

The Smithfield Town Council reconvened at its June 17, 2025 budget session on Tuesday, June 24, 2025 at 6:30 pm in the Council Chambers of the Smithfield Town Hall, Mayor M. Andy Moore presided.

Councilmen Present:

Sloan Stevens, District 2
Roger Wood, Mayor Pro-Tem
Travis Scott, District 3
Dr. David Barbour, District 4
Stephen Rabil, At-Large
John Dunn, At-Large

Councilmen Absent

Administrative Staff Present

Michael Scott, Town Manager
Elaine Andrews, Town Clerk
Andrew Harris, Finance Director
Pete Hedrick, Chief of Police
Shannan Parrish, HR Director
Stephen Wensman, Planning Director
Ted Credle, Public Utilities Director
Jeremey Daughtry, Fire Chief
Lawrence Davis, Public Works Director
Gary Johnson, Parks & Recreation Director
C. Timothy Short, Asst. Police Chief

Administrative Staff Absent

CALL TO ORDER

Mayor M. Andy Moore called the meeting to order on Tuesday, June 24, 2025 at approximately 6:31 pm to continue budget discussions for fiscal year 2025-2026.

FISCAL YEAR 2025-2026 BUDGET DISCUSSIONS

Mayor Andy Moore stated the agenda for this meeting was an open discussion for potential budget adjustments, with a focus on tax rates, electric rates, and departmental needs. Mayor Moore referenced Councilman Scott's earlier request for information and noted that the proposed budget included a 47-cent tax rate, but he hoped the council could work to lower it. The mayor highlighted several economic uncertainties—rising prices, global instability, tariffs, and supply chain issues affecting the town's departments—which make financial planning challenging. Mayor Moore noted that the recent tax revaluation represents a significant increase for citizens, which may come as a shock since residents haven't experienced such changes in the past six or seven years. He emphasized that, given these higher valuations, the town should do everything possible to pass along any available savings to help offset the impact on taxpayers.

Councilman Travis Scott made a motion to adopt the proposed budget with several clarifications and adjustments.

1. He recommended reducing the property tax rate from .47 cents to .45 cents per \$100 valuation
2. He suggested lowering the downtown district tax from .19 cents to .16 cents.
3. He proposed that any resulting budget imbalance could be addressed by considering the use of \$420,000 in equipment financing, to be decided by the council later.
4. Councilman Scott also suggested adopting the rate and fee schedule with changes affecting all rate funds except for the main residential categories (RS1, RS4, RS7), aiming to minimize the impact on residential customers. He noted that these changes would save residential customers from additional burden, as they represent only 20% of the town's electric load, and clarified that the financial impact on the budget would be minimal.
5. He noted that \$2 million from the fund balance is allocated for street resurfacing projects.
6. He clarified that the proposed 5% salary adjustment for employees should consist of a 3% cost-of-living increase effective July (later clarified as August) and a possible 2% merit-based increase in October, both of which are already budgeted.
7. He pointed out that the budget includes \$10,000 for crosswalk safety improvements, as previously requested.
8. Finally, he requested that the town manager provide regular budget supplements and reports on tourism-related funds to ensure transparency and accountability.

Councilman Travis Scott emphasized that these items were important clarifications and recommended that they be part of the adopted budget. He provided copies of his motion in written form.

The motion was seconded by Councilman Stephen Rabil.

Mayor Pro Tem Roger Wood called for further discussion of the motion, citing there were many points in one motion. Councilman David Barbour agreed, suggesting the Board deal with each point of the motion one issue at a time. Upon further requests to discuss the motion the mayor reiterated that there was a motion and a second on the floor.

Councilman Travis Scott, Councilman David Barbour, Councilman Stephen Rabi and Councilman John Dunn were in favor of the motion to approve the budget with Councilman Scott's stated clarifications. Councilman Sloan Stevens and Mayor Pro Tem Roger Wood voted against the motion. The motion carried with a 4 to 2 vote.

Upon the vote, there was further discussion among the Board for which points were already clarified part of the proposed budget—the \$2 million for street resurfacing, and the \$10,000 for the crosswalk safety as requested by Councilman Marlon Lee.

