

The Smithfield Town Council met in regular session on Tuesday, January 7, 2020 at 7:00 p.m. in the Council Chambers of the Smithfield Town Hall, Mayor M. Andy Moore presided.

Councilmen Present:

John A. Dunn, Mayor Pro-Tem
Travis Scott, District 3
Dr. David Barbour, District 4
Stephen Rabil, At-Large
Roger A. Wood, At-Large

Councilmen Absent

Marlon Lee, District 1
David Stevens, District 2

Administrative Staff Present

Michael Scott, Town Manager
John Blanton, Fire Chief
Lenny Branch, Public Works Director
Ted Credle, Public Utilities Director
Gary Johnson, Parks & Rec Director
Shannan Parrish, Town Clerk
R. Keith Powell, Chief of Police
Greg Siler, Finance Director
Stephen Wensman, Planning Director

Present:

Bob Spence, Town Attorney
Bill Dreitzler, Town Engineer

Administrative Staff Absent

Tim Kerigan, Human Resources/PIO

CALL TO ORDER

Mayor Moore called the meeting to order at 7:00.

INVOCATION

The invocation was given by Councilman Scott followed by the Pledge of Allegiance.

APPROVAL OF AGENDA:

Mayor Pro-Tem, Dunn made a motion, seconded by Councilman Rabil to approve the agenda with the following amendments:

- Add to Presentations: #5 Proclamation: All in Red Week
- Mover Consent Agenda Item #5: *Bid Award to Atlantic Coast Fire Trucks in the amount of \$560,500 for the purchase of a 2020 Smeal Fire Engine* to Business Item # 8
- Move Consent Agenda Item #4: *Bid Award to Performance Automotive for the purchase of Vehicles for the Police Department* to Business Item #9

Unanimously approved.

PRESENTATIONS:

1. Proclamation Honoring Carolyn Ennis's Service to the Library Board of Trustees

Mayor Moore presented a Proclamation to Carolyn Ennis for her years of service on the Library Board of Trustees

PROCLAMATION

In Honor of Carolyn Ennis's
Dedicated Service to the Public Library of Johnston
County & Smithfield Board of Trustees

WHEREAS, Carolyn Ennis has served as a member of the Public Library of Johnston County and Smithfield Board of Trustees for nearly thirty-six years; and

WHEREAS, through her service, it was apparent that Carolyn Ennis believed public libraries improved the quality of life for the residents of Smithfield; and

WHEREAS, the Town of Smithfield and its citizens have benefited greatly because of her particular interest and work on the Public Library of Johnston County and Smithfield Board of Trustees; and

WHEREAS, the citizens are fortunate to have had a person of such experience dedicate so many years of service to the Town of Smithfield; and

WHEREAS, The Town Council deeply appreciates the important contributions Carolyn Ennis has made to the Town of Smithfield and to the Public Library of Johnston County and Smithfield Board of Trustees.

NOW, THEREFORE, I, M. Andy Moore, Mayor of the Town of Smithfield along with the members of the Town Council, express our sincere appreciation to Carolyn Ennis for her distinguished service to the Town of Smithfield

2. Administering Oath of Office for new Fire Fighter Carl Chase Gurley

Mayor Moore administered the Oath of Office to new Fire Fighter Carl Chase Gurley and welcomed him to the Town of Smithfield.

3. Audit Presentation

Finance Director Greg Siler introduced Stuart Hill from the auditing firm of Thompson, Price, Scott and Adams, PA.

Mr. Hill informed the Council the overall audit was good with only a few suggestions. The audit report has been submitted to the Local Government Commission and has been approved. Mr. Hill provided the analysis of the general fund balance over the course of a 5 year period. The current overall fund balance is 90.66% which is better than the state average. The unassigned portion of the fund balance is 73.74%. He provided an analysis of revenues over expenditures, analysis of cash and fund balance in all three funds, tax collection percentages, analysis of property valuations and property tax levy amounts and an analysis of general fund revenues and expenses.

Councilman Wood questioned the statement in the audit letter concerning items that should be addressed to the Board. He further questioned why these items were repeated from last year and if that was common. Mr. Hill responded these items were recognized as measures for improvement. In Towns, there will always be issues which need to be addressed. Councilman Wood stated these statements provide more opportunity for improvement.

Councilman Barbour stated the collection rate percentage was outstanding. He questioned if Mr. Hill had seen an increase in other Towns' fund balances stating it could be attributed to the growing economy. Mr. Hill responded there was an overall increasing trend upwards. Councilman Barbour further questioned if Smithfield had a higher positive growth than others. Mr. Hill responded in the affirmative. Councilman Barbour stated the employees of the Town of Smithfield were to be credited with the positive financial growth of the Town.

Mayor Moore stated the fund balance percentage was outstanding for the Town of Smithfield's size. It was due to the work of the Council who put policies in place and to the Town Manager, to the Department Heads and to the Staff for working together.

4. UFS Water Study Presentation

Public Utilities Director Ted Credle introduced Mark Beauchamp with Utility Financial Solutions whose attendance was via conference call.

