

**City Council Budget Work Session
May 2, 2016**

The City Council of the City of Elizabeth City met for a budget work session on Monday, May 2, 2016 in Council Chambers, located on the 2nd floor of the Municipal Administration Building, 306 E. Colonial Avenue, Elizabeth City, NC.

MEMBERS PRESENT: Mayor Joe Peel
Councilwoman Jean Baker (*arrived at 5:32 p.m.*)
Mayor Pro Tem Anita Hummer
Councilman Michael Brooks
Councilman Rickey King
Councilman Johnnie Walton

MEMBERS ABSENT: Councilman Ray Donnelly
Councilman Tony Stimatz
Councilman Darius Horton

OTHERS PRESENT: City Manager Rich Olson
Finance Director Sarah Blanchard
Planning Director June Brooks
Police Chief Eddie Buffaloe
Electric Department Superintendent Karl Clow
Load Management Specialist Rickey Albertson
Assistant to the Manager Angela Cole
Human Resources Director Katherine Felton
Public Utilities Director Paul Fredette
Fire Chief Larry Mackey
IT Director Matthew Simpson
Inspections Director Stanley Ward
Superintendent of Recreation Michael Barclift
City Clerk Vivian White

The City Council budget work session was called to order by Mayor Joe Peel at 5:30 p.m. Mayor Peel welcomed everyone to the meeting and gave the invocation, after which he led the Pledge of Allegiance.

1. Agenda Approval:

Mayor Peel requested Council's pleasure regarding approval of the prepared agenda.

Motion was made by Mayor Pro Tem Anita Hummer, seconded by Councilman Rickey King, to approve the agenda. Those voting in favor of the motion were: Hummer, Brooks, King, and Walton. Against: None. The motion carried. (*Baker had not yet arrived.*)

2. Statement of Disclosure:

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

3. Discussion – Answers to Councilmember Questions from April 18, 2016 Budget Work Session:

Mayor Peel recognized Mr. Olson to begin the discussion with answers to Councilmember questions from the April 18, 2016 Budget Work Session.

Mr. Olson stated that he believes the City will be at the minimum 8% fund balance requirement by the end of the fiscal year.

Mr. Olson advised that the slide used for County-run departments from the last budget work session had been corrected to indicate the budgeted amount for Central Communications to be \$424,018 and for Animal Control to be \$147,688. He said that

City staff would be meeting with the County Manager to discuss a variety of communication-related issues associated with the VIPER system and the Public Safety Answering Point (PSAP) requirement under state law. He cautioned that there was a big unknown as to what the amount of the Central Communications budget would be for next fiscal year.

Mr. Olson provided an update on the new City entrance signs and reported that the item should be presented in June to the Council for bid award, with construction beginning in July.

Mr. Olson reviewed the Tax Department budget for Pasquotank County and pointed out that tax collection has been rolled into a much larger budget. He said that the budget includes personnel and operating costs, but had not included any capital outlay costs for the last two fiscal years. He noted that the department has ten employees, with four of those employees dedicated to collection-related work. Mr. Olson reported that staff had not been able to determine how many tax notices Pasquotank County mails on behalf of the City, but it is known that the City has 8,279 parcels within the municipal limits.

Mr. Olson stated that according to NCGS §160A-20.1, a third party is authorized to collect taxes on behalf of a local government. He said that there are 241 municipalities that have appointed tax collectors. He advised that he thought it was more efficient from a customer service viewpoint for the County to collect the taxes, which provides for one bill and one place of payment for citizens. Mr. Olson stated that he thought at \$120,000 per year, it was more cost effective for the County to send the tax notices, but it appeared to be getting very close to where the City may consider doing it in-house. He said that two employees would need to be hired coupled with operating expenses would equate to \$120,000. Mr. Olson requested general direction from the Council if there was a desire to do further research in this matter.

Mayor Peel asked the Councilmembers if there were concerns with the manner in which the tax collection function was currently being handled. The consensus of the Council was that they were satisfied with the current arrangement.

Mr. Olson stated that there had been questions regarding the replacement vehicle for the Planning Department. He noted that staff had researched the cost for a four cylinder vehicle; and on state contract the price would be \$25,000. He said staff had also looked at electric vehicles, but the cost would be \$2,000 more and the City had no means to recharge it.

Councilwoman Baker requested that staff provide a copy of the City vehicle matrix to the Council for review. Mr. Olson reviewed the process by which the City replaces vehicles for the Council. He stated that not only age of the vehicle is considered, but the amount of repairs required.

