

MONDAY-5:30 P.M.

JUNE 6, 2011

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. Council members in attendance were: J. M. Baker, L. M. Hill-Lawrence, L. A. Hummer, R. E. King, B. S. Meggs, J. A. Stimatz and J. B. Walton. Councilman M. E. Brooks was absent. City staff members attending were: City Manager R. C. Olson, Deputy City Clerk V. D. White and Finance Director S. E. Blanchard.

Mayor McLean established a quorum was present and called the meeting to order. He called upon Councilman J. A. Stimatz for the invocation after which the Pledge of Allegiance to the Flag of the United States of America was given.

1} APPROVAL OF THE AGENDA:

Mayor McLean called for approval of the 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, R. E. King, B. S. Meggs, J. A. Stimatz and J. B. Walton. Against: None. Motion carried.

2} DISCUSSION OF FISCAL YEAR 2011-2012 BUDGET:

Mayor McLean called upon City Manager Olson for comments.

Mr. Olson stated that the Finance Committee met today and made their final recommendation to the City Council on the proposed 2011-2012 Budget. His proposed budget ordinance reflects the changes that were agreed to by the Finance Committee this morning.

Councilman Stimatz said you say that these are the recommendations of the Finance Committee and he has no minutes from the Finance Committee therefore he has no votes to tell him if they were voted on. He knows in some instances the majority don't agree with the changes. He has to ask himself how they got in here.

Mayor Pro Tem Hummer stated she was trying to answer. We had a consensus taken and it was unanimous this morning to present these changes for Council's

consideration. Each time any changes were made and if you remember at a previous meeting the Manager presented some recommended changes at that meeting.

Mr. Stimatz said his question is this. Are you recommending that Council consider these or are these recommended changes. He doesn't think it is the latter. He thinks you are telling him that the consensus was to refer these to Council.

Ms. Hummer said she thinks you could say that as all we can do is to send them to Council for its consideration.

Mr. Stimatz said he just wanted that clarification. He thinks characterizing as recommended changes from the Finance Committee is a misstatement and we need to be very careful with that. If they recommend it to us for consideration he doesn't have a problem with that but he knows some of them were definitely not recommendations of the Finance Committee.

Mr. Olson stated that he thinks the disagreement Councilman Stimatz has were the consensuses that were reached this morning at the ten o'clock Finance Committee meeting and that is what is being brought back.

Mr. Stimatz said that these would be presented. But to characterizing as the recommendations of the Finance Committee as in they have approved all of these is incorrect.

Ms. Hummer stated that anything that a committee does it has to be presented to full Council. She thinks these were agreed upon in each Finance meeting. If some people have changed their minds then tonight they have the opportunity to discuss any of them.

Mr. Olson said that these recommended changes are in the Manager's proposed budget that was provided to you on April 4, 2011.

Councilman Walton stated that he thinks anything talked about in this budget session is open for discussion. He doesn't care what it is or whoever brings it out we still discuss it and we take it to a public hearing. It shouldn't be a big deal.

Mr. Olson said the budget ordinance which is about four pages long does reflect the changes that were the consensus of the Finance Committee that were decided today. You are looking at total General Fund Revenue at \$17,561,556. You are looking at Electric Revenue of \$49,945,570 and Water and Sewer Revenue at \$7,823,608 and the Storm Water Utility Revenue at \$393,170. Total

revenues available are \$67,723,904 less the interfund transfers of \$1,960,114. The total revenue available is \$65,763,790. That reflects the revenue side of the equation. Section 2 of the document reflects the appropriations or expenditures side. The General Fund is broken down by each one of the cost centers or individual departments. We are looking at \$17,561,556 worth of appropriations, Electric Fund \$59,945,570 in appropriations, Water and Sewer appropriations are \$7,823,608 and the Storm Water Utility appropriations at \$393,170. Total expenditures of \$67,723,904 less the interfund transfers of \$1,960,114. Total amount of appropriations is \$65,763,790 which is a balance budget. It does reflect the amount of revenue that we anticipate and that is a requirement under State Statutes. Section 3 through Section 15 of the ordinance is those items that are required to be put in every budget ordinance. It sets the tax rate of \$.46.5 per \$100. It does establish the assessed valuation of \$1,368,366,285 at a collection rate of 93%. It does establish a \$.06 per \$100 valuation for the MSTD for the downtown area. It does reflect no increase in the cost of living to the city employees. It does continue the 1% Christmas bonus. It does continue the longevity bonus plan that is presently in effect. It does establish that the health insurance coverage be authorized with Medcost of the North Carolina League of Municipalities. That is a change as we are changing the provider network as of July 1, 2011. He has already notified the Council of that change. It does reflect a \$1 increase in the Sanitation Fee raising that to \$15 per month. It does include the Parks and Recreation and Internet Café fee schedules that you have previously approved at your May 15th meeting. It does establish that the City of Elizabeth City fee schedule be adopted by reference. That we continue with the surcharge of \$.43/1,000 gallons of water usage. It does authorize the Budget Officer to reallocate departmental appropriations among the various expenditures within each department. What he means by that is if in the Police Department Budget for example if we have money in personnel but we need to allocate money for departmental supplies it does allow us to do that within the department. If we go from the police department to the fire department those particular items would come back to the City Council for a budget amendment and approval. Outstanding purchase orders and projects as of June 20, 2011 are hereby re-appropriated to this budget. We do have a number of encumbrances that will be carried over. A lot of our projects will be going forward. And, all ordinances or parts of ordinances in conflict are hereby repealed. That is the budget ordinance. It is very similar to the budget ordinance that we have passed in the past. Now we are getting to the recommended changes to the Manager's recommended budget.

Mayor McLean asked to discuss the budget ordinance in a little more detail as he thinks the public needs to know that there are no increases in property taxes and there are no increases in the electric rates.

