The City Council of the City of Elizabeth City met in budget work session on Monday, April 16, 2018 in Council Chambers, located on the second floor of the Municipal Administration Building, 306 E. Colonial Avenue, Elizabeth City, NC.

MEMBERS PRESENT: Mayor Bettie Parker
Councilman Johnnie Walton
Councilman Billy Caudle
Councilwoman Anita Hummer
Councilman Ken Spence
Councilwoman Jeannie Young
Mayor Pro Tem Rickey King

MEMBERS ABSENT: Councilman Darius Horton
Councilman Gabriel Adkins

OTHERS PRESENT: City Manager Rich Olson
Finance Director Suzanne Tungate
Chief of Police Eddie Buffaloe
Interim Electric Superintendent Andy Pollard
Assistant City Manager Angela Cole
Human Resources Director Montique McClary
Public Utilities Assistant Director Amanda Boone
Public Utilities Assistant Director Larnetta Brothers
Parks and Recreation Director Dexter Harris
Fire Chief Corey Mercer
Interim City Clerk April Onley

The City Council budget work session was called to order by Mayor Bettie Parker at 5:30 p.m. Mayor Parker welcomed everyone to the meeting and recognized Councilman Spence to give the invocation, followed by the Pledge of Allegiance.

1. **Agenda Adjustments and Approval:**

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

Motion was made by Mayor Pro Tem King, seconded by Councilwoman Hummer, to approve the agenda with any necessary adjustments. Those voting in favor of the motion were: Spence, Walton, Caudle, King, Hummer, and Young. Against: None. Motion carried.

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. **Presentation - FY 2018-2019 Recommended Budget:**

Mayor Parker recognized City Manager Olson to lead the budget presentation. Mr. Olson began by re-familiarizing the Council with their previously adopted meeting dates, as follows:

Meeting Date	Action
March 12, 2018	Pre-budget work session **(to be held at 5:30 p.m. prior to the Regular Session)**
April 16, 2018	Present staff budget **(5:30 p.m.)**
April 30, 2018	Review General Fund **(5:30 p.m.)**
May 7, 2018	Review Enterprise Funds **(5:30 p.m.)**
May 21, 2018	Review City Council Changes **(5:30 p.m.)**

May 29, 2018	Call for a Public Hearing during Regular Session
June 11, 2018	Hold Public Hearing during Regular Session
June 25, 2018	Adopt Fiscal Year 2018-2019 Budget during Regular Session

Mr. Olson advised the Council that the budget being presented was balanced; changes would be made based on decisions from members of the Council. He stated that the cash balances in each of the funds were doing well, with the General Fund up $1,388,728; the Electric Fund up $2,144,152; the Water and Sewer Fund up $1,797,985; the Stormwater Fund up $180,001; and the Solid Waste Fund up $79,691. He pointed out that the total proposed budget was $68,383,579, which reflected an increase of less than one percent. He continued that all of the funds have either decreased or increased less than one percent, with the exception of a 16% increase in the Water and Sewer Fund; however, this was due to an "aggressive" capital improvement plan scheduled for the 2018-2019 year. There was general discussion on the Oxford Heights Bridge, with the Council urging that the replacement be a top priority.

City Manager Olson stated that there was no property tax increase proposed for the 2018-2019 fiscal year, nor was there a change in property valuation. He reminded that Council that one cent in property tax increase would generate $120,000 in revenue. He added that the motor vehicle tax was suggested to increase from $15 to $30, which would generate $150,000 in revenue; however, he reiterated that these funds could only be used for local roadway improvements. Mr. Olson advised that Health Insurance Premiums would be increasing by eight percent, which was equivalent to a 2.46% COLA for employees. Councilman Walton encouraged staff to seek other health insurance options, specifically for family plans, as he felt the one the City offered was far too expensive.

Mr. Olson briefly discussed payroll, stating that totals without a COLA or holiday bonus were: $12,113,667 for the General Fund; $2,365,220 for the Electric Fund; $2,464,062 for the Water and Sewer Fund; $33,265 for the Storm Water Fund; and $920,995 for the Solid Waste Fund. Longevity totaled $377,064, health insurance totaled $2,804,598 and 401k totaled $577,749. He continued that health insurance costs had risen from $2,509,690 to $2,804,598; liability insurance decreased from $441,104 to $440,960; and workers' compensation rose from $486,888 to $499,155. He furthered that as presented, the budget does not reflect a COLA or holiday bonus; however, it does include longevity at $125 per year of service rate. In addition, the budget included five percent 401K for all employees, even though the state only required that law enforcement officers be offered this. He noted there was also a decrease of two full time positions within the Electric Fund and one full time position added to the IT Department.

