

**City Council Special Meeting  
April 20, 2015**

The City Council of the City of Elizabeth City met for a Special Meeting on Monday, April 20, 2015 in Council Chambers, located on the second floor of the Municipal Administration Building, 306 E. Colonial Avenue, Elizabeth City, NC.

MEMBERS PRESENT: Mayor Joe Peel  
Councilwoman Jean Baker  
Councilman Ray Donnelly  
Mayor Pro Tem Anita Hummer  
Councilman Tony Stimatz  
Councilman Kem Spence  
Councilman Darius Horton (*arrived at 5:36 p.m.*)

MEMBER ABSENT: Councilman Michael Brooks  
(*Clerk notation: One Council Seat Currently Vacant*)

OTHERS PRESENT: City Manager Rich Olson  
Finance Director Sarah Blanchard  
Planning Director June Brooks  
Chief of Police Eddie Buffaloe  
Electric Department Superintendent Karl Clow  
Assistant to the City Manager Angela Cole  
Human Resources Director Katherine Felton  
Assistant Public Works Director Larnetta Brothers  
Fire Chief Larry Mackey  
IT Director Matthew Simpson  
Inspections Director Stanley Ward  
Parks and Recreation Director Bobbi White  
City Clerk Vivian White

The City Council Special Meeting was called to order by Mayor Joe Peel at 5:30 p.m. Mayor Peel welcomed everyone to the meeting and gave the invocation, after which he led in the Pledge of Allegiance.

**1. Agenda Approval:**

Mayor Peel called for approval of the agenda.

Councilman Stimatz inquired if it would be possible to pass a resolution during this meeting regarding House Bill 530, which deals with the Rental Inspection Program, since it impacts the City's budget if the program is eliminated. Mr. Olson responded that this Special Meeting was called for budget purposes and not to take any other official action. Councilman Stimatz commented that "it would be stretching it." He stated that the General Assembly sub-committees are meeting this week about HB 530. Mayor Peel said that one thing that could be done would be to draft a letter stating that "the City

Council supports this.” Mr. Olson cautioned that it appeared the Special Meeting purpose was being expanded; and Mayor Peel responded that it could be done by “word of mouth after the meeting.”

**Motion was made by Mayor Pro Tem Anita Hummer, seconded by Councilman Ray Donnelly, to approve the agenda as presented. Those voting in favor were: Baker, Donnelly, Hummer, Stimatz, and Spence. Against: None. The motion carried unanimously. (Councilman Horton had not yet arrived.)**

**2. Presentation – PowerPoint Presentation of City Manager’s Recommended Fiscal Year 2015-2016 Budget – City Manager Olson and Finance Director Blanchard:**

Mayor Peel recognized City Manager Olson to begin his presentation and discussion of the Manager’s FY 2015-2016 Recommended Budget.

Councilman Stimatz inquired if questions should be asked or held during the presentation. Mr. Olson stated that he did not mind answering questions as they arise, but if the process becomes too bogged down, it could be revisited.

Mr. Olson reported that it was his pleasure to present his recommended FY 2015-2016 budget to the Council; and he invited the Council members to follow along using their copy of the prepared PowerPoint presentation.

He said that the budget had been delivered to the Council on Friday, April 17, 2015; and it contained 308 pages. He advised that he had received a number of questions from Councilors and would address some of those questions during his presentation, while others would be addressed in subsequent presentations of the pertinent funds.

Mr. Olson stated that before beginning his review of the budget, he wanted to remind the Council that there is still a great deal of uncertainty in Raleigh. In referring to Councilman Stimatz’ concern regarding HB 530, he stated that this particular bill did have traction and it appeared to be moving fairly quickly. He said that the League of Municipalities, as well as a number of cities, have opposed the legislation, but it appeared to have very powerful sponsors. He pointed out that if the City’s ability to do rental inspections ceases, the \$60,000 General Fund subsidy would require that the City eliminate the two employees who presently perform that work and find other positions for them within the City’s workforce. He advised that the City did have other vacancies. In response to a question by Councilman Stimatz, Mr. Olson stated that the total program costs the City approximately \$93,000 annually. He said that rental inspection fees only paid a small part of actual expenses.

