

The Smithfield Town Council reconvened at its March 18, 2025 meeting on Thursday, March 24, 2025 at 7:25 pm in the Council Chambers of the Smithfield Town Hall, Mayor M. Andy Moore presided.

Councilmen Present:

Roger Wood, Mayor Pro-Tem  
Marlon Lee, District 1  
Sloan Stevens, District 2  
Travis Scott, District 3  
Dr. David Barbour, District 4  
John Dunn, At-Large  
Stephen Rabil, At-Large

Councilmen Absent

Administrative Staff Present

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

Also Present

Administrative Staff Absent

**CALL TO ORDER**

Mayor Moore called the meeting to order at 7:25 pm.

**LETTER OF TRANSMITTAL – FY 2025-26 DRAFT BUDGET OVERVIEW:**

Town Manager, Mike Scott presented the Board with a letter of transmittal to begin the discussion for the fiscal year 2025-2026 Town of Smithfield proposed budget. He stated that he had been told by the County that there would likely be an increase in sewer cost by 7%. He stated the wholesale electric rate is also likely to increase by 6%. The Manager stated that by his calculations, even with the 6% electric rate increase, the Town's rate would still be lower than Duke Energy Progress' electric rate for residential customers.

Councilman David Barbour asked if we should be charging more for water, since the sewer rates are going up. The Town Manager stated that it does not really work that way in an Enterprise Fund. There was some discussion regarding the Town's wholesale rate for water and the rate structure. Town Manager Scott stated that our water and sewer department is sound. He further outlined that in setting the Town's rates, we must:

1. Evaluate our capital improvement plan
2. Consider our infrastructure needs
3. Analyze our current customer base
4. Calculate the cost of water delivery

Manager Scott further noted that the Enterprise Fund should break even, not generate profit. Rates must be justified by a comprehensive rate study that shows the actual costs of providing water service. Arbitrarily raising rates without a solid financial basis would be improper and potentially challengeable in court.

Councilman David Barbour asked if the Town could offset the cost to residential customers by raising the cost for wholesale customers to reduce the impact of the 7% increase. The Manager stated it could be analyzed.

Councilman Sloan Stevens stated water is getting more valuable and the Town needs to be careful about our water. He noted that the County plans for a 700-million-gallon reservoir near Princeton.

Councilman David Barbour stated that the Town built the water plant to secure its own future, and not to serve the County. The intent was to maintain local control of our water supply and have flexibility to use or sell water as needed and to prepare for the Town's own future water requirements. Barbour stated he was not a fan of the idea of a county-wide water sewer plant because the Town may lose, as was with the sewer deal.

Councilman Sloan Stevens asked what was the allocated percentage of water the Town sold to the County. Public Utilities Director, Ted Credle stated the County generally takes a little over half of what the Town makes daily. The Town makes up to five million gallons. Councilman Stevens asked with the current new growth in Town, how much is that taking from the water table. Mayor Andy Moore added and asked what about the industrial customer. He noted that the Town needs to be desperately prepared.

Councilman Travis Scott stated that it was frustrating to him that the sewer cost is the majority of the cost of his utility bill. He stated costs for meter fees and system development fees should be evaluated so that costs for development are offset and do not come from the Town's coffers nor its utility customers. It was discussed that tap fees and meter set fees already exist.

Town Manager Scott asked if there were any further questions regarding his introduction. There being none, the Manager directed the Board to pages 13 and 14 of the proposed FY 25-26 Budget. He pointed out two-line items on pages 13 and 14 with no dollar amounts: the Downtown Development contribution and the Ava Gardener Museum donation. He recommends using tourism funds to cover the salaries and benefits for these positions, which would prevent drawing money from the general fund. This approach would save money and utilize tourism funds, which have limited uses. Manager Scott wanted to bring this to the council's attention before proceeding further with the budget discussion. Councilman Stephen Rabil asked how much was spent roughly per year on tourists. Manager Scott replied \$450,000.



## **WATER PLANT:**

Manager Mike Scott directed the Board to page 93 of the proposed budget for the Water Plant. Utilities Director Ted Credle addressed the Board, stating that the first eight or so lines in the budget are pretty much set for FICA, but noted the following changes:

- **Telephone:** Increase 22% for cell phone allowance; 6 employees at \$600/yr each. Three land lines at \$170/yr each. Three operator phones \$900.
- **Equipment maintenance repair:** Increase 45% for Water Plant equipment, and to replace 18" check valve located in the yard between the reservoir and the water plant itself at the cost of \$50,000.
- **Legal Fees:** Increase \$5,000. Manager Scott stated that legal fees have been added to deal with the reservoir, sewer issues and capacity fees with County litigation--the Town is continually spending money.
- **Building and Maintenance repair:** Increase 14% to replace rails around three filters, and painting around areas at the outer basins at the Water Plant. Credle noted this should be a one-time thing and this cost should go down next year.

