

**City Council Budget Work Session
May 12, 2014**

The City Council of the City of Elizabeth City met for a Budget Work Session on Monday, May 12, 2014 in Council Chambers, located on the 2nd 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 (*Arrived at 5:40 p.m.*)
Councilman Michael Brooks (*Arrived at 5:42 p.m.*)
Councilman Kem Spence
Councilman Darius Horton (*Arrived at 5:40 p.m.*)
Councilman Montravias King (*Arrived at 5:40 p.m.*)

MEMBERS ABSENT: NONE

OTHERS PRESENT: City Manager Rich Olson
Finance Director Sarah Blanchard
Planning Director June Brooks
Electric Department Superintendent Karl Clow
Assistant to the City Manager Angela Cole
ECDI Director Rebecca Cross
Public Utilities Director Paul Fredette
Fire Chief Larry Mackey
Inspections Director Stanley Ward
Parks and Recreation Director Bobbi White
City Clerk Vivian White

The City Council Budget Work Session 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 all in attendance recited the Pledge of Allegiance.

1. Agenda Adjustments and Approval:

Mayor Peel called for any adjustments to and approval of the agenda.

Motion was made by Mayor Pro Tem Anita Hummer, seconded by Councilwoman Jean Baker, to approve the agenda with any necessary adjustments. Those voting in favor were: Baker, Donnelly, Hummer, and Spence. Against: None. The motion carried. (*Stimatz, Brooks, Horton and King had not yet arrived.*)

(No adjustments were requested.)

2. Statement of Disclosure:

The City Clerk read the Statement of Disclosure. No conflict of interest disclosures regarding items listed on the agenda were made.

3. PowerPoint Presentation and Discussion of Fiscal Year 2014-2015 Recommended Budget:

Mayor Peel recognized City Manager Olson to begin the discussion of the Fiscal Year 2014-2015 recommended budget. Mr. Olson stated that his presentation continued the budget information previously reviewed by the City Council; and advised that the General Fund and Enterprise Funds had already been completed.

He stated that during the previous budget work session, members of the Council had requested the following information:

- Information concerning the CAMA grant acquisition of property at 702 and 708 Riverside Avenue;
- A priority list of projects and improvements for the Parks and Recreation Department;
- An average cash balance detail for the Electric Fund;
- Capital project priorities for the Public Works Department;
- Water and sewer fund debt payments and future debt to be acquired; and
- Proposed budget amendments.

Using PowerPoint slides, Mr. Olson provided a map of the properties that will be acquired using CAMA funds at 702 and 708 Riverside Avenue with photographs of each building involved. He provided a detailed explanation of this proposed property acquisition.

Mr. Olson stated that to address the Council's request for a priority listing of projects and improvements proposed for the Parks and Recreation Department, staff had prepared the following information. Mr. Olson provided background information regarding each proposed project.

Priority Rank	Improvement Description	Estimated Cost	Funds Appropriated
1	Holmes Field (Knobbs Creek Park) In/Outfield Improvements	\$309,000	No
2	Waterfront Park Boardwalk and Irrigation System	\$70,000	\$50,000
3	Enfield Athletic Area – Ball fields, Scoreboards and Bleachers	\$11,400	No
4	Enfield Athletic Area – Tennis Courts Resurfacing	\$15,000	No

5	Dog Corner Park Parking Lot and Volleyball Area Improvements	\$100,000	No
6	Knobbs Creek Recreation Center Parking Area Repaving and Tree Planting	\$97,400	No
7	Causeway Park Piers, Landings and Parking Area Repair, Lighting Installation	\$49,000	No
8	George Wood Park Gazebo Roofing and Bench Repair, Parking Area Paving	\$30,000	No
9	Northeastern Park Walking Path Repair	\$2,000	No
10	Northeastern Park Fitness Equipment Replacement	\$25,000	No
1*	Sawmill Park Parking Area Boardwalk and Boat Launch Area Replacement, Shoreline Bulkhead *County Improvements	\$38,000	Yes
2*	Fun Junktion Skate Park, Playground Fence, Trail Relocation, Lake Banks, Parking Area *County Improvements	\$330,500	No

Councilman Spence commented that if the Enfield tennis courts were converted to basketball courts as had been discussed, resurfacing would not be required. Mr. Olson responded that since the asphalt surface is crumbling, a new surface would be required in order to make the court playable.