Mr. Olson pointed out that House Bill 730 was also very interesting, as it would prohibit counties from imposing central communications fees on municipalities. He stated that in Elizabeth City’s case, that would equate to the roughly \$387,000 per year that the City pays Pasquotank County for Central Communications dispatching.

Mr. Olson said that another important issue is the whole sales tax distribution debate. He pointed out that there are so many versions of that particular issue out there, that he didn’t feel it productive to even discuss them at this point.

Using a PowerPoint presentation, the following budget highlights were reviewed by Mr. Olson and Finance Director Blanchard:

1. Mr. Olson stated that the recommended budget is predicated on the City Council’s goals:

- a. Ensure Sound Fiscal Responsibility
  - b. Improve City's Infrastructure
  - c. Strengthen Inter-governmental Relationships
  - d. Provide Youth and Senior Activities
  - e. Deliver Cost-Effective, Quality Services
  - f. Improve the Quality of All Neighborhoods
  - g. Increase the Quantity and Quality of Jobs
  - h. Increase Entrepreneurial/Small Business Opportunities
2. Mr. Olson reported that the total proposed budget is \$64,923,424, which reflects a total budget decrease of 5%. The General Fund Budget is \$18,083,433, which is a decrease of 1.78%. The Electrical Fund Budget is \$35,446,281, which is a decrease of 9%. The Water/Sewer Fund Budget is \$9,247,725, which is a decrease of 12%. The Storm Water Utility Fund Budget is \$430,284, which is an increase of 8%. The Solid Waste Fund Budget is \$1,715,701, which is a decrease of 3%.
  3. Mr. Olson stated that the budget includes a proposed 1.5% COLA for City employees, which equates to \$203,137. Mr. Olson pointed out that this figure includes the proportional increases in related benefits.
  4. Mr. Olson stated that there is no change in health insurance premiums. He reported that City employees are to be commended for holding down their medical costs. He complimented the City's Employee Wellness Program. He said that he had a meeting scheduled with the City's health insurance carrier at the end of the month; and he had hopes that the City may see a slight decrease.
  5. Mr. Olson stated that the City's Health Insurance premium equates to \$1,793,307 for active City employees.
  6. Mr. Olson reported no change in property valuation. He said that there is a 2.5¢ per \$100 of valuation tax increase proposed to replace lost Privilege License revenue, which totals \$240,000. He said that if a replacement revenue source is provided by the General Assembly, the budget is designed such that the proposed tax increase will go away. Mr. Olson noted that some recent developments, such as those on the Halstead Connector and some multi-family developments have not yet trickled into the budget. Councilman Stimatz pointed out that a property tax increase, if passed now, would not go into effect until January 2016.
  7. Mr. Olson stated that there is a 3% rate increase projected in water and sewer rates for the coming fiscal year, as well as for FY 2016-2017. He said that this represents an average \$1.55 per month increase for customers and raises an additional \$250,000 for the fund. Mr. Olson pointed out that the City continues to struggle in the water and sewer department and reminded the Council that a cautionary letter has been received over the last several years from the Local Government Commission. Councilman Spence commented that he personally

did not like the idea of budgeting for something in advance such as the proposed increase for the next fiscal year. Mr. Olson stated that he understood Councilman Spence’s concern.

8. Mr. Olson reported that no increase is budgeted for solid waste fees. He stated that this is the first year in the last several years without a solid waste fee increase.
9. Mr. Olson advised that a 14% decrease is projected for electric rates, which is an average \$26 per month decrease for customers.
10. Mr. Olson said that the sale of the City’s generating assets to Duke Energy Progress yields a 22% savings. He said that the City owes \$23 million of defused debt associated with the sale. The City’s annual debt payment will be \$2.31 million, which equates to a 5% decrease in overall savings. The City’s net savings equates to a 17% decrease. A 14% actual savings to utility customers is proposed. He stated that the City’s rate will always be competitive.

