

**TOWN OF SELMA
CONTINUED MEETING
JERNIGAN BUILDING
110 EAST ANDERSON STREET
JUNE 20, 2016**

MEMBERS PRESENT:

Mayor Cheryl Oliver, Mayor Pro-Tem Jackie Lacy, Councilmember Tommy Holmes, Councilmember William Overby and Councilmember Mark Petersen, and Town Manager Jon Barlow.

Other staff present: Finance Director Karen Johnson, Planning Director Julie Maybee, Fire Chief Phillip McDaniel, Police Chief Richard Cooper, and Interim Deputy Clerk Joyce Lawhorn.

CALL MEETING TO ORDER:

Mayor Oliver called the meeting to order at 12:54 p.m. and declared a quorum was present.

Town Attorney Hewett stated that he wanted to give an update on a planning matter that was on the June 14th agenda regarding a special use permit.

Mayor Oliver stated that would be second on the agenda.

**FISCAL YEAR 2016/2017
TOWN OF SELMA BUDGET:**

Town Manager Jon Barlow stated that included in their package was a revised budget ordinance, which reflected the change from the last meeting in Town Council's salary.

Mr. Barlow stated that the next several items were requested information from the last budget discussion. He said the first item shows salaries and how they are broken down.

Councilmember Overby stated that he would like some clarification on the chart for Public Works. He said that under item 700, the payout did not average back to the annual fee. He said that in the last column under Electric, the \$2,439.33 should be \$9,757.32.

Mayor Oliver stated that a correction needed to be made in the Public Works Department category 700.

Councilmember Overby asked if the salaries were built into the salary plan that the Town just went through.

Town Manager Barlow stated that they were. He said that the merit fund amount that they came up with was based on the distribution of salaries.

Councilmember Overby stated that in some cases, there are some that get paid by the hour.

Town Manager Barlow stated that there were some part-time positions that were paid by the hour, and are limited to how many hours they could work.

Councilmember Overby stated that based on what he had reviewed, the total amount that Sewer paid out for salaries was \$275,000. He said that was across the board including everything in this package.

Town Manager Barlow stated that Sewer Administration expenses were at \$170,000 for salaries, and Sewer Operations were at \$90,000.

Councilmember Overby stated that he was trying to look at this with two different approaches. He said that even in the Electric Department, Sewer is paying Electric bills. Councilmember Overby stated that it was spread over four different departments. He said the reason he was asking this was because the Sewer Fund has a big problem. Councilmember Overby asked if each department could pay for their own employees' salaries, and not break it down across the board. He said that he was trying to get the Sewer Fund out of the red. Councilmember Overby stated that another option was to free sewage and take it from the other funds, and only pay Sewer employees out of the Sewer Fund until they get a handle on that.

Town Manager Barlow stated that he thought that it unfairly burdens the others. He said that it burdens the tax rate, burdens the water rate, and burdens the electric rate. Mr. Barlow stated that in those rates, they have figured in personnel costs. He said that if you take out the ones that have to go somewhere else, there will be more pressure on the water rate, tax rate, and electric rate. Mr. Barlow stated that would drive those costs up, and would unfairly let sewer go cheaper than it should by not paying for anything.

Councilmember Overby stated that the other funds were not in the red like the Sewer Fund.

Town Manager Barlow stated in the short term that is a problem, but thought that when they get the rate structure where it should be, the reserves would be built back up to where they should be.

Mayor Oliver questioned how they were to know the departments in and of themselves are self-sustaining and profitable. She asked how they were to know that when the numbers are spread across. Mayor Oliver stated that the model that they were using was a valid municipal budget model where they split out costs across departments. She said that instead of organizationally aligning things and literally paying for it, that view to them was here is all the costs no matter where they reside for a given department, and here is what they are bringing in. Mayor Oliver asked Town Manager Barlow to help them understand. She said that they got caught on Electric. Mayor Oliver stated that the cash flow looked like it was great, but they get an audit, then all of a sudden it is not; then water and sewer happens. She said that they are trying to get their hands around what the bottom line was about this. Mayor Oliver stated that if they had a different picture, it might say we go down a personnel or two, because

they were kind of treading water and going under, but kind of moving things around so the reality does not show. Mayor Oliver stated that she thought it was a good business question in terms of their financials. She asked how they get that view. Mayor Oliver stated that it was nice to see the breakout, but it does not answer that question; it is raw data. She said another way to ask the question would be what would the budget look like if they did not have an Electric Department. She said that would start eating away with some of the Customer Service personnel. Mayor Oliver stated that the bottom line for it is that it would put more of a burden on the tax rate, but maybe that is a better thing to do than continuing to go into the hole.

