

The City Council of the City of Elizabeth City met for a Budget Work Session in the City Council Chambers of the Municipal Administration Building with Mayor C. L. Foster presiding. Those present included: J. M. Baker, M. E. Brooks, L. A. Hummer, B. S. Meggs, E. K. Rivers, D. K. Stallings, J. A. Stimatz, J. B. Walton, City Manager R. C. Olson, Deputy City Clerk V. D. White, Finance Director S. E. Blanchard, Fire Chief W. C. Pritchard, Human Resource Director K. W. Felton, Planning Director J. C. Brooks, Inspections Director S. E. Ward, Parks and Recreation Director J. D. Overman, Police Chief C. E. Crudup and Electric Superintendent K. F. Clow.

Mayor Foster opened the meeting by welcoming those attending. He gave the invocation after which Councilwoman B. S. Meggs led the Pledge of Allegiance to the Flag of the United States of America.

1} APPROVAL OF THE AGENDA:

Mayor Foster called for approval of the prepared agenda.

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

2} BUDGET RECAP:

Mayor Foster called upon City Manager R. C. Olson for continued discussion of the proposed 2007-2008 Budget.

Mr. Olson stated that the first thing he wanted to do was to recap where we are at the present time. Based on the direction that Council gave us at the last budget meeting, there are no additional cuts to be made. The General Fund budget has not been approved as it doesn't get approved until after the budget hearing which is scheduled for June 26th. Right now there are no additional cuts.

There was a question that came up last week concerning the streets being milled and paved for fiscal year 2006-2007. Park, Morgan, East Broad, Glade, Willow, Emily, Burgess, East Church, Crescent, Southern and Mariner's Wharf parking lot are on the list. Southern Avenue is progressing satisfactory and they will do

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some milling work this week and then start overlaying the latter part of this next week. The rest of the streets, we should start milling them June 1st. They should be completed by the end of June. That is just a little update. If you need additional information, stop by his office or give him a call.

The Stormwater Utility Fund we discussed last time. We had a call from Bill Stevens because of some programming issues and they need us to lock in our Stormwater Utility Rate as soon as possible. Commercial lots will be paying \$1.00 per square foot and residential lots will be \$36.00 per lot.

Councilman D. K. Stallings said that comparing our commercial rates with what we have now what are you proposing for the New Year. He would like to hear the pros and cons.

Mr. Olson replied that we would gain based on this formula roughly \$25,000 of additional revenue off of the commercial. There is no increase in the residential fee. He would like to caution Council that we are still in the process of doing the credit component.

There was a consensus to keep the Stormwater Utility Rate where it is at the present.

3} POWERPOINT PRESENTATION AND CONTINUED DISCUSSION OF FISCAL YEAR 2007-2008 RECOMMENDED BUDGET:

Mayor Foster asked Mr. Olson to continue his discussion of the proposed budget.

Mr. Olson continued by saying that in the Water and Sewer Fund, the proposed revenue would be 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

We have multi cost centers within this particular budget. The IT Department funds total \$107,979. Two full-time positions funded by the Electric and Water/Sewer Funds. The Non-Department Service totals \$2,990,485. The

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highlights of the Non-Departmental Service Level Water and Sewer are 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
TOTAL	\$2,869,680

The Customer Service Level in the Water and Sewer Fund totals \$400,101. Two part-time positions funded from Electric and Water and Sewer Funds. The Water Treatment Service Level totals \$1,257,444. This fund includes the Public Works Director and GIS Technician position funded from General, Electric and W/S Funds.

