

**MONDAY-5:30 P.M.**

**JUNE 9, 2008**

**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 S. S. Atkinson presiding. Those members of Council that were present were: J. M. Baker, D. B. Evans, L. A. Hummer, R. E. King, B. S. Meggs, E. K. Rivers, J. A. Stimatz and V. C. Watts. Staff members present were: City Manager R. C. Olson, City Clerk D. S. Pierce-Tamplen, Finance Director S. E. Blanchard, Parks and Recreation Director J. D. Overman, Inspections Director S. E. Ward, Human Resource Director K. W. Felton, Fire Chief W. C. Pritchard, Public Utilities Director P. A. Fredette, Police Chief C. E. Crudup, Planning Director J. C. Brooks and Electric Superintendent K. F. Clow.

Mayor S. S. Atkinson opened the meeting and welcomed those attending. He called upon Councilwoman V. C. Watts for the invocation after which he led the Pledge of Allegiance to the Flag of the United States of America.

**1} APPROVAL OF THE AGENDA:**

Mayor Atkinson called for the pleasure of the Council regarding the prepared agenda.

***A motion was made by Mayor Pro Tem J. M. Baker, seconded by Councilwoman B. S. Meggs to approve the agenda as presented. Those voting in favor of the motion were: Baker, Meggs, Evans, Hummer, King, Rivers, Stimatz and Watts. Against: None. Motion carried.***

**2} Review of Outstanding Issues from Budget Work Session of June 2, 2008:**

Mayor Atkinson called upon City Manager R. C. Olson for comments.

Mr. Olson reviewed the outstanding issues from the June 2, 2008 Budget Work Session. He went over the budget process so that Council will understand the urgency of us trying to get together on a final budget. The budget that we have been discussing is the City Manager's budget. To date we have not gotten any concrete direction from the City Council on which way we should be going in a lot of different areas associated with the budget. At 7:30 tonight we will be having our public hearing that we are by State Law required to hold. We will not have the budget ordinance to you until the June 23<sup>rd</sup> Council meeting. The

Budget Ordinance is a three or four page document that includes approximately fifteen or sixteen paragraphs which goes into detail besides just the expenditures you see. The reason he is saying this is that we have a little bit of urgency tonight to reach some sort of consensus on a number of different issues so staff can get started on the final budget ordinance.

The first slide he presented was the City Manager's balanced budget that he presented to Council. It included a \$.01 tax increase. During the last budget work session, the City Council voted to raise the tax increase to \$.04. The reason being for that included the action that the County Commissioners are looking at raising their's 5 to 6 cents and a fear of losing sales tax revenue not just this year but in subsequent years. With that in mind you will see that the City Manager's budget would need to be increased by roughly \$360,000. There are a number of different safety initiatives that we had taken out of the budget because we were unaware that the Council would want to raise their budget to that extent. He stated that the following are items deleted from the City Manager's recommended budget:

City Council COLA	\$ 2,731.00
Garage Truck	4,367.00
Stump Grinder	10,000.00
Contingency	30,000.00
Elevator	125,000.00
Two in-car cameras	10,240.00
Fire Pumper match	<u>43,500.00</u>
TOTAL	\$225,838.00

He asked if he could get some kind of consensus whether or not there is any kind of reasoning why we cannot delete these items from the City Manager's recommended budget.

Councilman E. K. Rivers expressed his problem with the deletions is that the Manager presented a balanced budget that includes a one cents tax increase. Now we are going with a four cents tax increase and he is not for the contingency being deleted because if we are increasing the taxes then the level of what we need to do with the homeless shelter and other non-profits should be included and not deleted. Since the increase in taxes how much do we have in the budget to spend?

Mr. Olson stated that his budget reflected \$50,000 in council contingency fund to fund non-profits. During several other work sessions it has been voted to reduce that contingency to \$20,000.

Councilwoman L. A. Hummer spoke regarding one of the items under the deletions is the elevator and that is because the elevator is going to be paid outright rather than an installment purchase or is that completely out.

Mr. Olson replied that the elevator is going to be paid out of the current year's budget and not out of next year's budget.