Councilman John Dunn asked if the salary line item takes into account any potential percent increase; whether it was based on the same employees currently and if last year's numbers were half the year at the new rate. Manager Scott stated last year the numbers did not include salary increases at all because the amounts were unknown, it was all left in contingency in order to move forward. Same with the General Fund.

Councilman Travis Scott questioned whether some of the Building and Maintenance repair costs could come from Capital Project funding, since it is a one-time expense. Credle stated he would defer that question to the Finance Director, and if appropriate it could be. Credle continued:

- **Supplies and operation:** Increase 9% for two chemicals that went up in price for water treatment, which are solely sourced from overseas.
- **Service Contracts:** Increase 14% for divers to clean out sand from the pump station, for river dredging and to add a brand new clear well to our contract. Credle stated all three items added to an increase annual expense of \$50,000.
- **Capital Outlay:** Decrease -67% for Scada upgrades around the water tanks and the water pump houses around town.

Credle expounded on the issue of sand intake at the water plant, stating that staff has reached out to surrounding Towns and County areas to see how they handle the issue, and if applicable. He stated Goldsboro had an issue and essentially dug a canal using their extra space to resolve their problem. Credle stated the Town does not have the extra space. He stated staff is actively looking at ways to solve the problem, being the number one issue, the water plant is dealing with right now.

Councilman Travis Scott asked if the Town drawing in more water due to growth has an effect on sand intake. Credle stated this does impact the issue, as the sand is negatively impacting pumps and valves. Credle stated the brand-new pumps that were purchased as part of the improvement project were 10-year pumps. They have since had to be rebuilt, and it is an on-going battle.

Councilman David Barbour asked what the Town was doing about the water pressure in West Smithfield, noting that it was woefully inadequate. Public Utilities Director, Credle stated that there were state funds directed to build a water tank on a section of land in West Smithfield that is owned by the Town. Credle also noted that staff would continually charge existing tanks and keep them as full as possible. Credle stated the Barbour Road area is a high spot of Town, and the water tank on Flowers Street would be more helpful if perhaps built 30 to 40 feet higher up in the air. It was also discussed that valves and pipe size installed when developed may have also affected the water pressure issue, albeit not as much as the land elevation. Credle stated there was not much he could do in the next six months to resolve the issue with state funds. He added that the Town could put a pump in the system, similar to what East of 95 are proposing until the tank is built one day. However, the pump would have its own issues related to maintenance. There was some discussion regarding the proposed development on Barbour Road. Councilman Barbour stated that any new houses added to the area would place more of a strain on the system for existing customers already having a water pressure issue.

Mayor Andy Moore asked if there was a way to legally have developers help pay for impact fees as a result of new development, and are we charging enough. Credle noted that we currently have system development fees.

Councilman Steve Rabil asked Credle what would be the cost to raise the tank on Flowers Street. Credle stated he did not know, but it would likely be the same cost as installing a whole new tank because construction would have to start at the foundation. There was general discussion regarding installing a pump at the cost of an estimated \$400,000 to address the water pressure issues in West Smithfield, versus the cost and how long it would take to build a new water tank. The possibility of having the developer reserve a plot of land for a water tank to improve pressure was also a consideration. Councilman Barbour stated that his constituents would like to know that the issue is being considered and addressed in the budget process by the Council.

Councilman Travis Scott asked Credle to go back and look at the system development and meter fees to make sure they are adequate. Councilman Scott also asked Credle if he considered hiring an assistant director, who may take his place when the time comes. He stated that sharing knowledge of his and other key roles of other staff members would allow the Town to be prepared for any staff changes if and when they occur. Credle stated that if stormwater becomes an Enterprise Fund, it would give him a fourth item to manage, which could prove challenging given wildlife, etc. He stated this may occur five or six years from now, but at the moment he is okay without an assistant director on staff. He stated he would let the Board know so that it will be prepared when the time comes.



## **WATER SEWER FUND:**

Credle continued with his review of line items on page 97 of the proposed budget for water and sewer distribution:

- **Equipment maintenance and repair:** Increase of 33%; Credle noted this was for maintenance of pumps at the pump stations, noting that all pumps have gone up considerably.
- **Property and Liability Insurance -Worker's Comp:** Increase of 22%; Manager Scott noted this item was paid out of all three departments, Water Sewer, Electric and General funds. The League of Municipalities has not given the actual numbers yet, so this is only an estimate and hopefully the actual would be less.
- **Supplies and Operation:** Increase 21%; Credle noted this was for permitting costs that went up to operate our collection system, for the cost of tools to do jobs, and for signs for traffic control.
- **Sewage Treatment:** Increase 25%; Credle stated this is due to the annual increase from the County, and also infiltration and intrusion issues, for which we are hiring a consultant to address. Manager Scott noted that the increase factors in the 7% sewer increase from the County.