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

-Utilities	\$125,000
-Chemicals & Lab Supplies	\$224,056
-Contracted Services	\$250,000
-Capital Outlay Equipment	\$ 35,000

Next is the Waste Treatment Service with total funds of \$1,252,042. Highlights of the Wastewater Treatment Service Level are as follows:

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

The Water and Sewer Maintenance Service totals \$1,959,369 with the following highlights:

-Maintenance & Repair-Water Meter	\$152,535
-Contracted Services	\$192,625
-Pump Station Improvement	\$125,000
-Capital Outlay	\$ 36,438

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The Revenue within the Water & Sewer CIP is as follows:

-Grant Proceeds	\$2,000,000
-Clean Water Grant	\$ 236,000
-Impact Fees	\$ 880,000
-Loan from Electric Fund	\$ 750,000
-CDBG for W/S Line	\$4,108,365

The highlights of the Water and Sewer CIP are 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
-Knobbs Creek Lift Station	\$4,108,365

Mr. Olson continued by reviewing the high electric bills in February 2007. He reviewed the winter month history for residential customers. He followed that by talking about the purchased power vs. sold power for FY 2006-2007. He concluded with the 2007 Delinquent Activity Report.

Last, but not least he gave an overview of the Electric Fund. The following is the Revenue for the Electric Fund:

-Energy Sales	\$30,500,000
-7½ Rate Adjustment	\$ 2,250,000
-Late Fees	\$ 375,000
-Interest Earned on Investments	\$ 445,000
-Payment from W/S Fund	\$ 284,085
-Retained Earnings Appropriated	\$ 1,258,438

The total budgeted operating costs are as follows:

-Non-Departmental	\$ 1,756,325
-Customer Service	\$ 487,303
-Electrical Distribution	\$ 5,064,420
-Load Management	\$ 1,387,322
-Information Tech	\$ 118,428
-Purchasing	\$ 182,450

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The total operating costs is \$8,996,248 less other revenue of \$1,487,810 for total operating costs of \$7,508,438.

The total cost for the Information Technologies Service is \$118,428 and two full time positions are funded by Electric and Water and Sewer Funds. Highlights include the following:

-Contracted Services	\$ 27,586
-Main Frame Improvements	\$ 15,000
-Capital Outlay-Equipment	\$ 12,000

The Purchasing/Warehousing Service totals \$182,450 with highlights of the C/O Underground Fuel Tanks at \$15,000. The Electric Non-Departmental Service Summary totals \$27,756,325 with highlights as follows:

-Group Insurance-Retirees	\$ 99,000
-Purchase for Resale	\$26,000,000
-Payment to General Fund	\$ 500,000
-Payment to General Fund	\$ 1,010,000

Customer Service Level Summary totals \$487,303 and highlights include the following:

-Bank Charges	\$ 48,800
-Capital Outlay-Equipment	\$ 32,200

The Electric Distribution Service Level Summary totals \$45,064,420 with highlights as follows:

-Maintenance & Repair-Line	\$ 440,145
-Line Improvements	\$ 500,000
-New Subdivision Underground	\$2,000,000
-Capital Outlay-Equipment	\$ 110,400

Mr. Olson noted that the impact on the recommended budget of developers funding underground electric service would be as follows:

-Developers Funding	<\$2,000,000>
-Retained Earnings	\$ 1,258,438
-Rate Increase Reduced	\$ 741,562

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The last fund is the Load Management Service Level Summary with total funds of \$1,387,322 and the highlights are as follows:

-Maintenance & Repair-Generators	\$136,600
-Weatherization Program	\$ 90,000
-Energy Management (AC)	\$ 80,000
-Energy Management (W/H)	\$240,000
-Water Heater Rebate	\$ 2,500
-Attic Insulation Rebate	\$ 10,000
-Capital Outlay (Switches)	\$ 75,000
-Capital Outlay-Equipment	\$ 25,000

Finally, discussion ensued regarding the possibility of a rate increase. Pros and cons were discussed in great detail. We are at the point whereby Council needs to give staff some final directions and we will be happy to do what Council directs. It was the consensus that this item be brought back for further discussion at our next meeting.

4} ADJOURNMENT:

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

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

Mayor Foster adjourned the meeting at 8:40 p.m.

Dianne S. Pierce-Tamplen, MMC
City Clerk

Charles L. Foster
Mayor