

The Smithfield Town Council reconvened its May 7, 2019 meeting on Thursday, May 16, 2019 at 6:30 p.m. in the Council Chambers of the Smithfield Town Hall, Mayor M. Andy Moore presided.

Councilmen Present:

Mayor Pro-Tem Scott
David Stevens, District 2
Dr. David Barbour, District 4
Emery Ashley, At-Large
John A. Dunn, At-Large
Stephen Rabil, At-Large

Councilmen Absent

Marlon Lee, District 1

Administrative Staff Present

Michael Scott, Town Manager
John Blanton, Fire Chief
Lenny Branch, Public Works Director
Julie Edmonds, Admin. Support Specialist
Gary Johnson, Parks and Recreation
Tim Kerigan, Human Resources/PIO
R. Keith Powell, Chief of Police
Greg Siler, Finance Director

Reconvene: May 7, 2019 Meeting

Mayor Moore reconvened the meeting at 6:30 pm

Topics of Discussion

1. Salary Study Presentation

Town Manager Michael Scott introduced Matt Reece from Piedmont Triad Regional Council. Mr. Reece and his staff conducted the pay study for the Town. Mr. Reece provided an overview of the pay plan to the Council and how the process was completed. He explained while some entry level positions needed to be adjusted or increased, there were other positions that did not.

Councilman Ashley questioned if the data received was from the North Carolina League of Municipalities or if it was received from the actual Towns. Mr. Reece responded they received data from both sources.

Mr. Reece informed the Council it was his recommendation that the Town go back to the grading structure as was typical for government entities. He further recommended that the Town conduct regular pay studies. Mr. Reece stated that for a Town the size of Smithfield, a total pay study should be completed at least every five years. Some Towns do a 1/3 of its workforce over the course of a 3-5-year period.

Mr. Reece explained the pay grade changes. He stated to implement all the recommended adjustments; it would total \$239,000. This was for all employees in all three funds.

Councilman Ashley questioned if the analysis was based on cash compensation only or did it include benefits. Mr. Reece responded it was based solely on cash compensation.

Mayor Pro-Tem Scott questioned if the \$239,000 took into consideration the proposed 2.5% salary increase. Mr. Reece responded it did not, but his recommendation was to implement the increases from the salary study first. Then if the Town had enough funds to do performance or merit increases, it could do that for a portion of the year. The Town Manager stated if the Council chose to implement the salary study results by bringing employees to the average of the comparable then in reality, the Town would still be behind a year because of when the data was collected.

Mayor Pro-Tem Scott also questioned Mr. Reece's recommendation on providing merit versus COLA increases to employees. Mr. Reece responded if the Town looked at the compensation system, you should consider adjusting the minimum and maximum salaries yearly to have progression in each pay range. A merit increase was considered an increase for all employees because the organization as a whole has done well. Performance increases are based on the performance of each individual employee. The issues with performance-based increases is that the Town has to have a performance system in place. Across the Board increases are pay increases provided to all employees. COLA increases are typically tied to some external factor. Mr. Reece explained that most Towns provide

merit or across the board increases and anyone over the maximum salary range are provided a one-time bonus.

2. Sam's Branch Development

Town Manager Michael Scott informed the Council that the developer of the East River, Sam's Branch Development, was requesting approval to award the East River phase 1 contract for the construction of public improvements to the Fred Smith Company as the lowest qualified bidder. The Town Manager explained as part of the reimbursement agreement with the Town, the developer must abide by all North Carolina bidding laws.

Councilman Barbour made a motion, seconded by Councilman Rabil, to award Phase 1 of East River to Fred Smith Company in the amount of \$386,350.00. Unanimously approved.

3. Electric rates

Town Manager Michael Scott informed the Council that the Town hired UFS to provide an update to the Electric Rates as it related to the 1.2% wholesale rate increase. UFS's recommendation was to leave the rates unchanged at this time because the Town can absorb those costs. Since there will be some potential wholesale rate increases in the next two years, UFS is recommending completing a whole new analysis in the next fiscal year. There was a possibility that we could decrease some rates this year, but they would have to likely be increased next year. The Town Manager recommended to leave electric rates unchanged this year. Any funds not placed in the Electric Fund Balance would then revert to the Rate Stabilization Fund. Mayor Pro-Tem Scott questioned the amount of funds currently in the Rate Stabilization Fund. The Town Manager responded the amount would not be known until the end of the fiscal year.

It was the consensus of the Town Council to leave the electric rates unchanged.

4. Capital Projects

a. Fire Engine

Town Manager Michael Scott informed the Council there was a need to purchase a fire engine to replace one of the American LaFrance trucks. Estimated cost for the fire engine was \$565,000. The Town Manager explained the new ladder truck should be delivered by July. The old ladder truck could be surplussed and those revenues could be used towards the purchase of the new fire engine. Councilman Rabil questioned what was the estimated funds that could be received from the sale of the ladder truck. Fire Chief John Blanton responded he estimated it to be \$25,000 - \$35,000, but there may be some local interest in purchasing the ladder truck. Councilman Barbour questioned the life cycle of a fire engine. Chief Blanton responded the life cycle for a fire engine is typically 25 years, but purchasing this engine was put off because of the economy. Chief Blanton also stated the fire engine in need of replacement is an American LaFrance truck. Since the company is out of business, finding parts for it is nearly impossible because the company trademarked all its parts. This engine also has been in and out of service for approximately 10 months and it has cost the Town over \$17,000 for repairs.

