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**July 14, 2025- 7:00 p.m.
Regular Town Council Meeting
Minutes**

COUNCIL PRESENT:

Herbert Hales II, Mayor
Mark Smith, Mayor Pro Tem
LaWanda Neal, Council Member
Keith Davis, Council Member
Beverly Knight, Council Member

STAFF PRESENT:

Tony Sears, Interim, Town Manager
Leigh Gotshall- Librarian
Tymeeka Williams, Town Clerk
Chip Hewett- Town Attorney
James Ayers- Police Chief
Kevin Hubbard- Fire Chief
Bonita Renfrow-Utilities Clerk
Dana Youst- Parks and Recreation Director
John Pitts- Public Works Director

1. CALL TO ORDER

- Call to Order – *Mayor Herbert Hales, II*
- Invocation – *Council Member Keith Davis*
- Pledge of Allegiance – *Mayor Herbert Hales, II*
- Mayor Hales called the meeting to order at 7:00 p.m. Council Member Davis offered the Invocation and Mayor Hales led everyone in the Pledge of Allegiance.

2. PUBLIC COMMENT

This portion of the meeting is an opportunity for citizens to speak on any issue concerning the Town of Kenly. Please note that each citizen is limited to a total of 3 minutes. Please direct all comments/concerns to the entire council rather than individual members. Further, it should be noted that the Town Council reserves the right to not act on items first presented at this meeting.*

➤ **NO PUBLIC COMMENTS AT THIS TIME**

**This time may be adjusted based on the number of citizens who wish to speak.*

3. ADJUSTMENT/ADOPTION OF THE AGENDA

- a. Adjustments to the Agenda
 - NO ADJUSTMENTS MADE TO THE AGENDA
- b. Adoption of the Agenda

ACTION: Motion to adopt the Agenda as Presented
Motion: Council Member Knight
Second: Council Member Smith
Vote: 4-0

4. CONSENT AGENDA

(Items on the consent agenda are considered routine in nature or have been thoroughly discussed at previous meetings. Any member of the Board may request to have an item removed from the consent agenda for further discussion.)

- a. Draft Minutes
 - **June 09 2025 – Regular Session**

ACTION: Adoption of Consent Agenda with Adjustment

Motion: Council Member Neal
Second: Council Member Davis
Vote: 4-0

5. INTRODUCTIONS AND SPECIAL PRESENTATIONS

- a. 2025 Parks and Recreation Month Proclamation
- The Town Manager presented the proclamation outlining the significance of parks in promoting community health, active lifestyles, and economic prosperity.
 - Diverse offerings such as sports camps, dance programs, and library extensions were highlighted.
 - A motion was made, seconded, and approved to claim the Parks and Recreation lot as part of this initiative.
- ACTION:** Adoption of Juneteenth Proclamation
- The proclamation marks a pivotal moment in American history, symbolizing the end of slavery and the ongoing struggle for freedom and equality for African Americans

6. PUBLIC HEARINGS

1. **Special Use Permit- Don Kei Meight Land Trust** (313 S. Gardner, Kenly NC 27542)
Presenter: Tony Sears, Interim Town Manager

ACTION: Council to Recess Regular Session and Enter Public Hearing as Board of Adjustment

Motion: Council Member Knight
Second: Council Member Smith
Vote: 4-0

ACTION: Board of Adjustment Public Hearing Open

Motion: Council Member Smith
Second: Council Member Davis
Vote: 4-0

ACTION: Board of Adjustment Approval or Denial of Multi Family Unit

Motion: NO MOTION
Second: No Second Motion
Vote: FAILED

- The Board of Adjustment was called to order following a recess, with a motion and second to open the special use permit hearing. The motion passed 4-0.
 - Two months prior, Mr. Joshua Craig presented a special use permit request for a property on South Garner Avenue, which failed because of no second motion unanimously voted to turn down.
 - After consultation with the attorney and review of the zoning ordinance, it was clarified that there is no "cooling off" period for re-hearing a special use permit. The council discussed the need to establish a cooling off period of 6 to 12 months in the future, but no

such policy is in place currently.

