

MONDAY 6:30 P.M.

MAY 7, 2007

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 C. L. Foster presiding. Those attending were: Mayor Foster, Council members J. M. Baker, M. E. Brooks, L. A. Hummer, B. S. Meggs, E. K. Rivers, D. K. Stallings, J. A. Stimatz and J. B. Walton, City Manager R. C. Olson, City Clerk D. S. Pierce-Tamplen, Deputy City Clerk V. D. White, Finance Director S. E. Blanchard, Planning Director J. C. Brooks, Parks and Recreation Director J. D. Overman, Fire Chief W. C. Pritchard, Acting Police Chief G. F. Koch, Inspections Director S. E. Ward, Finance Director S. E. Blanchard, Electric Superintendent K. F. Clow and Human Resource Director K. W. Felton.

Mayor Foster opened the meeting and welcomed those in attendance. He gave the invocation after which Mayor Pro Tem L. A. Hummer led the Pledge of Allegiance to the Flag of the United States of America.

1} APPROVAL OF THE AGENDA:

Mayor Foster called for the approval of the prepared agenda.

A motion was made by Councilman J. A. Stimatz, seconded by Mayor Pro Tem L. A. Hummer to approve the agenda as presented. Those voting in favor of the motion were: Stimatz, Hummer, Baker, Brooks, Meggs, Rivers, Stallings and Walton. Against: None. Motion carried.

2} DISCUSSION OF SALARY INCREASE FOR CITY COUNCIL:

Mayor Foster called upon Rich Olson for comments.

Mr. Olson said that during the last City Council meeting there were some discussions concerns salary increases for Council. We have given you some information whereby we went to other municipalities and counties to see the salaries for them. Pasquotank County's base salary is \$7200 plus special board meetings pay of \$50 per meeting and committee meetings are \$25. meetings. Currituck the Chairman gets \$15,600 and the commissioners get \$14,400. Four commissioners get a monthly cell allowance of \$45. Camden County's Chairman gets \$5100 and commissioners \$4800 and special board/committee meeting \$35

per meeting if attended Staff needs some sort of direction on how Council would like for us to handle this issue.

Councilman Rivers said that he is not prepared to say anything because he has been out of town and just got back about fifteen minutes ago.

Mr. Olson said that this is just for informational purposes but at some time we will have to incorporate these in our budget documents. Staff is requesting that we get direction on this issue so that we can make the changes to the Council's budget if need be.

Mayor Pro Tem Hummer said because of the critical nature of the many items in our budget this year, she would like to see the salaries remain as they currently exist.

A motion was made by Mayor Pro Tem L. A. Hummer, seconded by Councilwoman B. S. Meggs that the current Council salaries remain as they are.

Mr. Rivers said that there is no increase in the budget that Mr. Olson has submitted. This request for information was only a request for information and therefore, no action is required.

Councilman Stimatz said that we can vote on anything that we want and in order to preclude further discussion and give the staff clear direction, a vote is in order.

Mayor Foster called for a vote on the motion.

Those voting in favor of the motion were: Hummer, Meggs, Baker, Brooks, Rivers, Stimatz and Walton. Against: Stallings. Motion carried.

3} TAX NUMBERS:

Mayor Foster called upon City Manager Olson for comments.

Mr. Olson stated that we have developed a number of different slides concerning an issue that Council Walton had raised several meetings ago concerning the possible tax disparity between the different wards. After spending more than a week reviewing tax information, we have determined that the information that we have has no merit as far as we can determine. What has happened is the County's tax rolls have been substantially changed from the pre-assessment valuation to the post assessment valuation and we cannot make anything

balance. We have tried several different factors but nothing works. We just can't get it to balance. We have no faith in the numbers that we have.

Mr. Walton stated that if you don't have any faith then how can we have faith in it. He just heard a councilor say that because we have a crunch it may not be a crunch if the numbers are not right. An eight or nine could be a ten. We keep saying they but to him in this day with technology being what it is, this is nothing but an excuse to him. He bet if there was a bill that wasn't paid they still have that data. But now that people have paid so much money last year you are trying to tell him that we don't have data that says how much was paid. That is not good enough. We have to do business better than that.

Mr. Olson said to let him first say that this is not a city issue.