Mr. Beauchamp explained his firm was tasked with performing a long-term financial projection for the water and wastewater funds and a cost of service study. They were also tasked with determining how the costs are being recovered and if it's being done appropriately. As part of this study, they separated the funds into water and waste water. They looked at three target areas: debt coverage ratio, minimum cash and target operating income. Once you achieve the target operating income, you are fulling funding your operation and also the replacement costs of

infrastructure. As part of this study, we looked at your projections and capital improvements over a 5-year period. When building a financial projection, there are certain assumptions like annual inflation rates and growth rate of the system. Several years ago, the Town completed a cost of service study and implemented rate adjustments. In 2021, you have projected rate adjustments of 6.8% in water and 13.3% in wastewater. You have substantial debt of approximately \$12.3 million you will be issuing in 2020 and 2021 and capital improvements for both water and wastewater. These are all built into the financial modeling.

Mr. Beauchamp mentioned there were three key financial targets. The first is debt coverage ratio. In 2020, the debt coverage ratio was 2.59. We want to see you maintain target ratios of 1.4. The Town is above that every year. Therefore, the Town has the ability to repay its debt even with the proposed \$12.8 million of debt for the water fund. The second target is minimum cash. This is to make sure you have enough cash to cover your minimum needs for working capital and capital improvements that are not funded through debt. The utility fund needs to maintain minimum cash reserves of \$2.5 to \$3 million a year. When you look at the financial projection, the fund is above the minimum cash recommended in 2020 and decreases slightly which is not alarming. In looking at this the plan you implemented several years ago, it is working adequately. With that 6.8% increase it appears it will be in 2024-2025 before you will need another rate adjustment that would be in the 2-3% range. The water utility is very financially stable.

Councilman Scott questioned if the 6.8% rate increase would be realized for every customer including the bulk rate customer. Mr. Beauchamp responded the rate increase would be realized for all water customers including the wholesale customer.

Mr. Beauchamp explored some of the financial targets in more detail. The debt coverage ratio target is the amount of cash generated through the operation of the utility which is then compared to debt service payments. When it comes to rating agencies or ability to issue debt, you want to maintain a debt coverage ratio that is above a 1.4. It means the utilities operation has to generate 40% more cash than the amount of the debt service payment. It was determined the water utility will generate adequate funds in the projection period.

For the minimum cash reserve levels, we look at what the utility needs has to have in reserves. We also look at debt service payments and the capital improvement program. We also look at another factor that is somewhat suggestive like catastrophic events that could occur. We want to make sure the utility has enough cash in reserves to fund and start any repair or replacement processes. When we look at the age of the infrastructure, the water utility infrastructure is relatively new. Looking at it globally, your system is only about 42% depreciated. Across the United States, the average system is about 50% depreciated. When calculated, the projected minimum cash reserves are about \$2.7 million in 2020 and in 2021 almost \$3.5 million.

The target operating income, also called the utility basis target, is how accountants look at your financial statements. With this what we are trying to do is not just look at cash, but we want to make sure that when we set rates, we are adequately funding the eventual replacement of infrastructure. This target looks at depreciation expense which is a noncash expense that represents the annual wear and tear on your infrastructure. We want the rates to recover the target operating income because we don't want future customers to have to replace the infrastructure used by current customers.

Councilman Dunn questioned the increase in the historical base rate stating there was a modest increase of 3-4% in 2021-2024, but an increase of 51% in 2020-2021. Mr. Beauchamp responded the reason for the increase is because of the capital improvements in those 2 years. In 2020, you have \$7 million in capital improvements and in 2021 you have \$5 million which is adding to your rate base. We also recognize that the more assets your have in service, the more risk there is for having something bad happen to it.

Mr. Beauchamp explained the overall results of the cost of service study showed a bit of an unusual result. Overall, you are showing a total decrease in rates of 1.1% but the residential rate is showing the need for a decrease of 16.2%. However, the commercial rate shows the need for a 15.3% increase and industrial rate shows the need for a 12.5% increase. The primary driver for that increase is because your customer charges for residential are set appropriately right at the cost of service number but on the commercial and industrial number you are not charging them the

appropriate customer charges. Everyone gets charged the same customer charge, but from a cost perspective, that customer charge represents the potential demand on the infrastructure and system. When you get into commercial and industrial customers, they have larger meters which cost more to install and your current rate structure is not properly recognizing that. And your wholesale customer is right at the cost of service number. So, when we set the rates, we will try to rectify some of these difference. We are not going to be able to recognize them fully because of the impact it would have on the overall customers that needed increases. We'll move in that direct like when we do the 6.8% increase, residential customers may only see a 5% increase while commercial and industrial rates may see more of an increase.

Mr. Beauchamp explained the wastewater study that was done a few years ago, has a planned increase of 13.3% in 2021 which is built in this projection. The projected debt coverage ratio again the minimum is 1.4 which the Town surpasses. The minimum cash reserve calculation came out to \$1 million to just under and increased to about \$1.6 million over time, but your projected cash reserves are \$4.4 million to \$6.7 million. For your target operating income standpoint, the idea target operating income would be about \$225,000 a year and you are well above, but that has the 13.3% increase built in it. When you look at the water and the wastewater you definitely need the adjustment in water but the wastewater is very financially stable.

