

MONDAY-7:00 P.M.

JUNE 15, 2009

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 Council members attending were: J. M. Baker, L. A. Hummer, R. E. King, B. S. Meggs, E. K. Rivers, J. A. Stimatz and V. C. Watts. D. B. Evans was absent. Staff members attending were: City Manager R. C. Olson, City Clerk D. S. Pierce-Tamplen, City Manager Intern R. A. Lyons, Deputy City Clerk V. D. White, Finance Director S. E. Blanchard, Planning Director J. C. Brooks, Human Resource Director K. W. Felton, Public Utilities Director P. A. Fredette, Police Chief C. E. Crudup, Fire Inspector B. Overman, Electrical Director K F. Clow and Parks and Recreation Superintendent B. White.

Mayor Atkinson opened the meeting and declared a quorum present. He called upon Councilwoman L. A. Hummer to give the invocation after which he led the Pledge of Allegiance to the Flag of the United States of America.

Mayor Atkinson announced the death of School Superintendent Tony Stewart and asked that everyone keep the family in their prayers.

1} APPROVAL OF THE AGENDA:

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

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

2} PUBLIC HEARING ON FISCAL YEAR 2009-2010 BUDGET:

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

Mr. Olson advised on April 15th he provided to Council a draft fiscal year 2009-2010 balanced budget as called for in the City's Charter. The Council held four budget work sessions to discuss what he included in his draft copy of the budget and several changes were made to that document. The budget which the City Council authorized to go to public hearing includes no tax increases, no fee or utility rate increases. The City's effective tax rate will remain at \$.45 per \$100 of assessed valuation. A quick review of the Budget shows that the General Fund will be \$20,399,998. The Electric Fund is \$39,333,416 and Water and Sewer is

\$7,964,775. The Stormwater Utility Fund is \$956,993. We also have interfund transfer of payments of \$2,214,085. The total budget for fiscal year 2009-2010 is \$66,441,097. As indicated earlier, the effective tax rate will remain \$.45 per \$100 assessed valuation. Our assessed valuation is \$1,381,123,059 and our collection rate is 93% and last week we sent out a memo to the Council informing you that we do have one of the lowest collection rates for a community our size in the State. The budget also reflects a MSD tax levied of \$.06 per \$100 valuation. There are no COLA or increases in staffing levels reflected in the budget ordinance. The budget calls for the continuation of a 1% Christmas bonus and the longevity bonus plan. Health Insurance coverage will continue to be with the North Carolina League of Municipalities. We will have a sewer surcharge of \$.43 per 1,000 gallons of water used. The Budget Ordinance does authorize us to roll over all those incurred costs into next year's fiscal budget. Any outstanding P.O. as of June 30, 2009 is re-appropriated to this particular budget that you are hearing tonight. That is a very brief overview the budget.

Mayor Atkinson declared the meeting into public hearing for consideration of the proposed 2009-2010 Budget. Since no one was present to speak, Mayor Atkinson declared the public hearing closed.

Councilman J. A. Stimatz said that Mr. Olson had indicated that no non-profit organization had received an ear mark. He believes we actually earmarked some funds for RCCDC. We gave them \$2300 this year and we obligated against next year's contingency fund for the balance of the \$5000.

Mr. Olson said you are right. We have \$20,000 in the budget to be appropriated to non-profits. This budget does not specifically earmark in the budget document the action the Council took last Monday night. It does allocate \$2,334.60 this year and \$2,665.40 next year for a total of \$5,000.

Mr. Stimatz said the other item is he is not prepared to commit to the Oak Grove Drainage project the entire cost of \$450,000 which will wipe out the Stormwater Utility Fund. He does not see that reflected directly in the budget anywhere. It appears it was your understanding that was what you were supposed to do but he doesn't think that we have given you clear guidance on that issue to do it.

Mr. Olson said in your budget there is a transfer to the Oak Grove Capital project to the amount of \$535,000. There is a transfer of \$160,000 to the Roanoke Capital Project Fund.