Mr. Olson said also the water and sewer rates. The only rate increase is the \$1 per month sanitation fee. Looking at the changes to the manager's budget we do not anticipate receiving \$62,700 in revenue from our employees because we have dropped the \$25 per month for insurance premiums that we were previously requesting. The payment in lieu of taxes the City Council has already acted on that which is the \$17,500 to the Housing Authority. We did increase the internet café fees by an estimated \$30,000. The concession stand revenues have increase by \$25. The Parks and Recreation fees you have already adopted. The new fee schedule we anticipate \$20,000 in additional revenue. There is a decrease in the County's Parks and Recreation of \$64,141. That reflects a reduction in employees and other expenses that were discussed in the Joint City and County meeting. We do see a decrease in the Electric Fund Transfer by \$125,000. There is no fund balance appropriated as per a memo that was sent out on Friday. The increase in the Building Fund transfer ceiling of \$15,000 we took that out of the General Fund. We do have money in the building fund that the expense will be paid out of just like our phone system this year. We did eliminate the full time Parks and Rec Maintenance position saving \$30,119. Now that savings is split 45-55% with the County. We had a savings of \$191,613 in Health Insurance premiums because of a 5% reduction. We added to the Manager's budget improvements to the Edgewood Park of \$20,000. That was originally \$25,000 and it was lower today to \$20,000. Recommended purchasing two additional cameras for \$11,000 then the camera maintenance contract for six cameras is \$6,000. Increased the funding for outside non-profit organizations by \$10,000 from \$20,000 to \$30,000. Increased specific funding for the Community Relations Committee by \$500 to \$1,000. It is his understanding that the County is going to pay a like amount. Decreased in the Midgett Building ceiling by \$15,000. That expense is coming out of the building fund. We are keeping in there the thermal energy camera at \$9800. We are deleting the Fire Inspection computers of \$2,000 and the Fire Inspection Auto Equipment of \$4800. The total amount decrease to the manager's budget is \$200,832. Out of the Electric Fund we have similar reductions in the Health Insurance and also the savings we would experience and the decrease in the energy sales by \$21,100 and decrease in the transfer to the General Fund by \$125,000. In the Water and Sewer the decrease in the Employee Health Insurance of \$13,200; and a decrease in water sales of \$20,085.

Councilman Stimatz asked if he was correct that this still has the splash park in it.

Mr. Olson replied that is correct. There is the \$400,000 expenditure to build the park and then in additional there is some revenue where we will debt finance it over a ten year period of \$42,000.

A motion was made by Councilman J. A. Stimatz, seconded by Councilwoman B. S. Meggs to delete the splash park from the proposed budget for FY 2011-2012.

Councilman Stimatz asked to comment since he made the motion. The overwhelming response on this is totally negative. It is not the proper time to do it in anybody's mind. We haven't seen any other alternatives about the splash fountains. He thinks in the interest of doing the right thing about our budget we should take it out. He has a real problem with the fact that we have almost a million and half dollars in Parks and Rec maintenance items that have been deferred. Some of them are rather large and we haven't taken any steps to rectify those. In his mind if we take the splash park out and free up that debt ceiling the next question for Council is do you want to spend that debt ceiling? If you do he highly recommends that we spend it on fixing up Parks and Rec. There is a 34 year old air condition system at Knobbs Creek.

Mr. Olson stated that part of Knobbs Creek doesn't even have air conditioning.

Mr. Stimatz said all you have to do is look at the pictures that the City Manager sent you of the sludge pond to know how we do business in this town. We just put it off and put it off until it breaks completely. That is irresponsible in his book. You have got to take care of your plant. His motion to take the splash park out is to free up that money and then have a discussion about should we obligate any of that towards Parks and Rec or other capital improvements that we aren't addressing.

Mayor Pro Tem Hummer stated that she thinks the splash park has been a very tough one. At our retreat we worked on initiatives for the two years we are in office and one of them was to provide things for the youth so that is on one side. On the other side it has been a hard sell to the public. She doesn't think that we did a good enough job presenting it to the public or we waited too long because everywhere we go we are really inundated with negative comments. She has to vote with the people that she represents who are having a very hard time.

Councilman King said he has been hearing some of the same things. The splash park is a little harder for him because he represents the Advisory Board and they are in favor of the splash park. Everybody voted unanimously to put one forth. He is coming back with their vote and their vote is to start it. This is what they are still saying. The Advisory Board is made up with city and county citizens. It has been hard selling it to the people because they are not understanding the costs. The citizens are saying that we should take that money and do other things with it. He is going to go with the Advisory Board's decision.

Mayor McLean said he is not going to belabor this point as we are going to have a public hearing next week. He was hoping that the Council would give the public a chance to come in and make comments and provide support for the splash park itself. Anything that we vote out tonight can be voted back in next week so he is not going to belabor the point. He thinks when we think about all the things that we do in this City and we think about the fact that this is for the youth and if you read the newspaper yesterday, Currituck County is putting \$13 million into their Parks and Recreation budget. Ahoskie is doing the same thing. He just feels that Elizabeth City will make a total difference to our youth in creating the type of activities that we need to create. We need things like the splash park and youth programs for our kids to have. He knows why this came about but he is hoping that because of the input that we are going to be seeing from the community on next Monday that whatever action we take today the splash park will be added to the agenda for next week to be reconsidered if it is voted down tonight.

Councilman Walton said that he knows it will be voted down tonight because he knows this Council pretty good. He commends you guys for at least going through the process this year. Last year in April we had a motion to send the budget to public hearing in May. We got caught up in the same actions but it took a little longer. We ended up with the same type of things. He is glad that we went through the process and we see a lot of issues out there. People are a lot clearer about what this process is about now. We all learned but he knew it would be voted down.

Roll Call Vote:

<i>Stimatz</i>	<i>yes</i>
<i>Meggs</i>	<i>yes</i>
<i>Hummer</i>	<i>yes</i>
<i>Walton</i>	<i>No</i>
<i>Baker</i>	<i>yes</i>
<i>King</i>	<i>no</i>
<i>Hill-Lawrence</i>	<i>yes</i>

Motion carried with 5 yes and 2 no.

Mr. Olson said with the deletion of the splash park you now have \$42,000 that the Council can do a variety of things. You can just leave it and put it in the fund balance. You could re-appropriate the \$42,000 among other items within the General Fund or you could decrease the amount of transfers from the Electric Fund to the General Fund.

