

**TOWN OF SELMA
WORK SESSION MEETING
JERNIGAN BUILDING
110 EAST ANDERSON STREET
MAY 18, 2017**

MEMBERS PRESENT:

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

Councilmember Tommy Holmes was unable to attend.

OTHER STAFF PRESENT:

Planning/Economic Development Director Julie Maybee, Finance Director Karen Johnson, Police Chief Richard Cooper, Fire Chief Phillip McDaniel, Recreation and Library Services Director Joe Carter, and Town Clerk Brenda Thorne.

CALL MEETING TO ORDER:

Mayor Oliver called the meeting to order at 6:03 p.m. and declared a quorum was present.

INCENTIVES DISCUSSION:

Mayor Oliver stated that Al Benshoff of the Brough Law Firm has assisted the Town with the project in trying to define a good incentives policy. She said that as new businesses come, Selma would be able to partner and assist in getting them to come to Selma. Mayor Oliver stated that the Town was beginning to get many inquiries at the industrial and retail levels, and now was the time to have an incentive policy in place.

Planning/Economic Development Director Julie Maybee stated that she appreciated Town Council allowing staff to work with Mr. Benshoff. She said that this was something that Town Council had requested.

Mr. Benshoff reviewed with Town Council his PowerPoint presentation for an incentive policy (Appendix A, which is attached hereto and by reference incorporated herein). He reminded Town Council that this was a policy and not an ordinance. Mr. Benshoff stated that Town Council could modify the policy as it saw fit.

Mr. Benshoff stated that there were three incentive devices that the Town has and two were existing. He said the two that were in place are the downtown façade grant (or SURF Grant) and an existing downtown loan program. Mr. Benshoff stated that the new incentive would be the property tax grant back. He said that businesses would not receive direct tax relief. Mr. Benshoff stated that they would get a grant after the new business was built, employees hired, and taxes are paid. He said that the business would then be eligible to get back a percentage of the new taxes that were paid for up to five years.

Mr. Benshoff stated in the policy there is a scoring system, which allowed Town Council to think about the size of the incentive to be given. He asked that Town Council look at those numbers carefully for any changes. Mr.

Benshoff stated that Level 5 was a 90% grant back in the first year, and drops to 50% for Level 1.

Mr. Benshoff stated that the Planning/Economic Development Director would take in and review an application to make sure it is complete. He said that the application is then forwarded to the Town Manager, in turn he forwards the application to Town Council. Mr. Benshoff stated that if Town Council wanted to consider the application, he would recommend that a public hearing be held on the proposed incentive. Mr. Benshoff suggested offering the company an economic development agreement. He said that if the company signs the agreement, Town Council would know that the company was serious. Mr. Benshoff stated that it could be three years between the beginning step and final step. He said that ideally, Johnston County would be offering a similar grant to Selma's, which would make it more attractive.

Councilmember Petersen stated that Town Council needed to modify the proposed incentive program that was presented. He asked how the scoring process would occur.

Mr. Benshoff stated that part has to be transparent and would be reflected in the application and in the economic development agreement. He said that the agreement would state that the company would get an incentive based on its performance. Mr. Benshoff stated that the policy and agreement should have a system that identifies a minimum threshold, but what the company actually gets depends on how much it provides to the community. He said that the Planning/Economic Development Director takes the applicant at its word at the front-end of the process and at the public hearing stage. Mr. Benshoff stated that before the money is paid, there are checks to make sure the company does what the agreement says.

Mayor Oliver asked if a reduction in water-tap fees was something that the Town could add.

Mr. Benshoff stated that once a policy was adopted and published, the company would certainly ask for more.

Mayor Oliver stated that at the May 9, 2017 Council meeting, it was stated to focus on this as commercial and industrial, and not residential.

Mr. Benshoff stated that the incentive policy does not state to what kind of development it applies. He said that Town Council could apply it to where it wishes. Mr. Benshoff stated that the North Carolina law is subject to some interpretation, but he does not think it stretches to cover residential. He said that he did not think NCGS 158-7.1 applies to residential development. Mr. Benshoff stated that it might be stretched to cover a mixed use; but other than that, he was not comfortable. Mr. Benshoff recommended talking with Town Attorney Hewett about that issue.

Mayor Oliver stated that one of the incentive models presented to Town Council was a 10-year view in terms of taxes. She asked if there was a large investment, if that would come under the umbrella of being flexible.

Mr. Benshoff stated that all the numbers under Attachment A are flexible. He said that if Selma did catch a large investment, it could add a few more years.

Town Council thanked Mr. Benshoff for his presentation.

**2017/2018 TOWN OF SELMA
BUDGET DISCUSSION:**

Mayor Oliver stated that the next agenda item was the FY 2017/2018 Town of Selma Budget. She said that she views these sessions as incredibly important. Mayor Oliver stated that this was a good opportunity for Town Council to further define the requests. She said that this further helps Mr. Barlow and Ms. Johnson to help Town Council understand how things are calculated.