Mr. Olson reviewed the minimum staffing level for the Police Department. He stated that since 2005, the field operations division has been a four-squad, forty officer division. He noted that in 2012, former Chief Manley reorganized the division into two squads – north and south. He said that each squad totaled 10 officers comprised of eight officers and two sergeants. Mr. Olson advised that the minimum staffing required to effectively answer call volume is five officers including a sergeant. He noted that personnel are added if deemed necessary by the on-duty supervisor.

Mr. Olson noted that questions arose regarding surveillance cameras. He said that \$7,454 had been included in the budget to purchase two cameras. He said that the City owns 30 cameras and advised that an on-site inspection was performed on April 20, 2016 revealing that all are operational. He stated that two require replacement because of limited functionality. He noted that the City monitors seven other cameras for private entities.

Mr. Olson reviewed the present locations of the cameras. Councilman Brooks inquired why a camera has not been located on Roanoke Avenue. Mr. Olson responded that he would speak with the Chief to determine the answer. Councilman Brooks noted that

with the amount of issues taking place in that area, it would only make sense to locate a camera there. Councilmembers stressed that cameras should be located in areas where crime is highest.

Mr. Olson reviewed the budget for the Police Athletic League over the last three fiscal years and provided a breakdown of expenditures.

In response to a Councilor question regarding Camden County fire inspection activity, Mr. Olson stated that in 2013, there were 10 investigations and three inspections; in 2014 there were five investigations and 27 inspections; and in 2015 there were 15 investigations and 51 fire inspections. He noted that the City receives approximately \$37,000 annually from Camden County for this service. He stated that some inspection schedules are driven by state law.

Mr. Olson provided information regarding the Fire Department's boat, which was received through Firehouse Subs. He stated that since 2013, the boat has been used in 12 incidents. He said that five of the calls were non-Fire Department cases, with four incidents for the Elizabeth City Police Department and one for the Camden Fire Department. He stated that four calls involved search and retrieval of cadavers or capsized boaters.

Mr. Olson stated that the Fire Department is requesting \$6,000 to purchase a side scan sonar unit to be used for search and rescue. He noted that Hertford County is currently the closest jurisdiction having sonar capability.

Mr. Olson informed the Council that Pasquotank County had met to discuss the recommended Parks and Recreation Department Budget. He reviewed for the Council the requirements that both governments must follow during budget approval. He said that the County had requested that the improvement work at Fun Junktion and a new County neighborhood park be removed from the budget. These county-only projects totaled \$357,000.

Mr. Olson reviewed the several joint projects that had been proposed for the Parks and Recreation budget as follows: the ECSU Baseball Field for \$100,000; a splash pad for \$250,000; a dog park for \$20,000 and the Coast Guard Park design for \$25,000. He noted that of the total budget of \$395,000 for these projects, the County's 55% share is \$217,250. He stated that the County had objected to funding any of the joint capital construction projects. Mr. Olson pointed out that if these projects are removed from the budget, the City would free up \$177,750.

Mr. Olson stated that another concern expressed by the Council was an additional swing at Triangle Park. He stated that the total estimated cost would be \$10,000 and would be similar to the swings at Enfield Park. He said that this item has not been placed in the budget.

Mr. Olson addressed the proposed Dog Park at the SPCA location. He noted that land and site improvements would be required. He suggested that if the Council wanted to consider the Dog Park, some of the \$177,750 budget savings could be used.

Using PowerPoint slides, Mr. Olson reviewed the National Recreation and Park Association's requirements for splash pads and splash parks. Mr. Olson stated that annual costs to operate a small splash pad would be approximately \$16,800. He noted that the concrete pad would be 37 feet by 32 feet and would have an estimated cost of \$110,000. Mayor Pro Tem Hummer inquired as to the difference in price from the original budgeted \$250,000. Mr. Olson explained that the smaller pad was an option to consider since the County would not be participating in the cost. Mayor Pro Tem Hummer noted that expense could be taken from the \$177,750 budget savings.

Mayor Peel asked if staff was recommending a location for the splash pad. Mr. Olson responded that he preferred to secure the funding and then make location recommendations for a later Council decision. Councilman King stated that he recalled a prior discussion about using the site of the old Boys and Girls Club for a splash pad.

Mayor Pro Tem Hummer pointed out that there would be \$20,000 for the Dog Park and \$110,000 for the Splash Pad that could come out of the \$177,750 savings.

Mr. Olson stated that the Council had requested research on an internship program. He stated that the budget included \$16,000 for four paid interns. He said that a proposed policy is being drafted to be reviewed by the City's labor attorney.