Councilman Rabil questioned if the 13.3% increase was removed when would another rate adjustment need to be implemented. Mr. Beauchamp responded if the 13.3% was removed you would probably need a 3% adjustment around 2023-2024.

Mr. Beauchamp stated the wastewater infrastructure is older. In 2020 you are at 50% depreciation which is the average. It increases every year because you don't have a real strong capital improvement plan for wastewater. When we calculated your minimum cash needs, the projected cash reserves are quite a bit above the need. The Town is exceeding the target operating income every year.

For the cost of service for wastewater, you can see that all the classes (if we were to set the rates at our target operating income) we would need an 8.3% downward adjustment. In wastewater, there is no weakness because they are treating all customers equally.

Town Attorney Bob Spence questioned if the figures were heavily dependent on what the county charges the town. Mr. Beauchamp responded in the affirmative. He explained if the county increases its rates, it would have an adverse impact on the Town and its rates. The increase would have to be passed on to the customer.

Mayor Pro-Tem Dunn questioned if the \$17.5 million in 2020-2021 included the water plant expansion. Mr. Credle responded that project was included in this analysis.

Councilman Scott questioned if the wholesale customer was omitted, what effect would it have on all the other customer rates. Mr. Beauchamp responded it would mean the other rates would have to increase 25-30%. The wholesale customer is contributing to the system.

Councilman Barbour stated if the wholesale customer was removed then there would not be a need for the \$17 million in capital improvements. If the capital improvements were taken out or greatly reduced how would that effect the other customers. Mr. Beauchamp responded the rates would still need to be increased by 13%. Mr. Beauchamp further explained the debt service payment for capital improvements would be approximately \$1 million and what is being recovered from the wholesale customer is approximately \$1.4 million.

Mr. Spence questioned if the wholesale revenue basically paid for the capital improvement and then some. Mr. Beauchamp responded in the affirmative.

Mayor Pro-Tem Dunn questioned the cost to make a gallon or 1000 gallons of water. Mr. Beauchamp responded when you are dealing with water and wastewater infrastructure most all of the costs are recovery of infrastructure. Variable costs include chemicals and electricity. For this study we used \$.30 for variable costs per thousand gallons. 96% of the cost is a fixed cost in the short term.

Mr. Credle explained the confusion is when we set our rates to all our customers there is a fixed cost and a usage cost. The fixed cost is set to recover the infrastructure. People want to know why the wholesale customer is charged less than the other classifications of users. Mr. Beauchamp explained the average cost is \$3.80 per unit. Comparing other users to the wholesale user, you have to remember that the wholesale customer only uses the transmission system and not the distribution system; therefore, they are not charged for the use of the distribution system. All other customers use both. Mr. Beauchamp explained the wholesale customer was a good customer that the Town is treating fairly and all other customers are benefitting from the wholesale customer.

Town Manager Michael Scott questioned the dollar amount of a 6.8% increase for a residential customer who uses 4000 gallons of water. Mr. Beauchamp responded it would be an increase of approximately \$1.98.

Councilman Scott stated there would not have to be a rate increase after 2021 until 2029. Mr. Beauchamp responded these projections should be reviewed in 2-3 years.

Mayor Moore stated Mr. Beauchamp stated there was a possibility for a rate adjustment in 2024-2025. Mr. Beauchamp responded the cash balances start to get significantly lower and he would feel more comfortable with an increase, but again the projections should be reviewed in 2-3 years.

Councilman Wood questioned if this was based on the current customers. Mr. Credle responded a .50% growth rate was built into the model. Mr. Beauchamp responded if there was significant growth in the Town, it would be almost a direct reduction in rates. With a 5% growth rate, the cash balances are above the minimum throughout the decade.

Councilman Scott requested that the PowerPoint presentation be made a part of the official minutes.

5. Proclamation - All in Red Week in the Town of Smithfield February 7th – 14th

Mayor Moore read the following Proclamation. He further stated his mother had been experiencing heart related issues for the past two years and asked for the Council to support the Proclamation.

Councilman Scott made a motion, seconded by Councilman Barbour, to adopt the proclamation. Unanimously approved.

