

MONDAY-5:30 P.M.

APRIL 19, 2010

BUDGET WORK SESSION

The City Council of the City of Elizabeth City held a budget work session on the above date and time in the City Council Chambers of the Municipal Administration Building with Mayor R. A. McLean presiding. Those members of Council that were in attendance were: J. M. Baker, L. Hill-Lawrence, L. A. Hummer, R. E. King, B. S. Meggs and J. B. Walton. Members M. E. Brooks and J. A. Stimatz were absent. City staff members attending were: City Manager R. C. Olson, City Clerk D. S. Pierce-Tamplen, Finance Director S. E. Blanchard, Planning Director J. C. Brooks, Human Resource Director K. W. Felton, Police Chief C. E. Crudup, Fire Chief L. M. Mackey, Electric Director K. F. Clow and Public Utilities Director P. A. Fredette.

Mayor McLean established a quorum was present and opened the meeting by welcoming those in attendance. He called upon Councilwoman L. Hill-Lawrence to give the invocation after which the Pledge of Allegiance was given.

1} APPROVAL OF THE AGENDA:

Mayor McLean called for approval of the prepared agenda.

A motion was made by Mayor Pro Tem L. A. Hummer, seconded by Councilwoman J. M. Baker to approve the agenda as presented. Those voting in favor of the motion were: Hummer, Baker, Hill-Lawrence, King, Meggs and Walton. Against: None. Motion carried.

2} MOTION FROM THE FLOOR:

A motion was made by Councilwoman B. S. Meggs, seconded by Mayor Pro Tem L. A. Hummer to allow the City Manager to finish his presentation of the proposed budget without any interruptions; and questions can be asked after his presentation. Those voting in favor of the motion were: Meggs, Hummer, Baker, Hill-Lawrence, King and Walton. Against: None. Motion carried.

3} OVERVIEW OF PROPOSED FISCAL YEAR 2010-2011 BUDGET:

City Manager R. C. Olson continued with the power point presentation on the proposed 2010-2011 budget. He said during the last budget session there

were a number of questions and we have received a number of emails from council members and we have added additional slides under this presentation to reflect those questions. Where we left off last meeting we were briefly going through each one of the different cost centers within each one of the funds that we have. He showed a comparison of the budget by service level comparing FYE 2010 and FYE 2011. The increase in the Legislative was due to a slight increase in travel; the Administration went down due to the elimination of the Manager's Intern position being eliminated and the Finance Department went down due to the IT study being done this year; Tax Collection shows a slight increase; Legal Fees went up approximately \$10,000 and just looking at the historical data and what our utilization is year to date we thought we should add an additional \$10,000; Planning went down roughly \$5,000 and there is no capital improvements. Last year we had an improvement for a sound barrier in the wall. Public Buildings stayed relatively flat. The Police Department went up fairly substantially because the police department has a large number of employees and the health insurance caused it to go up some. Remember the 401K that has been cut in half in the rest of the departments cannot be cut in half in the police department because State Statutes requires that they get 5% 401K as part of their supplemental retirement plan. That also reflects the five new police cars. The fire department went down substantially. We did purchase a couple of fire trucks last year and that is why you see roughly \$600,000 decrease. Fire Inspections went down slightly because we did purchase a car last year. Inspections went down slightly because we have hired a new employee who is making less than the previous employee. Parks and Recreation last year included a large expenditure for the South Park Complex. That project is under construction and is going well. The figure in this year's budget does reflect the combination City/County Parks Department. Public Works Administration went down slightly as their liability went down. The Street Department went down substantially as we had debt payments come off. The Powell Bill went down because the Charles Creek Bridge funds have been encumbered. Sanitation went down due to some debt payments coming off. Senior Citizens Center went up due to an increase in expenditures and personnel. Cemetery went up as Council is aware we do not mow our cemeteries. Non-Departmental went down roughly \$25,000. This is not an election year so we did not have that expense. ECDI has basically no change. Human Resources went down slightly.

In the Electric Fund, the IT went down a little and Purchasing had a slight decrease. Non-Departmental in this fund is the line item that we use for the purchase of our power. We anticipate purchasing and reselling this amount of power for the next year. Customer Service decreased roughly \$58,000 and is contributed to no longer paying bank charges. The Distribution Fund is the big expense in this year's budget. That is for the construction for the secondary distribution system to be built on Church Street. Loan Management shows a

slight decrease due to a decrease in load management switches and a van was included in last year's budget.

In the Water/Sewer Fund, IT went down slightly. Non-Departmental is decreasing. Last year's figure included the last payment of the annexation debt. Customer Service stayed relative the same. Water Treatment did go up to directly reflect our purchase of water from the RO Plant. Wastewater Treatment is up due to the increase in the utility usage. The Water/Sewer Maintenance has a slight decrease because of \$100,000 savings in work at pump stations.