Mr. Olson stated that one of the reasons he pushed for the Council to hire Booth and Associates was to have them verify the numbers that have been provided by Electricities. He said that City staff has done some modeling and found that staff’s numbers are different than those supplied by Electricities. Mr. Olson explained that the items proposed for the 3% suggested to be retained by the City include additional circuits for the second delivery point, full implementation of the Nexgrid system, funds for future rate increase stabilization and provision for the Council’s target balance of \$7 million in the fund. Mayor Peel stated that he would like to see \$200,000 additional budgeted over the current \$180,000 for the City’s weatherization fund to focus on rentals. He pointed out that even though rates will be going down, the problem for the City’s customers will remain their usage. He stated that he thought this would be a good opportunity to take some of the percentage decrease and help people with usage. Councilman Stimatz asked the City Manager to consider if the City is keeping enough of the rate decrease for future planning needs. Mr. Olson responded that was one of the reasons to hire Booth and Associates to do the full cost of service analysis.

11. Mr. Olson discussed future electrical rate increases proposed by Duke Energy Progress as well as those projected by NCEMPA without the sale of the City’s generating assets, as follows:

YEAR	NCEMPA (WITHOUT SALE)	DUKE
2015	---	(17)
2016	3.6%	2.6%
2017	3.7%	3.4%
2018	3.6%	3.1%
2019	3.0%	2.2%
2020	7.3%	0.8%

Mr. Olson pointed out that there will be a net 4% decrease in electric rates from 2015 to 2035. He stated that the City’s rates would always be competitive. Councilman Stimatz suggested that a summary line should be provided on the chart to clearly indicate the impact.

12. Mr. Olson provided and discussed a table detailing expenditures for the General Fund, Electric Fund, Water and Sewer Fund, Stormwater Utility Fund and the Solid Waste Fund since FY 2011 compared to the recommended budget for FY 2016. The total recommended budget for FY 2016 is recorded as \$64,923,424 as compared to the FY 2015 budget of \$68,243,905.

Councilman Stimatz pointed out that a rate increase in the Enterprise Funds can be easily justified by the Council when operating costs increase. He stated that the General Fund is more troublesome because there are only two sources of income for the Council to consider: property taxes and sales taxes. He pointed out that the Council has no control over sales tax distribution. He said that the Council should be able to say exactly what has occurred in the General Fund operating base - citing additional police and fire personnel as examples - to communicate why a tax increase is necessary.

13. Expenditures by type were compared between the 2015 approved budget and the 2016 recommended budget by Mr. Olson with the following results: Personnel Costs, increase of 2.19%; Professional Services, decrease of 35.24%; Operating Costs, decrease of 16.39%, Capital Outlay, decrease of 30.86%; Debt Service, increase of 9.27%; and Transfer, no change.

14. Mr. Olson reviewed and briefly explained a synopsis of the projects and/or equipment proposed for purchase in FY 2016, as follows:

Projects/equipment proposed for the General Fund include:

- a. Five police cars, three marked and two unmarked;
- b. Radios;
- c. Light-duty truck for the Inspections Department;
- d. Bulldozer for the public works department;
- e. Improvements to the new Coast Guard Park;
- f. New playground equipment for Charles Creek Park;
- g. Replacement of batting cages at South Park;
- h. Boardwalk for Jennette Property near Knobbs Creek Bridge;
- i. Rehabilitation of tennis courts at Northeastern Park;
- j. Renovations at Enfield Park;
- k. Toro mower for the Parks and Recreation Department;
- l. Bobcat for the Parks and Recreation Department;
- m. Repairs to boardwalk at Waterfront Park;
- n. An extended cab work truck;
- o. A Toro Workman;
- p. Community Support Grants;
- q. Downtown Improvement Grants.

Projects/equipment proposed for the Electric Fund include:

- a. A van for the Purchasing/Warehouse Department;
- b. A light duty truck for Customer Service;
- c. A payment kiosk for Customer Service;
- d. Nexgrid Fixed Area Network;
- e. A van for Load Management.