- Mr. Craig was invited to present again after council members expressed interest in reconsidering the application.
- Mr. Craig provided pamphlets detailing the scope of work
- Full-gut renovation: replacing siding, roof, windows, and all plumbing. Plumbing: Two plumbers assessed the building. The existing four-inch line supports 160 DFU; the planned seven apartments with one toilet each will use about 55 DFU. Previous issues were due to two other buildings sharing the line, which are no longer present.
- Electrical: The panel was updated in the 1990s and meets current code. All baseboard heaters will be replaced with superheat mini splits (no window units or excessive ductwork).
- Structural: All landings and stair treads will be replaced. Parking: The lot will be regraded with about 85 tons of crush and run.
- Interiors: All flooring, fixtures, cabinetry, and countertops will be replaced. Mr. Craig confirmed the property in the back will remain a single unit, not split into two, and provided floor plans and life safety documentation.
 - Mr. Pitts (staff) confirmed the existing sewer tap is sufficient, as the previous issues were due to now-removed buildings.
 - The new apartment will have all new plumbing and electrical, and the DFUs are accounted for in the plans.
 - The public hearing was closed by motion and second.
 - The council prepared to vote on the adjustment and return to regular session.

ACTION: Board of Adjustment to Exit Public Hearing and Enter into Council Regular Session

Motion: Council Member Smith

Second: Council Member Davis

Vote: 4-0

ACTION: Council Reconvenes into Regular Session

Motion: Council Member Smith

Second: Council Member Davis

Vote: 4-0

2. Budget FY 2025-2026

- The Town of Kenly's municipal operating budget for upcoming fiscal year.

Presenter: Tony Sears, Interim Town Manager

ACTION: Council to Recess Regular Session and Enter Public Hearing

Motion: Council Member Davis

Second: Council Member Smith

Vote: 4-0

ACTION: Public Hearing Open

Motion: Council Member Davis

Second: Council Member Knight
Vote: 4-0

The fiscal year 2026 budget was presented as balanced and compliant with the North Carolina Local Government Budget and Fiscal Control Act.

- The budget aims to address capital and operational needs, rising costs, and maintain high-quality services.
- The current tax rate for FY25 is \$0.69, generating approximately \$1,092,949 in ad valorem revenue.
- For FY26, with new property evaluations of \$230 billion and a 98% collection rate, the proposed tax rate is \$0.64, projected to yield \$1,442,833.
- The revenue-neutral tax rate (to maintain FY25 tax value) would be \$0.50.
- The proposed \$0.64 rate results in an increase of \$349,884 over FY25, with each penny generating about \$18,500.
- State-collected revenues (franchise, electric, local option sales tax, recreation fees) are projected to increase by \$40,921, attributed to efforts by the Park and Rec Director.
- The total general fund revenue increase is \$390,805 compared to the previous year.
 - o Employee salary increases:
 - 18% for police officers (\$75,705 total)
 - 12% for all other employees (\$63,304 total)
 - o Insurance costs: 10% increase in group insurance premiums across all departments.
 - o State retirement contribution: Increased by 1%.
 - o IT infrastructure: Annual contract of \$60,000 for modernization and security.
 - o Administrative support: Part-time position costing \$30,000, split between the general fund and water/sewer fund.
 - o \$21,000 in leftover funds from the budget meeting allocated to Park and Rec for a master plan to apply for a grant.

The police department's budget has increased by a little over \$200,000 from the first budget to the current one, reflecting a significant investment by the community and council.

The chief recommended a 21% salary increase, but 18% was initially proposed, which aligns with the expectations of current employees considering leaving.

- Losing officers after investing in their training and equipment results in financial loss, as uniforms and vests are tailored to individuals and must be replaced.
- The chief emphasized the importance of retaining good officers to maintain rapport with the community and avoid the costs and risks associated with frequent turnover.