Councilman King said when we look down at the Finance Committee's consensus and when we look at the outside organization he remembers during the budget session that he spoke and he asked for \$50,000 to be put in that line item for the non profits. He believes you put in \$30,000. He is asking the Council now for \$50,000. Also we looked down at the CRC. They came in and gave us a presentation showing that they are trying to do some things, put on a conference and they need \$1300. He is saying to this Council to give them another \$800 so that they can make that possible. The County is only going to match \$500. The whole conference is \$2600.

A motion was made by Councilman R. E. King, seconded by Councilwoman L. M. Hill-Lawrence to increase the outside organizations from \$30,000 to \$50,000 and to increase CRC from \$500 to \$1300.

Councilwoman Meggs said didn't we decide this the other night. Didn't we decide that it was going to be \$500 and now we are going to go back and redo it?

Mayor McLean said he has a right to do that. He has it in his motion.

Mr. King said that this is a joint County venture with CRC. What the County does and he always says we have got to stop worrying about what the County does as we have to worry about what the City can do. The City needs to put this on. We have more problems within the City than the County. This organization can do more for the City than the County residents. So we need to support them and stop worrying about what the County is doing. They need \$2600 to put on this conference so let's give it to them.

Councilwoman Meggs asked if you have seen a budget that they have made out and why they need the \$2600 for the conference.

Mr. Olson replied that we received a budget from CRC if he remembers right. We just put it in the non-profit folder. They did provide us something but he can't remember exactly what it was.

Councilwoman Meggs said that every one she goes to we have to pay our own way and she thinks that most of the people that are on this committee, she just can't see everybody in the community paying for somebody else lunch or dinner.

Councilman Stimatz said he would like to know what Councilman King is ear marking the additional \$20,000. He would like to know first of all what the additional \$10,000 was earmarked for by the Finance Committee. He has a real

problem throwing money out there without knowing what they are going to spend it on.

Councilman King said he would be more than happy to share it with you Mr. Stimatz. He asked if these were youth activities and initiatives. First of all what he would like to see is for the Library and there are a lot of citizens that go over there. He is asking for \$1,000. Every year AAU comes and asks for \$500 and he is asking for \$1,000 to go there. He is asking for the Food Bank to go from \$5,000 to \$6,000. AOA \$21,000, Port Discovery \$5,000; all these things deals with kids and we give to the Community Music School of ECSU \$3,000. Homeless Coalition \$7500, Healthy Carolianas \$500. Hopeline needs to be increased. The police department has a lot to do when it comes to Hopeline. A lot of things we don't see. He knows the Chief and his officers see them and we need to increase them from \$15,000 to \$17,500. PAL should be \$40,000. If you add this up you should come up with about \$30,000.

Mayor Pro Tem Hummer said she would like to clear something up; the Finance Committee has not discussed that. We just brought forward a figure of \$30,000 and we felt that it would be discussed at another time. PAL is not under the non-profits. Hopeline is a line item in the Police Department's budget. That is incorrect. Those shouldn't be included in the \$50,000.

Mr. King said he thinks what he is trying to say is we can do additional things with that money. We can take that money and do additional things with it.

Mayor Pro Tem Hummer said what she is trying to say is PAL and Hopeline are already taken care of in the budget.

Mr. King said what he is trying to do is increase it.

Mayor Pro Tem Hummer said that should come as a line item.

Councilman Stimatz said that would be a separate motion. We still have the CRC budget.

Councilwoman Hill-Lawrence said she wanted to comment on the conference of CRC. When she was the Chairman we put forward a conference and it was one of the best conference reported that they have ever had in this City. She is going to be working with them to put forth this one as well to make sure that it is done correctly and the people benefit from it as well. This is a city project and she doesn't think that they should have to pay for their lunch. We are doing this for community relations. Last time we had it the lunch was paid for out of the funding. She thinks there is a food line item in there. None of the presenters are getting paid. It would just be for food and printing material.

Mayor Pro Tem Hummer said she would like to say that it is the Elizabeth City/Pasquotank County Community Relations Commission. She is not for letting the County off the hook. This is something for the whole community and they have agreed to \$500 and she doesn't think we need to take it on ourselves to just automatically up it and say that they shouldn't. She doesn't think that is the way to run a business and we are running a business here.

Councilwoman Hill-Lawrence said she thinks that the County should give that amount too Anita. But since we can't control them and we are separate entities we can't demand them to pay.

Mayor Pro Tem Hummer said if they can't contribute equally then it should be disbanded because it was established as a joint commission.

Mayor McLean asked Councilman King to split his motion.

Councilman King said he withdraws his original motion.

Councilman Stimatz said that is not necessary.

A motion was made by Councilman J. A. Stimatz, seconded by Councilman R. E. King to divide the question that Mr. King has presented to us into two parts; first the CRC budget and secondly the outside organizations. Those voting in favor of the motion were: Stimatz, King, Baker, Hill-Lawrence, Hummer, Meggs and Walton. Against: None. Motion carried.

Mayor Pro Tem Hummer stated she would like to note that at the bottom of their request is they are requesting equal funding from the City and the County and she thinks it should remain that way in all fairness to our taxpayers.

Councilwoman Hill-Lawrence said maybe they can go back to the County and ask them to rethink their contribution since we are giving \$1300.

Mayor McLean said he thinks whatever we do tonight has to be independent of what the County gives as they have already told them what they were going to do.

Councilman Stimatz said he is curious where the \$2600 goes. He is looking at this budget and there is one work shop for \$500, a retreat for \$1250 and there is a local workshop for \$650. He doesn't see where the \$2600 comes from.

Councilman King said when they talked to us last week they said they were putting on a workshop and it would be \$2600 and he is asking for \$1300. It is a little over \$2600.

