efforts during the budget process.

5. BREAK

- a. 2:00 - 2:10 p.m.

6. ITEMS FOR DISCUSSION

- a. 2:10 - 2:30 p.m.
CIP Project Scoring

Presenter:

Christopher Gallant, Capital Program Manager

Mr. Gallant provided a brief presentation recapping the current status of the CIP prioritization process. He reviewed the annual CIP process and stated staff had compiled Council-assigned scoring to reflect overall project priorities. He stated projects were grouped into three categories: committed projects, ranked projects, and remaining projects.

The committed projects category included projects currently underway or in active development. These projects are not rescored annually and are provided to the Davenport as part of long-term affordability modeling. Mr. Gallant stated that while 23 projects are listed as committed, several include multiple sub-projects. He emphasized commitment indicates active work and evaluation rather than guaranteed construction.

Mr. Gallant then reviewed the ranked projects and described how the scores received from Council were applied to identify priority projects. A top-ten list was presented for clarity, followed by a list of remaining projects with lower cumulative scores. He noted that Council and staff priorities were largely aligned and the intent of the ranking process is to guide future movement of projects into the committed category as capacity and funding allow.

Council discussion focused on clarity between committed and ranked projects, transparency for the public, and the usefulness of separating active projects from future planning items. Council members expressed appreciation for the improved CIP scoring process, transparency, and public accessibility, noting the process is clearer and more understandable than in prior years.

Mr. Gallant explained the project identification numbers correspond to project category and the year they were introduced, allowing staff and Council to track project longevity.

Mr. Cappola stated some projects may remain on the list for several years due to complexity, funding needs, or phasing requirements. He stated the CIP scoring process supports long-range planning, readiness for grant opportunities, and effective allocation of resources. Council members thanked staff for their work and collaborative efforts.

Council thanked Mr. Gallant for the presentation, and the Mayor McLeod announced a brief recess.

- b. 2:30 - 3:30 p.m.
Water/Sewer Initial Rate Presentation

Presenter:

Joshua Baird, Water Resources Director

Mr. Baird provided a preliminary overview of a five-year financial plan for the Water and Sewer Enterprise Fund. He stated staff worked with consultants from Black & Veatch to prepare initial forecasting models and emphasized the information presented was preliminary, with additional refinement and formal recommendations to be brought forward later in the budget process.

Mr. Baird reviewed the overall utility system, noting the Town serves more than 12,000 water accounts and approximately 11,000 sewer accounts, operates over 140 miles of water distribution lines and 170 miles of sewer collection system, and manages a wastewater treatment plant while nearing completion of the Sam's Branch Water Reclamation Facility. He stated the utility generates approximately \$38 million annually and operates as a self-supporting enterprise fund with no tax subsidy.

He discussed core financial principles guiding the utility, including self-sufficiency through user fees, maintaining adequate reserves, long-term financial stability, equitable rate structures aligned with cost of service, and statutory limitations governing system development fees. He explained revenue sources, including base and usage-based rates, system development fees for new capacity, and rate stabilization reserves, as well as expenditures for operations and maintenance, debt service, capital improvements, and required reserves.

He outlined key planning assumptions, including projected annual growth in water and sewer accounts, increased flow volumes, and conservative forecasting given current economic uncertainty. He explained that system development fees are charged to new development, are restricted by statute, reviewed every five years, and implemented through a stepped increase previously adopted by Council rather than at the statutory maximum.

He reviewed major cost drivers affecting the five-year outlook, including increased operations and maintenance costs, new facilities coming online, rising bulk water purchase rates from the county, and substantial capital investment needs. He focused particularly on long-term water supply planning, describing two major projects under consideration: a joint Lower Neuse River Water Supply Project with Johnston County and a Pool Road interconnection with the City of Raleigh. He stated current projections indicate additional water supply would be needed by 2029–2030 and that relying solely on the county project, currently projected for completion in 2033, presents timing concerns.

Mr. Baird explained preliminary financial modeling assumes pursuit of both projects as a conservative, worst-case scenario, resulting in projected water and sewer rate increases over the planning period and highlighting challenges related to reserve targets and debt service coverage ratios. He stated staff continues to work with county and regional partners to explore phasing, coordination, and alternative scenarios that could reduce rate impacts and provide redundancy and reliability.