Ms. Hummer asked to continue and asked that the \$.04 was voted on to increase taxes we then got a memo from Mr. Olson saying that the County Manager said that the lost revenue would not take place this year but next year. She doesn't think the public knows about that yet. She can't sit here and agree to \$.04 tax increase when we really don't have to do it this year. She knows the last statement on the memo was we would be delaying the pain for a period of one year but there is enough pain to go around this year for citizens who if we increase taxes by four cents and the County by five cents that is a total of nine cents for city taxpayers plus the 10% increase in electric rates. Gas has gone to \$4.00, milk is almost that and food is going up all the time. She is constantly hearing that it is time to move the City forward and she is in total agreement to that but she wants someone to show her in this four cents tax increase where we are going to be able to move forward as far as fixing our failing sewer lines, our streets and things that we talk about all the time that need to be fixed. What about the surplus from this four cents tax increase. She has a lot of questions but she doesn't see how we can sit here with the Country in economic condition that we are in and it certainly does impact Elizabeth City or at least it does for the people that she represents. She represents a lot of people that right now can't pay their utility bills and we are going to tack on another 10%. You can't do it all in one year. Why is there such desperation to raise taxes?

Mr. Olson stated that what you see here is basically the action that City Council took at the last budget meeting. What we have done is to modify the budget to reflect that policy decision that Council has made.

Ms. Hummer said that you get paid to offer us your opinion and you came to us with a \$.01 tax increase and now we are way out here with four cents. We have taken some things out and now we are going to put some back in. No one knows what they are doing at this point.

Mr. Olson advise that if we don't have the \$.04 tax increase this year we will be looking at a \$.03 increase next year just because of the lost of revenues plus the way the installment purchases are stacking up now. There will be a substantial increase during next budget.

Ms. Hummer said that she still thinks it would be better to deal with it next year and hopefully the economy will be better. We are going to put people in

bankruptcy and she thinks that we need to really think about what we are doing tonight.

Councilwoman V. C. Watts said that she called Mr. Olson earlier today to see if he could get another alternative to the tax increase and she asked if there were some figures that you could bring before Council tonight regarding a one hour a week drop in the decrease in the employment. If somebody works forty hours a week they would be paid for thirty-nine or eighteen hours they would be paid for seventeen or something like that. She agrees with Mr. Rivers with the increase to \$.04 why wouldn't that wash out the deletions that you have here in place. Ms. Hummer hit it on the head where these ideals that she is assuming that you bring different ideas to the Council so we can make decisions based on that. She doesn't have anything here but a tax increase. She sees nothing that Mr. Stimatz has offered. She has nothing that Ms. Hummer has offered. And, she doesn't see anything that she has ever offered. As a choice to pick from whether they are good or bad they may be all bad ideas but we haven't really discussed them or talked about them. Is this the only way that you are presenting to Council that we have to increase taxes. There is no other alternative.

Mr. Olson replied that what he is telling Council is that Council took direction at your last meeting that you wanted a \$.04 tax increase. That is what is reflected in what he has done here. He has taken the direction of the City Council and has proposed something that basically the majority of the members of City Council had agreed too. He realizes that there are some issues among members of Council. The problem is without clear direction from the Council he can't give any alternatives. He is being frank with Council right now. We have spent a total of fourteen hours in budget meetings. We presented a variety of different issues. We are working very hard in taking that \$.01 tax increase out of the budget and we were very close to getting that and at the direction of the City Council they wanted to increase that to \$.04 which added basically \$480,000 back into the budget. Let him also state that there is a number of very worthy projects that never made it to the City Council because we did not have the money. Even with the one cents tax increase. The public safety software reporting system, the fire exhaust system and the fire department paging system are all very good projects that were basically were cut out in the last cut when he met with the department directors. We go through a series of cuts. We started with \$3.5 million out of budget when we started. We start cutting and cutting and there is a number of worthy projects that fell through the wayside. The other issue is that we had the Mayor's Task Force that wanted us to spend a considerable amount of money on public safety related items. He believes the puff up in the police department's budget was roughly \$455,000. Their recommendation was \$837,000. We are struggling from staff's position because we are not getting any clear direction from the City Council on which way you want to go. The only thing that he would ask from you tonight is to give us clear

directions. We don't care whether it is a zero increase, a \$.04 increase as we just need clear direction tonight so that we can get the budget ordinance prepared because we are required to have that adopted by June 30<sup>th</sup>.