Projects/equipment proposed for the Water and Sewer Fund include:

- a. Water and Sewer Fixed Area Network;
- b. Leaf collection truck;

- c. Accelerator rehabilitation;
- d. New roof for Wastewater Treatment Plant;
- e. Bar screen rake;
- f. Van for City electrician;
- g. Trailer jetter.

Councilman Stimatz requested that the City Manager look at the necessity of purchasing new cars for the proposed unmarked cars in the police department. He suggested that used cars would be more economical and would serve the City just as well in doing undercover work. Mr. Olson responded that the unmarked cars were not for undercover work, but for use by detectives in the department and would require the additional equipment package. Councilman Stimatz restated that he had a problem spending \$37,000 on an unmarked car that will not be a pursuit vehicle. Mr. Olson responded that staff would take a look at it.

Councilman Stimatz requested that a review of the revenue received through the sale of reclaimed materials be analyzed in relation to the cost of the proposed bulldozer. Councilman Spence requested that an appraisal of the existing bulldozer be provided. Mr. Olson responded that the matrix record for all City vehicles would be provided to the Council for more information.

Mayor Pro Tem Hummer asked about the City's share of the Animal Control budget and questioned the amount budgeted for the purchase of a new truck. Mr. Olson responded that Pasquotank County is budgeting for the purchase of a new animal control truck, but is also experiencing a huge increase in health insurance costs, which also impacts the Animal Control budget and therefore, the City's share of that budget. He stated that he would continue to work with County staff to finalize expenses. Mayor Pro Tem Hummer requested that City staff provide information regarding the types of animals that are picked up and what types of services are offered by Animal Control.

Councilman Spence stated that he wanted to make sure that when vehicles are budgeted they are being purchased for the department requesting them and that money is not being moved around. Mr. Olson responded that the City has a very detailed vehicle matrix. He said that occasionally a vehicle will go higher up in the replacement priority list if problems arise during the budget year. Mr. Olson stated that he does not believe in growing the fleet and prefers to sell or trade as new units are acquired.

Councilman Donnelly inquired about the truck that previously rolled into the pond at South Park. Mr. Olson responded that the vehicle was a Pasquotank County asset that had no insurance coverage. He stated that the truck will be replaced in the coming fiscal year budget and the expense will be shared with the City under the Interlocal Agreement.

Councilman Stimatz suggested that future information presented for the Parks and Recreation budget indicate the actual share of City and County expenditures to make it easier for citizens to understand the City's budget responsibility.

Councilman Stimatz inquired if a survey of the pilings at Mariners' Wharf had been performed to determine the condition. Mr. Olson stated that he would look into this issue.

Councilwoman Baker advised that a big drop-off exists at the boat launch at Waterfront Park. She inquired if the proposed work at Waterfront Park would address that issue. Mr. Olson responded that the proposed work only involved the replacement of wood on the boardwalk.

He stated that City staff could consult with someone to see if anything could be done about the drop-off problem. Mayor Peel commented that now that the old pilings have been cleared, permission may be granted by CAMA to extend the launch.

15. Mr. Olson reviewed the proposed Water and Sewer Fund expenditures and provided a highlight of the proposed projects for the year. He stated that these projects include the Water and Sewer Fixed Area Network for ERTs on water meters at a cost of \$1 million. He stated that the budget impact will be \$200,000 to fund these improvements through installment purchase. Mr. Olson stated that he does anticipate some increase in revenue, because the new meters will have a higher degree of accuracy than the present meters. Mr. Olson stated that additional expenditures included in the fund were accelerator rehabilitation, which is a highly critical piece of work that needs to be done; a new roof for the Wastewater Treatment Plant; a bar screen rake at the head works of the Wastewater Treatment Plant; a van for the City's electrician; and a portable trailer jetter.

Councilman Stimatz inquired if the City was looking to extend the fixed area network to storm water. Mr. Olson responded that staff did not propose that at the present time, but if in-line sensors were installed and integrated into the Wi-Fi system, that could be done in the future because the technology is available.