**Proclamation
All in Red Week February 7th – 14th
In the Town of Smithfield, North Carolina**

Whereas, February 7, 2020 marks the launch of an 8-day County wide heart health awareness campaign called "ALL In RED Week", presented by Johnston Health and Dr. Eric Janis & the Janis Family Fund, and organized by the Johnston Health Foundation; and

Whereas, heart disease is the leading cause of death in the United States, North Carolina and Johnston County; and

Whereas, per the Center for Disease Control and Prevention (CDC), 80% of cases are preventable through education, resources and prevention; and

Whereas, per the 2019 Johnston County Community Health needs Assessment, significant health needs identified are: Access to Health Services, Economy, Exercise, Nutrition & Weight and Heart Disease & Stroke; and

Whereas, per the 2019 Johnston County Community Health needs Assessment Implementation Plan, Heart Disease and Stroke are on the top 5 health priorities in this county; and

Whereas, education on early screening and access to resources for quality treatment and is important; and

Whereas, the financial challenges of a heart patient in need is enormous and assistance from individuals and organizations will go a long way; and

Whereas, the campaign invites all of Johnston County and Town residents, business owners and visitors to participate in this initiative by wearing RED on February 7, 2020 which National Wear Red Day, and/or run a RED promo or fundraiser from February 7-14; and

Whereas, all funds raised within this campaign period will benefit local heart patients in need through the Johnston Health Foundation's Heart Fund; and

Whereas, the ALL IN RED WEEK supports Johnston Health's mission to improve the lives of the people in its communities, and the Johnston Health Foundation's mission to "Bridge the gap to provide quality healthcare close to home"; and

Whereas, the ALL IN RED WEEK is an opportunity to increase heart health awareness and the growing needs of local heart patients, and to encourage support not just from our county, but from residents in neighboring communities; and

Whereas, on this day, we recognize heart disease and stroke survivors, those battling the disease, their families who are their source of love and encouragement, and applaud the efforts of our medical professionals who provide quality care; and

NOW, THEREFORE, the Honorable Mayor M. Andy Moore and Smithfield Town Council do hereby proclaim February 7-14, 2020 as "ALL IN RED WEEK" and encourage businesses, industries and citizens in the community to support and participate in this event.

PUBLIC HEARINGS:

1. **Rezoning Request – Brightleaf Development Partners, LLC (RZ-19-02):** The applicant is requesting to rezone two parcels of land from the R-20A (Residential-Agricultural) to the B-3 (Highway Entrance Business) zoning district. The properties considered for rezoning are located on the northwest side of South Brightleaf Boulevard approximately 305 feet southwest of its intersection with Galilee Road. The properties are further identified as Johnston County Tax ID# 15J10032D & 15J10032E.

Councilman Barbour made a motion, seconded by Councilman Scott, to open the public hearing. Unanimously approved.

Planning Director Stephen Wensman stated there were three items on the agenda tonight for this development. They included the Public Hearing on the Rezoning Request, the Public Hearing on the Special Use Permit request and a business item requesting preliminary plat.

Mr. Wensman explained the present zoning was B-3 with R20A with the existing use being single-family detached residential. The proposed use would be single-family attached residential townhomes which are considered multi-family. Services provided by the Town would be fire protection, water and sewer. Duke Energy Progress would provide electric services. There would potentially be impact to the schools with additional students. The site would be subject to park dedication fees in lieu funds.

There are two existing single-family residential lots, 0.586 and 1.14 acres in size. To be removed with the development of the site. The property gently slopes away from S. Brightleaf Boulevard (US Highway 301). A drainage ditch runs along the front of the property within Brightleaf Boulevard (NCDOT) right-of-way. Duke Energy maintains overhead electric lines within the NCDOT right-of-way. There is an overhead electric line that crosses the front corner of the development site to a power pole located near the west property line. The rear half of the lot is covered with trees, however the size and quantity of trees is unknown (no tree preservation survey has been provided). There are no known wetlands on site and the development site is not within a flood zone. A single-family residential structure is situated very near the southwest property line. Another single-family residential property

exists to the north-east approximately five feet from the shared property line

Rezoning analysis:

The properties are currently zoned R20-A. The Comprehensive Growth Management Plan guides the property for medium density residential which includes multi-family. The multi-family is allowed in both the R-8 and B-3 zoning districts. The adjacent property is zoned B-3. Rezoning to B-3 achieves the same density without the possibility of a spot zoning. Staff believes the property is consistent with the comprehensive growth plan in that the subject properties are guided in the Future Land Use Map as medium density residential. Medium density residential can be achieved with the R-8 or B-3 zoning district, therefore, the rezoning is generally consistent with the Comprehensive Growth Management Plan. Staff believes the property is consistent with the Unified Development Ordinance in that the rezoning will be consistent with the Town of Smithfield Unified Development Ordinance because the proposed use is allowed in the B-3 zoning district with a special use permit. Staff believes the property is compatible with the surrounding land uses in that the property considered for a rezoning is adjacent to B-3 and R-20A zoning districts and adjacent to business, institutional and residential land uses. The proposed rezoning will not have negative impacts on adjacent land uses and the proposed residential use of the properties are compatible with the adjacent land uses

Preliminary Plat analysis:

Unit Type/Density/Lot Size. (17) 1,224 sq. ft. attached single-family residential townhomes on 1.72 acres of land. Each of the 17 townhouse lots will be 0.03 acres in size, with the remainder of the land held in common ownership containing the parking lot, stormwater management pond, dumpster facility, clustered mailbox, sidewalks and landscaping. Each lot will have a small patio in the rear and a covered entrance and landscaping in the front. The Unified Development Ordinance (UDO) requires a minimum of 4,500 sq. ft. gross area per unit.