Councilman Stimatz said his problem with CRC is this. If this is their budget then this is what they are asking for and he is willing to go with this. He doesn't like these off the cuff, "I need this-I need that". He wants to see a budget that is laid out and is very specific. If they are asking for \$500, what is it for, which one of these workshops? If they changed this budget then they need to resubmit it. He has brought this up over and over again. His position would be he is not going to vote for any money for CRC because they don't even explain the \$500. He has a problem putting any money in there at this time. It doesn't mean that we can't. We can change the budget any time we want and this isn't shutting them out. Personally he thinks they need a lot more money than \$500. He thinks there are a lot more things that they can be doing but we should be helping them fund but without a decent budget it is hard for him to justify it to his constituents. He agrees with Ms. Hummer they have to make their case with the County and if they fail is it up to us to make up for that. His point is this, he doesn't see the \$500 much less the \$1300 reflected in this budget and until he does he can't vote for what you are asking for.

Councilwoman Hill-Lawrence said she thinks in terms of CRC maybe we should table this because what is missing Tony is a narrative. They don't have a narrative in terms of what are they going to do with the funds. She thinks we should table it.

A motion was made by Councilwoman L. M Hill-Lawrence, seconded by Councilman J. A. Stimatz to table this item until we can get with CRC and get the narrative. Those voting in favor of the motion were: Hill-Lawrence, Stimatz, Baker, Hummer, King, Meggs and Walton. Against: None. Motion carried.

Mayor McLean stated the next part of your motion is to increase the non-profits contribution from \$20,000 to \$50,000. He called for discussion.

Councilman Stimatz said one of the things is that, again Ms. Hummer brought it up, we talked about it at the retreat, the Youth Task Force when we did our survey one of the primaries was we talked about that the kids talked about that they needed more programs and more programs available beside aquatics. Don't get him wrong, he likes the idea of the splash park and he would love to do it but he doesn't see it fitting right now, however; that said, the third area of interest in needs was creative arts, music, film or video or anything drama, speech of whatever. What he hears Mr. King saying is let's make some modest

improvements. We spent \$40-\$45,000 last year in that column if he remembers correctly.

Mr. Olson replied it was about \$26,000 total.

Mr. Stimatz said he has his own research here and according to what he has we gave AOA-\$15,000, Port Discovery-\$5,000, Homeless-\$7500, RCCDC-\$2500, Healthy Carolinians \$500, Food Bank-\$500, Sports Team-\$1000 and the Library-\$1000. If you add that up it is \$37,500.

Ms. Blanchard said they were separate line items that were budgeted initially.

Mr. Stimatz said regardless of how they got in the budget last year on the items Mr. King brought up that was about \$37,500. He is asking to plus up about \$10,000 targeting our youth. Councilman Walton has a task force and they sit there and told us where their next most pressing need was. It was in the Arts then sciences. Port Discovery and AOA support both of those things. If you want to do what you said you want to do then he thinks Mr. King has got a reasonable budget.

Councilman Walton said you are talking about giving the rich more. You are talking about giving AOA \$6,000 more and that will bring them up to \$21,000. You are talking about 60-70 kids but then you take the splash park and you wanted to eliminate 200 kids. It doesn't add up to him. Something isn't right about it. You really want to give to some but are contrary about giving to others.

Councilwoman Baker said she has been in the past very opposed to what we call non-profits but she has come to realize if we are giving to programs that the City cannot do then she is more willing to provide other agencies funds to do these programs than trying to put our personnel to trying to provide these services that our children need. There were scholarships in the AOA funds last year as she made sure that there were. There are kids now in these programs that were never in them before. She doesn't think that giving to AOA is giving to the rich. She thinks that is a terrible statement. She has to say that. There are lots and lots of talented kids from all over and you cannot say it that way. She would like to see us repair our parks as they have been neglected for so long that they have become hazardous. She would like to see some kind of water attraction but not to the tune of \$42,000 a year. She thinks we need to fix what we have got and give the kids a little extra something. In the Parks and Recreation budget they do wonderful things with the kids too. We have got lots of money in the Parks and Rec this year. Do we have enough, no? They hit more kids than anyone else does but it doesn't mean that you have to ignore the minds of

children. She doesn't want to spend city money to babysit kids either, but if we can increase the kids mind then they will be able in the future to help us.

Councilwoman Hill-Lawrence stated the Community Music School gave her their proposal yesterday and she gave it to Mr. Olson. They were requesting \$5,000. That wasn't his idea as she told him to ask for that. She is thinking in terms of the scholarship. She thinks that half of what we give should be set aside for scholarships. There will be a lot of kids in the community who would want to participate in that music class but will not have the resources. She thinks half of whatever we give should be designated for scholarships.

Councilman King said that he agrees and he would like to offer the following amendment.

A motion to amend his original motion, Councilman R. E. King stated that the \$3000 that he is asking for the ECSU Music Department that half of it be designated as scholarships for the kids that cannot afford to go to the school.

No second to the motion to amend.

Mayor Pro Tem Hummer asked if they have a budget.

Councilman King said that they had just started.

Councilwoman Hill-Lawrence said that Mr. Olson has it.

Mr. Olson said he has a couple of issues concerning the non appropriated part of your budget. The City Council last year put \$20,000 in a pot to give to non-profits. You made a direct allocation to AOA of \$15,000 above that \$20,000 and subsequently you had the AAU Basketball teams come back and there was another one. The total amount you spent on non profits or outside agencies was \$37,000 but your original pot was \$20,000 but you made a direct allocation as part of the budget process requiring that AOA provide at least half of that \$15,000 as scholarships.

Councilwoman Meggs said she wanted to go back to what Mr. Walton said about the ones that are in it are rich. What do you consider rich?

Mr. Walton replied that the average salary here in Elizabeth City is \$34,000. The minimum is \$18,000. He read those stats a couple of weeks ago. That is a large difference. He had rather be in that \$34,000 range and you would too. There are a lot of \$18,000 around here.