Councilman Spence inquired why the proposed van for the City's electrician would not be in the Electric Department. Mr. Olson explained that the employee primarily works at lift stations and at the Water and Wastewater Treatment Plants.

16. Mr. Olson reported that there is one major project being carried over to the General Fund for fiscal year 2015-2016, which is the Halstead Boulevard Bicycle Trail in the amount of \$500,000.
17. Mr. Olson stated that a volatile part of the proposed budget was in the area of State-collected revenue. He provided an overview of the major sources of revenue including the various sales tax percentages, Powell Bill, and ABC revenue.

Councilman Stimatz inquired as to the effect on sales tax distribution revenue if the County increases its property tax rate for the coming fiscal year. Mr. Olson responded that if the County raises its property tax rate for the coming fiscal year, the impact would be realized in the following fiscal year.

Councilman Stimatz inquired if staff knew whether the County would increase its property tax rate. Mr. Olson responded that the County may be under a great deal of pressure to increase the tax rate in his opinion based on their health insurance increase and a number of other pending issues.

Ms. Blanchard stated that she had used 4% as the increase in sales tax growth. She said that the State had projected a much higher rate for the current year than materialized. She said that she had been very conservative and did not project as high an increase as the state projected for the coming fiscal year, but hoped the City would see some growth.

Ms. Blanchard pointed out that the change in sales tax for electricity had a positive impact on revenue.

Mr. Olson pointed out that if the City is overly aggressive in sales tax revenue projections, the City would be in big trouble meeting the LGC's 8% fund balance requirement if the projections are not met. He said he thought staff had used a good number that was perhaps a bit on the low side, but he was comfortable with the projection.

18. Mr. Olson stated that the property tax projection included a proposed increase of 2.5¢, which netted projected total revenue of \$6.7 million. He stated that the other major revenue sources included fire protection charges with Pasquotank County totaling \$386,038; Pasquotank County recreation fees of \$1,201,772; the General Fund allocation from Enterprise Funds of \$925,000; In lieu of services for electric at \$600,000; and in lieu of services for water and sewer, \$250,000.

Mr. Olson stated that he thought the County recreation fee amount would be going down, because he did not expect the Commissioners to approve \$225,000 for improvements at Northeastern Park. He said if that occurred, it would be budget neutral for the City.

Mr. Olson pointed out that the City is transferring 2% of gross assets from the Electric Fund to the General Fund in accordance with state law.

19. Mr. Olson stated that the property tax valuations used were received from the County. He pointed out that the figure for the coming fiscal year is projected to be \$1,113,696,809, compared to \$1,111,399,411 for the current fiscal year. He stated that staff did not project a lot of growth. Ms. Blanchard cautioned that the numbers were preliminary, but stated that she did not believe they would change very much.

20. Mr. Olson reviewed employee health insurance costs, liability insurance costs and workers' compensation insurance costs. He stated that both health insurance and liability insurance costs had decreased slightly, while worker's compensation costs had increased due to an adjustment in the state rate. He said that he was pleased that the City's modifier was at 1.07% and that the City has been working with the employees to make them more cognizant of safety issues. He complimented the job that the City's Safety Committee is doing.

21. Mr. Olson reviewed Personnel expenses and advised that total annual salaries including longevity, the Christmas bonus, health insurance, and 401k equaled \$12,137,147. He stated that for planning purposes, a 1% COLA would equate to \$121,371 across all funds, but advised that his budget reflected a proposed 1.5% COLA.

Councilman Stimatz stated that he had concerns regarding using the term "longevity" when in fact what it really relates to is a pay compression offset. He proposed that the City change what it calls longevity, because it would make it "a lot easier to swallow in the budget." He stated that citizens see it and "knee jerk" about paying employees to stay. He stated that it really is about making sure people that have been with the City for some period of time aren't earning less than people who come in later.

Mr. Olson stated that salary compression is a big issue for the City. He pointed out that in the HR budget, there is a \$25,000 proposed appropriation for a pay and classification study. He said he felt that the City needed to do a study, but he cautioned that it does not do any good to do a study if funds are not available to implement the plan. He stated that it would be very demoralizing for employees to know they were underpaid. He said that a longevity plan based on years of service benefits all ranges of employees and treats all employees in the



organization the same. He said that he thought this particular benefit was one of the best things the City had ever done for employees.