Mr. Stimatz said that the houses do not flood over there and we are planning on spending almost a half million dollars to doing he doesn't know what. That is a lot of money and in the process it wipes out the Stormwater Utility Fund. If we

need money someplace else, Knobbs Creek Drainage or Oxford Heights, Summerville or any where else in the City we are going to have no money. He thinks the last time that we discussed it there was a question about how much in Stormwater payments that subdivision paid. They paid \$2346.00 in taxes a year. That is 191 years payback. That is what that works out. That is not good fiscal management.

A motion was made by Councilman J. A. Stimatz to amend the Budget Ordinance under Stormwater Utility Fund and Retained Earnings Appropriated to decrease each by \$535,000. Mayor Pro Tem J. M. Baker seconded the motion.

Mayor Atkinson called for discussion.

Mr. Rivers said that he can't go with that motion. What will happen is we will get two or three projects to come forth and the amount of expenditure does not meet the amount that is collected from that neighborhood. It will probably always get dropped down. When this Stormwater Utility Fund was first introduced it was introduced as first being projects that had already been put in order. Roanoke Avenue being first. Then once Roanoke Avenue was projected then we would move to Oak Grove Community. That is very important because at that time when you look at the fees that are being collected. Also you have to have the whole picture. The whole picture was that was the last community that was charged for their total annexation. That rule was 75-25 where the customer paid the 75% and the City paid the 25%. They were the last ones that paid 75% of the annexation costs where the City paid only 25%. After that annexation it became 25% the citizen paid and the City paid the 75%. They bore their costs and yet we have been having those residents come before us. We have already spent money on Hobbs and UpChurch and now for us to come back in and we are saying next year or three years, etc. The key is once you take it away some other project will come forth and it might make better sense on paper and it might not but we have already promised this community that we will invest in their community. He would just ask that we leave it as it and not vote for the amendment to the budget. We are already on Step One of the project. That is one of the reasons he can't go with this motion and he asks Council to not go with this motion. He asks that you leave it earmarked for the Oak Grove Community.

Ms. Hummer asked what happens if the funds are depleted and the study that is going on with the Knobbs Creek flow in an effort to help Oxford Heights. Where do we get the money if there is something that we can do for them? Could that amount be divided? We have so many critical areas.

Ms. Watts said she wants to know since when do she have to pay enough taxes for the City to come fix her street in front of her house. Since when has any constituent had to pay enough money through taxes or otherwise for the City to do something for them. Now, we are either a City for the people by the people or we are a City to mandate things for ourselves. That is not what we are here for, Mr. Stimatz. We should be here for all people no matter what the color, no matter what the creed or religion or anything else about them. You are tired about hearing about discrimination, then stop doing things that cause discrimination. She is on the table right now, she is talking. She just wanted to let you know that the money that Mr. Rivers has stated has most certainly been on the table since 1995. These people have been asking for help with water, sewer and God knows he hasn't said anything about it Mr. Olson hasn't brought it up but they also requested sidewalks in that neighborhood. They have gotten nothing. Since 1995 they have been begging and pleading and she has been two years doing the same thing and we haven't got nothing. Mr. Stimatz made a big point the other day and he got up and said and pointed to our City Attorney unfortunately he is not here this evening, and he declared that the City Council was in charge and had complete authority. Well, she is here to tell you that is not true. We cannot have complete authority when you and she sit in Council and ask for things and we don't get them. She thinks it shows that somebody else is in charge. Mr. Stimatz is wrong once again. The City Council is not in charge when we don't have a procedure manual to put into play. We need the City Clerk's advice on that. She wrote a wonderful paper and we haven't implemented it yet and we need a procedure manual. If we don't have one the City Council can not be in authority. Somebody else is in authority. Please don't vote to put Oak Grove on the back burner once again. They are people just like you and I and they paid taxes just like you and me for how ever long since 1995 or whatever the year was. They have paid their dues over and above just like all of us. Whatever we get in our front yards or on our streets we deserve.

Ms. Baker said her only problem is spending down the entire fund. If we have another incident or something that comes up in an emergency, a real flood or a real crisis for one of our neighborhoods in whatever ward we have got to rob some other fund to pay for it. Where this work that can be done in phases. She doesn't have a problem doing what we said we would do but she does have a problem with putting all our eggs in one basket.