Councilman Barbour questioned how the Town would pay for the fire engine. The Town Manager responded staff would seek out a loan from local banks as it did for the fire engine that was purchased in 2017. Since it takes over 9 months to construct the fire engine, a debt service payment would not have to be made in this fiscal year. The Town Manager further explained that with the Town's debt ratio, the Town could finance the fire engine. He reminded the Council that after next year, there will still be a lot of long-term debt for the Town. Councilman Ashley asked for the Town Manager's recommendation. The Town Manager responded his recommendation was to purchase the fire engine and funds received from the surplus of the other fire engine/ ladder truck could be used towards the purchase of the new engine. The Town should finance the remaining balance, but no decision on funding or financing would need to be made until the Town received loan bids from local banks.

Mayor Pro-Tem Scott made a motion, seconded by Councilman Barbour, to include the purchase of a new fire engine into the FY 2019-2020 budget. Unanimously approved.

b. Building Expansion at the Police Department

The Town Manager informed the Council that a decision had not been made on the expansion of the Police Department. The Town Manager explained that the Police Department had outgrown its space. It was the recommendation of the Town Manager to begin the process by placing funds in the budget for the design plans.

Councilman Dunn made a motion, seconded by Councilman Rabil, to include \$27,000 in the budget for the design plans of the building expansion of the Police Department. Unanimously approved.

c. Hospital Transformer

Town Manager Michael Scott informed the Council that after further research it was determined that the transformer at the hospital was the responsibility of the Town. He reminded the Council that there was \$120,000 included in the budget to elevate the transformer since it was flooded during Hurricane Matthew. It was the consensus of the Council to leave those funds in the budget for the elevation of the transformer at the hospital.

5. Fee Schedule

Town Manager Michael Scott reviewed the Fee Schedule with the Town Council. He explained the proposed fees were recommendations made by staff. It was the consensus of the Town Council to follow the recommendation of Town Staff and approve the draft fee schedule as was presented.

6. General Fund

Town Manager Michael Scott informed the Council that based on the latest projections from revaluation, the revenue neutral rate was \$.5230 this is down from the April 11th projection of \$.5371. This equates to \$211,000.

Mayor Pro-Tem Scott reminded the Council of the financial danger the Town was once in. He stated for the Town to be successful, the tax rate should remain at \$.57.

Councilman Ashley stated that leaving the tax rate at \$.57 was a tax increase to some and a decrease to others based on their property's value.

Councilman Barbour stated other Towns increased their tax rate, fees and motor vehicle tax. He stated the Council should try to fix any problems within the Town now and prepare the Town for the future growth. He further stated the Town did not increase the tax rate; taxes were increased because of revaluation.

Councilman Dunn stated that every year expenses increase and none of those costs can be passed on the customer because they are General Fund services. It was his opinion that the Town was in a position to address the needs of the Town by leaving the tax rate unchanged.

Councilman Stevens stated these additional funds could be used to make the Town more attractive.

Councilman Ashley asked the Town Manager to provide data on the Town's tax base prior to revaluation. He also questioned if the Town was able to pay for its growth and how much that growth has increased the Town's budget. He further questioned if the Town ever double checked the County's tax collection figures. Finance Director Greg Siler stated the tax collection revenues are reviewed during the audit process. Mayor Pro-Tem Scott questioned when was the last time the tax rate was changed in Smithfield. Mayor Moore responded the tax rate has been \$.57 since 2003.

Councilman Rabil questioned what would be the decrease in revenues if the tax rate was decreased by \$.02. The Town Manager estimated the decrease would be approximately \$400,000

It was the consensus of the Council to leave the tax rate unchanged at \$.57

Mayor Pro-Tem Scott asked Town Manager Michael Scott to review the two new positions that were proposed in the budget. The Town Manager responded both positions were in the General Fund and both would be hired on or after January 1, 2020. Those positions were an Assistant Finance Director and a full-time Administrative Support Specialist at the Fire Department

Councilman Barbour questioned the decision about funding for the non-profit agencies. Mayor Pro-Tem Scott responded that most of them remain status quo. The Town Manager responded there was an increase for the Library. There was also an additional \$1,000 added for the local school since there are six schools in the Town. DSDC funds were decreased because of the motor vehicle taxes they are receiving. Also, \$2,000 was placed in the budget for the Community Garden

Adjourn

Councilman Ashley made a motion, seconded by Councilman Stevens, to adjourn the meeting. The meeting adjourned at 9:05 pm.

ATTEST:

M. Andy Moore, Mayor

Shannan L. Parrish, Town Clerk