Town Manager Barlow stated that continuing to go into the hole is not an option. He said that if the Town was going to provide the services, they needed to set rates accordingly, and enterprise the number of people needed for the service, not too many and not too few. He said that it was a balancing act. Mr. Barlow stated that at some point, it got out of balance. He said that for years, the Town operated water and sewer out of one fund; but in 2007, US Revenue Bonds were received and the Town separated the fund into two different self-supporting funds. Mr. Barlow stated that the Town found out a couple years later that the water fund was self-supporting, but the sewer was not. Mr. Barlow stated that in this situation, the sewer rates were not set to reflect the true cost of operation. He said that there was a whole lot more to it than just personnel.

Mayor Oliver stated that historically that the Electric Department revenue was kind of the cash cow of the Town, and the money was being transferred out. She said that what it does is hide, and they do not know what is real anymore. Mayor Oliver stated that over the next few months, she would do a “What If”, what if the Electric Department was not part of the Town. She said that as they approach the 2025 date, the debt is paid, we need to be able to make an informed business decision.

Councilmember Overby stated that Mayor Oliver was talking about getting rid of the Electric Department, but he wanted to see what it would do if each department paid for their own staff.

Mayor Oliver stated that she was using that as an example.

Councilmember Overby stated that Sewer pays a lot of other things other than salaries such as soccer. He said that another concern that he had was when the Water and Sewer Fund was split, did a fair amount of money go to each fund to keep it sustained, or did it start from scratch?

Town Manager Barlow stated that he did not know what the beginning balances were, but the sewer rates were not there to sustain the Sewer fund operation over the next four to five years.

Councilmember Overby agreed that they have got issues and that they are

trying to work on those issues, but he was trying to keep from having to come back to the table to discuss sewer. He said that he had some other ideas that he would like to share, but he would discuss those a little later in the budget. Councilmember Overby thanked Mr. Barlow for the information provided.

Councilmember Overby stated that his goal was to figure out how to fix the sewage.

Mayor Oliver stated that she was surprised to see the scorekeepers for Parks and Recreational staff coming from Water and Sewer.

Finance Director Johnson stated that she did not think that it comes out of Water and Sewer.

Councilmember Overby questioned if part of the part-time firemen positions came out of the Water Fund.

Finance Director Johnson stated that a portion, 20%, of the part-time firemen positions were paid from the Water Fund, and 80% out of the General Fund.

Town Manager Barlow stated the Fire Department does have a lot to do with the maintenance of the fire hydrants and the flushing program.

Councilmember Petersen questioned the two columns for the scorekeeper positions, and if they were combined into an hourly rate.

Finance Director Johnson stated that the first column was the regular hourly rate, and the second column was the overtime rate.

Mayor Oliver questioned the single phase basic rate (\$29.58) being so much lower for large general service than Smithfield and Progress Energy. She said that the consultant information showed that they clearly needed to go up on that rate. Mayor Oliver asked why the Town was not going up more than \$0.58 on something that they were so out of line with on the cost. Mayor Oliver stated that the current customer charge at the time of the consultant study was \$21.48, and the recommendation for the Town to recover cost was \$122.05.

Town Manager Barlow stated that based on their models that was the real cost. He said that was a sizeable increase at one time. Mr. Barlow stated that they came back with a 5-year plan to increase the rates 2% a year over the next five years. He said that the 2% applied to everything.

Mayor Oliver stated that she thought they would have increased the cost more aggressively than \$0.58.

Town Manager Barlow stated that would have changed the whole model

to a model that was based more on basic service charges versus energy sales.

Mayor Oliver asked how they get in four years to \$122.05 when they only add \$0.58 a year.

Town Manager Barlow stated that he did not think that was the intent of the model they adopted. He said that the consultant should be back in January to do an update. Mr. Barlow stated that they could change the model a bit to make sure they were on the right track to get the Town to where it needed to be. He said they could change the emphasis to the basic charges.

Mayor Oliver questioned in the budget section 4190-3320 under Public Buildings. She asked what the Utilities/Fuel Oil was for since \$0 was spent in year-to-date and \$5,000 was carried over for fiscal year 2017.