In the Storm Water Fund there is \$395,000 that reflects zeroing up that account. There are a lot of projects that will be carried over into next fiscal year. Also, there is \$300,000 in that budget for the roundabout.

Mr. Olson reviewed the insurance costs, retiree benefits as well as noting that the positions recommended is the nine firefighters funding for the third year of the three year grant. He briefly reviewed the General Fund Installment Purchase Debt Payments.

The top CIP Projects for FY 2010-2011 are as follows:

Secondary Delivery Point	\$3,500,000
Roundabout	\$ 600,000

Payments to outside organization totals \$190,172 that includes \$50,000 Discretionary. He then briefly compared different departments from last year's budget to this year's recommended budget.

The following is the Council's Suggested Changes to the Proposed Budget.

- Decrease Council pay by \$100
- Reduce or delete longevity bonus
- Require \$50 per month co-pay for health insurance
- Reduce 401K contribution to 2.5%
- Raise Sanitation Fee by \$1 to \$2 increase
- Increase Hopeline to \$20,000
- Fund AOA children's program \$20,000
- Fireworks \$7500
- Additional nine firefighters
- Youth Initiatives - \$250,000
- Eliminate Transfer from Electric Fund

Mr. Olson advised that this concluded his power point on the proposed budget.

Councilwoman J. M. Baker asked to make the following statement:

"Mr. Mayor,

I think this is the best budget we could hope for in this economy and given the downturn in revenues to the City, it is a lot better than many other communities are able to do. This is not the time to re-invent the way we configure our budget nor is it the time to spend countless staff hours on an exercise requested by only one member of Council; that being the Mayor. Council members are elected to direct and make recommendations as to how the city is run and the mayor runs the meetings and break ties, period....he does not run the City. We have a very competent City Manager for that and I feel it's past time we got back to that. Electricity and youth services are not the only issues facing this city; we have many other areas that still need our attention and funding. In fact there are enterprise funds specifically designed and set up to assure these needs will have proper funding and they have served our purpose when used properly; they were not designed to be used as slush accounts.

In a minute I'm going to make a motion to send this budget to public hearing but first I want to say that we are only proposing a 1 cent tax increase and that is to begin to cover nine (9) additional firefighters' future employment, we are not proposing any job cuts or benefit adjustments for employees at this time and we are not raising household electric rates. We are however recommending a 3½% increase in the non-residential electric rate and \$1.00 increase in the sanitation fee. We are recommending the continued transfer from the electric fund as to stop that at this time will mean an additional 8 cents property tax increase. We are recommending an increase in the funding we provide for Hopeline to \$15,000 and we are recommending \$15,000 funding to Arts of the Albemarle with the stipulation that 1/3 of that be used as scholarships to allow underprivileged youth to foster their talents and take part in career-building activities they might never have had the ability to participate in previously. We hope that staff will be able to find funding somehow to leave the employees 401K as it is for right now and also hire a part time IT person, but we understand those two inclusions could result in another ¼ to ½ cent tax increase. Additionally, we are recommending that \$8,000 be requested from the City's Tourism Account to help fund fireworks display on July 4th provided that the County contributes at the same level and the community is able to raise another \$8,000 from private and/or business donations or sponsorships."

A motion was made by Councilwoman J. M. Baker, seconded by Councilwoman L. Hill-Lawrence to send the budget as proposed

by staff to public hearing on June 14th or sooner with the following inclusions:

- 1} Include a 1 cent tax increase to begin funding for 9 firefighters future employment**
- 2} Increase non-residential electric rates by 3½ %**
- 3} Increase sanitation rates by \$1.00/month**
- 4} We will continue the suggested transfer from the electric fund to the general fund**
- 5} Leave the employee 401 K contributions at current levels**
- 6} Increase the contribution to Hopeline to \$15,000**
- 7} Fund Arts of the Albemarle at \$15,000 with the stipulation that 1/3 of those funds be used as scholarships for underprivileged youth.**
- 8} Create a position and hire a part time IT person for the city**
- 9} Budget for an \$8,000 transfer from the city's Tourism Fund for 4th of July fireworks provided that the County contributes at the same level and the community is able to raise another \$8,000 from private and/or business donations or sponsorships**

And; further, move that budget comments and motion be recorded verbatim, and all future scheduled budget meetings on the calendar be cancelled.

Mayor McLean stated as chair, that motion is not going to be entertained. We had a special meeting to discuss the budget and that is what we are going to do and he appreciates Councilwoman Baker for telling him what his responsibilities are.

Councilwoman Baker stated, Point of Order, Mayor, there is a motion on the floor.