Every year that he has been here we have always done installment purchase on obtaining police vehicles which is not the way that it should be done. We should be paying cash for those police cruisers because we know every year that is what we are going to be doing. The price has gone up this year because they are fully equipped. If we can avoid doing installment purchases we should do that because we are just passing that debt along to next year. We should reserve our debt to larger purchase items like those pieces of equipment that are over \$200,000 a piece. The five surveillance cameras that were not in the Manager's budget was a plus up by the Council. The four police cars were installment purchase. We are recommending that you pay cash. The OSSI Software wasn't included. Of course the 911 increase, the animal control increases are numbers that we just got. The sidewalk work throughout the City he added. The intern is something that has been discussed. The GASB 35 Actuary is something that has to be done under GASB next year. The facilities needs study is an item that he thought the council had agreed too. The additional fire exhaust system we had one put in the budget for Station #1 and the one for Station #2 was cut out of the budget because of the lack of money. The two in-car cameras were previously deleted and were added back in. The fires department paging system is an installment purchase. He has no problem recommending to the council any of these items that he has just reviewed. If you want to do it a different way and if you believe that we should continue to purchase our four police cars or if we should do installment purchase on the surveillance cameras or if you want to cut out the sidewalks, that is your prerogative as policy makers to do that. The employee COLA is the 4.1% that was included in the manager's budget.

***A motion was made by Councilman J. A. Stimatz that we accept the list of items deleted from the City Manager's Recommended Budget as presented tonight. Mayor Pro Tem J. M. Baker seconded the motion.***

Mayor Pro Tem Baker asked to say that of all these numbers that have been taken out and numbers that have been put back in are a lot that weren't included in the original budget. There are more projects that are still sitting waiting to be included in some department heads budget that they would like to move this city forward. Nobody likes an increase including herself but if we don't do it now who knows what it is going to look like next year. We can make this progress this year and we know we will have that \$.04 in it next year and we can continue to make some progress. We have already voted for it.

Mr. Rivers said that he is once again where he started off in the beginning. We are deleting things that came prior to the increase. If the increase is already there the one thing that he has never enjoyed doing is rushing through when you are getting ready to take money from some place else. We all sit around the table and make cuts. Why are we deleting items that came before us at the very beginning? We cut those based off trying to get rid of a \$.01 tax increase and now we are talking about deleting. Every year he has always fought for non-profits. This year we were trying to cut and he said no problem if we are going to cut he would be the first one to work with the council. Give up something that he always fights for. He had no problem when we cut them. Now why are we taking contingency and he knows that we voted on it before but at the same time it is now lumped into a group instead of being individualized. He can't by no means cut something when we are not trying to cut when we are actually going into a larger budget. He is wondering why we are still cutting after we have found additional revenue. Some of these things he thinks need to stay. He has more projects if we are talking about \$360,000 that has been added to the budget he thinks we should add projects such as Oak Grove, Roanoke Avenue and other streets. We have now found \$360,000 and then he hears things to be added to the budget and he doesn't see needs for the people that affecting their life such as how they travel up and down Roanoke Avenue and how in Oak Grove they have no streets and people can't get to their lots. Those are the types of things that need to be added into this budget.

Mayor Atkinson asked Mr. King as a member of the Mayor's Task Force the items that were presented were prioritized in order that they felt like they were needed.

Mr. King said that this Task Force was represented by all four wards. The first thing that they came up with was the surveillance cameras. The things that they wanted are on this list. Our police department is living in the 19<sup>th</sup> century and we need to move up to the 21<sup>st</sup> century. Until we start investing money into the things that these officers need we will always stay behind. This is what the public wants and it is not what Rickey King wants.

Ms. Hummer said at the last budget meeting she was in the middle of offering a number of cuts and she had gotten down to about \$38,000 and that was totally disregarded and that is what Ms Watt trying to say. Not everyone's voice has been heard. We haven't had enough budget meetings as we got a late start. A motion was made in the process of some of us trying to make cuts to raise taxes quite a bit. Some of us might feel that we are left out of the process. She thought last year when we had a revenue neutral budget that we were going to run into this because there is some way that you have to get the tax rate back up to what it was. She will say it again you can't place too much burden on the taxpayers this year. We have serious problems across the country and she has

to think about that. She has to live with herself also. In doing this we are not doing some of the things that our citizens feel are priorities.