Finance Director Johnson stated that she would look into it.

Mayor Oliver stated that under the Non-Profit Organization Support, there continues to be Marketing funds in that category. She asked why Marketing would show up under the Non-Profit portion of the budget instead of including it with Advertising/Economic Development under Planning and Economic Development.

Town Manager Barlow stated that it was two different ideas. He said the one under Non-Profit Organization Support was for billboard advertising and the advertising under Planning was for legal advertising.

Mayor Oliver asked if it would not be better to have this even it were a separate line item under Planning and Economic Development because it was not non-profit dollars. She requested that that line item be moved to Planning and Economic Development to accurately reflect the dollars. Mayor Oliver stated that it appeared that the Town was supporting several non-profits when in actuality they were supporting only two.

Mayor Oliver stated that under Planning and Economic Development, the Johnston County Tourism Tax Transfer is shown. She asked where the revenue is shown.

Town Manager Barlow stated that it was listed under the General Fund Revenues under Local Occupancy Tax.

Mayor Oliver questioned the Fire Protection Terminals Fund Expense. She said that the department requested \$500; however, the recommended amount was \$560. Mayor Oliver stated that it looked like a typographical error, and asked that it be corrected.

Mayor Oliver stated that she wanted to go back to Marketing. She said

that they were expanding the Marketing position, and in reality were not getting any dollars for the person. Mayor Oliver stated that it was about \$9,000 or less. She said that she thought the minimum should be \$20,000. Mayor Oliver stated that they were not going to be able to advertise it anywhere. She asked if there was a place they tweak out another \$10,000. Mayor Oliver stated that she would forgo the additional electric person.

Councilmember Overby stated that the needed to revisit the tennis courts. He said that they were under the impression that there were going to be two tennis courts, but there was only going to be one at \$60,000. Councilmember Overby stated that he was not saying that they were not going to get one, but it was just not the right time for a tennis court. He said that he would like to take \$10,000 of that \$60,000 and put towards Marketing, and put the other \$50,000 towards I and I.

Town Manager Barlow stated that was crossing funds and could not be done. He said that the \$60,000 was all General Fund and could not be transferred to the Sewer Fund.

Mayor Oliver stated that those funds would allow for an event planner, and would allow for the addition of \$10,000 to the Marketing budget.

Councilmember Overby asked if the additional person that Mayor Oliver was asking for Marketing would go through the Town for hiring.

Mayor Oliver stated that the Town would advertise it, but it would be considered a contracted position with set criteria they have to meet.

Town Manager Barlow stated that a job description could be written.

It was the consensus of Council to take \$30,000 from the tennis court budget to allow \$15,000 more for Marketing, and allow \$15,000 for an Event Planner. Mayor Oliver stated that the balance of \$30,000 would remain set aside for tennis courts.

Mayor Oliver asked if there was a list of sidewalks that needed to be repaired or replaced. She said that \$10,000 had been allocated from the Powell Bill.

Town Manager Barlow stated that the Town recently had a company come in to trim the high areas. He said that the Town has not had a Master Sidewalk Plan done in a long time.

Mayor Oliver stated that the company did provide a list of sidewalks from Highway 301 to Green Street that they could not repair, but needed to be replaced. She said that was a starter point, but thought that was more than \$10,000.

Mayor Pro-Tem Lacy stated that there was a larger area in South Selma on

Raiford Street and Webb Street.

Councilmember Holmes asked if the Town had to put the money up for the sidewalks on Ricks Road.

Town Manager Barlow stated that amount was about \$25,000.

Councilmember Holmes stated that was about \$35,000. He said that with all the street paving, the Town still has plenty of money left in the Powell Bill Fund. Councilmember Holmes asked why the Town has not already started.

Town Manager Barlow stated that the Town had enough funds to do the sidewalks. He said that the Town had about \$500,000 in the Powell Bill Fund balance.

Mayor Oliver asked everyone to look at the Powell Bill expenditures in the budget book. She said that the resurfacing and paving of streets for 2016 was amended to add \$100,000, but showed as of March 2016, that only \$3,000 had been spent. Mayor Oliver stated that for 2017, the department requested \$200,000.

Town Manager Barlow stated that the Town just signed a contract with the Wooten Company for \$100,000.