Mayor McLean asked to make a statement. This is what we wanted to avoid initially when we decided we were going to put so much money into the non-profits. There are some not for profits that are not included as we talk about it tonight. The hospital group that provides free medicine for the people of Elizabeth City is one. He thinks to properly fund a lot of the activities that you are talking about you are probably going to need to increase in the amount of funds to do it. We are not really consistent in what we are asking. Some think we can give money to them without narratives or we don't ask for details and yet some we give money to we want to know everything about what they are doing with the money and audit reports. He thinks we need to go back and if you have a non profit that you wish to support we need to establish guidelines that say this is what we need to have in order to properly address the request for funds. Based on the number of requests that we have received thus far, \$30,000 is probably not going to be enough. Right now when we go into FY 2011-2012 there is going to be about \$100,000 available in TDA funds. To get by the issue that we are dealing with tonight we are not going to be able to solve this problem tonight but if we bring back the requests with the proper documentation that can be shared with each member of Council we could probably get through this as painless as we possibly can.

Councilman Stimatz said to clarify what the Mayor said about the money from TDA that is going to Port Discovery is to help them pay for their building. We did a similar thing with AOA for them to purchase their building. Both the City and County gave \$50,000 for three years to help them buy their building. The money we gave was for operating expenses and specifically for the scholarships. When TDA looks at the requests they look at what the group is providing and how many heads in beds do they get from the program. If we want to have a scholarship program specifically for kids in the City TDA is going to say that is not a TDA expense and rightly so. That is the side that Mr. King is looking at. He is looking on the side that TDA won't fund. Could we give them more money out of the TDA fund? Yes we could if the Authority agrees with us. They have in terms of capital improvements but he doesn't know about operating funds.

Mayor Pro Tem Hummer said that is what she is trying to say. We can go to the TDA and requests funds. We are just throwing everything out there helter skelter. She would like to say not to take anything away from what we are trying to do for the youth but we have seniors in this community that help keep Parks and Rec going and that air condition is 34 years old and that was part of your list that pointed out some of the needs. We can't just take and give it away and she doesn't think the public is going to be receptive to us just giving everybody what they ask for. You are going to have to educate the public on some of these things. Why did we have a Finance Committee meeting? We brought forward recommendations and you are just throwing them out the window.

Councilman Walton said that we are discussing things now that Tony discussed through an email. People fight his case for him. Tony he knows Brooks told you not to send any more emails and after this budget session he doesn't want any more emails either because those things influence people to fall in line and he doesn't think it is good for this Council. He knows last year the date was April 19th that this same type of thing was forced through and there was funding for the AOA at \$15,000. That was a motion by Jean and seconded by Tony. You know it took us a longer process but we have ended up in the same location.

Councilwoman Hill-Lawrence asked if it was a possibility that City Council could have a copy of all the requests for funding because we are actually trying to vote on things that we don't have a clue as to what they are requesting, what they are doing or what they are planning and that is kind of hard.

Mr. Olson stated that Council needs to plug in a figure as the amount that you want to allocate and then at a later date determine how you are going to allocate within that figure. The question in front of you is how much money do you want to give to non-profits. That is a policy decision of this governing body. It is also a policy decision as to how much you are going to give each one of those. He thinks for purpose of the budget it needs to be a separate issue. You need to define how big the pool is and then you do the allocation of the pool at another time or we will be here for several hours more.

Mr. King said that is what he has said, from \$20,000 to \$50,000. We can save everything else as long as we get the \$50,000 in place.

Mayor McLean called for a vote on the original motion to increase the allocation to non-profits from \$20,000 to \$50,000.

Roll Call Vote:

<i>Stimatz</i>	<i>yes</i>
<i>Meggs</i>	<i>no</i>
<i>Hummer</i>	<i>no</i>
<i>Walton</i>	<i>no</i>
<i>Baker</i>	<i>yes</i>
<i>King</i>	<i>yes</i>
<i>Hill-Lawrence</i>	<i>yes</i>

Motion carried with four yes and three no.

Councilman Stimatz said unless we formally adopt these recommendations, those items on your list that don't have approved by them then they are not in this

budget because Council has not taken action on it. It is not soup until we say it is soup and that is his point. One of them he has a problem with and that is the \$125,000 hold back from the General Fund to the Electric Fund.

Mayor McLean said we will start at the top. He called for a motion to approve the decrease in employee payment for insurance.

A motion was made by Councilman J. A. Stimatz, seconded by Councilwoman B. S. Meggs to approve the decrease of \$62,700 in the General Fund in employee payment for insurance. Those voting in favor of the motion were: Stimatz, Meggs, Baker, Hill-Lawrence, Hummer, King and Walton. Against: None. Motion carried.

Mayor McLean called for a motion to approve the increase in concession stand revenue.

A motion was made by Councilman J. A. Stimatz, seconded by Councilwoman J. M. Baker to approve the increase in concession stand revenue of \$25,000. Those voting in favor of the motion were: Stimatz, Baker, Hill-Lawrence, Hummer, King, Meggs and Walton. Against: None. Motion carried.

Mayor McLean called for a motion to approve the decrease in the Electric Fund transfer of \$125,000.

A motion was made by Councilman J. B. Walton that we approve the decrease in the Electric Fund Transfer of \$125,000. Councilman R. E. King seconded the motion.

Councilman Stimatz said his understanding is that what we are proposing to do is not transfer as much from the Electric Fund as we normally do by \$125,000 which shorts the General Fund by \$125,000. The problem that he has with this is multi fold: a} the transfers we make from the Electric Fund are reasonable transfers based on if we didn't own the Electric Company we would be entitled to those any way. They have to do with franchise fees, payment in lieu of taxes and payment for services. That is one issue. It is a reasonable thing to do and b} every dollar that we take out it takes money from the General Fund. If you don't do that then you put \$125,000 back in the General Fund so all the things that we have been talking about doing like Knobbs Creek and \$50,000 for the non-profits, etc. is a much easier thing to deal with. In taking that out you need to understand every dollar you take out of the General Fund and give to the Electric Fund costs the citizens of this City \$.40 because 40% of the people who contribute to the Electric Fund do not pay property taxes. So every dollar you

take out of the General Fund you are throwing \$.40 away. You are giving it to people who don't benefit. That to him is not something that we should be doing to our taxpayers to throw their money away at the rate of 40% loss. That is why he is not for this and he would vote against the motion as made. The motion is to accept it and he would not vote for it. He would vote no because it doesn't do us any good.