Mr. King said he would like to echo what Ms. Hummer said. If we go in there and deplete the fund what happens to Oxford Heights and Oxford Heights has flooded, what happens if we have no money to do anything. Oak Grove has not flooded and Oxford Heights wants sidewalks also. He knows that is a long way out of the picture but his concern is they are doing the Knobbs Creek study and if something should come up that we can save Oxford Heights from flooding again we need to have some type of money to go forth with it. Right now if we

take everything out of the fund we will have nothing. He agrees 100% that the people from Oak Grove have cried for many years for something to be done. He has no problem helping them but he does have a problem with depleting the fund. He thinks that we should do it in phases the way we did Roanoke Avenue. If we take a little at a time and say we will do something this year and something next year until we get it done.

Ms. Meggs said that she has two things. How often does it flood in Oak Grove?

Mr. Olson answered that to his knowledge there has been nothing but some very localized street flooding. It is nothing like we have in other communities. We have never had any major flooding that he is aware of.

Ms. Meggs continued by saying she has a problem and it seems like it happens real often when we do something like this it is like "poor little ole me" we don't get anything and yet we pay the taxes. She wants to tell you she doesn't know of any place that pays more taxes than where she lives and we do not have sidewalks, lights on some of the streets and have you ever heard her say that we are being discriminated against. She thinks you need to be careful of what you are accusing when you don't know the whole story.

Mr. Rivers said this fee has been earmarked for three or four years. He doesn't go into the wards situations just like he took heat when we did Roanoke Avenue first. He is not getting into a ward boundary. We earmark and say we are going into an order and we say we are going to do Roanoke Avenue first and we are going to Oak Grove second and at that point when we earmarked it he doesn't think we had had the hurricane where we had the flood to take place in Oxford Heights. Now, the key to once you set an order is to follow that order. He has heard that we are talking about depleting the fund. We knew when we first started this project that it would cost a large amount. We waited until everything came in. We have been talking about Roanoke Avenue for the eight years he has been on Council. The funds have finally accumulated where we are able to fix certain parts of the section. If we did it in phases we would be working on Roanoke Avenue a little bit and have five different projects and not being able to solve the problem. We know that Oxford Heights floods and we want to fix that area. He is not trying to make this a competition thing. We have identified two projects and let's move forward on those two. This is not going to deplete the funds because Hobbs and UpChurch still has a six months project to come back before us because we just sent them back to redo it. We are already working on this project. He is asking Council to not make this a competition thing.

Mr. Stimatz said that he is offended to be called a racist by his colleague.

Ms. Watts said let her tell you something if she called you one, she will call you one sir and let her tell you something, don't put anything in her mouth that she hasn't said. She said if you are going to do discriminating things then don't sit there and accused her of something that she hasn't done also Mr. Stimatz. Do not mention her name up here.

Mr. Stimatz said that his motives have been clear since the day he got on Council. It is about the numbers, common sense, fiscal responsibilities and he has had extensive talks with the people in Oak Grove. Mr. Rivers is right we said that we would help them but we didn't know the price tag. This is a staggering price tag to clean out the ditches. That is essentially all it does. \$450,000 to clean out the ditches and we do have an estimate it is not a guess but an estimate. He tries to work for everybody in this City so he takes offense at the implication. He will amend his motion to leave 20% of the amount that we would be moving out so that there is an earmark and that amount would be \$107,000.

Ms. Baker said that she accepts the amendment.

Councilman J. A. Stimatz amended his motion to leave 20% of the \$535,000 or \$107,000 in the Stormwater Utility Fund earmarked for Oak Grove. Mayor Pro Tem J. M. Baker accepted the amendment.

Mr. King asked how much was in the Oak Grove Contingency Fund right now.

Ms. Blanchard replied \$37,000 left in Oak Grove but that was going to be used for part of this project as well.