Councilman Stimatz said the point is to take these out at this time. It does not mean that you can't go back and visit the non-profit issue later on. The reality of raising taxes is that we have not; we have not raised taxes in ten years to keep pace with the City's operations. We only had two tax increases 2005 to pay for debt from infrastructure and last year we passed a \$.01 increase to pay for new initiatives to hire two officers and the surveillance cameras. Those are the only two tax increases of property taxes in ten years. He thinks that we are desperate to pass it and he thinks that we are long over due to have one. Last year there was an additional pay raise pushed through this body that cost us at least \$360 to \$400,000. There was no tax increase to pay for that which means it had to be absorbed somewhere in the budget. We have lost all the buying power of ten years and we threw away \$360,000 last year and thirdly we have a crime task which all of our people participated in and trust him his crime watch has been telling him that they want more police protection that has new initiatives to the order of \$800,000. So, just for the pay raise last year and the \$800,000 you are over a million dollars we should be making up somehow in our budget a million dollars at a \$120,000 cent is about a \$.08 raise in taxes. That is what we should be raising just to get us back to even par on our ability to provide services. We are not even doing that. The \$.04 doesn't even pay for the \$800,000 in new police initiatives. The point being and we sit here talking about these big things and that we can save this money or not, we haven't spent anything in this City. We have been living off of two things. Growth and increased sales tax. They aren't there. The County found that out this year. They had to go in and raise their rates. These are huge issues. We have been living on the fat of the land and now the fats are all worn out. Guys we are at the bone. So the question is what we have to do. He understands that, we have not raised taxes in ten years to pay for city operations. That is a huge loss in buying power. So to ignore that is in his mind is not rational. But that's a different story. In terms of this motion that is on the floor we can take them off for now and if you want to revisit one later we can. It is not a big deal.

Councilwoman Watts asked the Manager that in his best estimate and Ms. Sarah's if every employee gave one hour a week in your rough estimate how much would that be a year.

Mr. Olson replied that the information is a little more complicated than that because we have a number of city employees that are salaried employees. They are not based on an hourly wage. He thinks that it would be roughly \$100,000.

Mayor Atkinson said excuse me Ms. Watts but we are in the middle of vote and he thinks that it is a great question and he thinks what we can do with that

question is wait until after the vote on the motion. Otherwise we would have to go back and rework this whole thing. We are not voting on the entire budget tonight. He called for a vote on the motion to approve the items to be deleted to the Manager’s recommended budget.

***Those voting in favor of the motion were: Stimatz, Baker, Evans, Meggs and King. Against: Hummer, Rivers and Watts. Motion carried.***

Mr. Olson stated that the following items that are those items that are possibly added to the Manager’s recommended budget.

Five surveillance cameras	\$ 44,360.00
Four police cars (net cash)	134,443.00
OSSI Software	253,700.00
County 911 increase	46,378.00
Animal Control increase	20,390.00
Sidewalk work throughout City	14,114.00
Intern (net)	26,500.00
GASB 35 Actuary (net)	3,500.00
Facilities Study (General Fund Share)	19,333.00
Additional fire exhaust system	43,000.00
Two in-car cameras	10,240.00
Fire Department paging system	<u>26,400.00</u>
TOTAL	\$642,468.00
Increased Aircraft Taxes	-\$18,000.00
One Powell Bill Employee	-\$38,630.00
The \$.04 tax increase would be a net of:	\$360,000.00

Councilman Rivers said that if he could add definitely and he understands that the Police Task Force is represented. He is not questioning that. He also thinks that we need to add if there is an increase in the revenue he would like for some of the neighborhoods to receive some of those. All of the City rides down Roanoke Avenue and we use to put funds into Roanoke Avenue for the drainage project. Then two years ago we use to give \$20,000 to Oak Grove to improve the roads. He knows that we cannot fund all of that at one time. To the City Manager’s Recommended Budget he would like to add at least \$30,000 for Roanoke Avenue and \$20,000 for Oak Grove.

