

The Smithfield Town Council continued the recessed May 2, 2017 meeting on Wednesday, May 10, 2017 at 6:30 p.m. in the Council Chambers of the Smithfield Town Hall. Mayor M. Andy Moore presided.

Councilmen Present:

Emery D. Ashley, Mayor Pro-Tem
Marlon Lee, District 1
J. Perry Harris, District 2
Travis Scott, District 3
John A. Dunn, At-Large
Stephen Rabil, At-Large

Councilmen Absent

Roger A. Wood, District 4

Administrative Staff Present

Michael L. Scott, Town Manager
John Blanton, Fire Chief
Lenny Branch, Public Works Director
Ted Credle, Public Utilities Director
Paul Embler, Planning Director
Gary Johnson, Parks & Rec Director
Tim Kerigan, Human Resources/PIO
R. Keith Powell, Chief of Police
Greg Siler, Finance Director
Shannan Williams, Town Clerk

Mayor Moore reconvened the meeting at 6:30 pm.

Budget Discussion

1. General Fund Revenues

Finance Director Greg Siler informed the Council that General Fund revenues were essentially status quo. Mr. Siler stated there is no proposed increase in property tax. He further stated that \$25,000 will be appropriated from Fund Balance for tennis court resurfacing a Community Park from the Bingham Park sale funds.

Town Manager Michael Scott informed the Council of a bill currently in the General Assembly that if passed, would cut sales tax revenue to the Town by \$104,000. The shortfall has not been factored into the budget, but staff has a contingency plan in place.

2. General Government

Town Manager Michael Scott highlighted some line items in the General Government's proposed FY 17-18 budget. They are as follows:

- 10-4100-0200 Salary and wages: There is an increase in this line item due to the salary increase of the Town Manager. All salaries are split between the General Fund, the Water/Sewer Fund and the Electric Fund.
- 10-4100-0400 Professional Fees & Dues: There is an increase in this line item due to the need to contract with Cavanaugh McDonald for an Other Post Employee Benefits Study. Mr. Siler explained actuarial study that is required every three years. This is required because the Town does not set aside funds for retiree health benefits.
- 10-4100-1201 Legal Fees: There is a decrease in this line item due to reallocating \$5,000 to the Water/ Sewer Department and \$5,000 to the Electric Department for Town Attorney service provided to those enterprise funds.
- 10-4100-3303 IT Supplies: There is an increase in this line item due to the need for replacement computers and parts.
- 10-4100-7400 Capital Outlay: Proposed are the replacement of the conference room chairs and the codification of the Town's Code of Ordinances.

3. Employee Health & Dental Insurance

Town Manager Michael Scott informed the Council that proposed in this draft budget was an 8% increase in employee health insurance benefits. The Town's broker, Mark III, requested quotes from insurance carriers. The Town's current health insurance provider, First Carolina Care, submitted a quote with a 16% increase in premiums. Another company, Cigna, submitted a proposal with an 8% increase that offered virtually the same coverage as First Carolina Care. The broker did express some concerns that Cigna has a reputation of significant increases during the second year of renewals.

Human resources Director Tim Kerigan informed the Council that Cigna offered the most competitive bid. In the event that the Town chose to remain with First Carolina Care, approximately \$98,000 would need to be found in the current budget to account for the 16% increase. The Employee Benefits Committee met and agreed that they would like to stay with the current provider if possible. Staff asked the broker to contact First Carolina Care to inquire if they would reduce their proposed rate increase to 8%. They refused stating that the increases in claims are driving the increase in premiums.

Human Resources Director Tim Kerigan informed the Council that the broker also request quotes from dental insurance carriers. The current provider, Guardian, submitted a proposal with a 4.6% increase. This equates to an approximate \$2,000 a year increase. Another company, Ameritas, submitted a quote that is equivalent to the current plan. Ameritas also works on a fiscal year instead of a calendar year, thus lessening the confusion for employees. It was the recommendation of the Employee Benefits Committee to change dental carriers from Guardian to Ameritas

Councilman Harris directed staff to contact other municipalities who currently offer Cigna health insurance. He asked that they obtain information of typical rate increases and customer service.

Mayor Pro-Tem Ashley questioned if the NC League of Municipalities could assist with health insurance benefits. Human Resources Director Tim Kerigan responded that the League chose not to submit a quote. It is likely they chose not to submit a quote because of the upward trend in claims which were largely driven by retirees.