Councilman Sloan Stevens asked if electrical fees can be passed along to some customers and not others. Manager Mike Scott explained that the council has the authority to adjust electric rates as they see fit, including applying increases to certain customer groups (such as commercial or non-residential customers) while leaving residential rates unchanged. However, he cautioned that making such distinctions without the support of a current rate study could be difficult to defend if legally challenged, as the town would need to justify the rationale for treating customer classes differently.

Councilman Travis Scott explained the background of the town's wholesale power bill, noting that the town has been paying \$96,000 per month in debt, which is about to be paid off. He clarified that while this debt payment is ending, the benefit is offset by rising wholesale electricity costs. Scott discussed the structure of the town's electric rates, highlighting that residential customers make up only 20% of the electric load, with the majority being commercial and industrial users. He argued that, given the significant tax increases residents are already facing, the town should avoid raising residential electric rates this year. Scott emphasized the importance of protecting residents from additional financial burden, especially those on fixed incomes, clarifying his request in point number seven of his motion to not modify electric rates RS1, RS4 and RS7.

Town Manager Scott noted that the Town would be undergoing a rate study before next year that would likely affect rates, with adjustments occurring through a multi-year plan.

Councilman David Barbour inquired about the impact of Duke Energy's recently approved 24% rate increase and how it would affect the town's electric rates, given that the town purchases power from Duke through Electricities. He questioned whether the end of the \$1.1 million annual debt payment would offset these increases and how the changes would affect both commercial and residential customers. Town Manager Mike Scott responded that the benefit of the expiring debt payment is largely offset by the higher wholesale rates from Duke Energy, which have already increased beyond the amount of the debt payment. He explained that the town is passing along a 3.5% rate increase this year, with projections for additional 4.5% increases in each of the next two years, based on information from Duke Energy. Manager Scott emphasized that these increases are necessary to keep the town's electric fund stable and that the rate adjustments are a direct result of rising wholesale costs, irrespective of the additional available funds from the retired debt.

Mayor Pro Tem Roger Wood stated that while the town can temporarily absorb increases in wholesale electric rates, it will eventually need to pass those costs on to customers. Councilman Barbour added this year, however, the council is choosing not to raise residential electric rates in order to provide some relief to residents, given the significant impact of recent tax increases. This approach is intended to help offset the "sticker shock" for citizens, even though future rate increases will likely be necessary. The Board concurred.

Town Manager Mike Scott explained that reducing the property tax rate by one cent results in only a small monthly savings for homeowners—for example, about \$2.50 per month for someone with a \$300,000 house. He highlighted that while tax rate cuts may seem significant, the actual benefit to individual residents is modest, versus the industrial customer. He stated the residential customer may benefit a little more from an electric rate cut. He said the Board may want to gauge that holistic balance for the benefit of everyone.

Councilman Travis Scott explained that the town's electric rate model is shaped by periodic rate studies, which guide major adjustments. Councilman Scott pointed out that future changes—such as increased adoption of electric vehicles—will require further adjustments to the rate model, as significant shifts in demand could strain the system. For now, he emphasized the importance of focusing on effective load management and monitoring rates for the current year.

Upon a brief summary of the rate discussion by Mayor Andy Moore, it was the consensus was to avoid increasing residential rates (RS1, RS4, RS7) and to pass a 3.5% increase only to non-residential customers.

Councilman David Barbour asked how the Town compared in Fire Inspection fees in relation to other towns. Fire Chief Jeremy Daughtry stated the Town's fees were average relative to other towns. There was some discussion regarding the requested fire inspector position, and whether the fees collected would cover salary. Also, fire inspections inside and outside of town limits, and the number of town inspections on average. Chief Daughtry stated the new fire inspector would allow the Fire Marshal to focus more on construction plan reviews. He also stated it would allow the department to explore more community safety programs.

Councilman Sloan Stevens recommended cutting the renovation plans for Town Hall from the budget, seeing no immediate need. Manager Scott stated the item came from a discussion he had with the mayor regarding needed space.