Councilman Stimatz reiterated that still, when the term "longevity" is used, there is a negative connotation.

22. Mr. Olson stated that a question had been raised regarding the amount of COLA by fund, and he presented the following projections for a 1.5% COLA: General Fund - \$139,629; Electric Fund - \$27,039; Water Sewer Fund - \$26,361; Stormwater Fund - \$435; and Solid Waste Fund - \$9,675. He stated that the total dollars required would be \$203,137, which reflects the increase on the entire benefit package.

23. Mr. Olson reviewed retiree benefits and provided the following expense totals by fund: General Fund - \$320,000; Electric Fund - \$120,000, Water and Sewer Fund - \$60,000 for a total of \$500,000. He stated that the required Law Enforcement Separation Allowance is \$63,254. He said that the employees drop off that allowance at age 62.

Mr. Olson stated that the City Council may need to look at this matter in the sense that it may be better to pay those individuals' premiums into one of the state pool associations than to have them on the City's health insurance. Mr. Olson stated that the number of individuals currently impacted would be approximately 30. He said that there were a certain number of employees for which the City paid their supplement. He advised that the City's policy changed in 1998 and employees hired after that date did not receive health insurance benefits at retirement.

Councilman Stimatz pointed out that the expense was approximately \$20,000 per employee. Councilman Horton inquired if the benefit stopped at age 65. Mr. Olson stated that unless the employee retired after 1998, the City pays for their supplemental insurance forever.

24. Mr. Olson presented a series of slides that compared all service levels for the proposed fiscal year 2015-2016 compared to the current fiscal year. He stated that when the review is performed of each individual fund, a lot more detail will be provided.

He pointed out that there was an increase proposed in legal expenses. He stated that the City needed to begin charging legal expenses associated with the various enterprise funds to those funds. Mr. Olson proposed an increase in the hourly rate for the City Attorney. He said that the City has been hiring outside legal counsel for over \$200 per hour and the City Attorney presently receives \$100 per hour. Mr. Olson stated that he was recommending a two-step process, with \$115 proposed for the coming fiscal year and an additional \$10 to \$125 an hour in the following fiscal year.

Councilman Stimatz inquired about the proposed increase in tax collection. He stated that it appeared the County was charging more for less services provided, since automobile tax is now collected by DMV and remitted to the counties. Ms. Blanchard stated that she believes the City will spend \$110,000 with the County for tax collection in the current year and staff had increased that by \$10,000 to \$120,000. She said that she believed the City would spend \$20,000 for the DMV collection portion, which is the same amount she thinks the City will spend in the current year.

Mr. Olson stated that staff would look at the amount budgeted to see if a correction needed to be made in the projections.

Councilman Stimatz asked what the total tax department budget for the County is to which Ms. Blanchard responded it was reported to her to be \$560,000. Councilman Stimatz pointed out that the City is paying 20% of the County's total tax collection budget and stated "all they do is add two lines for the stormwater fee and property tax to a postcard they are already sending." He questioned why the City should pay 20% of the total expense.

Mr. Olson advised that staff had discussed what it would cost to provide that service and it had been determined that the City could not provide the service for \$100,000 per year. Councilman Stimatz stated "so your position is that it's a bargain?" Mr. Olson responded in the affirmative and pointed out that it is also a convenience for citizens to only have to transact business at one place. Councilman Stimatz stated that was a fair answer, even though the City may be less than 20% of their total expense.

25. Mr. Olson discussed staffing vacancies expenses at length. He stated that what staff had done to verify the "spreadsheet issues" that occurred last year in the Police Department was to look at each hour every employee works – not just in the Police Department, but every department in the City. He said that all patrol officers were increased to 2,184 hours, which is reflected in the fiscal year 2015-2016 budget.