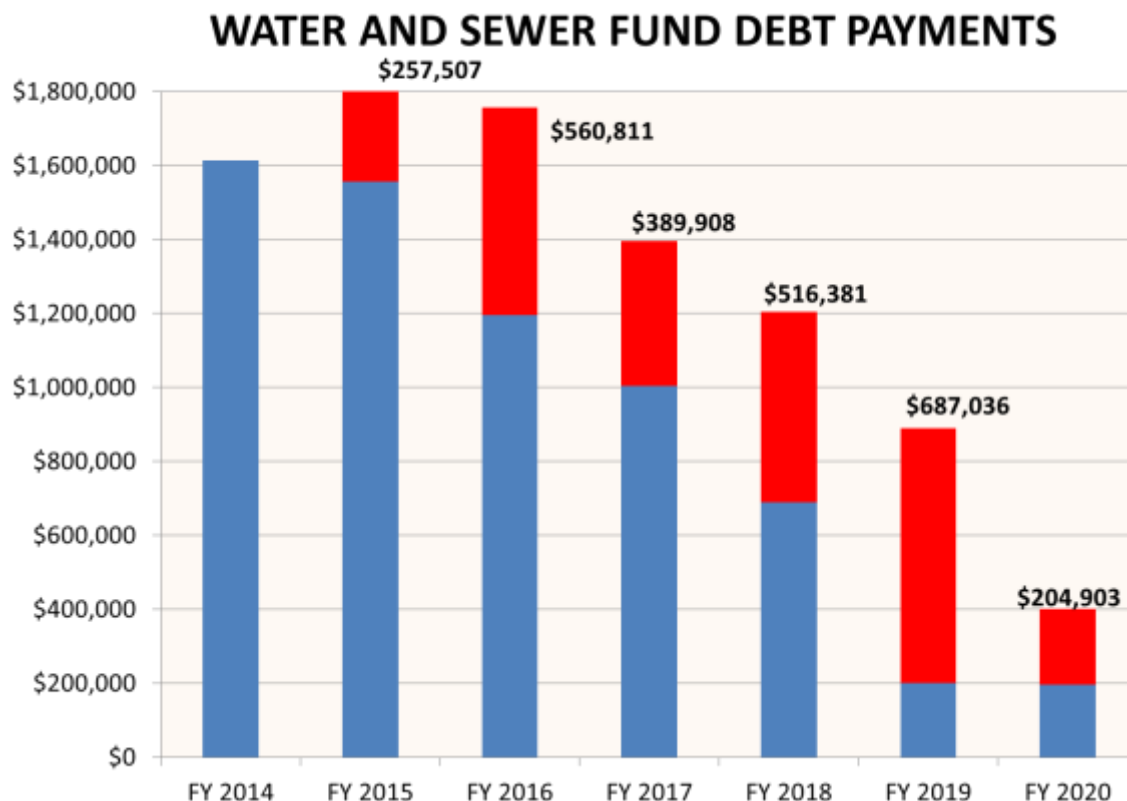
Councilman Spence questioned the two “County Improvements” on the Parks and Recreation priority listing. Mr. Olson advised that these two projects are projects that Pasquotank County wants to do, but the County will be responsible for the entire cost for the work.

Mr. Olson provided to the Council a chart detailing the historical electric fund month-end cash balances as had been requested. He reminded the Council that a goal had been established to have a \$5 million cash balance as of July 1, 2014. He advised that the City should be very close to that figure by fiscal year end.

Mr. Olson stated that he had a meeting with County representatives on May 12, 2014 and had been advised that the County wants to increase the Reverse Osmosis Water Rate from \$5.34 to \$6.50 per 1,000 gallons. He stated this increase would increase the amount that the City pays the County annually by \$105,000. He pointed out that the amount of revenue to the City from the proposed 5% rate increase is \$325,000 leaving available additional revenue of \$220,000. Mr. Olson stated that he had issues with the methodology chosen by Pasquotank County to determine their increase. He reported that the County spread its entire debt cost over the amount of water sold rather than over the capacity of the plant. Mr. Olson stated that the City uses approximately 8% of the total capacity, so the City’s debt payment should only be about \$27,000. He advised that all the rest of the methodology included in their workup was sound and is

consistent with what had previously been discussed with the County Water Committee. Mr. Olson stated that Perquimans County had expressed reservations regarding the methodology used by the County as well. He said that staff would continue to meet with County staff to discuss this issue.

Mr. Olson provided the following chart to illustrate opportunities within the Water and Sewer Fund to issue additional debt for project financing. He stated that the 5% rate increase in water rates would accelerate a number of needed projects.



Councilman Donnelly inquired the amount of increase that will be realized on a customer's average bill due to the 5% increase. Finance Director Sarah Blanchard stated that the increase would be close to \$3 per month for the average residential customer.