The council engaged in discussion regarding capital projects, budget adjustments, and strategies to achieve a lower property tax rate. Members reviewed various capital outlay items, including equipment for Parks and Recreation and architectural planning funds for Town Hall expansion. The Board debated whether to finance certain equipment purchases or pay for them outright. Town Manager Mike Scott stated deducting the \$420,000 debt from the revenue line item would allow the town to reduce the property tax rate to .45 cents without

impacting other budget priorities.

The conversation also addressed the use of contingency funds and the importance of maintaining a healthy fund balance to support future growth and infrastructure needs. Council members expressed concerns about reducing the tax rate too aggressively, noting the need to balance immediate tax relief with the town's long-term financial health and ability to invest in improvements, while keeping the tax rate low.

Councilman John Dunn explained that the town has previously used American Rescue Plan funds to support projects such as fire apparatus purchases, salary increases, and police department expansion, but those one-time funds are no longer available. He emphasized the council's ongoing commitment to infrastructure improvements, particularly road projects, and stressed the importance of maintaining sufficient revenue to continue making progress. Dunn cautioned against lowering the tax rate too much, noting that while it is important to keep taxes fair, the town must also ensure it has the resources needed to provide services and invest in future needs.

Town Manager Mike Scott clarified that, although the town had planned to spend \$4 million on road projects over two years, actual expenditures were lower due to project costs coming in under budget, leaving additional funds available for future road work. He explained that the council could amend the budget to allocate these remaining funds as needed. Scott cautioned that reducing the property tax rate too much could jeopardize the town's ability to meet its capital project goals, particularly for road improvements. The discussion among council members reflected concerns about finding the right balance between providing tax relief and ensuring sufficient revenue to support ongoing and future infrastructure needs.

The Board continued to discuss the proposed tax rate, noting that it is significantly lower than the rates adopted by neighboring towns. Manager Scott stated this helps the Town to be competitive for industry and also manage its capital projects.

Councilman David Barbour stated it was better to be proactive with the tax rate and grow, rather than be status quo and limiting progress.

Councilman Sloan Stevens inquired about the use of tourism funds for specific projects, such as the soccer complex. Town Manager Mike Scott explained that tourism-related funds require approval from the tourism board and are typically used for projects that promote tourism, such as the soccer complex, which could be eligible for matching state grants.

Councilman Travis Scott and Councilman David Barbour discussed the town's ongoing commitment to infrastructure improvements and the importance of maintaining a fair and sustainable tax rate. Councilman John Dunn emphasized the need to balance tax relief with the ability to fund future projects and services.

There was some discussion regarding the re-evaluation appeals pending, and its effect on the Town's tax revenue. Manager Scott noted the Town's healthy fund-balance could help in that instance.

The Board discussed employee compensation, merit pay, performance and evaluations. It was discussed that an update of the Town of Smithfield's Employee Handbook is under review. Town Manager Mike Scott and other members discussed the town's employee evaluation process, merit pay, and the importance of remaining competitive with neighboring municipalities to retain staff. Tenure or compression studies were mentioned as a point of concern for some staff.

It was the consensus of the board to grant employees a 3% cost-of-living adjustment (COLA) effective July 1, 2025, and a possible 2% merit-based increase in January 2026, contingent on budget performance and tax revenue.

There was some discussion regarding setting the tax rate at .46 cents per \$100 valuation. Manager Scott noted he had suggested a higher rate at .47 cents in his budget proposal in anticipation for future growth. Mayor Andy Moore cautioned that land cleared does not always mean an impending development, as the bank can halt it—and has done so before as nothing is guaranteed.

Councilman David Barbour suggested he thought setting the tax rate at .46 cents was better, but he would not balk at .45 cents. It was the consensus of the Board to set the tax rate at .45 cents per \$100 valuation.

The Board also revisited the proposed addition of a Public Safety Officer (PSA) position. After discussion, the consensus was to defer the new PSA position for the coming fiscal year and reallocate those funds to contingency.

Manager Mike Scott highlighted some final budget adjustments:

- Adopt a property tax rate of .45 cents per \$100 valuation.
- Reduce the downtown district tax to .16 cents.
- Smithfield Fre district tax changed from .12 cents to .11 cents as approved by the County
- Remove the proposed Public Safety Officer position, reallocating those funds to contingency.
- Finance \$420,000 in equipment purchases through debt, as needed.
- Adjust electric rates to pass a 3.5% increase only to non-residential customers, with no increase for residential

customers.