Councilman Barbour stated that while he understood Mr. Wensman providing a presentation that outlined the three items for this project, he felt it was necessary to deal with the rezoning first. Councilman Barbour was concerning about access to the property being that of Highway 301 stating it was a 2-lane road that was congested and this development would only add to the problem. He questioned if the adjacent business was heavily traveled. Mayor Moore responded the business manufactured gun cases and did not experience high volumes of traffic. Councilman Barbour questioned if the two adjacent property owners had received notice of the proposed rezoning. Mr. Wensman confirmed they had received proper notification. Councilman Barbour stated the question for this hearing was whether or not to rezone the property from R20-A to B3. Mr. Wensman responded that was correct.

Councilman Wood questioned the existing homes within the project area. Mr. Wensman responded both homes would be removed.

Councilman Barbour stated it appeared the Planning Board was in favor of the rezoning. Mr. Wensman responded the Planning Board approved the rezoning.

Mayor Moore asked if there was anyone in attendance that wished to speak on the matter. There were none.

Mayor Moore asked the applicant if they had anything they wished to add. Donnie Adams of Adam and Hodge Engineering stated he was the engineer on the project and the owners were present for any questions. Mr. Adams informed the Council that the owners have spoken with all adjacent property owners and there was no opposition to the project.

Scott Bolejack questioned if the homes would be owner occupied or rental. Mayor Moore stated that while the question was a good question, it was irrelevant to the rezoning request.

Emma Gemmel questioned if there were any other potential zoning district other than the B-3 that would be so heavily populated. Mr. Wensman responded medium density was allowed in every zoning district from R-6 to R-8 and the B-3 zoning district could achieve the multi-family use. Mr. Wensman stated he recommended the B-3 zoning district because of the adjacent business property. By rezoning it to B-3, it would be an extension of the adjacent zoning and would not introduce a brand-new zoning district to that area. The R-9 district would be an isolated district

Councilman Scott stated he was concerned the rezoning would constitute as spot zoning.

Councilman Barbour made a motion, seconded by Councilman Wood, to close the public hearing. Unanimously approved.

Councilman Barbour made a motion, seconded by Councilman Scott, to deny the rezoning request claiming it was inconsistent with the comprehensive growth management plan because of the density of the project as it related to higher volumes of traffic in the area and it could be considered spot zoning. Unanimously approved.

2. Special Use Permit Request - Brightleaf Development Partners, LLC (SUP-19-02):

The applicant is requesting special use permit approval for Oakfield Towns, a proposed 17-lot single-family attached residential townhouse development on 1.72 acres of land in the B-3 (Highway Entranceway Business District). The properties considered for a special use permit approval are located on the northwest side of South Brightleaf Boulevard approximately 305 feet southwest of its intersection with Galilee Road. The properties are further identified as Johnston County Tax ID# 15J10032D & 15J10032E.

Due to the denial of the rezoning request (RZ-19-02), this item was not discussed because the Special Use Permit Request was contingent on the approval of the rezoning.

CITIZENS' COMMENTS:

- Mary Moody expressed some concerns to the Council. She asked if the Council would assist in obtaining camera footage from her residence (Austin Manor) for an alleged theft at the property.
- Pam Lampe of 415 North Second Street expressed her appreciation to Public Works Director Lenny Branch and his staff for assisting the Down to Earth Garden Club for the planting two 900 lb. Willow Oak Trees (one at the Bob Wallace Kiddie Park and one at the Second Street Dog Park). She expressed her appreciation to the Town Manager for permission to plant the trees and to Mr. Taylor of Taylor's nursery for providing a discount on the purchase of the trees. She informed the Council that the garden club was willing to assist in the planting of more trees if needed. She expressed her appreciation to Planning Director Stephen Wensman, the Planning Board and the consultant for their efforts with the Comprehensive Growth Management Plan. She expressed her appreciation to the Council for the UFS Study and the Wayfinding signage.

CONSENT AGENDA:

Councilman Wood made a motion, seconded by Councilman Barbour, to approve the following items as listed on the Consent Agenda:

1. The following minutes were approved
 - December 3, 2019 – Regular Meeting
2. Special Event – Easter Reenactment: Approval was granted to allow the Centenary United Methodist Church to conduct an Easter Reenactment at East Johnston Street, the Town Commons and Riverside Cemetery on April 5, 2020 from 4:00 pm until 6:00 pm. Amplified sound was approved for this event.
3. Approval was granted to adopt Resolution # Resolution #652 (01- 2020) accepting dedication to the public of rights-of-way and easements on subdivision plats for East River

RIGHTS-OF-WAY AND EASEMENTS ON SUBDIVISION PLATS

WHEREAS, G.S. 160A-374 authorizes the Town Council to accept by resolution any dedication made to the public of land or facilities for streets, parks, public utility lines, or other public purposes, when the lands or facilities are located within its subdivision-regulation jurisdiction; and

WHEREAS, the Smithfield Town Council has acted to approve the final plat named in this resolution on October 1, 2019; and,

WHEREAS, the final plats named in this resolution contain dedication to the public of lands or facilities for streets, parks, public utility lines, or other public purposes; and

WHEREAS, the Smithfield Town Council finds that it is in the best interest of the public health, safety, and general welfare of the citizens of the Town of Smithfield to accept the offered dedication on the plats named in this resolution.