Mr. Olson stated that the Council had asked for staff to determine if the employees would prefer a 1% COLA or a holiday bonus. He stated that an employee survey had been conducted with 180 employees responding. He noted that of those responses, 80% of the employees preferred the COLA rather than a one-time bonus.

Councilman Brooks inquired if the employees fully understood the question as it related to health insurance. Mr. Olson said that the health insurance increase was still an unknown, but he felt the employees preferred to be able to determine how to spend their money rather than being told how to spend it. He noted that 1% is 1% whether it is a COLA or a holiday bonus.

Councilman Brooks stated that until the health insurance increase is factored in the equation, he did not think the employees were informed sufficiently. Councilman Walton stated that he agreed with Councilman Brooks because the employees "may not realize what they are saying."

Mayor Peel pointed out that he thought the employees realized that in the long run a COLA meant more, because it became a part of their salary and overtime would also apply to it.

Mr. Olson stated that staff would try to provide additional information regarding the COLA/bonus matter to the City Council. Mr. Olson pointed out that the Manager's Recommended Budget did not include a COLA or a Holiday Bonus.

Mayor Peel suggested that the City Manager have a meeting with each department where the COLA/bonus issue could be discussed by using salary examples. Mr. Olson agreed that he would do that. He stated that he would also try to provide more information on the healthcare coverage increase to the employees.

4. PowerPoint Presentation of Fiscal Year 2016-2017 Recommended Budget for the Enterprise Funds – City Manager and Finance Director:

Mayor Peel inquired of the Councilors how long they wanted to continue the budget discussion. By consensus, it was decided to continue until 7:00 p.m. Mr. Olson stated that he could quickly provide an overview of the Solid Waste and Storm Water Utility Funds and would pick up the Water and Sewer and Electrical Utilities during the next budget meeting.

Mr. Olson stated that total budgeted revenue and expenses for the Solid Waste Fund were \$1,673,600. He noted that the revenue sources were from solid waste disposal, tipping fees, residential sanitation fees and the downtown sanitation fee. He pointed out that this will be the third year that the Solid Waste Fund has operated as a standalone utility. He noted that no new positions were budgeted. He stated that the major capital items were \$12,000 for mosquito control and \$122,500 for garbage cart repairs and replacement. He advised that the budget provides for purchasing 2000 additional orange recycling containers costing \$100,000. He stated that there are no fee increases included in this fund.

In reviewing the Storm Water Utility Fund, Mr. Olson noted that total revenue is projected to be \$403,120 from both residential and commercial fees. He noted that the major projects for the upcoming fiscal year are improvements to Rosebud Avenue at \$50,000, the Halstead Drainage Study at \$45,000 and the Tiber Creek Drainage Project at \$80,000. He noted that a correction had been made to the recommended budget to include the debt payment for the Roanoke Avenue Drainage Project, but since it decreased contingency, it did not affect the bottom line.

Mr. Olson began the discussion of the Water and Sewer Fund by reviewing the water production line loss. He noted that this is an area of concern for the City because the loss percentage is much higher than it should be.

Mr. Olson reviewed the current production of the Water and Wastewater Treatment Plants and provided projections for reaching plant capacity.

Mr. Olson reviewed the revenue sources of the water and sewer fund, which included \$185,000 for antenna rental, water revenue of \$4,944,000, sewer revenue of \$3,090,000, sewer service fees of \$400,000 and retained earnings of \$676,693. He pointed out that he had budgeted for a 3% increase in rates in the recommended budget. He said that staff is now recommending that the rate increase be removed because of the outcome of the lawsuit with Pasquotank County.

Mayor Peel stated that he understood that the City may not need the entire 3% rate increase, but he pointed out that with the problems the system has, the Council may wish to leave some of the increase in in order to be able to make repairs. Mr. Olson stated that the City was building the fund balance from impact fees being received from other projects. He noted there was no debt in the recommended budget.

Councilman Walton inquired how many additional customers' usage it would take to reach the maximum that the City is purchasing from the County for the Halstead Extended area. Mr. Olson stated that he could provide additional projections; but he noted that a residential structure uses about 200 gallons per day. He said that at some point it would become cheaper for the City to build a line than to continue to purchase water from Pasquotank County for that area.

5. Questions/Discussion By Councilmembers:

There were no additional questions or discussion by Councilmembers.

Mr. Olson announced that he would complete the Enterprise Funds review during the next budget meeting and bring back an update on the health insurance matter.

6. Adjournment:

There being no further business to be discussed, Mayor Peel adjourned the meeting at 7:00 p.m.

Joseph W. Peel
Mayor

Vivian D. White, CMC/NCCMC
City Clerk