- Implement a 3% COLA for employees effective July 1, 2025, and consider a possible 2% merit-based increase in January 2026.
- Provide regular reports on tourism-related funds.

A copy of the final adopted FY 2025-26 Town of Smithfield adopted is on file in the office of the Town Clerk. (Affixed hereto Town of Smithfield's Budget Ordinance FY 2025-2026)

Budget Motions and Adoption:


Councilman Travis Scott made a motion, seconded by Councilman Stephen Rabil to adopt the budget as amended, including the changes to the property tax rate, downtown district tax, removal of the PSA position, adjustments to contingency and debt, and the revised electric rates. Unanimously approved.

Councilman Travis Scott then made a motion, seconded by Councilman Sloan Stevens to approve the fee schedule as reviewed and amended by the Town Manager, including the updated property tax and downtown district tax rates, and the revised electric rates. Unanimously approved.

Mayor Andy Moore concluded the meeting with expressions of appreciation among the Board and staff for their work on the budget and the meeting was adjourned.

Adjourn

Councilman David Barbour made a motion, seconded by Mayor Pro Tem Roger Wood to adjourn the meeting at 8:04 pm. Unanimously approved.


M. Andy Moore, Mayor

ATTEST:


Elaine Andrews, Town Clerk



**TOWN OF SMITHFIELD
BUDGET ORDINANCE
FY 2025-2026**

BE IT ORDAINED by the Town Council of the Town of Smithfield, North Carolina, meeting in Smithfield this 24th day of June, 2025, that the following fund revenues and departmental expenditures, together with certain restrictions and authorizations, are adopted:

Section 1. General Fund

It is estimated that the following revenues will be available in the General Fund for the fiscal year beginning July 1, 2025 and ending June 30, 2026:

Current & Prior Year Property Taxes	10,873,600
Sales and Services	3,472,410
Licenses, Permits and Fees	123,000
Unrestricted Intergovernmental Revenues	5,221,400
Restricted Intergovernmental Revenues	945,400
Investment Earnings	500,000
Loan Proceeds	420,000
Other	709,757
Fund Balance Appropriated	<u>2,200,000</u>
	24,465,567

The following amounts are hereby appropriated in the General Fund for the operation of the Town Government and its activities for the fiscal year beginning July 1, 2025 and ending June 30, 2026 in accordance with the Chart of Accounts heretofore established for the Town of Smithfield:

General Government	907,110
Non-Departmental	1,812,950
Debt Service	377,009
Finance	172,480
Information Technology	188,190
Planning	500,395
Police	6,341,980
Fire	4,006,650
General Services	979,710
Streets	2,608,915
Garage	183,460
Powell Bill	440,900
Sanitation	2,294,460
Storm Water	525,600
Parks/Recreation	1,403,910
Aquatics Center	1,278,370
Sarah Yard Community Center	68,810
Contingency	<u>374,668</u>
	24,465,567

Section II. Water and Sewer Fund

It is estimated that the following revenues will be available in the Water and Sewer Fund for the fiscal year beginning July 1, 2025 and ending June 30, 2026:

Water Sales	6,550,000
Sewer Sales	5,945,090
Investment Earnings	225,775
Other Revenues	734,000
Fund Balance Appropriated	300,000
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	13,754,865

The following amounts are hereby appropriated in the Water and Sewer Fund for the operation of the Town Government and its activities for the fiscal year beginning July 1, 2025 and ending June 30, 2026 in accordance with the Chart of Accounts heretofore established for the Town of Smithfield:

Water Treatment Plant	4,052,050
Water and Sewer Distribution	8,385,872
Debt Service	1,060,247
Contingency	256,696
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	13,754,865

Section III. Electric

It is estimated that the following revenues will be available in the Electric Fund for the fiscal year beginning July 1, 2025 and ending June 30, 2026:

Electric Sales	18,320,000
Penalties	90,000
Investment Earnings	250,000
Other Revenues	201,000
Fund Balance Appropriated	-
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	18,861,000