Mr. Olson replied that Roanoke Avenue has already been let by NCDOT. That is a state road so that particular project is supposed to be done by December 15<sup>th</sup> of this year. Unfortunately the way NCDOT lets their project is they give them a very window to do the project by. He is not sure who the low bidder on that.



The Public Works Director has asked them to do a number of borings and core samples to see if that should be an overlay or a full depth reconstruction of the roadway. That project is going to be done this year. Oak Grove we do have money into the Stormwater utility fund to pay for storm water improvements in the Oak Grove area. There is nothing in the budget that goes to improve any unimproved roads within the Oak Grove area.

Mr. Rivers said that is why he is asking to add the money. If there is going to be a street put back there to those lots where people own then we have to put funds. With Roanoke Avenue then it is not need to put that in the budget. He would like to add \$20,000 to a Capital Reserve for Oak Grove to the City Manager's budget.

Mr. Olson asked to explain what the problem is with that improvement of Oak Grove. Under the City's UDO the property owners within that area are responsible for putting in the streets. So you are changing basically a certain policy that has been in effect that could have serious affects on the City in the long run. Those areas are unincorporated and if you put in a new subdivision right now in Elizabeth City you the property owner or the developer would be responsible for putting curb, guttering and the streets. That is not occurring right now within that area. You are basically establishing a policy which he believes needs to be debated at great length. There is no problem putting an item in the budget with the understanding that the policy needs to be debated and defined.

Mr. Rivers said that we just finished a year and a half ago we went in and had an ordinance adopted that all city streets were to be paved.

Mr. Olson said that those are not city streets and that is the issue.

Mr. Rivers said that is the issue because we know that DOT is not going to run streets back there and it is an issue between the State and the City who owns what. Let's lay it on the table. At some point in time we have houses or a house that is back there that has no paved road. A motion was made to pave all city streets. The residents once again are getting caught between the City and the State. He wants the \$20,000 designated as capital improvement for Oak Grove. We need to start someplace.

Mr. Olson reminded Mr. Rivers that the easiest solution is to assess all the property owners and have them pay their prorated share for the streets because you are adding to the value of their property. The road way is adequate for fire protection but we will not allow any more type of development back in that area until the road issue is taken care of.

Mr. Stimatz said that he thinks that Mr. Olson makes a good point for us. This is a major policy issue that has been in place for some time. As far as he knows there are no on-going discussions with DOT concerning these roads. This issue was closed as far as he knows. You are talking about pouring hundreds of thousands dollars on the road that we don't get money to maintain. His understanding is that the citizens out there feel they have a complaint against the City because the streets were not returned to at least the condition they were in before we put in the water and sewer. He knows that is one of the issues. Mr. Rivers's characterization of the fact that we cannot provide fire protection is rather overstated. Just because you can't get fire trucks back there does not mean that you can't fight a fire. There are fire hydrants back there and there is water pressure back there so you can fight the fire by hand. He does not think that we are denying anyone anything. As Mr. Olson pointed out we are talking about a major change in city policy and the potential of opening up any development where the developer hasn't put the roads in and he will be coming to us and say, well gee you did it for that street and now you have to do it all these streets. You are talking hundreds of thousands of dollars. City Code does not allow it and you would have to change the city ordinances and do something that doesn't make sense to consent to something that the developer didn't do and the owners unfortunately when they bought the property didn't make sure it was being done. If they are city streets then we could use Power Funds to fix them. So why would we take money out of the General Fund for something that the Power Fund monies could be used.

Mr. Rivers said that he asked that the \$20,000 be added so how do you want to take care of that.

Mr. Olson said that we could put the \$20,000 in and it is a policy decision and you can't spend it until the City Council formulates a policy that allows you to spend it. Or, you could put it in there as a placement but nothing will be spent out of that \$20,000 until the City Council basically takes the appropriate policy direction.

Mr. Rivers said the \$20,000 would be put in the capital reserve account. He did not earmark it specifically for streets.

Mr. Olson said all the other issues in the Oak Grove area should be taken care of under the Storm Water Utility tax. That project hopefully will be taken care of within the next forty-five or sixty days.

Mayor Atkinson said that he thinks that he is hearing that we can add the \$20,000 and call it a placement for Oak Grove and then Council will have to develop a policy that addresses those issues at a later date.