He also discussed anticipated impacts from the transfer of county water assets as service areas expand, noting that potential changes to county policies could affect future capital and financial assumptions. He stated these uncertainties remain under review and could influence final recommendations.

Presented was benchmarking information comparing Clayton's historical rates to statewide medians and similarly situated municipalities, noting Clayton historically charged below-average rates but is now experiencing upward pressure due to deferred projects and rising costs. Mr. Baird stated staff is working to minimize impacts to ratepayers while ensuring adequate infrastructure and service reliability.

Council members asked questions regarding the Pool Road interconnection, capacity commitments, growth projections, long-term cost stabilization, treatment of system development fees, and wastewater planning horizons. Clarification was provided on assumptions, forecasting

methodology, and the statutory distinctions between ratepayer revenues and development-related fees.

Mr. Cappola stated while several variables remain unresolved, staff intended to continue refining analyses and exploring regional coordination opportunities with the goal of bringing forward a recommended water and sewer enterprise budget that minimizes rate impacts while maintaining system reliability and long-term sustainability.

- c. 3:30 - 4:15 p.m.
Electric Rate Presentation
Presenters:
Craig Brown and Ryan Collins, 1898

Craig Brown and Ryan Collins of 1898 & Co., the Town's electric rate consultants, presented a preliminary update on the Electric Enterprise Fund rate study for Fiscal Year 2026–2027. Mr. Brown provided an overview of the rate study process, explaining it includes financial planning and revenue requirements, periodic cost-of-service analysis to ensure equity among customer classes, and rate design. This year's work focuses on financial planning and rate design, with prior studies indicating rate classes are generally equitable.

Mr. Collins reviewed customer growth and energy sales forecasts, noting continued residential growth and anticipated additional load related to the new wastewater treatment plant. He explained a peak-shaving generator at the plant is expected to help reduce coincident peak demand, though those savings were conservatively excluded from the current forecast. Mr. Collins reviewed the electric Capital Improvement Program, highlighting timing of major projects, financing assumptions, and the use of existing and future bond issuances to moderate rate impacts.

Mr. Collins presented projected revenue requirements under existing rates and demonstrated that rising power supply costs, capital needs, and operating expenses would reduce key financial metrics over time without rate adjustments. He reviewed proposed rate adjustments, recommending a 2.5% increase for Fiscal Year 2026–2027, followed by similar increases in subsequent years, with slightly higher increases in later years driven by larger capital projects. He noted the proposal maintains targeted cash reserves and debt service coverage ratios while minimizing rate impacts.

The consultants reviewed proposed rate design adjustments across customer classes, including modest increases to customer charges and simplification of certain commercial rate structures. Residential impacts were described as modest, with the average customer experiencing an increase of approximately \$15 per year.

The presentation also addressed commercial electric vehicle (EV) charging, specifically Level 3 fast chargers. The consultants explained these chargers could significantly impact coincident peak demand due to their high, short-duration loads. Several rate design options were evaluated, and the consultants recommended that commercial Level 3 EV charging customers be placed on the existing coincident peak rate to ensure appropriate cost recovery and system protection until more specialized EV rate structures can be implemented.

Council members asked questions regarding rate classes, coincident peak impacts, EV

charging infrastructure, and the potential effects on residents and businesses.

Matt Proctor and consultants clarified the proposed EV-related rate treatment applies only to large commercial charging stations and not to residential or Level 2 chargers.

Council emphasized the importance of clear public communication regarding the rationale for these rate structures.

7. BREAK

- a. 4:15 - 4:20 p.m.

8. ITEMS FOR DISCUSSION

- a. 4:20 - 4:45 p.m.
Bill Printing vs. Electronic Bills Update
Presenters:
Ann Game, Revenue & Utility Customer Service Director and Kerrie Greening,
Utility Billing Supervisor

Ms. Game and Ms. Greening presented an overview of the cost comparison between printed utility bills and electronic billing, stating printed bills incur costs for printing, inserts, and postage, while electronic bills cost significantly less to deliver. For March, staff compared the number of mailed versus electronic bills and highlighted ongoing monthly savings associated with electronic billing. They stated customers receiving electronic bills receive the same bill format and inserts as mailed bills.