Councilman Walton said he knows you like to throw out round figures but he knows the electric bills will be decreased some if it was not taken out to use for other things because when you take that \$75,000 now you know where you are going to put that \$75,000. We have a balanced budget. He knows last year on that one day we talked about we did it so fast passed the budget we put 3.25 on the businesses in Elizabeth City. You may not be looking around town like he is and it is becoming a ghost town with these businesses. Any time Super 10 closes down we are doing something wrong. We are not business friendly, we are not people friendly as all we do is try to have our way and it is sad that people up here let people have their way. It is very sad.

Mayor Pro Tem Hummer said she would like to point out something else and she pointed it out in the Finance Committee. As we sit here and almost demand some things but please keep in mind that last year Council set a goal that we would keep a General Fund Balance of 15% and it now sits at 8%. In February we received a letter of warning from the Local Government Commission that our Fund Balance was low. If we should have a tornado we have about 8% or \$1.5 million to get through an emergency. She is just cautioning everyone. So we have \$42,000 left and maybe that should stay in there. She is just saying you have got to go back and remember the caution from the Local Government Commission. We need to keep that in mind as we go and move money.

Mayor McLean said when he ran for Mayor he ran for mayor because electric rates were the number one issue in this city. He ran to try to help to relieve some of the issues with the electric rates. We talk about people who pay rent do not pay property taxes. That is the furthest from the truth. He has rental property and the property that he rents includes property taxes, insurance as well as mortgage to include principle and interest. People who are renting are getting hit twice as they not only pay property taxes for their landlords but they are being over charged electric rates in order to help fund the General Fund. This Council has to take issues with the fact that our electric rates are 35% higher than the average rate outside Elizabeth City. We have to understand that the people are suffering and people are paying higher light bills. The \$125,000 to be set aside will show not only the State but the citizens that we are trying to do some things to prevent us from double taxing citizens by over charging them electric rates as well as trying to make changes within our budget to have the General Fund to support itself. Right now we transfer \$1.8 million dollars. Our

electric fund is in somewhat trouble. It is in trouble because we take so much money out of it every year to support the General Fund that we have now balanced this year with the \$125,000 decrease in the amount of electric fund transfer. The budget is balanced. He still says and he is not going to give up on this as he sees people who come to pay their light bills go out into the parking lot and cry because of what they are going through. The \$125,000 will provide us with a way to insure that we don't increase electric rates based on abnormal conditions. We could put that money into a rate stabilization fund. In accounting terms it does not remove the amount of money that is in the cash balance in the General Fund as well as the Electric Fund but it does sure up the Electric Fund to insure that we are in compliance in State mandates. These are accounting terms and eventually this is something that we should do and we should do it now because here again unless we can say to the public that we are moving to address their number one issue we will fail them as we fail them by not addressing this issue.

Councilwoman Baker asked if Rich budgeted for the \$125,000 decrease originally.

Mr. Olson replied that is correct. The manager's original budget did not anticipate receiving a 5% reduction in health insurance which ended up savings \$240,000 among all funds, so what we did we did include all employees pay \$25 a month for their health insurance. That was deleted leaving a balance of \$170,000.

Ms. Baker asked what would cause you to decrease the transfer by \$125,000.

Mr. Olson replied that is what the Finance Committee brought forward.

Ms. Baker said so it isn't something that you would have put in on your own.

Mr. Olson stated the issue that we have is that we have not taken an increase in the Electric Fund for operating expenses in over 15 years. All of our increases have been directly tied to the wholesale increase for power. We are still spending to maintain our system at the same level we were 15 years ago. Our system is getting older and we are lucky that the State is going to spend a few million dollars on Elizabeth Street to take care some of those issues. We are seeing our Fund Balance drop in the Electric Fund. At one time five years ago we had \$12 million surplus and now we are down to a \$4 million because we have not passed along all the wholesale increases to the customers but also we haven't done anything to improve the amount of money available to improve the system. We have taken some policy related decisions back four years ago when we stopped providing underground electric for subdivisions. That saved \$2.4 million at that time. That in essence went into helping improve the system but it

also went to defer a number of rate increases we received from the Power Agency.

Ms. Baker said then we haven't passed along all the rate increases that we received. She can't see any point in decreasing that Electric Fund any further.

Mayor McLean stated that in the last five years we have taken out of the Electric Fund \$8 million. That is \$8 million that has been used to support the General Fund. What we are faced with now if we continue taking money from the Electric Fund it is not going to be able to sustain itself. The reason we have gotten ourselves to this point is because we have not made the necessary arrangements of the changes within our General Fund Budget to compensate for these high bills. For a long time he was thinking that we had 20,000 people in Elizabeth City, but the number is a little more than 17,000. People are leaving and we can't much blame them. They are getting hit with high property taxes and high electric rates. He just hopes this Council will help stabilize the Electric Fund by approving the decrease in the Electric Fund transfer which in no way affects the balanced budget but it shows the public that we are trying to address the number one problem of high electric rates.

Mayor Pro Tem Hummer said she would like to point out that our profit margin in the Electric Fund last year was only \$80,000 and that is not a great deal for those who think we are making a lot of money. The fact that we didn't pass those rate increases on and the fact that we ate them we felt like at the time we did it that we were trying to show our customers that we were helping them and we did help them in that respect.

Mayor McLean called for a vote on the motion.

Roll Call Vote:

<i>Stimatz</i>	<i>no</i>
<i>Meggs</i>	<i>no</i>
<i>Hummer</i>	<i>no</i>
<i>Walton</i>	<i>yes</i>
<i>Baker</i>	<i>no</i>
<i>King</i>	<i>no</i>
<i>Hill-Lawrence</i>	<i>no</i>

Motion carried with 6 no and 1 yes

Mayor McLean called for a motion regarding increase in building fund transfer ceiling for \$15,000.

Mr. Olson said this was included as a capital item within the Building Fund. We are recommending to Council that we don't take it out of the General Fund but take it out of our Capital Construction Building Fund. This will have very little impact on the budget.