Mr. Olson said that any improvements in Oak Grove will be brought back to the City Council for approval. That is what we do under any of our capital construction.

Mayor Atkinson said that he will entertain a motion to add this \$20,000 to the add on to the Manager's Recommended Budget.

***A motion was made by Councilman E. K. Rivers' seconded by Councilman R. E. King to add \$20,000 to the list of additions to the Manager's Recommended Budget and ear mark it for Oak Grove.***

Ms. Watts asked if Oak Grove was in the City limits or is it a whole entire subdivision in the County.

Mr. Olson replied that Oak Grove was in the corporate limits of the City. Both the improved and unimproved sections of Oak Grove. There is a big difference there technically and legally.

Ms. Watts said then she guesses she is going to need you to talk with her a little bit more about it if you don't mind adding that to our talk list. She would like to find out why aren't we taking care of the streets and what is the problem with that 1,000 feet.

Mr. Olson said that he would be happy to discuss that but the City Code and it is considered what we call a paper street and we have many miles of paper streets here in Elizabeth City and there is a section of the Code which he will be happy to provide you that basically says that if you want to improve paper streets the adjacent property owners are responsible for doing the improvements. That is what our Code says right now. Based on the existing City Code we would be barred from doing any type of improvements right now. There is a difference between private driveways and paper streets. This has been researched by city staff and we have provided some of our citizens advocates a lot of information concerning that.

Mayor Atkinson called for a vote on the motion on the floor.

***Those voting in favor of the motion were: Rivers, King, Evans, Hummer, Meggs and Watts. Against: Baker and Stimatz. Motion carried.***

Mayor Atkinson said now he is going to ask for a motion to approve the list of items that the Manager is recommending to be added to the Budget.

Mr. Olson asked if we could take from the list sidewalk improvements of \$14,224 and that would get us pretty close to where we need to be. What you have here is a balanced budget so if you add you have to take something away. If we get it close we can make it work.

Mayor Atkinson asked if he could make it work without taking that \$14,000 out. He will entertain a motion.

Mr. Stimatz said that he has a different motion.

***A motion was made by Councilman J. A. Stimatz to reduce the COLA to zero in the budget freeing up \$350,000 which would change the dynamics on what we are going to add to this budget. Mayor Pro Tem J. M. Baker seconded the motion.***

Ms. Watts asked if he was talking about the employee COLA – all of it. She thinks her idea was better.

Mr. Rivers said that he couldn't vote for that motion. That frees up \$350,000. If we free up \$350,000 are we not going to give a tax increase. It seems the best thing for the employees would have been for them to get them advocacy group that would have been represented by four wards and let them meet and then they would come before us. He believes if he would have a meeting tomorrow that he would get four wards that would come forward and say that they believe that the employees do a great job. He can't by no means go and cut our employees COLA when we are going to raise their taxes, raise their electric rates, gas has already been raised, food is going up and we are going through a very tight time and if anything we need to give them and continue to show them our appreciation. We do not want them to get left behind when other places are giving a COLA. We have employees now that are struggling to pay their electric bills. We have 300 employees. We can't do that. We are raising taxes but we are going to give our employees the means to be able to pay for it. He refuses to cut our employees because they are the backbone. They make us look good. He thinks that we need to keep it the way it was. He has no problem making sure our employees are looked out for as they will continue to do the jobs that we asked them to do in all types of weather.

Mr. King said he agrees with Councilman Rivers. He was an employee for this City for a while and he knows what it has been like when we didn't get a COLA and it is hard. He is a firm believer that the employees of this City makes this Council look good. If we could give them a 5% COLA he wishes we could because they are the backbone of this City. This Council sits here and makes policies but they are the ones that carry them out. He is in favor of keeping the COLA in.