Mayor Oliver stated that for 2017, \$200,000 was requested, but has been reduced to \$140,000. She asked why reduce it if they have money for the street projects.

Town Manager Barlow stated that the Town was spending about \$270,000. He said that they were spending about \$100,000 of the reserve. Mr. Barlow stated that he thought that was a reasonable number so that they would have funds for next year.

Councilmember Holmes asked if the bids that were received last year were what they were going on for this year.

Town Manager Barlow stated that the contract was just authorized with the Wooten Company last month.

Councilmember Holmes stated that asphalt costs was half of what it was a year ago.

Town Manager Barlow stated that was why he thought the Town was able to do everything that was on that project list.

Councilmember Holmes stated that if the Town has all that reserve, the Town needed to start working on the streets.

Mayor Oliver asked why there was a delay in the paving, and why it could not start July 1. She asked why they waited so late in the fiscal year to do it.

Town Manager Barlow stated that everyone wanted to do paving during the summer. He said that the Town's project was very small compared to other projects.

Mayor Oliver asked if the Town went out for bids in July.

Town Manager Barlow stated that the asphalt plants close in October or November until about March.

Mayor Oliver asked that the Town go out for bids right away, and maybe some smaller companies would take it on.

Councilmember Holmes asked why it was always S.T. Wooten.

Town Manager Barlow stated that S.T. Wooten and The Wooten Company were not the same company. He said this has to go out for a formal bid. Mr. Barlow stated that two advertisements for bids were published, and only received one bid.

Mayor Oliver requested that the Town go out for bids early, and see what happens. She said that the Town has streets in real need of repair. Mayor Oliver stated that she was fine with doing the \$200,000.

Councilmember Overby asked that they keep in mind the streets that have to be torn up for sewer repairs.

Councilmember Petersen asked if they were going to do anymore on sidewalks.

Mayor Oliver asked Town Manager Barlow to prepare a list of sidewalks that needed to be repaired or replaced for Council's review.

Mayor Oliver stated that under Water Operations Expenses, there was \$20,000 allocated for overtime. She asked if everything was being done to avoid overtime.

Town Manager Barlow stated that they were going to have overtime for those coming in on Saturday and Sunday.

Mayor Oliver stated that under Sewer Administration Expenses - Salary and Wages, the department requested \$130,000 but \$170,000 was recommended. She asked what the \$40,000 increase was for.

Finance Director Johnson stated that the salaries were not divided correctly last year.

Town Manager Barlow stated that a Crew Leader position was filled in 2016.

Mayor Pro-Tem Lacy stated that the Town needed to get busy in requesting grant funds for the tennis court.

Councilmember Petersen asked what line item the Civic Center was under.

Town Manager Barlow stated that the money was in the Budget Ordinance under Public Buildings in the General Fund Expenditures – Capital Outlay from which three installment payments would be made to the American Legion.

Councilmember Holmes asked about the funds that were being collected.

Town Manager Barlow stated that was outside the budget.

Councilmember Petersen stated that the Town has a serious bat problem, and could smell them when walking down the street.

Mayor Oliver stated that about three years ago, the individual businesses took on the responsibility for getting rid of the bats.

**UPDATE ON SPECIAL USE
PERMIT REQUEST FOR
WARREN STANCIL,
INTERSTATE OUTDOOR:**

Attorney Hewett stated that this was a matter that he and Planning Director Maybee have been discussing. He said that Town Council adopted a Special Use Permit for Interstate Outdoor. Attorney Hewett stated that the Special Use Permit was recorded on June 13, 2016. He said that Mr. Stancil agreed to the conditions of the Special Use Permit, but has now come back with a proposal different than what was approved. Attorney Hewett stated that he would like to have some guidance from Council on how to proceed.

Attorney Hewett stated that the existing fence was to be removed and replaced with a solid 8-foot fence, and the solid fence and gate were to be approved by staff. He said that Mr. Stancil has come back wanting to keep the existing fence. Attorney Hewett stated that instead of it being solid, he has recommended an opaque screen. He said that was a major modification of the Special Use Permit. Attorney Hewett asked if Council wanted to send it back to the Planning Board, or come back to Council at the next agenda meeting.

Mayor Oliver stated that Town Council gave direction. She said that if there was a question about Council changing that direction, it would need to come back to Council.

Mayor Pro-Tem Lacy stated that it needed to come back to Council.