A motion was made by Councilman R. E. King, seconded by Mayor Pro Tem L. A. Hummer to approve an increase in the Building Fund Transfer Ceiling in the amount of \$15,000. Those voting in favor of the motion were: King, Hummer, Baker, Hill-Lawrence, Meggs, Stimatz and Walton. Against: None. Motion carried.

Mayor McLean called for action regarding a decrease in Health Insurance by \$191,613.

Mr. Olson stated that is the 5% reduction in the General Fund.

A motion was made by Councilwoman J. M. Baker, seconded by Councilman R. E. King to decrease in Health Insurance by \$191,613. Those voting in favor of the motion were: Baker, King, Hill-Lawrence, Hummer, Meggs, Stimatz and Walton. Against: None. Motion carried.

Mayor McLean called for action regarding the increase to Edgewood Park by \$25,000.

Mr. Olson stated this is an item that was brought forward by the Finance Committee to put new playground equipment in Edgewood Park. We originally had \$25,000 and at today's meeting that was lowered to \$20,000.

Councilwoman Meggs said this is one she had conversation about this morning. This is a lot that has never had a house built on it. Forty years ago some property owners got together and decided to put some swings and slides in there. So far as she knows of the swing and slides are the only things that have been there. Now we are going put \$25,000 in a few play toys she thinks that is hard to take.

Councilman King said we look at Triangle Park where we spent \$25,000 in there. Playground equipment is expensive. Ms. Hummer you can attest to this. If you look at Edgewood Park and he has been through there and they have one little thing. It is a cute little toy but it is old and needs to come up. That one piece in Triangle Park was \$17,000.

Councilman Stimatz said he thinks Ms. Meggs does bring up a good question. We sort of got into this because somebody put a seesaw in there thirty years ago and it became a park. Is that listed formally by Parks and Recreation as a park?

Mr. Olson said yes it is. We received Smart Start money back in 1996 to put those existing equipment in there.

Mr. Stimatz said what we are talking about is maintaining an existing park. The only question that he would have is this more important than the other parks. Is the stuff a hazard as it sits?

Mayor Pro Tem Hummer said in our Finance Committee we discussed the fact that you were going to check and see if the County since it is maintaining a park as opposed to a capital if they would share in it. We have a joint agreement.

Mr. Olson stated he saw nothing in the joint agreement that really addresses this issue. It is a city asset and we will maintain ownership of the asset.

Ms. Hill-Lawrence said she thinks that the \$5,000 should be put back in and make it \$25,000 and make it right. If all the other parks are fixed up correctly then she thinks Edgewood should follow the same suit. Why shortchange and have to come back later and do some other things to it. Let's do it right and put the \$5,000 back and now that we have this excess money lets do it right. What do you guys think about that? Then it will look like the one on Elizabeth Street. That was the original figure but some of her colleagues decided it should be less. That is the one that Bobbi gave us and that is the figure that is needed to fix it up. She is the expert.

Mr. Stimatz said he has a problem with spending \$25,000 but he has no problem with replacing what is currently there. He is all for replacing it with like capability but he is not in favor of expanding it until somebody says it is necessary. His question is to replace what is currently there, will \$20,000 make it serviceable.

Parks and Recreation Director White stated that we can do that with \$20,000.

Councilwoman Hill-Lawrence said if it doesn't look just like the Triangle Park then you know she will be back up here. It has to look just like Triangle Park.

A motion was made by Councilman R. E. King, seconded by Councilwoman L. M. Lawrence to approve the increase of \$25,000 for Edgewood Park.

Mayor Pro Tem Hummer stated that the consensus in the Finance Committee this morning was to bring it to Council at \$20,000.

Ms. Hill-Lawrence said well I changed my mind. She went back and looked at it and changed her mind. She can change her mind.

Mayor Pro Tem Hummer said that Triangle Park is a much larger park and it had nothing in it. It has a fence because it sits on a four-lane highway.

Ms. Hill-Lawrence asked what is \$5,000.

Mayor McLean said the motion on the floor is to approve the \$25,000 for the Edgewood Park.

Roll Call Vote:

<i>Hill-Lawrence</i>	<i>yes</i>
<i>King</i>	<i>yes</i>
<i>Baker</i>	<i>yes</i>
<i>Walton</i>	<i>yes</i>
<i>Hummer</i>	<i>no</i>
<i>Meggs</i>	<i>no</i>
<i>Stimatz</i>	<i>no</i>

Motion carried with four yes and three no.

Mayor McLean called for a vote to increase two cameras in the amount of \$11,000.

A motion was made by Councilman R. E. King, seconded by Councilman J. A. Stimatz to purchase two new cameras.

Mr. Stimatz stated he has a question. Council asked for this earlier and he sent an email to remind the Chief and the question was what is our maintenance policy and plan for our camera system. Specifically he asked what is going to be our plan replacement for cameras and does this reflect that replacement.

Mr. Olson stated that we have six cameras that are no longer under warranty. That is why we are recommending that you purchase the camera maintenance agreement. What that agreement does do it allows each one of those cameras to be moved twice a year at no additional cost to the City. It does maintain those cameras. As those cameras become out of warranty and next year there will be 18 that will come out from under the warranty next year. You are looking at \$1,000 per camera for maintenance.

Mr. Stimatz said he goes back to his question. There is a life expectancy for these cameras. His question is what is that number or you going to wait until they all break and then come back and ask for all new cameras.

Chief Crudup said he will check on that for you.

Mr. Stimatz said that is the question that he asked in his email to you. He thinks it is critical. That goes back to the Mayor's point where he talks about what is our plan in capital improvements and maintenance. What is our deferred maintenance plan? The way you start that is by saying these cameras have a service life of X and I expect to replace so many so often. If you have got 18 and you think they are all going to end in five years then two years from now you are going to come back to us and say you want \$80,000? Should we be planning some earlier, buy some now and spread this out. That is the kind of thinking that has to go on in your department to help out the manager so we as a Council don't have to eat these rabbits in large lumps. That is his point. What you are saying is we are buying a maintenance contract at \$1,000 per camera and this year the number is six. We are going to spend \$18,000 next year and you are buying two new cameras. Two takes us up to 28.

