

**TOWN OF SELMA
WORK SESSION
JERNIGAN BUILDING
110 EAST ANDERSON STREET
APRIL 28, 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 Town Clerk Brenda Thorne.

CALL MEETING TO ORDER:

Mayor Oliver called the meeting to order at 5:59 p.m. and declared a quorum was present.

INFORMAL INPUT FROM PUBLIC REGARDING ITEMS FOR THE 2016/2017 TOWN OF SELMA BUDGET:

Mayor Oliver stated that it was budget night tonight. She said it was the first time that they had seen the draft budget that was based on some suggestions and recommendations they had as a Council. Mayor Oliver stated that tonight was the first time they have talked as a group with the input before them. She said that they wanted to open the meeting with giving the public a chance to provide any input, because again, that this was first draft. Mayor Oliver stated that before they got to the formal public hearing, after which the public has had a chance to look at it and go to Council, if someone wanted to make a request for something that they would like to see included in the budget or a comment, they wanted to provide the opportunity for it before the formal public hearing. Mayor Oliver asked if there was anyone that would like to make suggestions for the fiscal year 2016/2017 Town of Selma budget.

No one present wished to address Council.

PRESENTATION OF DRAFT 2016/2017 TOWN OF SELMA BUDGET:

Town Manager Barlow stated that it was a pleasure to present for the first time the fiscal year 2016/2017 Town of Selma Budget. He said that it was hard to believe that they have already come back a full year, and are doing it again. Mr. Barlow stated that they had accomplished a lot this year and still had some things going on this year that they need to finish. He said that you would see in the budget some continuations.

Mr. Barlow stated that the layout of the budget was typical, and was trying to keep it the same so that it is easier to follow. He said that there were nine tabs in the budget document. Mr. Barlow stated that the first was the budget message where he tries to summarize what he thinks is going on in the entire budget. He said that he tried to make it easy for anyone to read. Mr. Barlow stated that the biggest statement made during the year was the budget.

Mr. Barlow stated that the second tab was the draft ordinance, which you will be required by law to adopt prior to June 30, 2016.

Mr. Barlow stated that the third tab was the fees and schedules. He said

that any proposed changes were highlighted in red to make it easy to see what would be different than the current year.

Mr. Barlow stated that the fourth tab was the PowerPoint presentation, which he would soon review.

Mr. Barlow stated that tab five gets into the detail, line item budget. He said that this tab was labeled General Fund, but also contained all the small funds, which were just as important. Mr. Barlow stated that it included Water and Sewer Capital Reserve, Electric Capital Reserve Fund, Small Business Revolving Loan Fund, Fire Protection-Terminals Fund, and Noble Street Interceptor Sewer Project.

Mr. Barlow stated that tab six was for the Water Fund, tab seven Sewer Fund, tab eight Electric Fund, and tab nine would be the five-year CIP.

Town Manager Barlow reviewed with Council the following PowerPoint presentation.

Town of
Selma

Annual Budget
FY 2016-2017

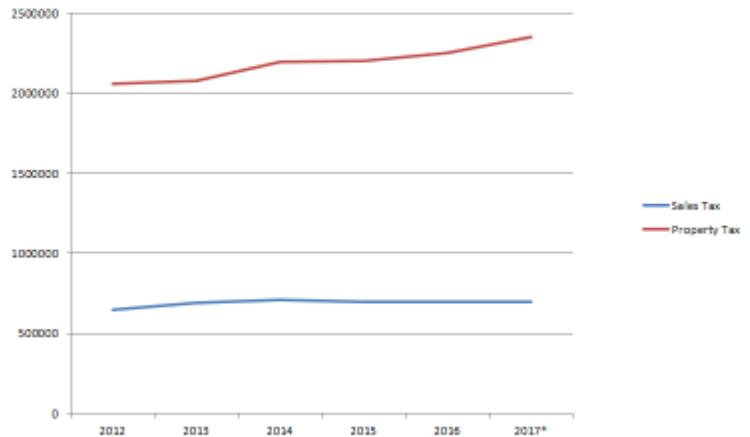
Town of Selma

Trends

A Look Back

Town Manager Barlow stated that he would like lay some groundwork to give Council some ideas looking back at some trends, which would give some idea of how he made some decisions. He said that he does use these historical trends to give him an idea of what might be in the future, or affect the tax rate, which a tax rate increase was not included, water and sewer rate increase, and electric in terms of revenue.

Property Tax and Sales Tax



Town Manager Barlow stated that the biggest in the General Fund was property tax and sales tax. He said that they were graphed together with the red line being property tax and blue line being sales tax. Mr. Barlow stated that property tax would be the single largest source of revenue. He

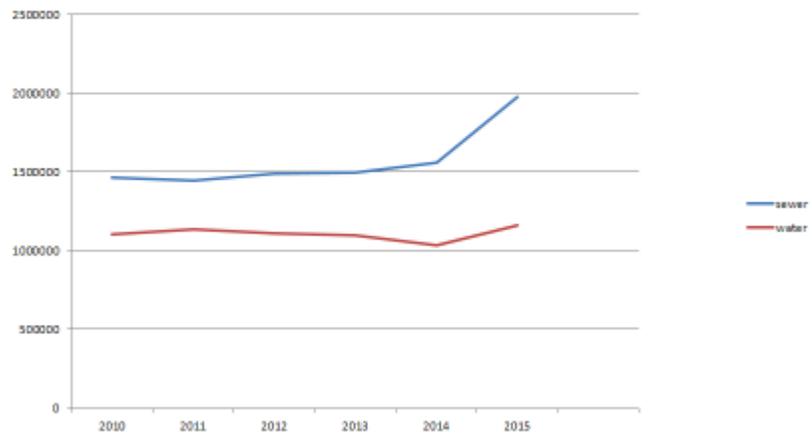
said that he graphed 2012 through 2017, which predicts where the Town would be ending fiscal year 2016, and included fiscal year 2017 that is in the draft. Mr. Barlow stated that the trend was headed in the right direction with 3% to 4% over the last couple of years. He said that there was not a lot of growth in sales tax, but could count on it.

Mayor Oliver asked what was included in sales tax.

Town Manager Barlow stated that was the local sales tax that the Town gets back. He said that of the 7.75% sales tax, the Town receives back at a set rate of 2.75% per capita. Mr. Barlow stated that the sales tax goes back to Johnston County, and they distribute it on a per capita basis.

Town Manager Barlow stated that statewide, they were looking for a small decrease in sales tax revenues.