He said staff had reviewed positions funded and positions not funded. He stated that currently 15 vacant positions exist. He said that seems like a lot, but explained that of the six vacancies in the police department, two happened in the last week or so.

Mr. Olson stated that five vacancies exist in the Electric Department because the City has not been able to find qualified candidates. He said that staff had approached him about sponsoring people through a linemen school, much like police officers and the BLET program. He said if the City chose to sponsor candidates through such a program, they would be required to provide the City a certain number of years of service. He stated that the hourly rate paid to linemen by the City is very competitive, but the applicant pool is very small.

Mr. Olson reported that there were a couple of vacancies in the Public Works Department, one of which would remain vacant for a period of time. He stated that there were two part-time and one fulltime vacancies in the Parks and Recreation Department. He reported that the ECDI director had resigned that day, so her position would also need to be filled.

Mr. Olson stated that staff was working on the vacancies in the Police Department but cautioned it may take a little time to get back to full staffing. He said that it would probably take a number of years to achieve full staffing in the Electric Department. He stated that the rest of the departmental vacancies should be filled by the end of the current fiscal year.

Mr. Olson stated that the fiscal year 2015-2016 budget reflected no increases in the number of City employees. He said that the budget did include one reclassification, an administrative assistant in the Police Department being changed to a Crime Scene Technician. Mr. Olson stated that this employee is needed to relieve some of the pressure on the City's only Crime Scene Investigator.

26. Councilman Spence asked if the City still had the money in the budget to purchase the building that had been discussed as a new Police Department building. He said that he had an occasion to visit the department recently on business and noticed that tile is coming down and the building is leaking down the wall in the records division. He indicated that he was concerned about those types of issues.

Mr. Olson advised that the City had experienced some major flooding that day in the evidence vault because of issues with the roof. He stated that the City has a lot of issues with the Midgett Building that staff is slowly working through. He said some temporary repairs had been made and he thought the leak had been repaired.

Councilman Spence stated that if the City continued to spend money on repairs only to have the issues occur again, he thought the City needed to go ahead and work toward purchasing a new building.

Mr. Olson pointed out that even if the City moved the Police and Fire Departments out of the Midgett Building, other departments would still remain, which would require that repairs to the building be made.

Councilman Stimatz stated that the City had started down this path last year and the Council placed money in the budget specifically for that purpose. He stated that the issue had not been moved along. He said that from his perspective, he agreed with Councilman Spence that the City needs to go back and pursue the building previously considered. Councilman Stimatz stated that the Town of Edenton was building a new police building with 11,000 square feet and would spend \$2.5 million. He pointed out that even with the generator needed, the City would be looking at \$700,000 for the building being considered. He stated that realistically, some of the remaining departments in the Midgett building could be moved to the mall, because he was sure the mall would love to rent space to the City. He said the building issue had been “hanging fire for six or eight years.”

Councilman Stimatz reiterated that he agreed with Councilman Spence that the City needed to move on the building being considered because “it just makes sense.” Mr. Olson stated that he did not disagree, but cautioned that the facts are that the unreserved fund balance in the General Fund is at 6.7%. He advised that because of that the City would not be able to issue debt currently to purchase the building.

Councilman Stimatz stated that instead of a 2.5¢ property tax increase to offset the loss of revenue from the state, the City could use a 3.2¢ tax increase and purchase a new police and fire department administration building. He said he would have no problem “selling” that to his constituents because he thought they would understand the City needs to move in that direction.

Councilman Stimatz said that the Council’s number one goal is to Ensure Sound Fiscal Responsibility and the number two goal is to Improve the City’s Infrastructure. He stated that if the City needed to come up with another cent or cent and a half, the Councilors could say “it’s for this purpose.” He pointed out that previously the Council had people come to the podium in support of a tax increase for cameras and police officers.

### **3. Adjournment:**

Mayor Peel inquired if there were other questions or discussion regarding the budget presentation. There being no further business to be discussed, Mayor Peel adjourned the meeting at 7:28 p.m.

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Joseph W. Peel  
Mayor

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Vivian D. White, CMC/NCCMC  
City Clerk