Mr. McLean said the motion is not going to be carried because we are here to discuss and we have two council people that are absent today as chair he has the right—

Councilwoman Baker said, Point of order, Mayor, there is a motion on the floor.

Mayor McLean said I am not going to carry the motion because we are here to discuss this budget and that is what we are going to do. For instance what you just did—

Councilwoman Baker said, Point of order, Mayor, there is a motion on the floor.

Mr. McLean said what you just did Councilwoman Baker you outlined things that you wanted in the budget which we haven't even had time to discuss and I think we ought to keep in mind that we are here to discuss this budget and that is what he thinks that we should do because he has not had a chance to discuss it. That is what we are going to do.

Councilwoman Baker said, point of order, Mayor there is time for discussion after the motion is either seconded or let down. There is time allowed for discussion.

Councilman Walton said he has some discussion too.

Councilwoman Hill-Lawrence said that she thinks everybody is out of order. We need to wait, the Councilwoman had the floor so we should wait and let her finish.

Councilwoman Baker said she made a motion.

Councilwoman Hill-Lawrence said so you are finished.

Councilwoman Baker said she made a motion and she is looking for a second.

Councilwoman Hill-Lawrence asked to accept the budget.

Councilwoman Baker said yes.

Councilwoman L. Hill-Lawrence seconded the motion to accept the budget and move on.

Councilman Walton said now she is right in the middle.

Mayor McLean said he is not carrying that motion because we are meeting for a special meeting and we are going to discuss this budget. There is no need--

Councilwoman Baker said, Mr. Mayor there is a motion and a second on the floor. There is time for comment now. That is how the charter reads.

Councilman Walton said the reason we went to this closed session, not closed session but open session to discuss the budget is the reason that we are here. We did not come here to vote on a budget. He has some point of references to discuss and that is what he intends to do.

Councilwoman Baker said that is what the time is for now.

Mayor McLean declared a five minute recess so we can get this straight among ourselves.

Councilwoman Baker said Mr. Mayor there is a motion on the floor.

Following a fifteen minute break, the following motion was made.

A motion was made by Councilwoman J. M. Baker, to declare Mayor R. A. McLean out of order as he has not returned from the recess and Mayor Pro Tem L. A. Hummer will take over the meeting. Councilwoman L. Hill-Lawrence seconded the motion. Those in favor of the motion were: Baker, Hill-Lawrence, Hummer, King, Meggs and Walton. Against: None. Motion carried.

Mayor Pro Tem Hummer reconvened the meeting. There is a motion on the floor and a second. She called for further discussion.

Councilman R. E. King said his question, Mayor Pro Tem, right now we are voting to take this to public hearing. Am I correct?

Mayor Pro Tem Hummer said correct with all the information that was read which will be entered verbatim into the record.

Councilman King said when the full Council comes back they have the right to vote on the budget still after it goes to the public hearing.

Mayor Pro Tem Hummer said when it goes to public hearing.

Mr. King said all that we are doing now is going to public hearing.

Mr. Olson said that is correct. Under state statute you have to have a public hearing and after the public hearing you can either modify the budget and/or approve the budget as submitted.

Mayor Pro Tem Hummer called for any further discussion. She called for a vote.

Those voting in favor of the motion to take the budget to public hearing were: Baker, Hill-Lawrence, Hummer, King, Meggs and Walton. Against: None. Motion carried.

Mr. Olson asked when you would like for us to schedule such public hearing. Usually when we do a public hearing it is specifically for some point in time.

Mayor Pro Tem Hummer stated we need a motion for public hearing.

Councilwoman Baker said in her motion it was for June 14th or before.

Mayor Pro Tem Hummer asked the City Clerk if June 14th was a date that allows enough time for advertisement.

City Clerk Pierce-Tamplen responded that she needs only ten days to advertise it.

Councilwoman Baker said then we can move it up.

Mr. Olson stated that yes you can do it anytime in May.

A motion was made by Councilman R. E. King, seconded by Councilwoman J. M. Baker to take the recommended 2010-2011 Budget to public hearing on May 10th, 2010 at 7:00 p.m. in the City Council Chambers of the Municipal Administration Building. Those voting in favor of the motion were: King, Baker, Hummer, King, Meggs and Walton. Against: None. Motion carried.

There being no further business to come before the Council at this time, Mayor Pro Tem Hummer called for a motion to adjourn.

A motion was made by Councilwoman J. M. Baker, seconded by Councilwoman B. S. Meggs to adjourn the meeting. Those voting in favor of the motion were: Baker, Meggs, Hummer, Hill-Lawrence, King and Walton. Against: None. Motion carried.

Dianne S. Pierce-Tamplen, MMC
City Clerk

Roger A. McLean
Mayor