Water and Sewer Sales Revenue



Town Manager Barlow stated that water and sewer sales were the largest revenues in the water and sewer funds, which were graphed together with water being in red and sewer in blue. He said that from 2010 to 2014 things were pretty stagnant with rates not changing or usage increasing; however, sewer expenses were drastically increasing with revenues staying flat. Mr. Barlow stated that in 2014, adjustments were made to sewer revenues. He said that a small 3% rate increase, which was not included on the graph. Mr. Barlow stated that as they increase sewer revenues, they are up to about \$2,000,000 a year.

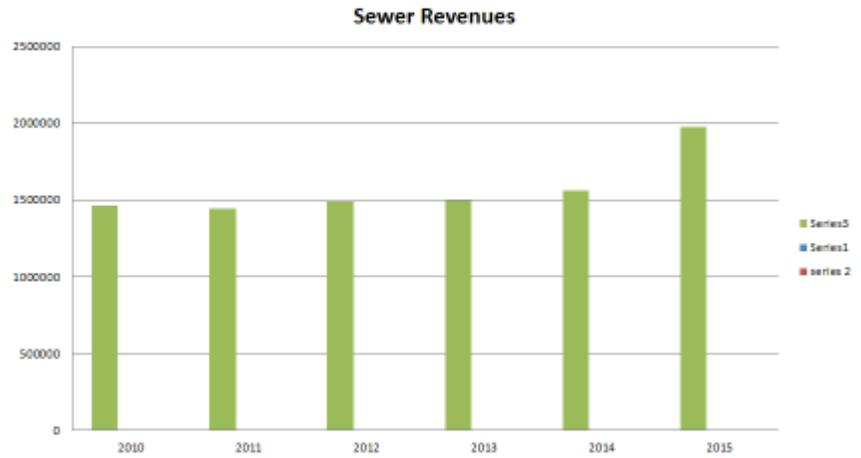
Councilmember Petersen asked if it primarily from a rate increase.

Town Manager Barlow stated that it was all rate increase. He said that sewer charges were based on water meter readings. He said that if water

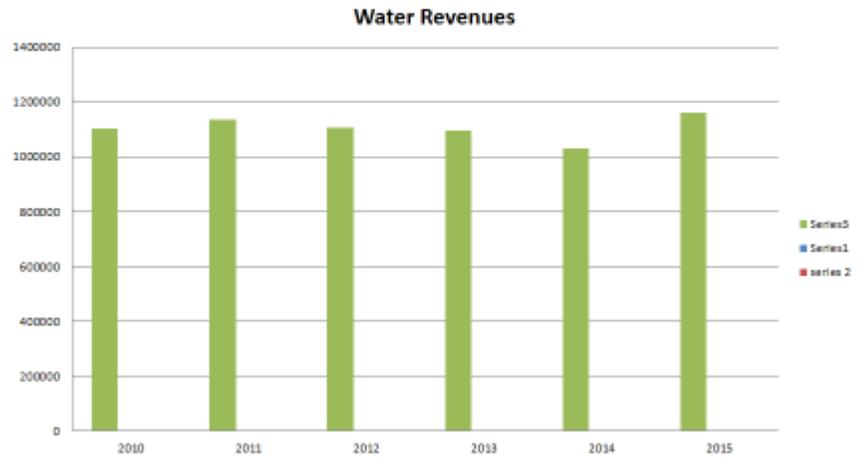
is flat, sewer is going to stay the same.

Mr. Barlow stated that water revenue has been flat. He said that the Town sells about 15 to 16 million gallons of water a month.

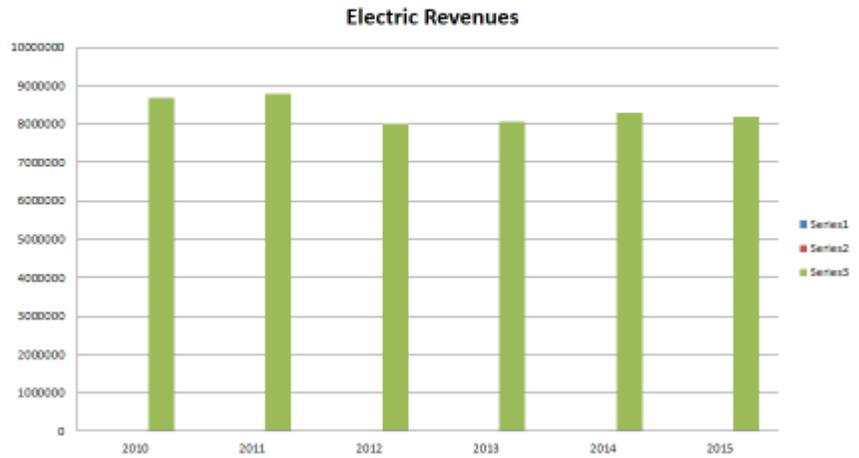
Sewer Revenue



Water Revenue



Electric Revenues FY 2010-2015

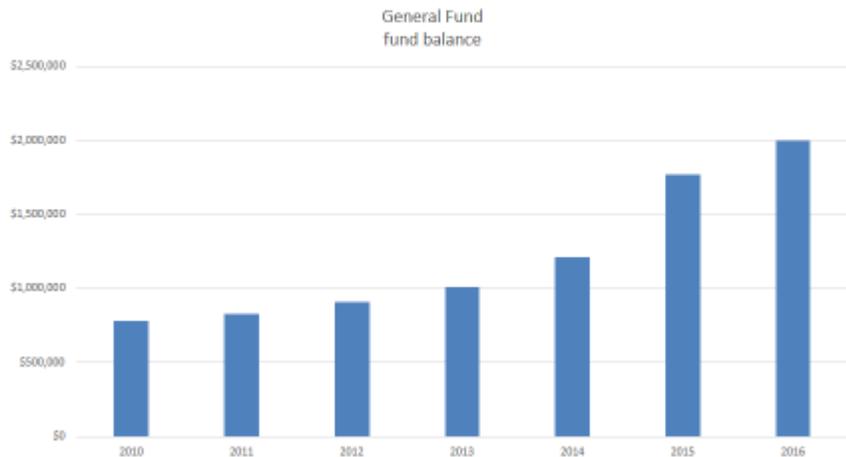


Town Manager Barlow stated that Electric sales over the last few years had decreased. He said that going into this year, there was a rate decrease, then a little rate increase, but the volume of sales was not increasing.

Councilmember Overby asked if this was commercial and residential together.

Town Manager Barlow stated this included everything.