Outlined were three proposed strategies to reduce billing costs, improve customer convenience, and promote environmentally friendly practices:

- Automatic enrollment of new customers in electronic billing, effective May 1, 2026, with the option to opt out and receive paper billing.
- Continued promotion of electronic billing for existing customers through staff interaction and a coordinated communications campaign.
- Potential implementation of a paper billing fee, proposed for January 1, 2027, to recoup mailing and printing costs for customers who choose to continue paper billing.

Ms. Game estimated that mailing bills costs the utility approximately \$120,000 annually and stated postage costs continue to increase. She stated cost savings from increased electronic billing would benefit all utility customers by helping offset overall utility expenses.

Council discussed the benefits of electronic billing, including cost savings, environmental impacts, and customer convenience. They shared their concerns regarding customers who may lack access to email or computers, particularly seniors and residents on fixed incomes, and emphasized that any future paper billing fee should not create a hardship or barrier to bill payment. Possible exemptions, incentives, accommodations, and hardship considerations were discussed.

Council expressed support for implementing Strategies 1 and 2 immediately, including automatic electronic billing for new customers with opt-out provisions and expanded

communications to encourage existing customers to switch to electronic billing. It was suggested to improve visibility of electronic billing sign-up information on utility bills, the Town website, and other communication channels.

Council requested staff delay a decision on Strategy 3 (paper billing fee) until later in the year, allowing time to evaluate the impact of the first two strategies and gather additional data. Council asked staff to return with updated information and potential recommendations later in the year.

Additional discussion included opportunities for sustainability messaging, partnerships with local environmental groups, improvements to customer notifications, and future system enhancements such as text reminders, subject to software capabilities.

- b. 4:45 - 5:00 p.m.
Town of Clayton Utility Rate Webpage Launch
Presenter:
Nathanael Shelton, Communication Director

Mr. Shelton presented a newly developed Town of Clayton Utility Rate webpage, created to improve customer understanding of utility rates, billing components, and the Town's redesigned utility bill. He explained the webpage is intended as an educational tool to provide transparency and help customers better understand how their utility charges are calculated.

He reviewed the structure of the webpage, which included:

- A Utility Rate Overview explaining general rate information;
- An "Understanding Your Utility Bill" instructional video that walks customers through the redesigned bill line-by-line;
- A Utility Charges Explained section outlining base charges and usage-based charges;
- A dynamic chart showing the average residential utility bill broken out by electric, water, sewer, and irrigation, which updates automatically when the Town's Comprehensive List of Fees and Charges is updated.

He noted the video explains key components of the utility bill, including account information, usage summaries, service breakdowns, base charges versus commodity charges, tiered water rates, sewer billing methodology, tax treatment of electric service, irrigation billing differences, usage history, conservation tips, and available payment methods. The video also emphasized customer options for payment and bill review.

Council expressed appreciation for the multiple educational formats offered, including video, written explanations, and interactive charts, noting that different customers absorb information in different ways.

Council asked whether certain informational notices on the bill, particularly those related to electronic billing and usage comparison, could be made more visually prominent without incurring additional costs. Ms. Game indicated this would be reviewed and adjusted if feasible within the existing system.

Mr. Shelton indicated the webpage would be made publicly accessible as part of the ongoing effort to improve customer communication and transparency.

9. ADJOURNMENT

a. Adjourn

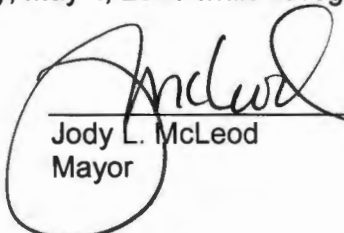
It was consensus of Council to go into Closed Session to discuss a personnel matter in accordance with NC GS 143-318.11(a)(6).

With nothing further, the meeting was adjourned at 3:47 p.m.

Motion To Adjourn

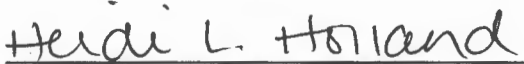
Result:	Passed 5-0
Mover:	Andria Archer
Second:	Ruth Anderson
Yes:	Andria Archer, Ruth Anderson, Porter Casey, Amanda Underwood, Gretchen Williams
No:	None
Absent:	

Duly Adopted by the Town Council on Monday, May 4, 2026 while in regular session.



 Jody L. McLeod
 Mayor

ATTEST:



 Heidi L. Holland, MMC, NCCMC
 Town Clerk