- The department has struggled to compete with other agencies, especially as other towns are able to offer more competitive salaries and experience faster growth.
- Other communities are outpacing Kenly in salary growth and recruitment, making it difficult for small towns to keep up.
 - Other departments, such as water maintenance and street/sewer, also have valuable employees who go above and beyond their duties.
 - There is a shared desire among council members to retain all good employees, not just police officers, as their contributions are highly valued.
 - The council discussed the importance of being as competitive as possible within budget constraints to retain quality staff across all departments.
 - Community members and department heads expressed strong support for increasing compensation to retain quality employees.
- The fire chief expressed appreciation for the town's employees and highlighted the importance of strong relationships and teamwork for the town's safety and success.

ACTION: Board to Exit Public Hearing and Enter into Council Regular Session and take a 5-minute recess at 8:14pm

Motion: Council Member Davis
 Second: Council Member Knight
 Vote: 4-0

ACTION: Council Reconvenes into Regular Session at 8:19pm

Motion: Council Member Smith
 Second: Council Member Davis

7. NEW BUSINESS

1. Budget Amendment FY 2025

○ 21% for police department employees.

○ 15% for other employees.

· The rationale for higher increases for police and field staff included the dangerous and demanding nature of their work compared to office staff.

· To accommodate the proposed salary increases, a suggestion was made to raise the tax rate from 64 cents to 65 cents. Set the tax rate at 65 cents.

This adjustment would help fund the increased compensation without overly straining the budget.

The need to build 25,000 lots was mentioned as a revenue strategy, with expectations

of increased activity and related revenues.

A budget amendment was proposed for the general fund to accommodate unforeseen expenditures and align allocations with operational needs.

Expenditures for the general fund are projected to be 95-96% of the budget.

General fund: 86% spent, 99% of revenues collected (expected to exceed 100% after quarterly sales tax in August).

Water and sewer: 78-79% of expenditures spent. No adjustment needed for water and sewer.

An increase of \$60,000 in the general fund to cover unanticipated payments for employees.

An increase of \$35,000 for the fire department to address a shortfall from the previous year.

Offsets include a \$50,000 reduction in police department sanitation and reductions in code enforcement.

o The amendment is intended to "clean up" the general fund and refine the overall budget.

· Johnston County announced a \$0.35 per 1,000-gallon increase in the cost of purchased water, raising the rate from \$7.32 to \$7.67 per 1,000 gallons.

· Proposed rate adjustments:

o Inside residential: \$8.17

o Outside residential: \$13.90

o Inside commercial: \$8.20 to \$8.63

o Outside commercial: \$14.02

o Base rate increase: from \$5.25 to \$5.75 (inside), and from \$10.55 to \$11.05 (outside)

· Despite the rate increases, projected revenue in the budget will remain the same as last year due to previous overestimations of collections.

· The goal is to close the gap between estimated and actual collections, aiming for a

balanced or slightly positive outcome.

- Recent projects include over \$1 million for the wastewater treatment plant and \$6 million for sewer line improvements, focusing on generators and lift station rehabilitation.

- ARPA funds have helped reduce expenditures, creating some budget flexibility.

- A new work truck was approved and purchased in the current fiscal year due to under-expenditures, not included in the proposed budget.

- The unpredictability of equipment failures and maintenance needs in water and sewer operations was highlighted.

- Efforts are being made to address plant issues, such as replacing control panels and aerators, and managing sludge disposal within the current budget cycle.

ACTION: Acceptance of Budget Amendment

Motion: Council Member Davis

Second: Council Member Knight

Vote: 3-1

2. **PETITION FOR TRAFFIC CALMING MEASURES ON WILSON STREET**

Presenter: Tony Sears, Interim Town Manager

A petition was submitted by residents requesting stop signs and a speed bump on Wilson Street, particularly near the Boy Scout location.

The downtown subdivision paving has created a straight-through route, increasing concerns about speeding.

Three new stop signs were proposed at intersections marked in yellow on the provided map, converting them to two three-way stops.

The estimated cost for all three stop signs (including poles and additional replacements) is between \$2,500 and \$3,500.