General Fund fund balance



Town Manager Barlow stated that if there was a good scenario, this was a good one to look at. He said that the General Fund, Fund Balance

unassigned, which is funds that they could appropriate for any purpose in the General Fund. Mr. Barlow stated that there were some restricted funds, but these were unassigned. He said that the fund balance for the General Fund should be near \$2,000,000 at the end of fiscal year 2016, and had come a long way since 2013. Mr. Barlow stated that the Town was almost at 35% of the unassigned fund balance and the Finance Policy states 50%, they were on their way to meeting their goal.

Sewer Unrestricted Net Assets



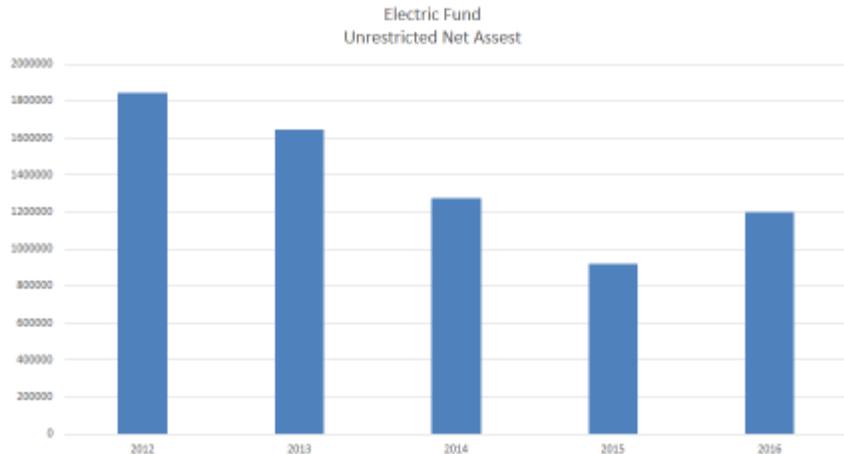
Town Manager Barlow stated that he had mentioned earlier that they were trying to increase revenues for the Sewer Fund. He said that they could see where the unrestricted net assets, similar to the unrestricted General Fund. Mr. Barlow stated that there was nothing in the Sewer Fund to appropriate. He said that was why they keep loaning money from the Water Fund within the year to support the Sewer Fund. Mr. Barlow stated that after you add depreciation, the picture was not good. He said that the revenues for Sewer were where they needed to be; however, most of the expenditures were for wastewater treatment.

Water Unrestricted Net Assets



Town Manager Barlow stated that the water unrestricted assets from 2013 through 2015 have done well. He said that with depreciation, he expected to be about where they are to finish 2016.

Electric Fund Unrestricted Net Assets



Town Manager Barlow stated that the electric unrestricted assets from 2012 through 2015 were being used pretty quickly. He said that he thought the course had been reversed with the implementation of the cost of service study. Mr. Barlow stated that if they could stay on track with that financial plan that was laid out for them, the Town should be able to start meeting its financials goals for the Electric Fund starting this fiscal year.

**Town of Selma
FY 16-17
Budget Highlights**

- Infrastructure Needs and Capital Projects –
 - Design and permit Preston St./Ricks Mobile Home Park Sewer Project
 - Replace and upgrade the electric circuit serving the water plant and surrounding area.
 - Construct a new Tennis Court at Harrison
 - Spec a new Ladder Truck. Prepare to bid in FY17/18
 - Upgrade Town Council Chambers
- Personnel –
 - The budget includes funding for three new positions: Planning, Fire, and Electric
 - Performance Evaluation System – It is expected that during FY17, employee salary adjustments will be based on annual performance evaluations. A value of the merit pool as yet to be determined.
- Insurance Premiums –
 - Health Insurance – Effective March 2015, the Town switched its health insurance plan administration over to the State Health Plan. Current employee premiums were reduced by 9%.
 - Worker's Compensation Insurance - Workers Compensation Insurance – Due to an extremely high experience modification factor (1.54), the Town Worker's Compensation insurance premium renewal is increasing 22%.
 - Property and Liability – Renewal quote is pending.
- Economic Development –
 - Continuation of Land Development Code Rewrite Project
- Technology –
 - Public Wifi in Downtown area
- Utility Fees and Rates
 - Electric rates are proposed to increase 2% effective with the first billing cycle in July 2016.
 - Sewer charges are proposed to increase 3% with the first billing cycle in July 2016

Town Manager reviewed the budget highlights for fiscal year 2016/2017.

Councilmember Overby stated that the performance evaluation system was something that they needed to discuss.

Mayor Oliver asked if what they were looking at included any dollars or assumptions.

Town Manager Barlow stated that it did not include any assumption for a merit increase. He said that he needed some guidance. Mr. Barlow stated that the budget did fully fund each position including the three new positions that were discussed, but did not include any merit or COLA.

Councilmember Overby stated that based on this, the merit system was going to be hard to work out at this point because it is behind the ball.

Town Manager Barlow stated that the consultant was coming on May 9th and 10th, and two other days later in May for the training for staff. He said that there would be no reason they would not be ready to go July 1st, fiscal year, 2016/17. Mr. Barlow stated that evaluations would be done as they are now, which is the employees' anniversary date, and stretched out over the full fiscal year.

Mayor Oliver asked if the increases would come at one time.

Town Manager Barlow stated that they would come upon the appraisal, and based upon the appraisal.

Councilmember questioned that it was going to be done based on when they were hired, and could be done all through the year.

Mayor Oliver asked what they would need as a basis to have an intelligent discussion around what the pool might be. She asked if past salary increases or the pay classification that would prevent something unsupportable.

Town Manager Barlow stated that he thought the COLA this year was 1% and 1 ½% the year before.

Mayor Oliver stated that Town Manager Barlow could remind them of that amount, or some range that would guide Council, and not do something that would bring them down. She said that would guide them.

Town Manager Barlow stated that was why he left it as something to be determined by Council. He said that the John Anzivino, Consultant from Springsted, Inc. gave an example of where merit increases could be from 0% to 3%. Mr. Barlow asked what it would take to fund to cover one at that option of 3%.

Mayor Oliver stated that they have what a 1% or 2% would be at their next Council meeting to discuss.

Councilmember Overby stated that they needed to look at both sides. He said that they could designate funds, and Town Manager Barlow could determine what percentage comes out of those funds.

Mayor Oliver stated that it could become tricky with paying it on a monthly basis as employees have their service anniversary. She said that if they were doing the evaluations and everyone's pay goes into effect July 1, 2017. Mayor Oliver stated that they could back into it, because they have the full information.

Mayor Oliver asked Town Manager Barlow to check with the consultant to see if he had any advice on how to proceed.

Councilmember Overby asked that when he comes, would Council still be involved.

Town Manager Barlow stated that it would be down to the supervisor and staff level.