To address the Council's request for a priority listing of capital projects in the Public Works Department, Mr. Olson provided the following information and discussed each project shown:

Rank	Improvement Description	Estimated Cost	Fiscal Year
1	Herrington Road Sewer Relocation <i>(Grant Opportunity)</i>	\$790,000	
2	Penny Drive Sewer Replacement	\$450,000	2014-2015

3	Raw Water Transmission Main (Phase 2) <i>(Grant Opportunity)</i>	\$732,000	
4	Road Street Water & Sewer (Elizabeth to Ehringhaus)	\$820,000	2015-2016
5	Accelerator Basin Leak Proofing Water Treatment Plant	\$190,000	2014-2015
6	Main Street (Pritchard to Road) Water & Sewer	\$1,200,000	2015-2016
7	Sewer Pump Station Rehabilitation	\$305,000	2014-2015
8	Clean Raw Water Tank and Repair Transfer Pumps	\$150,000	2015-2016
9	Replace Sewer and Water Utilities	\$1,624,000	

At the conclusion of staff's budget presentation, Mayor Peel asked if the Councilors had comments or questions for City staff.

Councilman Stimatz pointed out that rather than looking at the cash balance for the Electric Fund as of July 1, a fiscal year average may be more appropriate. He stated that a fiscal year measure may be better than using a calendar year measure.

Councilman Brooks commented that he had brought up the issue of flooding on the Fish Court Park boardwalk previously and noted that no funds had been provided in the Parks and Recreation improvements for that project. He stated that this project was also a needed project and he would like to see it included in the budget. Mr. Olson responded that staff would secure a cost estimate to do the project.

Councilman King raised the issue of signage for City Parks. He stated that Enfield Park, as an example, did not have signage and just looked like a "place". He said that he would like to see the City investigate installing signage for all parks so the public would be able to know if the properties are public or private. Mr. Olson responded that there was no uniformity in signage for City parks and stated that City staff would take a look at the issue and provide a listing of all parks and signage for the next meeting.

Councilman Brooks stated that he often passes Enfield Park and has noticed that children have to wait for the two swings located there. He said that Enfield Park is one of the City's largest parks and he thought the City could do better than to only have two swings located there.

Councilman Stimatz asked about the street light survey that had been requested of staff previously. Mr. Olson responded that staff is working on the information and he would determine where the report stood and provide the information to the Council.

Mr. Olson inquired as to how the Council wanted to handle the next budget work session. He said that staff needed to update some of the financial information that had

been received. He pointed out that a meeting had been scheduled for May 19, 2014 for which a conflict had arisen.

Motion was made by Councilman Tony Stimatz, seconded by Councilman Montravias King to cancel the Budget Work Session scheduled for May 19, 2014. Those voting in favor were: Baker, Donnelly, Hummer, Stimatz, Brooks, Spence, Horton and King. Against: None. Motion carried unanimously.

Mayor Pro Tem Hummer, Chairwoman of the Finance Committee, announced that the Finance Committee would meet on May 21, 2014 at 5:30 p.m. to continue budget deliberations as opposed to the May 19, 2014 meeting that was cancelled. Mr. Olson stated that City staff would have all budget adjustments made and ready for presentation at that time.

Mr. Olson advised that the Council would call for the Public Hearing on the budget during the May 27, 2014 Council meeting.

Councilman Brooks stated that he would like to have funds for a swing set for Enfield Park added to the budget if at all possible.

Councilman King inquired as to amenities that have been included in the Parks and Recreation budget. Mr. Olson responded that no playground equipment had been budgeted. He said that the improvements only included a lawn mower, lawn sprayer, and a tractor.

Motion was made by Councilman Ray Donnelly, seconded by Councilman Michael Brooks to include \$7,500 in the budget for a swing set at Enfield Park.

Councilwoman Baker asked the number of swings that are currently located in other City parks. Mr. Olson called on Parks and Recreation Director Bobbi White to address this question.

Ms. White stated that most parks have between two and four swings. She stated that when buying a swing set, consideration must also be given to the ground work and border work. She advised that to purchase two more swings for Enfield Park, the cost would be closer to \$10,000 rather than \$7,500.

Councilman Brooks pointed out that the swing set that had been removed from Enfield Park prior to the installation of the present two swing set had four swings. He said that he understood the price involved, but the important thing to note was the number of kids waiting to use the two swings located at the park currently.

Councilman Stimatz made a friendly amendment to the motion to increase the amount to \$10,000. The friendly amendment was accepted by Councilman Donnelly and Councilman Brooks. Those voting in favor were: Baker, Donnelly, Hummer, Stimatz, Brooks, Spence, Horton and King. Against: None. Motion carried unanimously.

4. ADJOURNMENT

There being no further business to be discussed, Mayor Peel adjourned the meeting at 6:20 p.m.

Joseph W. Peel
Mayor

Vivian D. White, NCCMC
City Clerk