Councilman Harris questioned if it was feasible for the Town to be self-funded. Human Resources Director Tim Kerigan responded that after researching the idea, it was determined the Town of Smithfield's group is too small to be self-funded. Triangle J Council of Governments is working on a proposal for smaller municipalities to combine resources for a self-funded insurance pool.

Councilman Harris further questioned if the Town could possibly join the State Health Plan. Town manager Michael Scott responded when researching the State Health Plan staff could not locate an insurance provider that would cover the Town's retirees since the State Plan would not offer insurance to the Town's retirees. Unfortunately, no one was interested in providing insurance coverage to such a small groups.

4. Non Departmental

Town Manager Michael Scott highlighted some line items in the Non-Departmental's proposed FY 17-18 budget. They are as follows:

- 10-4110-5400 Insurance and Bonds: Final numbers are pending from the League, but staff anticipates that there will be a decrease in this line item.
- Nonprofit Agencies: There was only one new nonprofit agency, the Annie D. Jones Child Enrichment Fund, which requested funding.

Councilman Harris stated that he was not familiar with this nonprofit agency. Mayor Moore responded the nonprofit organization offers scholarships to children wishing to participate in Parks and Recreation activities. Councilman Lee further explained that most of the funds raised by this organization goes right back to the Town. It allows underprivileged children ages 6-8 the opportunity to participate in athletic programs, music and art programs. This it the first

year funds have been requested from the Town. In the past, all scholarships have been funded by donations.

- 10-4110-5710 Economic Development: Additional funds have not been allocated in this proposed budget. \$50,000 will be encumbered from the current budget to be used in the FY 17-18 budget.
- 10-4110-5711 Public Library: Margaret Marshall Executive Director of the Public Library of Smithfield and Johnston County informed the Council that she requested additional funding for salary increases for Library employees. The additional funding was not included in the draft budget.

Local School Support

Members of the Council questioned why funds were not appropriated for Local School Support. Town Manager Michael Scott responded a letter was submitted to the Robotics Club and the Town did not receive a request for funding. Mayor Moore stated that last year the Council discussed providing funds to other clubs or groups at Smithfield Selma High School. It was the consensus of Council to provide funding to Smithfield Selma High School for programs such as the Marching Band, ROTC or another group that was in need of funding.

Economic Development

Mayor Pro-Tem Ashley stated he would like staff to produce a first class publication that would tell the Smithfield Story. This would be produced digitally and in paper forms. Donna Bailey-Taylor executive Director of the Johnston County Visitor's Bureau informed the Council that her staff could produce such a publication. The Town's marketing committee could work with staff and it could be funded with tourism funds. Councilman Harris stated when the contingency visited the Town of Morganton, it was discovered that they have a full time employee that markets the Town. He explained that Town staff doesn't have the luxury of having time to do all the marketing of the Town.

Mayor Moore stated he would like to see the Town partner again with the High School to create videos of the Town. Economic Development Liaison Tim Kerigan responded he would like to purchase portable equipment to be utilized by the staff and students to create such videos. He explained that Electricities can also assist with videos and publications.

Harbor, Inc.

Harbor, Inc. Executive Director Katrusia Jones provided an update on Harbor and the assistance the organization has provided. She explained the effects of Hurricane Matthew on Harbor's new location.

PEG Channel

Councilman Scott informed the representatives from the nonprofit agencies in attendance that they can submit content to Town staff to be included on the Town's PEG channel.

5. Debt Service

Town Manager Michael Scott highlighted some line items in the Debt Service proposed FY 17-18 budget. They are as follows:

- 10-4120-9518 D/S Aquatics 2015 Equipment: This debt is a lease of fitness equipment with the debt service being satisfied next year. It is likely that a lease will be renewed for additional equipment.
- 10-4120-9524 1997 Stormwater General Obligation Bond: This debt service will be satisfied June 2018.

- 10-4120-9534 & 10-4120-9535 Aquatic Center Lona: These debt services will not mature until November 2027 and January 2028.
- 10-4120-9536 2008 Street Paving: This debt service will be satisfied May 2018.
- 10-4120-9542 Crossings Project: This debt service will be satisfied November 2018 the additional Smithfield Crossings Loan will not mature until January 2044.