Mayor Oliver also questioned the Wifi in the downtown area. She said that she thought it was to be included in the original funding for that project.

Councilmember Overby stated that they had talked about several locations around Town for the antennas, but it was not included in the package.

Budget Highlights Total Expenditures

• General Fund (10)	\$5,597,582
• Water and Sewer Capital Reserve (21)	\$114,154
• Electric Capital Reserve Fund (24)	\$400,321
• Water Fund (60)	\$1,291,500
• Sewer Fund (61)	\$2,394,750
• Electric Fund (63)	\$8,336,650
• Small Business Revolving Loan Fund (27)	\$20,000
• Petroleum Terminal Fund (28)	\$19,560
• Noble Street Intercept Rehab fund (30)	\$1,279,768
• Total All Funds	\$19,454,287

Town Manager reviewed the actual figures for where the expenditures are for a total of \$19,454,287.

Mayor Oliver asked if this was the same as last year's budget scenario. She said that if you took out the Noble Street project, it would actually be a little less.

Town Manager Barlow stated that Noble Street was in there at \$1.3 million. He said that if that was deducted, the Town would be at about \$400,000 less than last year's budget. Mr. Barlow stated that the revenue has to be shown.

Assessed Valuation 2016

• Real & Personal Property	\$384,928,610
• Public Utilities	\$ 28,876,996
• Motor Vehicle	\$ <u>26,566,000</u>
– Total Valuation	\$440,371,606

Estimated Property Tax Levy

• Estimated Valuation <small>(including MW)</small>	\$440,371,606
• Proposed Tax Rate	\$0.51/\$100 <small>valuation</small>
• Estimated Levy	\$2,245,895
• Tax Collection Budgeted at 99%	
• Budgeted Property Tax	\$2,223,436
• 1 cent of Levy =	\$44,037
• 1 cent of Levy x 99%	\$43,597

General Fund Capital Equipment (>\$5,000) and Projects

• <u>Capital Projects:</u>	
▪ Fire Station Drive (rear)	(\$4,000)
▪ Rehab Stone Walls/Sign Letters at Cemetery	(\$10,000)
▪ Ditch/Grave Erosion – Engineering Study	(\$7,500)
▪ Harrison Tennis Court	(\$60,000)
• <u>Major Capital Equipment – (over \$5,000)</u>	
– Police Cars (2)	(\$53,000)
– Police Radios	(\$15,000)
– Sanitation Knuckleboom Truck	(\$150,000)

Mayor Oliver stated that the Civic Center was put under non-profits versus a capital project. She said if it was set up in a special way, because she would have expected it to be a capital project.

Town Manager Barlow stated that the purchase of the building was at \$20,000 a year for three years. He said that is where it is supposed to be.

Mayor Oliver stated that she would have to find where it was listed, but

they need to make sure it is listed in the correct place.

Sewer Fund Capital Equipment (>\$5,000) and Projects

- Annual Sewer I&I Project \$50,000
 - Various locations
- Sewer Lift Station Pump Replacement \$25,000

Electric Fund Capital Inventory & Projects

Inventory

- Transformer (\$15,000)
- Overhead Wire (\$6,000)
- Underground Wire (\$20,000)
- Light Fixture (\$4,000)
- LED Fixture (\$30,000)
- Decorative Lighting (\$15,000)
- Per-Paid Meters (100) (\$39,000)

Project

- Circuit Improvement in Water Plant Area (\$100,000)

FY 2016/2017 Sewer Fee Schedule

Current Rate		Proposed 3% Increase	
Description	Fee	Description	Fee
Inside City Limits		Inside City Limits	
Sewer Capital Charge	.25 per 1000 Gallons	Sewer Capital Charge	.25 per 1000 Gallons
Basic Facility Charge 0-999 Gallons	\$7.75 per Month	Basic Facility Charge 0-999 Gallons	\$7.98 per Month
Usage 1000-1999 Gallons	\$7.15 per 1,000 Gallons	Usage 1000-1999 Gallons	\$7.36 per 1,000 Gallons
Usage 2000-4999 Gallons	\$8.05 per 1,000 Gallons	Usage 2000-4999 Gallons	\$8.29 per 1,000 Gallons
Usage 5000 & up	\$9.40 per 1,000 Gallons	Usage 5000 & up	\$9.68 per 1,000 Gallons
Each Additional 5000 Gallons	\$5.00 per 5,000 Gallons	Each Additional 5000 Gallons	\$5.10 per 5,000 Gallons

Example Customer Inside City Limits	Amount Due with Current Rate	Amount Due with Proposed Rate
Cust. 1 Usage – 4,000 Gal.	\$39.05 + \$1.00 Sewer Cap	\$40.21 + \$1.00 Sewer Cap
Cust. 2 Usage – 46,000 Gal.	\$478.85 + \$8.50 Sewer Cap	\$492.67 + \$8.50 Sewer Cap

FY 2016/2017 Sewer Fee Schedule (Cont.)

Current Rate		Proposed 3% Increase	
Description	Fee	Description	Fee
Outside City Limits		Outside City Limits	
Sewer Capital Charge	.25 per 1000 Gallons	Sewer Capital Charge	.25 per 1000 Gallons
Basic Facility Charge 0-999 Gallons	\$15.50 per Month	Basic Facility Charge 0-999 Gallons	\$15.97 per Month
Usage 1000-1999 Gallons	\$14.30 per 1,000 Gallons	Usage 1000-1999 Gallons	\$14.73 per 1,000 Gallons
Usage 2000-4999 Gallons	\$16.10 per 1,000 Gallons	Usage 2000-4999 Gallons	\$16.58 per 1,000 Gallons
Usage 5000 & up	\$18.80 per 1,000 Gallons	Usage 5000 & up	\$19.36 per 1,000 Gallons
Each Additional 5000 Gallons	\$10.00 per 5,000 Gallons	Each Additional 5000 Gallons	\$10.30 per 5,000 Gallons

Example Customer Inside City Limits	Amount Due with Current Rate	Amount Due with Proposed Rate
Cust. 1 Usage – 3,000 Gal.	\$62.00 + \$0.75 Sewer Cap	\$63.86 + \$0.75 Sewer Cap
Cust. 2 Usage – 10,000 Gal.	\$210.90 + \$2.50 Sewer Cap	\$217.20 + \$2.50 Sewer Cap

Mayor Oliver stated that as a general rule, they double the basic facility charge for the customers outside the city limits. Mayor Oliver questioned the outside city limit rate for each additional 5,000 gallons which lists \$10.30, but might should be \$10.20.