NOW, THEREFORE, BE IT RESOLVED by the Smithfield Town Council, North Carolina: Section 1. The Town of Smithfield accepts the dedication made to the public of lands or facilities for streets, parks, public utility lines, or other public purposes offered by, shown on, or implied in the following approved subdivision plat:

East River Phase 1

Map Book 05203

Page 0208

Section 2. Acceptance of dedication of lands or facilities shall not place on the City any duty to open, operate, repair, or maintain any street, utility line, or other land or facility except as provided by the ordinances, regulations or specific acts of the Town, or as provided by the laws of the State of North Carolina.

Section 3. Acceptance of the dedications named in this resolution shall be effective upon adoption of this resolution.

4. Bid was awarded to and agreement was approved for copier services with Office Value, Inc.
5. The following advisory board appointment was approved:
 - Jane Shipman was appointed to a first term on the Library Board of Trustees.

Unanimously approved

Business Items:

1. **S-19-02 Brightleaf Development Partners, LLC:** The applicant is requesting preliminary subdivision plat approval for Oakfield Towns, a proposed 17-lot single-family attached residential townhouse development on 1.72 acres of land in the B-3 (Highway Entranceway Business District). The properties considered for subdivision approval are located on the northwest side of South Brightleaf Boulevard approximately 305 feet southwest of its intersection with Galilee Road. The properties are further identified as Johnston County Tax ID# 15J10032D & 15J10032E.

Due to the denial of the rezoning request (RZ-19-02), this item was not discussed because the Preliminary Subdivision Plat approval was contingent on the approval of the rezoning.

2. **Annexation Request- Johnston County (ANX-19-02):** Consideration and request for approval to adopt Resolution #653 (02-2020) Directing the Town Clerk to investigation a noncontiguous Annexation Petition received under G.S. 160A- 58.1 submitted by Johnston County

Planning Director Stephen Wensman explained this was first step in the annexation process. The Council must adopt the resolution directing the clerk to investigate the sufficiency of the noncontiguous annexation petition.

Councilman Barbour made a motion, seconded by Councilman Wood, to adopt Resolution #653 (02-2020). Unanimously approved.

RESOLUTION # 653 (02-2020)
DIRECTING THE CLERK TO INVESTIGATE A PETITION
RECEIVED UNDER G.S. 160A-58.1

WHEREAS, a petition requesting annexation of an area described in said petition was received on January 7, 20120 by the Smithfield Town Council; and

WHEREAS, G.S. 160A-58.2 provides that the sufficiency of the petition shall be investigated by the Town Clerk before further annexation proceedings may take place; and

WHEREAS, the Town Council of the Town of Smithfield deems it advisable to proceed in response to this request for annexation:

NOW THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF SMITHFIELD THAT:

The Town Clerk is hereby directed to investigate the sufficiency of the above described petition and to certify as soon as possible to the Town Council the result of her investigation

3. Council Committees/Appointments

Mayor Moore explained there were vacancies on several committees; including an alternate position on the Triangle J Council of Governments and an ex-officio member to the Library Board of Trustees. He further explained Councilman Rabil had agreed to serve on the Stormwater Advisory Commission and would need to be formally appointed. Mayor Pro-Tem Dunn volunteered to serve on the Triangle J. Council of Governments and Councilman Wood volunteered to serve on the Library Board of Trustees pending the confirmation of the meeting schedule.

Councilman Scott made a motion, seconded by Councilman Barbour, to approve the appointment of Mayor Pro-Tem Dunn to the Triangle J. Council on Governments as an alternate member. Unanimously approved.

Councilman Wood made a motion, seconded by Councilman Barbour, to approve the appointment of Councilman Rabil to the Stormwater Advisory Commission. Unanimously approved.

Councilman Barbour made a motion, seconded by Councilman Rabil, to approve the appointment of Councilman Wood to the Library Board of Trustees should his schedule allow it. Unanimously approved.

4. Bid Award to Atlantic Coast Fire Trucks in the amount of \$560,500 for the purchase of a 2020 Smeal Fire Engine

Fire Chief John Blanton addressed the Council on a request to purchase a 2020 Spartan/Smeal Fire Engine at a price of \$560,500.00. This Fire Engine would replace Engine 1 a 2001 American LaFrance Fire Engine. Four companies were solicited but only two submitted bids.

Councilman Scott questioned if Atlantic Coast would waive the \$18,000 price increase as stated in the bid letter. Chief Blanton responded he confirmed with the company they would waive the fee until January 8th.

Councilman Barbour asked if the purchase was less than the budgeted amount. Town Manager Michael Scott explained funds were not budgeted for the purchase of the Fire engine. During the budget process, there was a discussion with the Council for this purchase. Funds were not budgeted

in this fiscal year because it takes eight months to build the engine. The debt service would be budgeted in the 2020-2021 fiscal year.