Mayor Pro Tem Baker said she would love to, everybody would love to have a raise and everybody would love to have more money or make more money. We would like to have more tax revenue. Capital Reserve if we don't have a lot of areas that we need capital reserve then she is thinking wrong. Just to put a capital reserve account in one place in one ward doesn't make any sense to her at all. If we are going to cut employee COLA's and we don't have to cut the whole thing, maybe cut it in half and maybe some other thing. The employees get a lot of other things besides just straight salary and a lot of people know that. There are many areas that we could use capital reserve accounts in that we do not have them right now. Every Ward has got some things or a whole list of things that need more money than we can budget in one year so we need to save up for those things. Whether it is street lighting—name it, she can't even get it in her head, but certainly improve areas in every ward that we could use in the capital reserve account. It has got to come from somewhere and she just thinks that everybody has got to give. The Council's COLA is cut out and she doesn't have a problem with it. Everybody has got to tighten their belts throughout the whole country.

Mr. Stimatz said the he would like to explain his motion that everybody doesn't like. Last year the budget included a 2% COLA. A portion of Council decided that everybody deserved a \$1500 raise in addition to the 2% COLA, so last year we gave anywhere from a 6-10% raise to every City employee. That was last year. The CPI wasn't even close to that. The Social Security COLA wasn't even close to that. The recommended amount from the Manager wasn't even close to that. But, we gave it out. Not only did we give it out, we failed to raise taxes to pay for that pay raise. We failed to raise taxes to pay for that pay raise. He will say it one more time. We failed to raise taxes to pay for that pay raise. It was an election year and it looked good, oh I can give all the City employees a pay raise without raising taxes. It is magic. And it has been going on for a long time. Secondly, when you add a 4.1% cost of living allowance to last year's action, the result is a 10-14% pay raise for every employee for the last two years. Who has gotten a 10-14% pay raise in the last two years or in some cases three or four years? Not many people and I will tell you I have got constituents just going crazy on this issue and there are people that he knows. Just read the paper. Let's add another factor. Beside their base salary, city employees will also get a 1% holiday bonus. \$100 for every year of employment for longevity. Every employee gets full medical, dental and visions insurance and that is about a \$5,000 benefit. Five to ten thousand dollar life insurance coverage. A 6% contribution to their State Retirement Fund and a 5% contribution to their 401k. That is an 11% contribution to their total retirement in addition to their pay. They also get 10 or more paid vacation days a year. That is a pretty good package. He had a person to come to him today and let him know that he has done the research on government employees in Pasquotank County make \$10 to

\$12,000 more than anybody else in the County. They are the best paid employees in the County. When we looked at this last year, Mr. Olson came back to us and said we have done a pay comparability, we have looked at all the surrounding jurisdictions and we are comparable in pay with them. Not only that an issue was are we paying people enough so that they are not on poverty. But it turns out we are. What is the minimum salary that we have? \$23,000 ok which is well above the poverty level for a single person in the United States. We are paying good wages and great benefits incredible good benefits to our employees already. If we did not give a COLA this year then they would still receive a 6-10% pay raise over two years which is exactly what the CPI, Consumer Price Index was. It was 2% last year and it is 4.1% this year and that is 6.1% so the most senior people got at least a 6% raise and the junior people got at least a 10% raise. So, we already paid the Consumer Price Index bill. Excuse me, we haven't paid the bill. We forked over the money. We haven't paid the bill. That is why we need to raise the taxes so that we can afford to do that because that \$360,000 last year or more came from somewhere. It came from not replacing vehicles. It came from not-buying an exhaust system to get the carbon monoxide out of the fire station when the trucks are in there. It came from not funding MDTA's in the police cars. It came from not funding in-car cameras. It came from not funding surveillance cameras. Lots of things that people say that they want. We think that it is all just supposed to magically appear and the money is supposed to happen just because we say it will. That is why when you look at the 4.1% cost of living allowance for this year, I say that they have already got it. They got it last year. They got it a year early. And, we still haven't paid for it. We are paying them but the City hasn't paid for it. Or we are paying in a different way robbing Peter to pay Paul. That is why and trusts him he went through all kinds of sencineros-1%, 1.1%, 2.1%, 2.5%, 3.0% and he finally looked and said wait a minute. We already gave them the consumer price index recommended pay increase last year. Not only that, nobody else around here is giving more and he got this data from Rich. The average for some hundred counties around here is 3.05%. It is a pretty tight average. It is not like some people are way over 3.5% they aren't. So, what he is proposing to you is that we acknowledge the fact we gave them this raise last year and don't compound it. Take that money as Ms. Baker has pointed out and as many of us has talked about he means things that we would like to do. Things that we need to do when your average age of your vehicles-40% of our vehicles are over fifteen years of age. 30% of our vehicles have more than 130,000 miles on them. We see it all the time. Our policemen have to ride; you know half the police vehicles have more than 140,000 miles on it. We want our policemen to feel pride in being a policeman here and he will defer to Mr. King on this but his understanding is that money isn't everything and riding around in a trashy police car that is all wrecked without the appropriate gear doesn't make you feel good. If we want to retain people and let them feel like they are a part of an important organization whether it is police or fire or anybody else we need