Councilman Dunn questioned the salary adjustment line item. Town Manager Michael Scott responded the proposed 2% salary increase for General Fund employees were put into this line item until it is determined how it would be allocated. The Manager made a recommendation to the Council for a tiered salary adjustment whereby employees making \$40,000 or less would receive a 4% adjustment Employees earning \$40,001 to \$41,000 would receive a 2.5% adjustment. Employees earning \$41,001 to \$60,000 would receive a 2% adjustment. Employees earning more that \$60,000 would receive a 1% adjustment.

6. **Finance**

Finance Director Greg Siler informed the Council the Finance Department proposed FY 17-18 budget was essentially status quo. The major expense was \$137,500 in line item 10-4100-9200 Transfer to GF Capital Projects. This expense was for the replacement of the financial software package. Town Manager Michael Scott informed the Council the replacement of the financial software could be split between the general fund, the water/sewer fund and the electric fund since all three funds will utilize the software. It was the consensus of the Council to divide the cost of the software between the three funds.

7. **Planning**

Planning Director Paul Embler highlighted some line items in the Planning Department's proposed FY 17-18 budget. They are as follows:

- 10-4900-0200 Salaries: There is a decrease in this line item due to the Code Enforcement Officer being a part-time position.
- 10-4900-3501 Service Contracts: There is an increase in line item due to the need for a storm water action plan.

Stormwater Action Plan

Planning Director Paul Embler explained the Stormwater Action Plan will require a consultant to review what the Town has in its system and identify areas of concern. This is the first step of a three step process.

Councilman Harris explained to the Council that at some point there needed to be discussions concerning stormwater management.

Planning Director Paul Embler informed the Council there are two additional steps in developing a stormwater maintenance plan for the entire town. The Council would need to decide if stormwater would be treated as a utility or determine how the Town would fund stormwater management.

Mayor Pro-Tem Ashley stated former Town Manager Pete Connet proposed a stormwater tax, but it was never adopted. He explained that multiple studies have been conducted, but nothing has ever been acted on.

Councilman Scott questioned if a study was conducted in 1994 and not acted upon then why would another study be necessary. Planning Director Paul Embler responded the study conducted in 1984 by Tim Broom was a town wide study, but staff cannot locate a copy of the study. After Hurricane Matthew, staff reviewed the recent Spring Branch study conducted by Withers and Ravenel. That study revealed the areas that would flood and it was completely accurate. Also, during the construction of the Crossings Project as 72" pipe was installed alleviating some flooding.

Condemnations

Planning Director Paul Embler informed the Council that \$25,000 will be encumbered from this fiscal year and an additional \$ 25,000 is prosed in the FY 17-18 budget. Twenty-six properties have been identified. It is the hope of staff that the property owners will rehab their properties and condemnations will be unnecessary.

Councilman Harris directed staff to provide a monthly update to the Council on properties that have been identified as condemnable. He stated he doesn't want staff to think that \$50,000 is all that is allowed for condemnations. I they require more funding, staff is directed to bring it before Council for a decision.

Comprehensive Plan and Transportation Plan

Planning Director Paul Embler informed the Council that both the Comprehensive Plan and the Transportation Plan were removed from the proposed FY 17-18 budget. These plans will be needed for the growth around Buffalo Road and Wilson's Mills Road. He strongly suggested the Council fund these two plans in the near future. There will be only one Smithfield exit on the future Interstate 42 and the Town will need proper planning on that corridor. The Comprehensive Plan will show the development and use areas. It also allows staff to know where water/sewer lines will need to be installed.

Code Enforcement

Councilman Lee raised some concerns about the Code Enforcement Officer being a part-time employee instead of a full-time employee. Town Manager Michael Scott asked for time to give it a chance to work. He explained that the part-time employee is working 20 hours a week on code violations and the administrative assistant is processing all of the paperwork associated with the complaints. Whereas in the past, the full-time Code Enforcement Officer was processing all of his own paperwork.

Staff is considering employing someone for 10 hours each week to deal solely with tall grass complaints during the summer.

Recess

There being no further business, Mayor Pro- Tem Ashley made a motion, seconded by Councilman Scott, to recess the meeting until Monday, May 15, 2017 at 6:30 pm. unanimously approved.

ATTEST:

M. Andy Moore, Mayor

Shannan L. Williams, Town Clerk