Mr. Barlow stated that if it was double, it would be \$10.20 but 3% of \$10.00 would be \$10.30.

Mayor Oliver asked that those figures be checked again.

Town Manager Barlow asked Council to look under tab 5, under Public Buildings (4190), they would see the Civic Center project.

FY2016/2017 Electric Fee Schedule

Current Rates

Proposed 2% Increase

Description	Fee	Description	Fee
Residential		Residential	
Single Phase Basic Utilities Charge	\$7.50 per month	Single Phase Basic Utilities Charge	\$7.65 per month
3- Phase Basic Utilities Charge	\$15.25 per month	3- Phase Basic Utilities Charge	\$15.55 per month
All Additional kWh	\$0.1134 per kWh	All Additional kWh	\$0.1157 per kWh

Example Residential Customer	Amount Due with Current Rate (includes sales tax)	Amount Due with Proposed Rate (includes sales tax)
Cust. 1 usage - 668 kW	\$89.08	\$90.89
Cust. 2 usage – 1703 kW	\$214.66	\$219.02

FY2016/2017 Electric Fee Schedule (Cont.)

Current Rate

Proposed 2% Increase

Description	Fee	Description	Fee
PrePay Plan		PrePay Plan	
Single Phase Basic Facilities Charge	\$11.70 per month	Single Phase Basic Facilities Charge	\$11.93 per month
All Additional kWh	\$0.1134 per kWh	All Additional kWh	\$0.1157 per kWh
Minimum Payment	\$20.00	Minimum Payment	\$20.00

Example Residential PrePay Customer	Amount Due with Current Rate (includes sales tax)	Amount Due with Proposed Rate (includes sales tax)
Cust. 1 usage - 903 kW	\$122.08	\$124.56
Cust. 2 usage – 2170 kW	\$275.82	\$281.41

FY2016/2017 Electric Fee Schedule (Cont.)

Current Rates

Proposed 2% Increase

Description	Fee	Description	Fee
Small General Service		Small General Service	
Single Phase Basic Facilities Charge	\$15.00 per month	Single Phase Basic Facilities Charge	\$15.30 per month
3 Phase Basic Facilities Charge	\$24.00 per month	3 Phase Basic Facilities Charge	\$24.48 per month
First 750 kWh	\$0.13038 per kWh	First 750 kWh	\$0.13300 per kWh
Next 1250 kWh	\$0.11463 per kWh	Next 1250 kWh	\$0.11692 per kWh
All Additional kWh	\$0.1100 per kWh	All Additional kWh	\$0.1122 per kWh

Example Small General Service Customer	Amount Due with Current Rate (includes sales tax)	Amount Due with Proposed Rate (includes sales tax)
Cust. 1 usage - 675 kW	\$110.23	\$112.43
Cust. 2 usage – 1894 kW	\$260.97	\$266.20

FY2016/2017 Electric Fee Schedule (Cont.)

Current Rates

Proposed 2% Increase

Description	Fee	Description	Fee
Medium General Service		Medium General Service	
Single Phase Basic Utilities Charge	\$18.00 per month	Single Phase Basic Utilities Charge	\$18.36 per month
3 Phase Basic Utilities Charge	\$26.50 per month	3 Phase Basic Utilities Charge	\$27.03 per month
Demand Charge	\$8.00 per month	Demand Charge	\$8.16 per month
All Additional kWh	\$0.08723 per kWh	All Additional kWh	\$0.08898 per kWh

Example Medium General Service Customer	Amount Due with Current Rate (includes sales tax)	Amount Due with Proposed Rate (includes sales tax)
Cust. 1 usage - 4840 kW	\$757.29	\$772.73
Cust. 2 usage – 25760 kW	\$3150.90	\$3215.47

FY2016/2017 Electric Fee Schedule (Cont.)

Current Rates

Proposed 2% Increase

Description	Fee	Description	Fee
Large General Service		Large General Service	
Single Phase Basic Utilities Charge	\$29.00 per month	Single Phase Basic Utilities Charge	\$29.58 per month
3 Phase Basic Utilities Charge	\$38.00 per month	3 Phase Basic Utilities Charge	\$38.76 per month
Demand Charge	\$9.00 per month	Demand Charge	\$9.18 per month
All Additional kWh	\$0.08014 per kWh	All Additional kWh	\$0.08174 per kWh

Example Large General Service Customer	Amount Due with Current Rate (includes sales tax)	Amount Due with Proposed Rate (includes sales tax)
Cust. 1 usage – 22720 kW	\$2573.42	\$2624.84
Cust. 2 usage – 34300 kW	\$3914.52	\$3992.74

FY2016/2017 Electric Fee Schedule (Cont.)

Current Rate

Proposed 2% Increase

Description	Fee	Description	Fee
Large General Service: CP Rate		Large General Service: CP Rate	
Large General Coincident Peak Rate (Offer to 3-Phase Schools, Churches & some manufacturing customer with greater than 30kW but less than 1000 kW per month)		Large General Coincident Peak Rate (Offer to 3-Phase Schools, Churches & some manufacturing customer with greater than 30kW but less than 1000 kW per month)	
Basic Facilities Charge	\$500.00 per month	Basic Facilities Charge	\$510.00 per month
CP Demand Charge	\$19.00 per kW	CP Demand Charge	\$19.38 per kW
Excess Demand Charge	\$2.50 per kW	Excess Demand Charge	\$2.55 per kW
All Additional kWh	\$0.05488 per kWh	All Additional kWh	\$0.05598 per kWh

Example Large General Service CP Rate Customer	Amount Due with Current Rate (includes sales tax)	Amount Due with Proposed Rate (includes sales tax)
Customer 1	\$9072.80	\$9232.69
Customer 2	\$11648.56	\$11856.59

FY 2016/2017 Electric Fee Schedule (Cont.)

Current Rate

Proposed 2% Increase

Description	Fee	Description	Fee
Large Industry Coincident Peak Rate <small>(Customers with greater than 1000kw per month)</small>		Large Industry Coincident Peak Rate <small>(Customers with greater than 1000kw per month)</small>	
Basic Facilities Charge	\$500.00 per month	Basic Facilities Charge	\$510.00 per month
CP Demand Charge	\$19.00 per kW	CP Demand Charge	\$19.38 per kW
Excess Demand Charge	\$2.50 per kW	Excess Demand Charge	\$2.55 per kW
All Additional kWh	\$0.05250 per kWh	All Additional kWh	\$0.05355 per kWh

Example Large General Service CP Rate Customer	Amount Due with Current Rate (includes sales tax)	Amount Due with Proposed Rate (includes sales tax)
Customer 1	\$24309.39	\$24753.77

Town Manager Barlow stated that was a review of the slides and asked Mayor Oliver how she would like to proceed.