to take care of them. We need to take care of the buildings. We need to fix the leaks in the building next door so people aren't run out by the water. They don't like that. They resent it. So, he just looks at the numbers and says to himself we already paid this ahead. We paid it last year. There is no sense to pay it again.

Ms. Hummer stated that at the last budget meeting she proposed cutting out Council's hefty raise but no one responded in the affirmative to that. So it is ok for us to get a hefty raise but flip your hat at the employees and she thinks that we have addressed some police cars and things that are needed in this budget. Last year some councilmember say that "not everyone deserved the same quality of life". This year it has been stated that employees received an unnecessary raise. Gee, she wouldn't work here. The fire and police have a very dangerous job. Our electric department have a very dangerous job so maybe you need to try to ride with the police a little or the fire department but you know we keep talking about we haven't moved the City forward. Four years ago we had a 2% Fund Balance and today it is 21%. Maybe we haven't raise taxes but by July 1 it will be 30% so she thinks that we have done pretty well by not raising taxes but yet bringing the Fund Balance up. Every time we have a shortage it is taken away from the employees. We had a mass exit of police officers and that is why they got a raise last year. Then to make it fair we gave everybody a raise and yes that brought our people within their pay grade because they were not there. So now we are going to knock them back again. What does that do to their longevity? Anyway she will not support that as that is a very selfish, self-centered idea in her opinion.

Mr. Evans said not to keep beating it but he would like to say that he was in favor and am in favor of raising the taxes to \$.04. He does like the idea of cutting the COLA maybe not all of the COLA but he does also agree that the City is operating on a needs basis because there are a lot of things that the City does need. So, in order to survive those needs we have to find somewhere to have money to do that. So in order to for the City to at least tread water and keep our head above water he does agree to all of these things however as far as the COLA cutting it to zero he thinks that what we talked about before he thinks it was brought up that he forgets which one but Tony you can help him on this it was Social Security was 2.3% and he thinks that is about average. He thinks that would be agreeable to him instead of taking it completely away. He thinks that we will still be on top of the water if we cut it to 2.05%.

Mr. Olson said that we have a meeting in about five minutes and if Council will allow to just vote on the motion on the floor and we are going to have to make a decision on when we are going to reconvene.

Councilwoman Hummer said that she would like to make a substitute motion to leave the COLA at 4.1% as was in the budget because what are you going to do with the excess money.

Mr. Stimatz said excuse me Mr. Mayor, point of order. You cannot have a substitute motion that contradicts the main motion on the table.

Mr. Morgan said that is his understanding also.

Mayor Atkinson called for the vote on the motion.

***Those voting in favor of the motion were: Stimatz, Baker, Evans, and Watts. Against: Hummer, King, Meggs and Rivers.***

Mayor Atkinson said that he would be happy to vote on this issue. Mr. Olson has prepared a balanced budget including the 4.1% and he is going to move to against the motion and vote for the 4.1%.

***Mayor Atkinson voting in the negative thereby defeating the motion.***

Mayor Pro Tem Baker said that motion was to deny doing away with the COLA.

***A motion was made by Mayor Pro Tem J. M. Baker to approve the additions to the Manager's Recommended Budget with cutting the COLA in half and using the rest of that money as a capital reserve account for future buildings. Councilwoman V. C. Watts seconded the motion.***

***A motion was made by Councilman J. A. Stimatz moved to table discussion until a later meeting.***

Mayor Atkinson said we will table this until a later meeting. He adjourned the meeting at 7:00 p.m.

---

Dianne S. Pierce-Tamplen, MMC  
City Clerk

---

Stephen S. Atkinson  
Mayor