Town Manager Barlow stated that it was his pleasure to continue the discussion started in April regarding the FY 2017/2018 Town of Selma Budget. Mr. Barlow stated that he would review some of the discussions that have been held and changes that have been made to the original draft.

Mr. Barlow stated that a couple of things that have happened that are different than the original draft includes the increase in the Local Government Employee Retirement System of 0.25%, the addition of \$400 back into the American Legion funding for flags, the addition of \$1,500 for the Appearance line item for picnic tables, and funds under the Governing Body for the upcoming election.

Mr. Barlow stated that there were some questions that came up in discussions, which included the Cemetery Fee schedule, merit program, retiree health insurance policy, and health insurance premiums for the State Health Insurance Plan.

Mayor Oliver asked if Mr. Barlow had an approximate amount for the 0.25% increase in the retirement system.

Mr. Barlow stated that a 0.25% increase in a \$1 million payroll would be about \$2,500.

Councilmember Petersen stated that in an article in the *Smithfield Herald* regarding the Town of Smithfield's budget states that its budget was \$12.8 million.

Mayor Oliver stated that the Town of Selma includes everything in the \$19 million. She said that Smithfield deals with its budget in segments. Mayor Oliver stated that Smithfield has its general fund, and separates out the enterprise funds, which include water, sewer, and electric. She said that the media picked up on the operation budget for the General Fund. Mayor

Oliver stated that if Selma removed those enterprise funds, it would drop down to an \$8 or \$9 million budget.

Mr. Barlow stated that Town Council and staff have been through the entire budget. He said that he would be glad to address any questions this evening.

Mr. Barlow stated that one issue was the increase in fees for the cemetery private mausoleum 20' x 20' plots from \$2,500 to \$3,500. He said that the cost for double plots, which are 8' x 8', is \$3,000. Mr. Barlow stated that the increase was to make the cost more in line with the size of the plot.

Mr. Barlow stated that there was a question regarding the merit program. He said that as of today, 55 evaluations have been conducted. Mr. Barlow stated that the beginning payroll for everyone on July 1, 2016 was \$2.3 million. He said that as of today, \$42,682 in merit increases, which was an average increase of 1.81%.

Mr. Barlow stated that another question asked was how was he calculating or what was being done with that number. He said that his interpretation was that the increase goes into the base salary. Mr. Barlow stated he verified this information, which was defined in the Performance Management and Evaluation Manual as presented by Springsted.

Mayor Oliver stated that she thought what was done this year worked, but wanted Town Council to have a discussion on how this works going forward. She said that one of the options that they needed to consider was having a COLA or administrative adjustment with a merit. Mayor Oliver stated that in order for salary ranges to stay competitive, Council needed to do some administrative adjustments to the ranges.

Councilmember Overby asked what was being budgeted for FY 2017/2018.

Town Manager Barlow stated that the Town was currently at \$2,399,000 on payroll. He advised Town Council that they could design the merit program however it wants.

Councilmember Overby asked Mr. Barlow if he chose the 2.3 just because they had that last time, and did not increase it.

Mr. Barlow stated that the rate of inflation for last year was 2% for the southeast United States. He said that the average for using the merit system without any COLA was 1.81%. Mr. Barlow stated that was close to the inflation rate. He advised that Town Council needed to move the pay scale with inflation. Mr. Barlow recommended increasing the scale for the pay plan by the cost of inflation.

Mayor Oliver asked how the merit pay was banked into the salaries in each department.

Mr. Barlow stated that when the plan was designed by Consultant John Anzivino, he advised at that time 15% of the employees would receive 1% or less, 70 % of the employees would receive 2%, and the remaining 15% would receive 3%. He said that for the first year, the Town was very close to that bell curve overall.

Councilmember Overby asked if the base salary for the 23 police officers could be increased by \$1,000 per person at the request of Town Council.

Mr. Barlow stated that would be outside the merit, but a salary adjustment could be made by Town Council.

Mayor Oliver stated that Town Council would need to look at the compensation study. She said that study was due in the following budget year.

Mr. Barlow stated there was a question regarding longevity. He said that when the new classification plan was implemented, the longevity plan was amended. Mr. Barlow distributed a summary of the last longevity payout that was distributed in November of 2016. He said that in total, the cost of the longevity plan was \$45,194. Mr. Barlow stated that other expenses related to payroll included 7.35% for retirement, 401(k) at 3% (law enforcement 5%), and FICA taxes. He said that this totaled about \$9,000 in additional taxes for a total cost of \$53,700 for longevity for the current fiscal year.

Mayor Oliver stated that Town Council had expected that the Cemetery wall would be worked on. She said that the project was pushed out until the FY 2018/2019 budget. Mayor Oliver asked what was the reason for pushing the project out that far.

Mr. Barlow stated that staff did not know what was involved with improvements on Highway 301 including sidewalks. He said that staff would like to see a plan of what the NCDOT was going to do before the Town starts building walls.

Mayor Oliver stated that she thought this was rehabilitation of the existing wall.

Mr. Barlow stated that staff wanted to do a better job by waiting to see what is going to happen, and get a better plan. He said that if Town Council would like the walls rehabilitated, it is an option. Mr. Barlow stated that staff would like to consider something else.