Mayor Oliver stated that she would like to review the budget message first, and then the line items.

Mayor Oliver questioned page 3 of the budget message the ad valorem tax increase of 14% for public utilities.

Town Manager Barlow stated that the value of the right-of-ways were received through the Johnston County Tax Office. He said that they include all real and personal properties for the public utilities like gas, rail, Duke Energy, etc. Mr. Barlow stated that those were state available numbers.

Mayor Oliver stated that the rail improvements between Selma and Pine Level are finally reflected.

Mayor Oliver stated that on page 4 regarding the sanitation/recycling revenue, there have been discussions regarding looking at the Waste Industries contract as comes due for renewal in 2017.

Town Manager Barlow stated that needed to be a part of their discussions now. He said that as the contract with Waste Industries ends June 30, 2017 that they need to prepare within the next fiscal year to either put it out for bid or amend the existing contract and continue on with Waste Industries. Mr. Barlow stated that was a decision that needed to be made relatively soon.

Councilmember Overby asked about it being done in house.

Town Manager Barlow stated that could be an option.

Mayor Pro-Tem Lacy asked if they would have to hire more staff.

Town Manager Barlow responded yes.

Mayor Oliver stated that a really good, stringent cost benefit analysis needed to be done that would include pension costs, etc.

Councilmember Petersen stated that they needed to include equipment as well.

Mayor Oliver asked that a request for bid be sent out to compare with what staff comes up with internally. She asked if January 2017 would be a good time to go out for bids.

Town Manager Barlow stated that would be a good time to be ready for July 1st.

Councilmember asked how much the Town pays Waste Industries a year.

Town Manager stated that the Town pays about \$42,000 a month.

Mayor Oliver stated that on page 5, there was a recommendation to do an update to the cost of service study at a cost of \$6,000, and asked if they could wait at least a year.

Town Manager Barlow stated that everything was looking good, but wanted to make sure they were not tweaking in the wrong direction. Mr. Barlow stated that there was some opportunity to make some improvements, and thought it was worth the risk.

Councilmember Overby was in agreement.

Mayor Oliver asked under the Powell Bill if they knew which unpaved street would be paved.

Town Manager Barlow stated that this fiscal year, they bided out Winston Circle. He said that Council has not seen the project list for next year. He said that there should be seven left, and Council needed to determine which street to pave next year.

Mayor Oliver stated that on page 6, it references the purchase of two police cars. She asked if this was a year in which they could do one.

Town Manager Barlow stated that these two vehicles would be for field operations. He said that Police Chief Cooper gave him a list of patrol cars with some having anywhere from 120,000 to 140,000 miles, and they need to be cycled out.

Councilmember Holmes asked if they got one last year.

Police Chief Cooper stated that they did get one unmarked car, and did not order any marked vehicles last year. He said that the one they did get replaced a vehicle that was 12 years old.

Councilmember Overby stated that he wanted to question the tennis court at Harrison for \$60,000. He said that there was only one other that is located on Dixie Drive, which was in need of repair and would cost an estimated \$18,000 to repair. Councilmember Overby stated that he did not know that any of the local schools using the tennis courts. He proposed to not resurface the court on Dixie Drive, and not have any tennis courts at all.

Mayor Oliver stated that she would vote for resurfacing, because people do use them. She said that the court at Edgebrook was unsafe to play on. A person in the audience stated that the whole playground was unsafe; Councilmember Holmes agreed.

Mayor Oliver stated that it needs attention if they are going to keep it.

Town Manager Barlow stated that Recreation Director Joe Carter had included in his CIP a request to resurface the tennis court at Edgebrook at \$18,000; build tennis court at Harrison at \$60,000; and spend \$35,000 on new playground equipment at Edgebrook. He said that the only item budgeted was \$60,000 for Harrison.

Mayor Pro-Tem Lacy stated that a gentleman was trying to get grants for that, and was working with Recreation Director Joe Carter. She said that his plans was for the double tennis court, which would work well over there if he could get the grant and something else.

Councilmember Overby stated that he did talk with Recreation Director Carter, and there was an individual person who said they would get the money. He said that it could not be budgeted until he has the money in hand. Councilmember Overby stated that the \$20,000 was all that the Town could get from a grant.

Councilmember Holmes stated that Edgebrook had been passed over the last three or four years; and he felt that they need to replace that equipment and fix the park up.

Mayor Oliver stated that on page 8 there was a list on loan payments that are due. She said that it had been discussed if there were some that the Town should go ahead and pay off. Mayor Oliver stated that the loan for the renovation cost overrun loan for the Fire Station with an original amount was \$31,900 with a payoff date of 2042.

Town Manager Barlow stated that was probably associated with the

original renovation, and was probably a USDA project, because they fund those for 40 years.

Mayor Oliver stated that she randomly picked that one, but if there were others that it would make sense. She asked if any of the USDA loans would be penalized for paying off early.

Town Manager Barlow stated that he has never seen one with an early penalty.

Mayor Oliver asked that these loans be looked into instead of keeping some of the smaller ones going.

Town Manager Barlow stated that the two debts listed on page 7 would be completely paid off in July 2016.

Mayor Oliver stated that on page 10 under Sewer Fund expenditures, it refers to an increase next year to \$1,570,000. She asked if that was due to known rate increases or volume increases.

Town Manager Barlow stated that he included 3% just to cover what he thinks the increase in volume that they pay for treatment to Johnston County. He said that for 2015/2016 the ratio of wastewater pumped versus water sold was 217%. Mr. Barlow stated that the average over the past five years had been about 160%.

Councilmember Overby stated that they could create their own wastewater treatment plant in Selma.

Town Manager Barlow stated that the costs would be phenomenal, and was not sure that the Town could get a permit. He said that he was not sure that the Town could get back into wastewater treatment. Mr. Barlow stated that state encourages counties and towns to work together. He said that the old plant was still there, but it would be difficult to estimate how many millions that it would cost. Mr. Barlow stated that he would try to get a ballpark figure. He said he could ask since he knew what the Town's flows were.

Councilmember Overby asked could Selma also service other Towns.

Town Manager Barlow stated that he would look into.

Mayor Oliver questioned the \$45,000 for I&I on page 12, and if the funding for that were doubled to \$90,000, how many more projects could get done. She said the other list that she asked for at the next budget session or council meeting was a list of projects that Public Services Director Alex Fuller had. She said that they have the data and know the areas that they want to go after. Mayor Oliver stated that she would like to check it to see if additional funds would make the process faster.