Mr. Rivers said that we don't have a cost from Hobbs & UpChurch as yet. If it is \$450,000 we can make motions to play politics but the question is if we put away \$150,000 come on. He wants to move forward with the projects. Let's move forward. Let's identify our plans and the third and fourth projects. Let's go and tackle the projects and move forward. If Oak Grove is the only one that has been in the plans now as he took criticism on Roanoke Avenue because he was asked why was he supporting Roanoke Avenue? He replied that they were on the list first and let's move on. Whatever it may be he is not trying to make this a competition. If it is \$450,000 do the \$450,000 if that is the plan that comes in. The funds are non-restrictive and any time Council can change and all he is saying Oak Grove right now has been set as the number two project. We are working on finishing up the number one project. The amended motion still goes with the first motion because we are still looking at a \$450,000 if Council approves the project. The one thing he recognizes is if that project comes from Hobbs & UpChurch like it did four months ago he did not like what they did, but

they did what was asked of them. We sent them back to redo it. If another project comes up that needs \$600,000 and they are still on the drawing board with Oak Grove and we have an emergency for a Summerville or Oxford Heights then let that go before. On the last hurricane flood that we had Oak Grove flooded. The pictures were sent up to Council. This was not put in the Stormwater Utility Fund just because Council played games. They have serious problems. He would say to Councilman Stimatz that dollars and cents sometime isn't the issue but the people want to have the same quality of life and they don't want the flood when we do have a hurricane and sometimes you might be right. The rate of return is not as great on some of the other areas but that stills entitles them to all of the services and what has been promised to them. He asked Councilman Stimatz to please support the \$450,000 total to put into this project and not just the \$107,000.

Mr. King asked Mr. Stimatz to accept a friendly amendment to his motion. He would ask that you amend your motion to doing one half of whatever Upchurch comes in with and we will do it in phases.

Mr. Stimatz said he doesn't think it is worth it at any price. \$450,000 for ditches is way too much for a place where the houses do not flood. He is happy with his motion as it is. If everyone wants to vote it in next week you can vote it all in next week or you cannot vote for his motion now, it is your choice. He does not think earmarking all that money and giving Rich clear direction that is where we want to go is not where we want to go. He doesn't think it is the right thing to do. He doesn't think it is the best thing for the City to spend all that money in there. He can show you pictures from the end of Colonial, Cedar and Maple where homes are inundated consistently on a heavy rain. He can show you that all the time. We would like to do them too. He can't image how long Mr. Foreman been on our case about flooding over his property. He has been paying unfair fees, etc, etc. He looks at the numbers and it doesn't make sense. His motion is his motion and if you don't like it you can vote it down. It is only a motion and it shouldn't be made personal.

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

Mayor Atkinson stated it appears that we are ready to vote for the adoption of the 2009-2010 Budget.

A motion was made by Mayor Pro Tem J. M. Baker, seconded by Councilwoman L. A. Hummer to approve the following amended Budget Ordinance for 2009-2010 Fiscal Year as presented. Those

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

**ORDINANCE # 09611
FY 2009-2010 BUDGET**

BE IT ORDAINED, by the City Council of the City of Elizabeth City, North Carolina:

SECTION I. It is estimated that the following revenues will be available for the City of Elizabeth City for the fiscal year beginning July 1, 2009 and ending June 30, 2010:

General Fund

Current Year's Property Taxes	\$ 5,874,000
Delinquent Property Taxes	239,360
Franchise Taxes	1,221,000
Powell Bill Funds	500,000
Local Option Sales Tax	2,650,000
Investment Earnings	150,000
Licenses and Permits	609,700
Sales and Services	1,540,830
Payments in Lieu of Taxes and Services	1,947,500
Other Revenue	4,226,743
Fund Balance Appropriated	330,587
Fund Balance Appropriated – Powell Bill	<u>1,110,278</u>
TOTAL GENERAL FUND REVENUES	\$20,399,998

Electric Fund

Energy Sales	\$38,150,000
Other Revenues	<u>1,183,416</u>
TOTAL ELECTRIC FUND REVENUES	\$39,333,416