There was some discussion to clarify employee supplemental retirement insurance payments. The Manager clarified that employees hired before July 2007 can receive a Town health insurance benefit when they retire with either twenty years of service or retirement by age. When the employee becomes Medicare eligible at age 65, they can receive a Medicare supplement payment. It was noted that the town has a few active employees who are over age 65 and still on the Town's group policy.

- **Economic Development:** Increase 137%; Manager Scott stated these funds were mostly going to East River. They can put in one reimbursement payment a year only. This will be the last amount of money needed to put back for East River. There is another line item in the General Fund for this as well. These are the only two places in the budget for which we are still reimbursing for that infrastructure.
- **Water Sewer Capital Projects:** No increase; Credle stated we continue to see reductions in infiltration and intrusion; the fund also covers lift station repairs, AMI-Nexgrid metering valve insertion, water line upgrades; and a vac-truck purchase.
- **Capital Outlay:** Increase 368%; Credle stated the balance of \$286,000 was a thing of the January meeting whereby the EDA wanted a commitment from the Town, and this is the amount of the commitment. The other projects for manual rehabilitation, buying a single hydraulic camera for street cutting because ours is worn out. Credle also requested posting a line locator position, a full-time position for someone to paint the ground--indicating where the water and sewer lines are. Credle stated he hopes to also train this position for the job of inspector.

Mayor Andy Moore asked if we had any ongoing consulting projects with Wooten Corporation. Credle answered yes, one is an EDA sewer line extension project in West Smithfield and the other is an extension or improvement of the sewer line beneath I 95 from the Howard Johnson to the Golden Corral. Both projects have bids awarded out. One project is permitted, and the other is awaiting approval of permits. Mayor Moore referenced a job that Wooten did for the Town that resulted in a costly mistake. He encouraged Credle to seriously look at potentially going with other companies that offer the same level of service for future contracts.

## **ELECTRIC FUND:**

Manager Scott continued with the electric fund budget:

- **Property Liability/Worker's Comp:** Increase 7%; Manager Scott noted the \$200,000 figure was the current estimation.
- **Professional Services:** Increase 21%; Public Utilities Director Credle stated that with the retirement of the former Electric Superintendent, who did a lot of this planning work, the new replacement lacks planning experience. As he picks up experience, this item will be needed less.
- **Fuel:** Decrease 14%; Credle stated fuel costs have dropped due to a newer bucket and service trucks which require less fuel.
- **Supplies/Operations:** Increase 10%; Credle stated this was inflationary due to the price of materials like copper, aluminum, wood and PVC have all risen.
- **Electricity Purchased:** Decrease 3%; Manager Scott noted a loan payment for wholesale power purchased from NCEMPA. There is also a 6% increase in the wholesale electric price.
- **Transfer to Electric Capital Projects Fund:** N/A; Credle discussed the Voltage conversion, AMI metering, the purchase of a digger derrick truck and electric delivery point one improvements

Manager Scott added that the only electric debt in the electric fund is the substation loan for the Brogden Road station. He stated it matures August of 2027.

Councilman Rabil asked what percentage of meters have been replaced with the new Nexgrid meters. Credle stated that 99% of customers have Nexgrid meters. Only about 50 commercial meters remain. Rabil asked why are we still reading meters. Credle stated they are physically re-reading when meters are off or broken, but not reading all meters. Manager Scott added that Town staff is still reading water meters. Credle stated the Town is in the process of being replacing water meters with money allocated annually. There was general discussion regarding meter readings, and the availability to read the new meters online.

There was also discussion regarding the cost of meters and whether the rate study takes into account the base charge for the meter to recoup that charge. Credle stated he would verify that this is the case. There was also discussion regarding whether the electric meter fee was passed along to the developer with system



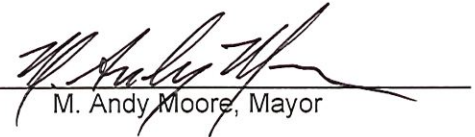
development fees. Credle stated system development fees were specific to water and sewer development.

### **RECESS**

Mayor Andy Moore asked if there were any other questions from the Board. There were none, so the Board discussed setting the date for the next budget session. There was general discussion regarding whether to open the meeting up to nonprofits and schools to make a presentation. It was discussed that this was not necessary due to the amounts funded, and everyone typically being treated the same the same every year.

Councilman David Barbour made a suggestion for Wilson's Mills Elementary School to be considered for nonprofit school funding this year. Manager Scott stated he would get them the funding forms to complete.

*Councilman Travis Scott made a motion seconded by Councilman John Dunn to recess this meeting at approximately 9:43 pm, and to schedule the next budget session for Thursday, March 27 at 6:45 pm. Unanimously approved.*

  
M. Andy Moore, Mayor

ATTEST:  
  
Elaine Andrews, Town Clerk

