

The Smithfield Town Council reconvened their April 7, 2026, Town Council meeting on Thursday, April 16, 2026, at 6:30 pm in the Town Hall Council Chambers to hold budget discussions. Mayor M. Andy Moore presided.

Council Members Present:

Mayor Pro Tem Sloan Stevens
Dr. Gettys Cohen, Jr., District 1
Travis Scott, District 3
Doris L. Wallace, District 4
Stephen Rabil, At-Large
John Dunn, At-Large
Roger Wood, At-Large

Council Members Absent:

Administrative Staff Present

Kimberly Pickett, Interim Town Mgr.
Elaine Andrews, Town Clerk
Tracy Stubblefield
Gary Johnson, Parks & Rec Director
Brent Reck, Planning Director

Also Present:

Robert Spence, Jr., Town Attorney

Administrative Staff Absent:

Shannan Parrish
Ted Credle
Lawrence Davis

CALL TO ORDER

Mayor M. Andy Moore called the meeting to order at approximately 6:30 pm.

FY 2026-27 Budget Discussions

Interim Town Manager Kimberly Pickett presented the FY 2026–2027 budget framework, reiterating the Town's mission of ethical leadership and service. She noted that the State Retirement contribution for general employees has increased to 15.10% (from 13.92%), and when combined with up to a 5% 401(k) match, the Town budgets 20.10% of salaries for retirement-related costs. Property and liability insurance rose 8% across all departments, and the budget includes up to a 2% merit increase for personnel, recommended for January following evaluations. Pickett explained that Funds 30 (Water & Sewer) and 31 (Electric) are enterprise funds that must be self-supporting and cannot receive tax subsidies. For Fund 30, total estimated revenue is \$14,198,710 (a 3% increase), with no water or sewer rate increases proposed pending a UFS rate study. Key revenue assumptions include water sales of \$3,937,500 (5% increase), wholesale water of \$3,000,000, sewer sales of \$6,242,710, water taps of \$11,500 (up from a projected \$19,000 this year vs. a \$10,000 budget), penalties of \$65,000, and interest on investments of \$275,000, budgeted conservatively below current projections.

In discussion, Pickett confirmed that interest income is expected to rise by about \$50,000 based on current trends. Councilman Travis Scott asked about potential county sewer rate changes (to be covered later), and clarified that new water and sewer taps are booked to separate tap revenue accounts, while water and sewer system development fees are also tracked in distinct accounts. On sewer capacity pass-through fees, Pickett explained that the Town records matching revenue and expenditure lines, with funds received and then remitted to the county; this arrangement is already in the budget. Scott requested that staff review the contract with wholesale customers for a possible rate increase clause to help offset rising costs with minimal impact on end users.

Moving to water plant expenses, Pickett reported total water plant expenses of \$4,873,049 (a 20% increase), including capital requests from Utilities Director Ted Credle: a water line extension along Brogden Road (East Smithfield Water Improvement) for \$325,000 (design, permitting, initial construction), an \$800,000 plant intake improvement to reduce sand and organic material at the river intake, and ongoing PFAS-related planning/reserves. In response to questions, she clarified that developer-installed infrastructure in the Mallard Road/I-95 area would be supplemented by Town-funded upsizing for long-term growth, and that Council can influence whether that corridor is oriented toward economic/commercial/industrial or residential use through land-use decisions. Pickett agreed to email further clarification on the East Smithfield/Brogden Road project and to verify which previously budgeted capital amounts (e.g., East Water, South Side, and intake improvements) are being carried forward into the proposed budget. She continued noting water treatment plant upgrades at \$350,000, the West Smithfield Tank project at \$200,000, and a raw water pump replacement at \$100,000. Personnel changes included the addition of one Mechanic/Operator position budgeted at \$78,341. Salaries and wages were set at \$621,471, reflecting a 4% increase, while overtime expenses increased 55% to \$31,074. Utility costs were budgeted at \$215,000, a 9% increase. Equipment, maintenance and repairs were projected at \$150,000, representing a 50% increase, and building maintenance and repairs were budgeted at \$45,000, a 13% increase. Supplies and operations expenses were budgeted at \$1,147,420, reflecting a 4% increase, due to a trend for an increase in treatment chemical costs. Councilman John Dunn mentioned the overall projected costs was 26% lower, Pickett agreed explaining the water plant may not have hit the number for the products they buy due to days remaining in the current fiscal year, which is how projections are calculated.