Mr. Walton said that it should be a city issue.

Mr. Olson continued by saying that we only capture the data that is on the County's tax roll. That is the only thing that we have done. We met with Bill Stevens to discuss the issue and we laid out possible scenarios when we could not get it to balance and then after about another day and half of work we determined that the data that we captured pre assessment we could not get it to balance to the data afterwards.

Mr. Walton said that he is not being arbitrary but he might be because of your last statement stating this year City Staff will download the tax roll once it has been locked into the upcoming year. That is not going to help what happened in the last re-valuation. He is telling you that in the Fourth Ward they tripled the amount that a home would be tax for. That is not right. Everybody else was tax neutral, revenue neutral. Use your figures and it comes out about the same. In the Forth Ward it is increasingly higher and that is not right because everything that is affected now is in the future will affect how it was re valuated this past year.

Mr. Olson said that we are not responsible for the assessment of property. That is under State Statute that the responsibility is that of the County.

Mr. Walton said that he is not saying that it was done wrong. We are responsible to see if something is not done right to make it right.

Mr. Olson said that he would beg to differ with him it is not our responsibility and we are barred by State Statute to do that. It is the responsibility pursuant to State Statue that the County does that. We have no control over that office at all. We do have the capability this year to capture that data and down load it once that number is locked in by the assessor. What happen is previous to our

new assessment that number was never locked in as they kept adding new growth and other things to it. When we started doing detail research on it we just could not get the numbers to balance out.

Councilman Walton asked how many properties are in the First Ward and he is not counting commercial property.

Mr. Olson said that we have that information but it is in his office. We have the number of parcels but what our numbers initially showed was that the greatest increase in assessed valuation occurred in the Third Ward and not in the Fourth Ward.

Mr. Walton said that in the Second Ward they had a lot of commercial growth. But we don't have a lot of commercial growth in the Fourth Ward. We have a couple of exempts. In the Fourth Ward there was a change in valuation by 46%. In the First Ward if a house sold for \$177,000 in 1989 now it sold for \$298,000. If you go on and put the 40% with that and the 48% in the County and if you multiply those it comes out revenue neutral. But you get in the Fourth Ward and do the same thing and a person still has to pay \$300 and \$400 more. That is not right. Don't we have everybody that is in each ward and if we have that data then we don't need the county to do that for us.

Mr. Olson said all that is arrived from the county.

Mr. Walton said that we should have the same data. In the state statue it also says that it should be revenue neutral. There should not be any more placed on a home than was placed on it prior.

Mr. Olson said that the issue here depends on what the valuation was to start with. It is all tied to the valuation. If we keep the revenue neutral number and your property went up three times more than the market your taxes went up three times more than the market, but it is still a revenue neutral number if we just look at everyone and we don't look at one ward.

Mr. Walton said the Fourth Ward is the only one that came out with a whole lot more added tax to them. That is not right.

Mr. Stimatz said that he thinks that Johnnie has a good point. It is a shame that we haven't been keeping this data. In fact one of his frustrations when you go into the County data base is it doesn't tell you the exact zoning of the property that you are looking at, which in many cases is an issue. It would be nice to know what the zoning is in the county's base for each parcel. That way when you go in there and you see a property, you have an address and plat and pin number. They haven't been doing that for whatever reason. He agrees that it is

not upon us to keep that data base resident. However, he does agree with Councilman Walton that we need to have better data on our own. He can applaud him for taking the action that he has which is to lock down the tax base once for all. He would make the same assumption that you did. You would assume that you could go into that data base and pull that data out that the County can't do that is appalling in one sense.

Mr. Olson stated that the only thing that he could tell you sitting here is the City raised \$4.1 million last year in revenue off of property taxes. That is what we basically raised the previous year.

Mr. Walton said that you are going to raise the same thing but more if you use the Fourth Ward the way that it is being done.

Mr. Olson said that it has nothing to do with that. He can't seem to explain it to you. There are individual properties within certain wards of the City that went up more than others. Take for example if your property is on the water your assessed value went up 300% while if you had your property in the Third Ward it may have gone up 50%. That means what we have done in essence is to shift the tax burden to certain areas. The valuation is greater on the water.

Mr. Walton said that he is just saying that the way it was done was just not right.