Town Manager Barlow stated that it absolutely should be done, but the question was how they could do it. He that their problem is the revenues. Mr. Barlow stated that earlier he advised that what funds they have in sewer goes to wastewater treatment, and are not able to do anything to fix the problems. He said that the rate increase was to keep up with treatment costs. Mr. Barlow stated that it was going to take debt; however, the Town could not service that debt unless it raised rates accordingly, which could be done. He said that it was how much pressure Council wanted to put on that sewer rate to accomplish those goals in the time frame that you are talking about.

Mayor Oliver stated that they could take, for an example, the LED lighting of \$30,000. She asked if the \$30,000 from lighting would be better added to the \$45,000 for I&I.

Town Manager Barlow reminded Mayor Oliver that they could not mix Electric Funds with Sewer Funds. He said that she needed to stay within the Sewer Fund and Sewer Revenue.

Mayor Oliver asked if there was anything that could be taken from Sewer Operations. She said that she would appreciate Mr. Barlow looking at it, and would like the list that Public Services Director Fuller has.

Mr. Barlow stated that they had finished two projects that are on that list.

Councilmember Overby asked at what point do they start to use the sewer capital funds.

Town Manager Barlow stated that they were working on building that reserve fund up. He said that fund was for debt service and capital projects. Mr. Barlow stated that for long term debt, this account would really pay off.

Mayor Oliver asked Mr. Barlow what his advice was, and if they could spend a little as they go.

Town Manager Barlow stated that he did not know what the balance was, probably about \$85,000. He said that they have only been setting those funds aside for two years.

Mayor Oliver stated that they have to move as fast as they can on this I&I. She said that for all they know, the treatment costs could be going up. Mayor Oliver stated that they do not know what Johnston County has in its plans for the upcoming fiscal year since its budget is not finalized yet.

Councilmember Overby stated that the Town needed to be proactive on rainwater instead of reactive. He said that they needed to figure out a way to stop it.

Town Manager Barlow stated that the largest expenditure, wastewater

treatment. He said that they should be closer to 1.2 or 1.3, but the Town was actually at 200%.

Mayor Oliver asked that they keep this in mind as they go through the budget.

Mayor Oliver stated at the closing of the budget message, it mentions that there were a number of sewer projects in progress. She that she was aware of the Noble Street and Preston Street projects, and asked if there were others.

Mr. Barlow stated that they were working on the list that was presented some time back.

Mayor Oliver asked if there were any questions about the Proposed Fees and Charges for fiscal year 2016/2017.

Councilmember Overby questioned under Animal Control, how often does the Town board animals.

Mayor Oliver stated that same question was raised last year along with tag registration for both dogs and cats. She said that she thought that they were supposed to be deleted. Mayor Oliver stated that if they were doing weekend boarding, that the fee should be more substantial. She asked Police Chief Cooper how often then do weekend boarding.

Police Chief Richard Cooper stated that they do not do weekend boarding. He said that he has not known it to be done since he has been Chief.

Mayor Oliver asked what is done when they get an animal when the animal shelter is not open.

Police Chief Cooper stated that there was a kennel off of West Noble Street where they put water and food until Monday.

Mayor Oliver asked if the Town charges for its kennel use.

Police Chief Cooper stated that he has not seen that done.

Town Manager Barlow stated that he would check with other Towns in Johnston County to see what they are doing about boarding fees.

Mayor Oliver questioned under the Cemetery fees that various gardens spell out one grave space and two grave spaces, and they are only doubling the cost. She asked if they could just say \$1,050.00 per space.

Town Manager Barlow stated that the only variance that he saw was that the cemetery plots with road frontage or adjacent to a sidewalk do cost more.

Mayor Oliver asked if the recording fee was the Attorney fee.

Town Manager Barlow stated that was the cost to have the deed recorded at the Courthouse.

Mayor Oliver questioned the increased fee for the Development Ordinance Amendment. She said that the Town's ordinance requires that staff send notification to adjacent property owners by certified mail.

Planning Director Maybee stated that was for a text amendment, and that fee was to cover the costs of advertising.

Councilmember Overby questioned the ball field per day rental charger under Parks and Recreation. He asked if that was for an eight-hour day. Councilmember Overby stated that he would like to see a charge of \$25.00 added for prepping of the fields.

Mayor Oliver stated that page 11 refers to the Code Enforcement fee schedule as being on page 10, which should be page 7.

Councilmember Overby stated that also on page 11, the replacement cost for lost, stolen, or damaged container was \$50.00. He said that he could not see charging someone \$50.00 when their trash can had been stolen.

Mr. Barlow stated that they do get stolen; however, they have to use some judgment when they receive those type calls.

Mayor Pro-Tem Lacy asked about residents having extra containers, and if there was a charge for having an extra container.

Town Manager Barlow stated that Waste Industries charges the Town per container. He said that they were in the process of notifying those residents that have an extra container, but are only being charged for one.

Councilmember Holmes stated that he would like for the Town to look into trash that is being left at the curb of a building located at the intersection of South Webb and West Railroad Streets.

Mayor Oliver asked if the Town was at a place where they could reduce any of the electric utility deposits listed on page 14.

Town Manager Barlow stated that it was much better now than what it use to be.

Councilmember Overby stated that anyone with a yellow or red credit rating should automatically be placed on prepay.

Town Manager Barlow stated that right now they do not force anyone on prepay, but they do give them the option. He said that he would like to have the opportunity to talk with the Finance Director to get an idea of

people that are leaving with unpaid balances, and what those values are looking like.

Councilmember Overby questioned if they were still giving prepay as an option.

Town Manager Barlow stated that the Town gives prepay as an option. He said that the first time they reordered meters, it took three months, and the second reorder took nine months. Mr. Barlow stated that one order of 100 meters costs the Town \$40,000.00. He said that the Town does not need to keep too much inventory. Mr. Barlow stated that the cost makes it difficult with the vendors.

Councilmember Overby asked if they were losing shelf life, and were having to ship the meters back.

Town Manager Barlow stated that he could ask Electric Director Donald Baker about activating them within a year should the battery go dead if they are sent back. He said that was the reason that Mr. Baker does not try to keep a lot of inventory.

Mayor Oliver stated that on page 15, it refers to the relocation of an area light during the one-year contract period. She asked if the \$47.90 covers the Town's cost.

Town Manager Barlow stated that he did not know for sure. He said that he thought this was for the security lights that were installed in residential backyards. Mr. Barlow stated that \$50.00 was not going to cover that.

Councilmember Overby stated that if someone does not like where it is shining, could the Town relocate it on the pole.