Pickett continued with the Water Sewer budget review, stating the proposed water sewer budget expenses were \$8,562,869, reflecting a 2% increase from the previous year. Capital improvement projects discussed included the Fire Hydrant Program at \$200,000, the US-301 Water Relocation project at \$375,000, upgrades to Pump Station #1 at \$300,000, upgrades to Pump Station #11 at \$250,000, digitized mapping improvements at \$35,000, a hydraulic mower attachment at \$10,000, and water meter purchases at \$30,000. Salaries and wages were budgeted at \$1,212,984. Overtime expenses increased 70% to \$84,909. It was discussed that

work orders will now be used to track and document overtime expenses. It was also mentioned that while water plant overtime was due to staffing, water sewer overtime was due to callbacks for line breaks due to winter weather. Pickett noted that she and the Finance Director felt overtime was high, and they would continue to investigate and have staff review it more carefully going forward.

Utility costs increased 57% to \$55,000. Equipment maintenance and repairs were budgeted at \$135,000, reflecting a 35% increase. It was noted that two additional lift stations were coming online in 2026, and some money was a buffer for any issues that may come up with the older of the existing 22 lift stations. Supplies and operations expenses were set at \$402,628, representing a 10% increase, due to a rise in parts and material costs. IT supplies were budgeted at \$6,434, a 215% increase—tied to “externally owned accounts” for emails. Also, uniforms were budgeted at \$12,500, reflecting a 47% increase, but include two new employee’s uniforms that were not counted in last year’s budget.

Pickett further presented, stating sewage treatment expenses were budgeted at \$3,000,000, reflecting a 6% increase. Service Contracts were projected at \$272,234, representing a 7% increase—split cost for internet and IT services. The Water/Sewer Fund Economic Development allocation was budgeted at \$20,000, a 78% decrease, while the transfer to the Water/Sewer Capital Reserve was set at \$225,000, reflecting a 72% decrease—with only the vac truck balance remaining in that line item.

The Board also reviewed Water/Sewer Debt Service obligations, with total estimated revenue projected at \$762,791. Debt service payments included the Water Plant Expansion loan at \$722,880, which matures in May 2042, and the DEA Lead Service Line loan at \$39,911, which matures in May 2029. Staff noted that two debt service payments were eliminated in Fiscal Year 2026. It was noted that there was nothing right now in this fund budgeted for contingency.

The Board discussed several items for future consideration. Staff reported that Johnston County will implement increases to sewer costs effective September 1, including a transmission charge increase from \$0.90 to \$1.00 per 1,000 gallons, representing a 10% increase, and a treatment charge increase from \$4.02 to \$4.43 per 1,000 gallons, representing a 9% increase. The Board was also informed that USF will conduct a Water/Sewer rate study upon completion of the current Electric rate study. Discussion was also held regarding the AMI installation project for all water meters. Staff noted that billing is currently approximately 45 days behind and that the AMI system at full installation would improve reading accuracy. Approximately 4,000 meters remain to be installed. Project cost estimates included a Nexgrid quote for meters and modules totaling \$1,086,800 and a Core & Main quote for lids totaling \$125,965, for a combined estimated project cost of \$1,212,765. Pickett requested the board consider full AMI installation after the audit. It was discussed that the AMI installation project has been going on for some years now, how implementation includes both residential and commercial, and how staff can be better utilized once fully underway.

In response to a question by Councilman Rabil regarding existing fund balance, Finance Director Tracy Stubblefield addressed the audit. Stubblefield reported that the Town is making good progress on the audit but noted that many items in the financial system had not been kept updated, requiring staff to manually calculate and compile information for the auditors. She stated that a dedicated team is working on this and that completing the audit is the highest priority for the Finance Department, alongside keeping normal town operations running. Stubblefield indicated they are down to four remaining items, acknowledging that some are significant, but emphasized that the auditors are meanwhile working on the financial statements and that staff can “see the finish line.” In response to a question, she confirmed that this work covers all three major funds (including the General Fund) and all capital project funds.

In response to a question from Councilman Travis Scott regarding the four remaining items, Stubblefield noted they were Finance Director Tracy Stubblefield explained that one of the largest remaining audit items is fixed assets, which had been tracked on an external spreadsheet; staff is now entering those assets into the Town’s ERP system. Another major item is a special utility billing spreadsheet, requiring coordination with Ted Credle’s group as Billing Manager, Jay Godwin on the billing side and with Finance on the collections side to convert existing raw data into the specific spreadsheet format required by the auditors. She emphasized that all necessary data exists, but the system does not generate the needed report, so staff must manually enter and reformat the information, which is time-consuming.