Mayor Oliver stated that was one of the key landmarks in Selma. She said the proposed cost was \$10,000 for the cemetery wall, and would like to see it in this year's budget.

Mayor Oliver stated another item that was pushed out to fiscal year 2018/2019 was the need to purchase Finance software.

Mr. Barlow stated that the issue with Finance software was determining which vendor the Town wanted. He said that staff needed to look at different software packages and make some decisions before funding begins in the following fiscal year.

Mayor Oliver asked how much was allocated for the website improvements.

Mr. Barlow stated that it was funded under the Planning Department under non-profits in the amount of \$25,000.

Mr. Barlow stated that also under non-profits, the Boys and Girls Club of Johnston County has requested \$5,000 from the Town, which has been funded in the past at \$2,000.

It was the consensus of the Town Council to adjust the Boys and Girls Club funding back to \$2,000.

Mayor Oliver stated that funds were included in the budget for the Land Use Plan, and asked when would work begin on that project. She also asked if staff could go out for bids now so that it could begin in July.

Mr. Barlow stated staff would need to put together an RFQ to send out to Planning Firms. He said that once staff was comfortable with this being a project to be funded in fiscal year 2017/2018, they could start on it at any time.

Councilmember Overby stated that under Planning and Economic Development there was a computer listed. He asked if that was covered by VC3.

Mr. Barlow stated that there were some computers that were purchased by the Town that are not covered and maintained by VC3.

Councilmember Overby stated that Public Works purchased a new dump truck last year, and asked why they needed to purchase a new one this year.

Mr. Barlow stated that the dump truck Public Works is wanting to replace was old. He advised that staff was not adding to the fleet, but was replacing an existing truck.

Councilmember Overby asked if the security system at the Library was excluded from what the Town already has in place.

Mr. Barlow stated that the quote that was received was based on the design of the building. He said that there were many hiding places at the Library.

Councilmember Overby asked Mr. Barlow to update him on the Workers' Compensation and active Human Resource files for Administration.

Mr. Barlow stated this was an Advance Imaging Project in which the contractor would take the Town's paper copies, scan them, and digitize them. He said that this would eliminate having to keep paper around. Mr. Barlow stated that project included both Workers' Compensation and Human Resource files.

Councilmember Overby stated that an amendment was done at the May 9, 2017 Regular Council meeting for retiree medical benefits. He said at that meeting, Town Council approved \$68,200 in amendments for retirees' health insurance. Mr. Overby stated that he went through and compared the figures for FY 2016/2017 to the FY 2017/2018 budget. He said that his calculations show the FY 2017/2018 retiree insurance being \$1,989 cheaper than FY 2016/2017.

Mr. Barlow stated that he would need to take a look at that again. He said that the total paid in for FY 2016/2017 was \$134,000. Mr. Barlow stated that he has budgeted for \$198,000 for FY 2017/2018, which was an increase of \$64,493 (48% increase). He said that it was possible that the rates would increase again in January 2018 by 18% for pre-65 retirees.

Councilmember Overby stated that he expected to see something on medical coverage for employees. He asked if the employees' rates increased.

Mr. Barlow stated that he did not have those figures, but was going to be more than was budgeted July 1, 2016 due to the rate increase January 1, 2017.

Councilmember Overby asked if the proposed budget was going to cover everything so that Town Council does not fall into that hole again.

Mr. Barlow stated that the insurance premiums for the 2017 calendar plan year was \$494.00. He said that he has included a 6.9% rate increase added in for fiscal year 2017/2018.

Councilmember Overby asked if the part-time position was maintained for the Cemetery.

Mr. Barlow stated that position would be used for more than just the Cemetery. He said that person could be used in other departments.

Councilmember Overby thanked Mr. Barlow for the two new positions in the Sewer Department.

Mr. Barlow stated that it was one new position for the Sewer Department, and one existing position to focus more on sewer projects.

Mayor Oliver asked if the Planning position that was not filled in FY 2016/2017 was carried over to FY 2017/2018 Budget.

Mr. Barlow stated that it was still funded. He said that he looked on the North Carolina League of Municipalities website, and there were 13 Planning positions listed.

Mayor Oliver stated that she did not think that Town Council had thoroughly discussed the Capital Improvement Plan (CIP), and would like to review it in another work session.

Mayor Oliver and Councilmember Overby questioned the purchase of a bucket truck for the Electric Department.

Town Manager Barlow stated that this would be a replacement for an older dually service truck that is already in service. He said that the new dually truck would come equipped with a small bucket. Mr. Barlow stated that the total cost for the new truck would be about \$115,000.

Mayor Oliver asked that Electric Director Donald Baker be available for the next budget session for further discussion regarding the bucket truck.

Councilmember Overby stated that he would like to take a look at the base salary for the Police Department, and possibly increasing their salary.

ADJOURNMENT:

With no further business, a motion was made by Councilmember William Overby and seconded by Councilmember Mark Petersen to adjourn.

The meeting adjourned at 7:18 p.m.

BRENDA W. THORNE, Town Clerk