The recommendation was to install the three stop signs first and observe the impact before considering a speed bump.

ACTION: Stop Signs Will Be Placed throughout Wilson Street

Motion: Council Member Smith

Second: Council Member Davis

Vote: 4-0

3. Regional Water System Collaboration MOU

Presenter: Tony Sears, Interim Manager

The Memorandum of Understanding (MOU) is a cooperative framework among several Johnston County municipalities for regional sewer services.

- The MOU is not legally binding but establishes a basis for joint efforts in utility authority formation, sourcing, treatment, infrastructure projects, grant applications, and shared purchasing.
- A representative body from each participating municipality will be established.
- There are no immediate financial obligations; future commitments will be outlined in subsequent agreements.
- The MOU is critical for eligibility in state and federal grant discussions, as demonstrated by a previous funding meeting where the absence of an MOU halted progress.
- Next steps include:
 - o Beginning negotiations for a long-term agreement, identifying funding sources
 - o Initiating feasibility planning, Maintaining ongoing updates with each municipality.

The mayor remains the designated representative on the board.

ACTION: Acceptance of Budget Amendment

Motion: Council Member Davis
Second: Council Member Knight
Vote: 4-0

8. OLD BUSINESS

1. ➤ NONE

9. TOWN MANAGER / STAFF REPORTS

1a. **Town Manager: Utility Adjustments-**

- NONE

Audit Update

The 2022 audit is expected to be completed by the end of the week, pending one or two additional documents. Work on the 2023 audit has already begun, with document collection underway. Auditors are also gathering bank statements for 2023 and 2024 to expedite the process.

- The goal is to have the audit presentation ready by the July meeting.

2. Town Clerk-

The fireworks contract for July 4th is confirmed, with all arrangements completed.

· The Martin Luther King Community Association will host "Legacy in Action: Honoring Black Excellence, Sense Freedom, Celebrating Juneteenth" on June 21st, 10:00 AM to noon at the Kenley AG building, 8 South College Avenue. The event aims to honor local legacy professionals and promote community engagement.

3. Town Attorney- **NONE**

4. STAFF- DIRECTORS/EMPLOYEES:

POLICE DEPARTMENT:

The police department expressed gratitude for council support and highlighted recent achievements:

o Swearing in of a new officer, Mr. Marcus Reed, a former member of the 82nd Airborne and president of his BLEC program.

o Improved onboarding process, reducing the time to swear in new officers from two to three months to two to three weeks.

o Participation in community events, including the ABC store grand opening, Kenly 95 Jamboree truck stop, and a new "school out for the year" event in partnership with Food Lion.

o Ongoing peanut butter and jelly drive and additional food initiatives to support children during summer months, in partnership with Kenly Area Ministry.

o Plans to increase community engagement through block parties and the formation of a community group to address local issues.

· **Parks and Recreation:**

The department received a \$15,200 grant with no matching funds required, to be received by the end of June 2025. This grant will help offset the cost of a circuit breaker expenditure.

Volleyball camp and indoor soccer camp were mentioned as upcoming activities.

10. OTHER BUSINESS

a. Informal Discussion

- Discussion on July 4 fireworks funding and arrangements, referencing previous experiences.

- Plans to include a Christmas parade and related community events in future budgets.

b. Council Member Comments

11. CLOSED SESSION

1. CLOSED SESSION: (NCGS 143.318.11)

ACTION: Motion to Enter Closed Session 8:38pm

Motion: Council Member Knight

Second: Council Member Davis

Vote: 4-0

ACTION: Motion to Exit Closed Session 8:42pm

Motion: Council Member Davis

Second: Council Member Smith

Vote: 4-0

12. ADJOURNMENT

a. Adjourn the Meeting

ACTION: Motion to Adjourn (8:44 pm)

Motion: Council Member Davis

Second: Council Member Smith

Vote: 4-0

Duly adopted this the 14th day of July, 2025 while in regular session.

Herbert L Hales II
Mayor: Town of Kenly