The following amounts are hereby appropriated in the Electric Fund for the operation of the Town Government and its activities for the fiscal year beginning July 1, 2025 and ending June 30, 2026 in accordance with the Chart of Accounts heretofore established for the Town of Smithfield:

Electric Dept. Operation	18,300,660
Debt Service	342,586
Contingency	217,754
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	18,861,000

Section IV. J. B. George Beautification Fund

It is estimated that the following revenues will be available in the J.B. George Fund for the fiscal year beginning July 1, 2025 and ending June 30, 2026:

Interest	4,800
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The following amounts are hereby appropriated in the J.B. George Fund for the operation of the Town Government's Special Projects for the fiscal year beginning July 1, 2025 and ending June 30, 2026 in accordance with the Chart of Accounts heretofore established for the Town of Smithfield:

Special Projects	4,800
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Section V. Firemen's Relief Fund

It is estimated that the following revenues will be available in the Firemen's Relief Fund for the fiscal year beginning July 1, 2025 and ending June 30, 2026:

Received from State	12,000
Interest	3,800
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	15,800

The following amounts are hereby appropriated in the Firemen's Relief Fund for the operation of the Town Government and its activities for the fiscal year beginning July 1, 2025 and ending June 30, 2026 in accordance with the Chart of Accounts heretofore established for the Town of Smithfield:

Firemen's Supplemental Retirement	15,800
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Section VI. Smithfield Fire Tax District

It is estimated that the following revenues will be available in the Fire District Tax Fund for the fiscal year beginning July 1, 2025 and ending June 30, 2026:

Smithfield Fire District Tax	50,000
Motor Vehicle Tax	10,000
1st Responders	440,000
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	500,000

The following amounts are hereby appropriated in the Fire District Tax Fund for the operation of the Town Government's Fire Service activities for the fiscal year beginning July 1, 2025 and ending June 30, 2026 in accordance with the Chart of Accounts heretofore established for the Town of Smithfield:

Transfer to General Fund	500,000
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Section VII. General Capital Project Fund

It is estimated that the following revenues will be available in the General Capital Project Fund for the fiscal year beginning July 1, 2025 and ending June 30, 2026:

Loan	420,000
Transfer from General Fund	415,000
	<hr/> 835,000

The following amounts are hereby appropriated in the General Capital Project Fund for the operation of the Town Government and its capital activities for the fiscal year beginning July 1, 2025 and ending June 30, 2026, in accordance with the Chart of Accounts heretofore established for the Town of Smithfield:

Architectural Plan for Town Hall Expansion	250,000
Knuckleboom Truck	220,000
Street Sweeper	290,000
Hwy 210 Soccer Park Plans	75,000
	<hr/> 835,000

Section VIII. Water/Sewer Capital Project Fund

It is estimated that the following revenues will be available in the Water/Sewer Capital Project Fund for the fiscal year beginning July 1, 2025 and ending June 30, 2026:

Transfer from W/S Fund (Dept. 7200)	1,125,000
Transfer from W/S Fund (Dept. 7220)	1,120,000
	<hr/> 2,245,000

The following amounts are hereby appropriated in the Water/Sewer Capital Project Fund for the operation of the Town Government and its capital activities for the fiscal year beginning July 1, 2025 and ending June 30, 2026, in accordance with the Chart of Accounts heretofore established for the Town of Smithfield:

East Smithfield Water System Improvement	400,000
Water Plant Intake Improvements	300,000
South Smithfield Water Improvements	425,000
Water Lines Upgrade	220,000
AMI - Nexgrid Metering	300,000
I&I	350,000
Lift Station Repair	150,000
FH Valve Insertion	100,000
	<hr/> 2,245,000

Section IX. Electric Capital Project Fund

It is estimated that the following revenues will be available in the Electric Capital Project Fund for the fiscal year beginning July 1, 2025 and ending June 30, 2026:

Transfer from Electric Fund	1,150,000
	<u>1,150,000</u>

The following amounts are hereby appropriated in the Electric Capital Project Fund for the operation of the Town Government and its capital activities for the fiscal year beginning July 1, 2025 and ending June 30, 2026, in accordance with the Chart of Accounts heretofore established for the Town of Smithfield:

Voltage Conversion	450,000
1/2 Digger Derrick Truck	200,000
Delivery Point One Improvements	300,000
AMI Meters	200,000
	<u>1,150,000</u>

Section X. General Fund Capital Reserve Fund

It is estimated that the following revenues will be available in the General Fund Capital Reserve Fund for the fiscal year beginning July 1, 2025 and ending June 30, 2026:

Transfer from General Fund	290,000
	<u>290,000</u>

The following amounts are hereby appropriated in the General Fund Capital Reserve Fund for the operation of the Town Government and its capital reserve activities for the fiscal year beginning July 1, 2025 and ending June 30, 2026, in accordance with the Chart of Accounts heretofore established for the Town of Smithfield.

Fire Truck Reserve	290,000
	<u>290,000</u>

Section XI. Water & Sewer Fund Capital Reserve Fund

It is estimated that the following revenues will be available in the Water & Sewer Fund Capital Reserve Fund for the fiscal year beginning July 1, 2025 and ending June 30, 2026:

Transfer from Water & Sewer Fund (Dept. 7220)	800,000
	<u>800,000</u>

The following amounts are hereby appropriated in the Water & Sewer Fund Capital Reserve Fund for the operation of the Town Government and its capital reserve activities for the fiscal year beginning July 1, 2025 and ending June 30, 2026, in accordance with the Chart of Accounts heretofore established for the Town of Smithfield.

Water System Development Fees	75,000
Sewer System Development Fees	500,000
VAC Truck Reserve	225,000
	<u>800,000</u>

Section XII. ARPA Project Fund

It is estimated that the following revenues will be used from ARPA Funds for General Capital Project Fund for the

fiscal year beginning July 1, 2025 and ending June 30, 2026:

ARPA Funds

The following amounts are hereby appropriated in the ARPA Fund for the operation of the Town Government and its capital activities for the fiscal year beginning July 1, 2025 and ending June 30, 2026, in accordance with the Chart of Accounts heretofore established for the Town of Smithfield:

Section XIII Tax Rate Established

An Ad Valorem Tax Rate of \$.45 per \$100 at full valuation based on estimated 99.9% tax collection percentage is hereby established as the official tax rate for the Town of Smithfield for the fiscal year 2025-2026. A tax rate for the Special Tax District to provide funding for the Downtown Smithfield Development Corporation is established at \$0.16 per \$100 valuation. A tax rate for the Smithfield Rural Fire District is established at \$0.11 per \$100 valuation.

Section XIV- Fee Schedule, Limited Privilege Licenses, and Fees

The fee schedule attached hereto and limited privilege license for the privilege of selling beer and wine within the Town of Smithfield are hereby levied at Council adopted rates provided by the General Statute guidelines and fee schedule attached hereto.

Section XV- Special Authorization- Budget Officer

The Town Manager shall be authorized to reallocate departmental appropriations among the various objects of expenditure.

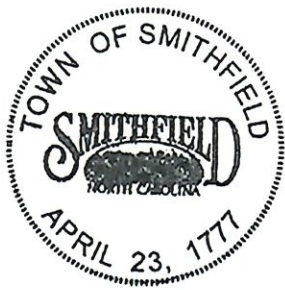
The Town Manager shall be authorized to affect interdepartmental transfers, in the same fund, not to exceed 10 percent of the appropriated monies for the department whose allocation is affected. Any such transfers shall be reported to the Town Council at its next regular meeting and shall be entered into the minutes.

Section XVI- Utilization of Budget and Budget Ordinance

This ordinance and the budget document shall be the basis of the financial plan for the Smithfield Municipal Government during the 2025-2026 fiscal year. The Budget Officer shall administer the budget, and he/she shall ensure that the operating officials are provided guidance and sufficient details to implement their appropriate portion of the Budget. The accounting section shall establish records which are in agreement with the budget and this ordinance and the appropriate statutes of the State of North Carolina. The fee schedule may be amended by majority vote of Council.

All ordinances or parts of ordinances in conflict are hereby repealed.

Attest: Shannan L. Parrish
Shannan Parrish, Deputy Town Clerk



M. Andy Moore
M. Andy Moore, Mayor