Interim Town Manager Kimberly Pickett added that she has already submitted the OSBM (state Office of State Budget and Management) grant documentation for the amphitheater, Ava Gardner Museum, and SRO funding, and the auditors have given a “green light” on those. Remaining questions involve DEQ grants and ARPA grants. Pickett noted that, because the capital fund accounts were not clearly organized, she assigned staff to review historical documents in Laserfiche to separate DEQ funds, ARPA funds, loan proceeds, and other sources. Pickett compiled that information, is pulling related transaction histories, and expects to provide the auditors with the requested grant details by the following day, covering items on the revenue and the expense side of the grants. It was discussed that current software was not being utilized in its fullest capacity, which would make accessing information better for audits, and how this would change moving forward, specifically with invoices, requisitions and payroll. The final item mentioned that the auditors needed was regarding sick leave journal entry issue coded for the incorrect fiscal year but is being corrected. It was noted that all paperwork necessary for extension of budget submission to the state has been completed. Pickett stated the goal was to have the audit submitted by the end of May and is a priority.

The Board reviewed Fund 31 Electric Department revenue projections, with total estimated revenue budgeted at \$19,445,144, reflecting an overall 3% increase. Staff noted that changes in electric rates are anticipated, but the Town is still awaiting the completed rate study from USF. Electric sales revenue was projected at \$18,900,144, representing a 3% increase. Penalties were budgeted at \$100,000, reflecting a 10% increase,

while cut-on fees were projected at \$90,000, a 4% increase. Interest on investments was budgeted at \$240,000, reflecting a 4% decrease.

Pickett continued review of the Electric Department budget, with total electric expenses projected at \$19,102,558, a 4% increase. Capital items discussed included a voltage conversion at \$500,000, one-half of a digger derrick truck purchase at \$200,000, and materials and wire purchases totaling \$900,000. Salaries and wages were budgeted at \$1,353,658, representing a 2% increase, with no change in overtime projected cost from last fiscal year at \$50,000. Training and education expenses were projected at \$32,000, reflecting a 28% increase, while postage expenses increased 25% to \$50,000. Professional services were budgeted at \$30,000, a 50% increase, and IT supplies were budgeted at \$7,434, reflecting a 148% increase. Miscellaneous debit and credit card fees were projected at \$200,000, representing a 13% increase. There was some discussion regarding credit card fees, with one suggestion to remedy the cost being kiosks set up in-house for credit card payments. Pickett also stated she would continue to look at ways to lower these costs and policies and report back. CS/Tyler financial software expenses were budgeted at \$75,000, a 21% increase. Electric purchase costs were projected at \$13,690,000, a 5% increase.

Interim Town Manager Kimberly Pickett stated that the Electric Fund's current debt service consists of one remaining obligation, a substation loan with annual debt service of \$342,586, which will mature in August 2027. She then noted that the proposed budget does not yet include a new capital outlay for the design and upgrade of Delivery Point No. 1, which is needed due to aging infrastructure and the need to modernize the station. The objective of the project is to enable the Town's system to receive a higher voltage from Duke Energy while still maintaining the lower delivery voltage currently used.

Pickett reported that, in her discussions with Utilities Director Ted, he has indicated the Town will need to obtain a loan for this project. The total project cost is estimated at \$7,250,000. She noted that in FY 2025–2026, the Electric Fund set aside \$300,000 toward this project, and that amount has been accumulating for several years. In response to questions from Councilman Travis Scott, she said staff will double-check prior-year capital set-asides, but Public Utilities Director, Ted Credle had recently reviewed the figures and did not identify additional amounts beyond the \$300,000; staff will verify and report back.

Pickett added that some design work has already begun, with design activity having started approximately six months ago, and that breakers have already been bid or ordered as part of the preliminary project work. She reiterated that the overall cost remains \$7.25 million, and that Ted has begun conversations with Finance Director Tracy Stubblefield regarding financing options and loan arrangements for the project.

In follow-up discussion, Councilman Scott noted that it appears the Town budgeted \$300,000 last year in capital outlay for the delivery point project and \$450,000 for a related voltage conversion project, asking for confirmation. Pickett confirmed that these amounts correspond to the delivery point upgrade and the voltage conversion, respectively, and reiterated that this is the basis for ongoing discussions between Ted and the Finance Director as they develop a financing and implementation plan.

She then shifted to broader policy issues, noting that given Johnston County's growth and the Town's ownership of its electric system, there is a need for a formal electric line-extension and developer cost-participation policy, similar to existing practices in water and sewer. She explained that in other public power communities (including her prior experience in Benson and, she believes, Clayton), developers are required to pay the cost of electric infrastructure for new developments, with those costs incorporated into housing prices rather than borne by existing ratepayers. Pickett stated that she and Ted strongly support adopting such a Council-approved policy so that staff can point to a clear standard when questioned. There was further discussion for putting policies in place so as costs for installation of new infrastructure for new subdivisions does not burden existing customers but is more captured up front from developers or the contractor. There was also discussion regarding requiring more efficient installations such as underground electric lines and larger water taps than minimum to lessen the likelihood of issues down the line.