Town Manager Barlow stated that changing the angle versus moving the pole would make a difference.

Mayor Oliver stated that needed to be spelled out.

Councilmember Overby stated that he agreed.

Mayor Oliver asked what the policy was on area lighting.

Town Manager Barlow stated that if services are disconnected, the area light should go off.

Councilmember Overby asked about page 16 changes, and if that was due to a rate increase.

Town Manager Barlow stated that it was 2%.

Councilmember Petersen asked what was decided on the Edgerton and

Harrison Building. He said that they were given a year. Councilmember Petersen stated that Council agreed that it would be \$300 for a year. He questioned if that would be implemented during fiscal year 2017, or if that was from that particular point that they voted on that night.

Mayor Oliver asked that the minutes be checked.

Mayor Oliver stated that on page 30 regarding load management savings, if there was any opportunity through ElectriCities to increase the annual savings for citizens that have load management.

Town Manager Barlow stated that ElectriCities has not changed their program.

Councilmember Petersen questioned on page 22 the peak demand. He asked if that was a random thing that is done, or do they measure for an hour at some point.

Town Manager Barlow stated that they determine the peak time that they will measure the usage, and that is what the rate is going to be based on. He said the ElectriCities is monitoring that usage. Mr. Barlow stated that they will send to customers on CP usage to start their generators right before that happens.

Councilmember Petersen asked that if someone installs solar panels on a house, they are connected to a grid and connected to the panels at the same time. He asked if it flows backwards, does the Town buy that back.

Town Manager Barlow stated that he was not sure how that works.

Councilmember Petersen stated that the old electric meters would spin backwards. He said that the newer meters were more sophisticated. Councilmember Petersen stated that what a lot of places do now is measure the electric current in one direction and in the other direction. He said that depending on the municipality; some would buy it back at the same rate, and some at a lower rate.

Town Manager Barlow stated that would be a question for Electric Director Donald Baker. He said that he was not sure how the exchange works on the Town's system.

Mayor Oliver asked that it be followed up on.

Town Manager Barlow stated that the solar farm was different. He said that there was a contract for the power that they generate.

Mayor Oliver stated that on page 31 under the equal payment plan in the calculation of the equal payment amount, it talks about the previous 12 months and states "plus anticipated growth factor of 8%." She asked how the 8% was derived. Mayor Oliver stated that this had not been amended

since 1990.

Town Manager Barlow stated that was probably a common structure in 1990. He said that he would question if that still applies today. Town Manager Barlow stated that would be a good question of how they calculate the equal payment. He said that was probably not just in Selma, but a common formula that was used 20 years ago.

Mayor Oliver asked if there were any questions under tab 5.

Mayor Oliver stated that she had a question on page 2 of the General Fund Revenues. She said that third from the bottom, the transfer from the Powell Bill Reserves was down, and there was a lot of road work to be done. Mayor Oliver asked what the reason was for decreasing those funds.

Town Manager Barlow stated that based on the estimate of what they think is going to be paved next year, he said that they believed that was all that was needed to be transferred from the reserves. He said that based on bids, it might need to go up or might need to go down. Mr. Barlow stated that this was based on unit costs received by Public Services Director Fuller last year.

Mayor Oliver stated that the Town has the funds, and asked that the condition of the roads be improved.

Town Manager Barlow stated that when they look at the pavement list, they might want to pave three or four more streets, which would take more Powell Bill funds and Council could appropriate that.

Councilmember Overby asked that they look at 10-3480-0000 - animal tags, and 10-3480-0100 – nuisance penalties. He asked if that was received from the County if it was not being done by the Town.

Town Manager Barlow stated that someone bought some local tags.

Mayor Oliver stated that under nuisance penalties, she would encourage the Police or Animal Control to continue to assess penalties to repeat offenders. She said that they should be collecting more than \$100 a year.

Councilmember Overby asked about 10-3650-0500 – polar express. He asked how the Town received revenue out of it.

Town Manager Barlow stated that this was a fee charged to those that want to participate. He said that according to Recreation Director Joe Carter, it was something that took off this year.

Councilmember Overby asked if the Town was making money off the polar express.

Town Manager Barlow stated that it covers the expense.

Councilmember Petersen asked if under the general fund for non-profits, it was recommended that \$18,725.00. He asked if that included funds for the 150th anniversary celebration.

Town Manager Barlow stated that this included \$4,300 for the SDP. He said that it also included some marketing funds for advertising on I-95 for the Selma Crossings Industrial Park.

Mayor Oliver questioned under Planning and Economic Development expenditures with the new person, which is badly needed, would they start advertising soon so that the person would be ready to go July 1.

Town Manager Barlow stated that as soon as Town Council appropriates funds, he could put the advertisement out early, but could not hire anyone until the budget was adopted.

Councilmember Petersen questioned administration expenditures. He said that under salaries, last year was \$68,000 and this year \$52,000.

Town Manager Barlow stated that there were a number of positions in Town that their salaries are divided amount four funds. He said that they have made sure that they have the amounts in the correct funds. Mr. Barlow stated that the Administrative Services Director position that is not funded.

Councilmember Overby asked where Mr. Rocky Lane was inserted in the budget.

Mayor Oliver stated that Mr. Lane was not included.

Town Council reviewed tabs 6, 7, 8, and 9.

Mayor Oliver questioned the condition of the Public Service building.

Town Manager Barlow stated that in the CIP, a public service facility was definitely needed, which would combine public works, electric, water, sewer, and recreation into one facility.

Town Manager Barlow stated that this was good information. He said that he would take the notes and summarize them for the next session. Mr. Barlow stated that the next step after Council was comfortable with what was presented was the required budget hearing, which would be at the regular June Council meeting. He said that anytime between that meeting and June 30th, Council could adopt the budget.

**SALARY AND MEDICAL
PLAN FOR
COUNCILMEMBERS:**

Mayor Oliver asked Council if they were comfortable with moving the remainder of the agenda items to the next Council meeting.

It was the consensus of Town Council to move the remainder of the agenda to a future Council meeting.

Councilmember Petersen stated that sometime in the future, the entrance to a lot of towns there is a wire grid that has civic organizations that are active within that town.

Town Manager Barlow stated that was a project that the Marketing Committee had kind of taken on. He said that Selma has five main entrances that they are looking at sprucing up.

Mayor Oliver asked that this be brought to the Marketing Committee's attention.

TOWN HALL OPEN HOUSE: Moved to future meeting.

ROUNDTABLE: Moved to future meeting.

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

The meeting adjourned at 8:22 p.m.

BRENDA W. THORNE, Interim Town Clerk