Councilman Wood questioned if the request was for a future purchase. Chief Blanton responded the purchase was contingent on approval by the Council. Chief Blanton further explained if the purchase was approved by Council, staff would send out requests for proposals for financing options. Financing options include purchasing the engine without a debt service or solicit loans. After speaking with the Finance Director, the annual debt service payment would be approximately \$50,000 a year for fifteen years. The debt service payment would not begin until the Department takes possession of the engine which is estimated to be March 2021.

Councilman Scott questioned the interest rate. Finance Director Greg Siler responded an interest rate of 3.75% was estimated.

Mayor Moore questioned if there were any issues with the Smeal product. Chief Blanton responded there have only been minor warranty repairs. Mayor Moore stated that in the past, the Town has had issues with the American LaFrance products especially since they have gone out of business. He asked if the Smeal Company was financially stable. Chief Blanton responded staff had investigated the company. One of the things Smeal does not do is make their parts proprietary; therefore, allowing the parts to be available should they be needed.

Councilman Scott made a motion, seconded by Councilman Rabil to approve the bid with Atlantic Coast Fire to begin the process of purchasing a 2020 Smeal Fire engine. unanimously approved.

5. Bid Award to Performance Automotive for the purchase of Vehicles for the Police Department

Chief of Police R. Keith Powell informed the Council this was the first year he had difficulties obtaining bids for Police vehicles. In his original request, he asked for Dodge Durango SUVs because no one was manufacturing the Police model Dodge Chargers. Luckily, an automobile dealership had the foresight to order some extra Chargers and thus the request changed from purchasing Dodge Durango SUVs to purchasing 7 Dodge Chargers.

Councilman Scott questioned if the 6 cylinder engine was common for Police vehicles. Chief Powell responded the V8 engine is not available in the Charger. He was hopeful that in 2021 they would manufacture the Dodge Charger with the V8 engine.

Councilman Barbour questioned if this purchase had been budgeted. Chief Powell responded in the affirmative.

Councilman Barbour made a motion, seconded by Councilman Wood, to approve the request to purchase 7 Dodge Chargers in the amount of \$162,246.00 from Performance Automotive. Unanimously approved.

Mayor Moore questioned if the Council wished to continue with the remaining items on the agenda or if they wished to recess until the scheduled January 15th meeting. Councilman Barbour stated he would like to discuss the next item before recessing.

6. Consideration and request for amendments to the salary schedule

Town Manager Michael Scott addressed the Council on a request to adjust the salaries for sworn positions in the Police Department. The Town Manager explained in July of 2019, the Town implemented the salary recommendations approved by the Council at 100% of the average of our comparable cities used in the study. In July, the Police Department had 5 vacancies at that time. Since then we have maintained an average of 4.75 vacancies until now. There is a concern now that the salary study increases did not have the desired effect for the Police Department. The goal was to increase retention and recruitment of personnel. we have lost a few and hired a few people. We can't seem to make any headway on decreasing the number of vacancies. The Police Department has been working with a deficit of 12% of the agency since July. The Town Manager explained there was a nationwide shortage of Police personnel. To be competitive the Town will have to do more than the average salaries of our competitors. He recommended increasing the salaries of all sworn positions as well as subsequent changes to retain current parity between current staff position as to not create

compression issues. As part of the request, he asked to freeze two sworn positions until the budget discussions take place. The anticipated cost for the remainder of this fiscal year would be \$95,000 which can be absorbed since the Police Department salary line is currently \$120,000 under budget due to vacancies.

Chief Powell explained the Sheriff's Department's starting salary for patrol officers is \$43,702 and officers receive a 5% increase after successfully completing their first year. Chief Powell explained he recently lost 2 supervisors who accepted patrol positions with other agencies because they could make considerably more money.

Councilman Barbour stated Knightdale seemed to be the Town's chief competitor because we are not offering a competitive salary or benefits. Chief Powell responded when Knightdale has a vacancy they come to Smithfield and take one of our officers.

Councilman Barbour questioned if the Town was going to be competitive or not. He stated he talked with some Smithfield Police Officers and they love working in Smithfield and they do not want to leave, but they also had to provide for their families.

Mayor Moore questioned the number of Police Officers the Town of Smithfield has lost to Knightdale over a two-year period. Chief Powell responded three officers went to Knightdale, one went to Garner and two went to the coast. The Town Manager stated the Knightdale Chief of Police is a former Town of Smithfield Police Officer. Mayor Moore stated that could be another reason why Smithfield is losing Police Officers to Knightdale.

Mayor Pro-Tem Dunn stated to implement this increase would be a significant financial shift. Although it can be absorbed in this fiscal year, the financial implications have to be realized for future fiscal years. He suggested delaying any decision until the budget planning sessions.

Councilman Barbour stated this was a matter of urgency and should not be delayed until the budget sessions. He further stated the salary study should have addressed this issue and the Council should have had these discussions during last year's budget sessions. He suggested following the recommendation of the Town Manager.