Interim Town Manager Kimberly Pickett reported that she had asked council members to submit two or three priorities for staff to focus on as the budget is finalized, particularly for the General Fund. From the responses received, priorities included Market Street (next steps and funding), for which she has already applied for an ElectriCities grant for edge-line friction improvements and additional public parking. She noted that she and Rick have also been discussing other downtown areas to address when General Fund items are presented. Pickett reminded Council that the DSDC contract expires this year; she emailed that information previously, has surveyed downtown businesses, and will compile the results to establish benchmarks and performance measures for DSDC and bring back a revised contract in May. Additional listed priorities included Fire Station No. 3 land acquisition and street sign cleaning and refurbishment (all signs, including stop signs and any damaged signs). Pickett confirmed that council iPads are planned in the General Fund budget, tied to a project led by Town Clerk Elaine Andrews to digitize minutes and agendas using BoardBook, transitioning from paper/PDF packets to an electronic, archival system; council members will have the option to use printed packets or iPads. Pickett then distributed a priority ranking sheet, asking council members to add any other priorities, rank them from most to least important, and return the forms by Tuesday at the next meeting. She concluded by stating she had no further budget items if there were no additional questions.

Mayor Moore commented on ongoing discussions with the Upper Coastal Plain NCDOT's 10–20-year transportation plans. He also mentioned the availability of CMAQ funding for sidewalks in West Smithfield, for which he asked the Interim Manager to have staff reach out about.

Councilman Travis Scott asked Interim Town Manager Kimberly Pickett for a quick summary of anticipated rate increases, referencing a 4.5% wholesale electric increase and inquiring what is currently projected for retail electric rates. Pickett replied that she has not yet received projections from UFS for the retail rate impact. Scott

then asked about the county sewer increases, noting a 10% increase in transmission charges and another fee, and requested clarification on how these charges are allocated to customers. Pickett explained that she has not yet seen a full UFS rate study showing how the county's transmission and treatment charges (two separate per-1,000-gallon fees) are built into the Town's customer rates and would need to consult Utilities Director Ted Credle for that detail. Councilman Travis Scott expressed concern about the potential appearance of a 19% pass-through increase to customers for costs the Town cannot control. Pickett confirmed that the county's new charges are expected to take effect in September and reiterated that once UFS completes the electric rate study, staff will immediately engage them to perform a water and sewer rate study to properly plan and structure any rate adjustments needed.

Closed Session Pursuant to NC G.S. 143-318.11 (a)(5)

There being no further budget discussions, Mayor Pro Tem Sloan Stevens made a motion seconded by Councilman Roger Wood to go into closes session pursuant to NC G.S. 143-318.11 (a)(5) at approximately 8:26 p.m. Unanimously approved.

Councilman Travis Scott made a motion, seconded by Councilman Roger Wood to return to open session at approximately 9:40 p.m. Unanimously approved.

Councilman Travis Scott made a motion to adjourn the meeting. The motion failed for lack of a second.

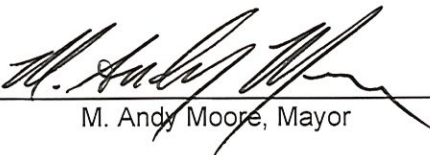
Councilman Roger Wood made a motion directing staff to look at another site for the Tobs baseball stadium—a Community Park located tract of land whereby 58 acres has been donated to the Town; and bring findings back to the board at the April 21, 2026 Town Council meeting. The motion was seconded by Councilman John Dunn. The motion carried by a vote of six to one, with Councilman Travis Scott voting in opposition.

Councilman Travis Scott added discussion for the motion, that the Town consider the cost comparison.

Amended motion:

Councilman Roger Wood made a motion directing staff to look at another site for the Tobs baseball stadium—a Community Park located tract of land whereby 58 acres has been donated to the Town; and bring findings back to the board at the April 21, 2026 Town Council meeting, along with a cost comparison. The motion was seconded by Councilman John Dunn. The motion carried by a vote of six to one, with Councilman Travis Scott voting in opposition.

Mayor Pro Tem Sloan Stevens made a motion, seconded by Councilman John Dunn to adjourn the meeting ag approximately 9:47 p.m. Unanimously approved.


M. Andy Moore, Mayor

ATTEST:


Elaine Andrews, Town Clerk