Water and Sewer Fund

Water Sales	\$ 4,700,000
Sewer Sales	2,600,000
Other Revenues	<u>664,775</u>
TOTAL WATER AND SEWER FUND REVENUES	\$ 7,964,775

Stormwater Utility Fund

Residential Revenue	\$ 200,000
Commercial Revenue	185,000
Other Revenues	2,000
Retained Earnings Appropriated	<u>141,993</u>

TOTAL STORMWATER UTILITY FUND REVENUES	\$ 528,993
SUBTOTAL	\$68,227,182
LESS INTERFUND PAYMENTS	<2,214,085>
TOTAL	\$66,013,097

SECTION 2. The following amounts are hereby appropriated for the operation of the City of Elizabeth City and its activities for the fiscal year beginning July 1, 2009 and ending June 30, 2010:

General Fund

Legislative	\$ 127,975
Administrative	375,608
Finance	361,621
Tax	85,000
Legal	60,800
Planning	365,179
Public Building	249,946
Police	5,249,278
Fire	3,758,692
Fire Inspections	387,681
Inspections	396,676
Public Works	5,665,316
Parks and Recreation	2,452,018
Non-Departmental	642,043
Human Resources/Safety Liability	<u>222,165</u>
TOTAL GENERAL FUND APPROPRIATIONS	\$20,399,998

Electric Fund

Information Technologies	\$ 110,466
Warehouse and Purchasing	193,366
Non-Departmental	34,431,270
Customer Service Department	528,273
Electric Distribution	2,915,985
Energy Management	<u>1,154,056</u>
TOTAL ELECTRIC FUND APPROPRIATIONS	\$39,333,416

Water and Sewer Fund

Data Processing	\$ 101,677
Non-Departmental	2,877,229
Customer Service Department	443,079
Water Supply and Treatment	1,324,604

Wastewater Treatment	1,457,902
Water and Sewer Maintenance	<u>1,760,284</u>
TOTAL WATER AND SEWER FUND APPROPRIATIONS	\$ 7,964,775

Stormwater Utility Fund

Stormwater Utility	\$ <u>528,993</u>
TOTAL STORMWATER UTILITY FUND APPROPRIATIONS	\$ 528,993

SUBTOTAL \$68,227,182

LESS INTERFUND PAYMENTS < 2,214,085 >

TOTAL \$66,013,097

SECTION 3. There is hereby levied a tax at the rate of \$.45 per \$100 valuation of property as listed for taxes as of January 1, 2009 for the purpose of raising the revenue listed as "Current Year's Property Taxes" as set forth in the foregoing estimates of revenues and a motor vehicle fee of \$5.00 per vehicle.

The tax rate is based on an estimated total valuation of property for the purpose of taxation of \$1,381,123,059 and an estimated rate of collection of 93 percent.

SECTION 4. There is hereby levied a tax at the rate of \$.06 per \$100 valuation of property listed for taxes as of January 1, 2009 located within the Municipal Service Tax District.

SECTION 5. That an increase of 0 percent cost of living adjustment be established for City payroll.

SECTION 6. That a Christmas bonus of 1 percent be given.

SECTION 7. That a longevity bonus plan be continued.

SECTION 8. That the health insurance coverage be authorized with Municipal Insurance Trust of the North Carolina League of Municipalities.

SECTION 9. That a surcharge of \$.43/1,000 gallons of water usage be continued.

SECTION 10. The Budget Officer shall be authorized to reallocate departmental appropriations among the various expenditures within each department.

SECTION 11. Outstanding purchase orders and projects as of June 30, 2009, are hereby re-appropriated to this budget.

SECTION 12. All ordinances or parts of Ordinances in conflict herewith are hereby repealed.

ADOPTED, this 22nd day of June 2009.

Stephen S. Atkinson
Mayor

Dianne S. Pierce-Tamplen, MMC
City Clerk

3} ADJOURNMENT:

There being no further business to come before the Council at this time, Mayor Atkinson adjourned the meeting at 7:45 p.m.

Dianne S. Pierce-Tamplen, MMC
City Clerk

Stephen S. Atkinson
Mayor