Chief Crudup said the life expectancy he doesn't know what that is right now. As long as the camera is working we will keep using it.

Mayor McLean called for a vote on the motion.

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

Mayor McLean called for action regarding the maintenance contract for the six cameras for \$6,000.

A motion was made by Councilman R. E. King, seconded by Mayor Pro Tem L. A. Hummer to approve the camera maintenance contract funds for \$6,000. Those voting in favor of the motion were: King, Hummer, Baker, Hill-Lawrence, Meggs, Stimatz and Walton. Against: None. Motion carried.

Mayor McLean called for a motion to decrease the fire thermal imaging in the amount of \$9,800.

A motion was made by Councilman R. E. King, seconded by Councilman J. A. Stimatz to approve the decrease in Fire Thermal Imaging in the amount of \$9,800. Those voting in favor of the

motion were: King, Stimatz, Baker, Hill-Lawrence, Hummer, Meggs and Walton. Against: None. Motion carried.

Mayor McLean called for a motion to decrease employee payment of insurance, decrease in health insurance and decrease in energy sales in the Electric Fund.

A motion was made by Councilman R. E. King, seconded by Councilwoman J. M. Baker to approve the decrease in the Electric Fund in employee payment for insurance in the amount of \$11,100, decrease in health insurance in the amount of \$32,200 and decrease in Energy Sales in the amount of \$21,110. Those voting in favor of the motion were: King, Baker, Hill-Lawrence, Hummer, Meggs, Stimatz and Walton. Against: None. Motion carried.

Mayor McLean called for a motion to decrease in the Water and Sewer Fund employee payment of insurance, decrease in health insurance and decrease in energy sales.

A motion was made by Councilman J. A. Stimatz, seconded by Councilman R. E. King to approve the decrease in the Water and Sewer Fund in employee payment for insurance in the amount of \$13,200, decrease in health insurance in the amount of \$33,285 and decrease in Energy Sales in the amount of \$20,085. Those voting in favor of the motion were: Stimatz, King, Baker, Hill-Lawrence, Hummer, Meggs and Walton. Against: None. Motion carried.

Councilwoman L. M. Lawrence stated she wanted to bring up the need for another fire inspector and as she said this morning she doesn't think we should ever shortchange public safety. If they feel that they can not do their jobs as they would if they have the correct personnel to do it, now that we have some money she thinks we ought to look at funding that position.

Mayor Pro Tem Hummer said she would like to mention one thing since it was brought up in the Finance Committee. She had suggested a cost of living increase of 1% for employees but it died in committee but she just wanted the employees to know what happened.

Mayor McLean said going back to Councilwoman Hill-Lawrence's statement. We did increase property taxes by \$.01 to fund 3 additional firemen last year. This year he is asking for one position. He thinks to be true to what we told the people what we were going to do where we increased their property taxes by \$.01 and since the money is now available Council should consider funding at

least one of those positions. He agrees with Councilwoman Hill-Lawrence on that.

Mr. Stimatz said the question that he has is we don't have to raise taxes because we have that \$.01 available. Secondly those were for firefighters not fire inspectors. Third the Fire Inspection Program has decreased in size because we are no longer doing the County. So he doesn't understand why we need another fire inspector. He will wait to hear the Manager's recommendation.

Councilwoman Baker said in the increase that we had last year was that not one of three to fund the nine firefighters.

Mr. Stimatz responded by saying correct. Technically we were going to have another cent this year and another cent next year and we would have been able to pick up the full amount when the grant ran out.

Mr. Olson stated that the grant is dead and we didn't get any money.

Chief Mackey said last year this Council took action that past councils have failed to take for many, many years. This city has historically failed to support and maintain its infrastructure and its assets. When he talks about assets he is talking about human assets and that is the employees. We came before Council last year and in details showed that we were short firefighters in this city and had been for fifteen almost twenty years. In support of that we had applied for a federal grant and most of you already know we received grant certification but because of changes in policy we did not receive the federal funding. He thinks that the ideal of many people on the council was that if we didn't get the grant then we didn't get the money. But, the thing is it wasn't just the grant. The grant gave us a head start. The grant funding would have been for two years from the federal government. That is all it would have done. It would have given us two year head start in hiring those employees. This Council, not another Council, because council members said, we are not going to put this on another council in the future. We are going to do this and we are going to put the funding in place for those firefighters. So, you took action last year in the budget session to propose a \$.01 increase for firefighters, a \$.01 increase this year and a \$.01 increase next year in support of those positions. In the end it is what this Council does in support of those firefighters. Mr. Olson has said time and time again that it is very important that it is not just hiring them it is the ability to maintain those positions in the future. That was the main thing in that. In talking about the need for our fire inspector position when the County dropped out last year in the fire protection program it took a major portion of our funding. We took a 40% hit in staffing in the Fire Inspection Division. The thing about it is that the Fire Inspection Program the numbers that they base our workload on was ten to eleven years old at the time this process took place last

year. We were basing our staffing on projections of work load ten to eleven years old. Over those ten to eleven years inside the City we have had phenomenal growth in businesses that more than brought us up to the same level of the workload that was in place ten to eleven years ago. We still have the same workload for those positions that we had in fire prevention. We have some exceptionally people and they were doing an outstanding job that he considers was above and beyond on what they were actually getting paid for from the County. It comes to the case that we had five people in staff in the Fire Prevention Division and we now have three, but the workload is still the same that we predicated that staffing up on five people. Yes, we could use that additional person to help us with our future staffing. It goes back to the same thing of maintaining the ability to pay for those folks in the future.

Mayor McLean stated that we did tell the public that we were going to raise their taxes to support firefighters or fire personnel and we didn't do that. What is our position now? Do we give the \$.01 back or do we hire additional personnel as promised?

It was the consensus that this item be brought before the Finance Committee at their next meeting with a recommendation coming back to full Council.

3} ADJOURNMENT:

There being no further business to come before the Council at this time, Mayor McLean entertained a motion for adjournment.

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

Mayor McLean adjourned the meeting at 7:51 p.m.

Dianne S. Pierce-Tamplen
City Clerk

Roger A. McLean
Mayor