Councilmember Holmes stated that it did not need to come back to Council. He said that the Town clearly stated to install an 8 foot solid fence.

Attorney Hewett stated that staff could report back to Mr. Stancil that at this meeting his Special Use Permit was discussed with Council, and Council stands by the issuance of the Special Use Permit as unchanged. He said that if Mr. Stancil wants to deviate from this, he would have to follow the procedures of the ordinance, which is to ask for a modification of this.

Planning Director Maybee stated that there would be another public hearing and notification.

Councilmember Overby stated that the reason that Council wanted the fence moved was because it was in the street right-of-way. He said that the Planning Board needed to be aware of Council's decision in case Mr. Stancil talks to them.

Mayor Oliver asked if Mr. Stancil would be allowed to continue his business operations.

Planning Director Maybee stated that he is in violation of the Special Use Permit, but he had an application in place for consideration, and was working towards that direction.

Councilmember Holmes asked if Mr. Stancil has the right to an extension without getting it done.

Attorney Hewett stated that he has the right to apply for one, but does not have the right to get one unless Council agreed to it.

Attorney Hewett thanked Council for providing some guidance on the Special Use Permit request.

**UTILITY ACCOUNT
BILLING DISCUSSION:**

Town Manager Barlow stated that Council was looking for some closure. He said that about a year ago, he was doing some analysis in the utility billing system, and came across some strange things, which there were about four of them. Mr. Barlow stated that the way the Town's billing system works, certain accounts are coded different ways. He said that there were some codes called W8.

Mayor Oliver stated that there was one church that was metered, but was not charged at 5,000 gallons.

Town Manager Barlow stated that it was metered and shows up in billing. He said that sewer was charged and paid for, but water was not billed. Mr. Barlow stated that a longtime employee remembers W8, but there was no documentation. He said that this church is located at 905 West Oak

Street. Mr. Barlow stated that what happened was the Town ran a fire line to the oil terminals, and the Town used the right-of-way through 905 West Oak Street. He said that the church was able to get water off the fire line. Mr. Barlow stated that the Town could read the meter and see what the usage was to bill for sewer.

Councilmember Petersen asked how much water they were talking about.

Town Manager Barlow stated that last month they used 2,000 gallons.

Mayor Oliver stated that she was concerned because she read in the email that there was one church that was metered but not charged at \$5,000 per month for water and sewer. She said that the reality was that they were charging for sewer.

Town Manager Barlow stated that it was a church and a parsonage.

Councilmember Overby stated that he would like for it to be figured out how that conversation came about and how it was documented. He said that the Town needed to cover itself, and needed something in writing.

Mayor Oliver stated that they needed something in writing if they could not find anything else.

Town Manager stated that the other one was done behind the pool and the hydrant meters. He said that at this time there were about 15 accounts. Mr. Barlow stated that most of them do not use water, but some of the accounts kept sticking out. He said that there were three mobile home parks in Town that have master meters. Mr. Barlow stated that at some point, the mobile home park owner put mobile home on the park with individual meters. He said that the Town was still reading the master meter, but was also reading the individual meter and billing individual tenants of these mobile homes at three mobile home parks for their usage. Mr. Barlow stated that when you look at these three master meters on the grid, there is a charge for them, but the Town does not bill for them, they would see that these mobile home parks have individual accounts. Town Manager Barlow stated that the three master meters were a part of the W9 pool and hydrant meters.

Town Manager Barlow stated that rest stops were on a master meter for both sides of I-95. He said that they were on one meter that reads both properties. Mr. Barlow stated that the meter that they are billed for was a sewer and irrigation meter. He said that the Department of Corrections, which is a W11, is billed as outside water, and was something that he needed to check on.

After further discussion by Town Council, a motion was made by Councilmember William Overby and seconded by Councilmember Tommy Holmes to approve the proposed budget for 2016/2017 with the

inclusion of the items discussed at today's meeting. Motion carried unanimously.

CLOSED SESSION:

A motion was made by Councilmember William Overby and seconded by Councilmember Tommy Holmes to go into closed session. Motion carried unanimously.

Council returned to regular session at 3:12 p.m. with no action taken.

ADJOURNMENT:

With no further business, a motion was made by Councilmember Mark Petersen and seconded by Councilmember Tommy Holmes to adjourn. Motion carried.

The meeting adjourned at 3:13 p.m.

BRENDA W. THORNE, Interim Town Clerk