Councilman Scott stated that while he supported every Police Officer in the Town of Smithfield, they were not the Town's only employees. The Council must evaluate every employee and do what was fair. He recognized the Police Department's issues stating it needed to be addressed before the budget sessions. He was skeptical about approving a pay schedule that provides different amounts to different levels of Police Officers. He suggested this item be tabled until a workshop meeting. He asked staff to determine if sign on bonuses could be used for those officers that left on good terms and what the Town could do to immediately fix the gap. When the Town was in financial crisis, one benefit eliminated was the longevity pay program. But the Town is no longer in financial crisis with a 90% fund balance and the Council has an opportunity to make a difference for its employees. He asked staff to aggressively investigate the take home car program and how it could be implemented.

Councilman Barbour stated he was acceptable to not rendering a decision tonight, but he was not in favor of waiting until the budget sessions for a decision on this matter. He stated the Town has the funds to implement the Town Manager's recommendation

Mayor Moore cautioned the Council on statements made concerning the Town's current financial position. He explained that personnel was the Town's largest expense and it was an ongoing expense. This could potentially be a 20 year investment for an employee. He reminded the Council that there is also a huge electric lineman shortage across the state because the private industry can provide better wages and benefits. He stated the Town just conducted a salary survey and the Council should stand by those results. He reminded the Council they must be mindful of other employees in other Departments.

Councilman Scott made a motion, seconded by Councilman Wood to table continue this discussion at the January 15th meeting specifically addressing the Police Department. Unanimously approved.

Councilman Wood stated he had met with Public Utilities Director Ted Credle and the need for electric

lineman was a concern. While the Town needed to address the Police Department's issue, the Council should be fair to all employees

Recess

Councilman Barbour made a motion, seconded by Councilman Scott, to recess the meeting until January 15, 2020 at 6:30 pm. at which time the Council would discuss the item that was tabled (Police Department salaries) and the remaining items on the agenda.

Mayor Moore reminded the Council remaining on this agenda was Councilmembers Comments and the Town Manager's report.

Councilman Barbour amended his previous motion, seconded by Councilman Scott, to recess the meeting until January 15, 2020 at 6:30 pm. at which time the Council would discuss the item that was tabled (Police Department salaries) and the remaining items on the agenda. The meeting would recess after Councilmembers' Comments and the Town Manager's report. Unanimously approved

Mayor Moore stated the January 15th meeting would begin with the Police Department salaries discussion followed by the Comprehensive Land Use Plan, Park Planning discussion and the Dilapidated Building Ordinance discussion.

7. Comprehensive Land Use Plan Discussion

This item was not discussed, but will be discussed at the January 15, 2019 recessed meeting

8. Park Planning Discussion

This item was not discussed, but will be discussed at the January 15, 2019 recessed meeting

9. Discussion concerning Dilapidated Building Ordinance# 501

This item was not discussed, but will be discussed at the January 15, 2019 recessed meeting

Councilmembers Comments:

- Councilman Wood expressed his appreciation to Finance Director Greg Siler, the Town Council, the Town Manager and staff for a great audit.
- Councilman Scott expressed his appreciation to NCDOT for the construction of the Booker Dairy Road extension. He expressed some concerns about the condition of Booker Dairy Road near the Eden Woods Subdivision. He expressed his appreciation to the Town's Electric Department staff for their efforts during a recent power outage. He stated there were a few social media comments concerning the outage. He reminded the citizens that the Town's electric rates were now lower than Duke Energy Progress.
- Mayor Moore expressed commended the Public Utilities Director Ted Credle and the Electric Department staff for their hard work during the recent power outage. He stated they were able to restore power because staff had a replacement part on hand. He stated if the safety stock of parts has been depleted then make sure another part or parts have been ordered. Mayor Moore stated he recently moved and is no longer on the Town's electric system. He stated he was astounded by his electric bill every month which does not include trash pickup, water or sewer and his bill is much higher than it was when he was on the Town's system. He stated the Council has diligently worked to reduce electric rates in the Town.
- Councilman Barbour stated the opening of Booker Dairy Road Extension has shortened the distance from District 4 to North Smithfield. He stated he was looking forward to the development that would come along the new roadway. He praised the Town's Sanitation Department employees and all Town employees for their hard work and dedication to the Town.

Town Manager's Report:

Town Manager Michael Scott gave a brief update to the Council on the following items:

- The annual Martin Luther King, Jr. parade will be held on Saturday February 15th and will follow the same route as the Christmas Parade.
- The Grantham Pump Well House located at the corner of Woodall and South 4th Street is nearing the completion of its renovation. This was a project completed by the Town's Appearance Commission and from private donation.
- The Manager requested direction from the Council on how they wished to proceed with the budget process. He questioned if the Council would like to conduct pre- budget planning session or if they would prefer receiving a balanced budget before starting the budget work sessions.

Recess

Being no further business, the meeting recessed at 9:51 pm.

M. Andy Moore, Mayor

ATTEST:

Shannan L. Parrish, Town Clerk