Mr. Olson said that City staff had nothing to do with that. We just use the numbers that are provided by the County and tied the 40 cents to it and that is what ended up being the difference.

Councilwoman Baker said that possibly we could get Mr. Stevens from the Tax Office to come in and explain it to us. We rely on the County Tax office to do it right. You can't compare one house with another house unless you are taking all of the same factors into consideration.

4} POWERPOINT ON BUDGET:

Mayor Foster called upon City Manager Olson for comments.

Mr. Olson went over the following possible budget cuts to the General Fund.

*Eliminate one police officer	\$44,187
*Eliminate two police officers	\$88,374
*Reduce COLA to 1.5%	\$39,506
*Reduce COLA to 1%	\$79,013
*Lower Non-Profit Allocation	\$23,500

*Include Homeless Shelter to non profit allocation	\$14,700
*Eliminate surveillance cameras	\$20,000
*Decrease police cars from 5 to 4	\$ 5,600
*Eliminate grappler truck	\$23,600
*Eliminate United Way	\$ 850
*Eliminate meals before Council work sessions	\$ 3,000

Mr. Olson said that he is proposing a tax increase from 40 cents to 41 cents per \$100 valuation that will increase the amount the City collects of \$121,341 and there is a proposed increase for Central Communications of \$48,000 for a total of \$169,341. If we take the increase amount of \$169,341 and eliminate recycle container purchase via grant by \$10,000 and reduction in separation pay of \$10,000 the amount that still needs to be cut to avoid a tax increase would be \$149,341.

Mr. Olson proceeded to discuss the Revenue from the Stormwater Utility as well as the expenditures. The Stormwater utility is funded by the annual assessment on the tax bills. It is currently \$36 per residential lot and the commercial lot is to be revised to an impervious amount per lot. He reviewed the commercial property Stormwater abatements.

Mr. Olson continued with the budget review going over the Revenue from the Water and Sewer Fund as follows:

*Antenna Rental	\$ 97,920
*Water Revenues	\$4,700,000
*Sewer Revenues	\$2,710,000
*W/S Surcharge	\$ 280,000
*Sewer Service Fees	\$ 150,000

He highlighted the non-departmental service levels in the Water and Sewer Fund as follows:

*Debt Service W/S Improvements	\$354,810
*Debt Service Well Improvements	\$462,952
*Payment – Loan Principal	\$820,861
*Payment – Loan Interest	\$347,654
*Annexation Principal	\$324,318
*Payment to Electric Fund	\$284,085
*MACS – Payment for Services	\$275,000

The highlights in the Water Treatment Service Level are as follows:

*Utilities	\$125,000
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*chemicals & Lab Supplies	\$224,056
*Contracted Services	\$250,000
*Capital Outlay equipment	\$ 35,000

The highlights in the Wastewater Treatment Service Level are as follows:

*Maintenance & Repair – Equipment	\$ 90,000
*Contracted Services	\$250,000
*Capital Outlay – Equipment	\$ 24,000

The revenue in the Water and Sewer CIP are:

*Grant Proceeds	\$2,000,000
*Clean Water Grant	\$ 236,000
*Impact Fees	\$ 880,000
*Loan from Electric Fund	\$ 242,365

He concluded by reviewing the highlights in the Water and Sewer CIP as follows:

*16" Water Main - Hughes	\$2,628.365
*Hughes Water Line	\$ 480,000
*Transfer to W/S Operating	\$ 150,000
*Raw Water Transmission Line	\$ 50,000

Councilman Rivers express his concerns about not having enough scheduled meeting and suggested that perhaps we might schedule additional meetings.

Mr. Olson said that he would work on that and we could schedule additional meetings as needed.

5} ADJOURNMENT:

Mayor Foster advised that the above concluded the data for this evening. He entertained a motion for adjournment.

A motion was made by Mayor Pro Tem Hummer, seconded by Councilwoman J. M. Baker to adjourn. Those voting in favor of the motion were: Hummer, Baker, Brooks, Meggs, Rivers, Stallings, Stimatz and Walton. Against: None. Motion carried.

Mayor Foster adjourned the meeting at 8:48 p.m.

Dianne S. Pierce-Tamplen, MMC
City Clerk

Charles L. Foster
Mayor