Councilwoman Young asked what was explained to new hires regarding health insurance. City Manager Olson stated that employees who retired prior to July 1996 were offered health insurance for the rest of their lives. He added that employees who were employed before July 1996 (but not yet retired) were covered by the City's health insurance until they reached the eligible Medicare age; and then the City paid for their Part D supplement. He continued that new hires sign a form declaring that they understand that they do pay a portion of their insurance now.

> **Motion was made by Councilman King, seconded by Councilman Spence to recuse himself from any discussion pertaining to retiree health insurance. Those voting in favor of the motion were: Spence, Walton, Caudle, King, Hummer and Young. Against: None. Motion carried.**

Mr. Olson stated that beginning the prior year, all City employees, including retirees after July 1996, were required to pay a portion of their health insurance. He added that a no-out-of-pocket-fee plan was also available, but the deductibles and copays were much higher. He advised that City Labor Attorney, John Leidy had prepared a detailed memo that he would distribute again.

Mr. Olson briefly listed the General Fund cost centers and their respective monetary amounts: Legislative at $143,423; Administration at $525,114; Finance at $402,730; Tax

Collection at $145,000; Legal at $68,800; Code Enforcement at $169,513; Community Development at $411,816; Public Buildings at $517,591; Police at $6,643,637; Fire at $3,792,159; Fire Inspections at $324,585; Inspections at $316,048; Public Works Administration at $56,812; GIS at $204,525; Garage at $12,420; Streets at $1,135,041; Powell Bill at $621,825; Parks and Recreation at $2,531,971; Senior Center at $267,525; Cemeteries at $54,400; Non-Departmental at $622,366; ECDI at $75,719; Human Resources at $305,690; and Information Technologies at $236,544. He listed the General Fund earmarks as $15,000 for Albemarle Hopeline; $50,452 for the Police Athletic League; $25,000 for Arts of the Albemarle; and $25,000 for the Food Bank.

Mr. Olson listed the Electric Fund breakdown for the 2018-2019 budget, including: $337,590 for Data Processing; $182,755 for Purchasing; $26,929,046 for Non-Departmental; $576,285 for Customer Service; $5,766,565 for Distribution; and $1,127,005 for Load Management. He stated that there are no rate increases proposed at this time. He noted that City utility customers have saved more than $18,000,000 since July 2015 due to savings generated from the sale of generating assets. He continued that other Electric Fund highlights include $2,250,000 for Nexgrid; $227,000 for the NorthStar Utility Billing System; the purchase of a new bucket truck; and a $260,000 allocation for weatherization. He reiterated that two full-time employee positions for tree trimming would not be filled; all services for tree trimming would be contracted out.

City Manager Olson explained the breakdown in the Water and Sewer Fund, as follows: $342,422 for Data Processing; $1,314,141 for Non-Departmental; $574,991 for Customer Service; $2,571,246 for Water Treatment; $1,771,065 for Wastewater Treatment; and $4,985,445 for Water and Sewer Maintenance. He stated the fund reflected no rate increase; however, staff had an aggressive capital improvement plan in place. He noted that $1,500,000 had been allocated for Nexgrid. In addition, all residential water meters were scheduled to be replaced over the next 24 months. He added that a window replacement project was scheduled for $335,000 and a second accelerator was planned for $192,500. He stated there was also work planned for the Wellfield site; and a wall replacement at the Wastewater Treatment Plant. He continued that another goal was to replace the two-inch lines in the “Cabbage Patch” area of the City with six or eight-inch lines. He advised the Council that four major sewer projects were planned along Shirley Street, Main Street, Burgess Street and Park Street; a total of $5,000,000 overall.

Mr. Olson stated that $547,500 was allocated to the Stormwater Fund. He anticipated that the City would receive an additional $125,000 in revenue due to the Raftelis study. $150,000 was marked for the Providence Road Bridge; and there was $140,364 was in Contingency for SWAB to prioritize. He moved on to the Solid Waste Fund, pointing out that there was $1,772,269 for the Solid Waste Fund, which reflected no increase in fees.

Mr. Olson advised that State Collected Revenue was proposed at $5,633,913, which included $1,161,270 in sales tax on electricity; $170,000 in sales tax on telecommunications; $480,000 in Powell Bill funds; $1,516,322 for one percent sales tax; $1,481,321 for one and a half percent sales tax; $625,000 for Hold Harmless; and $200,000 for ABC revenue. He listed other major revenue sources as property taxes at $7,309,557; fire protection contract with Pasquotank county at $421,833; recreation fee from Pasquotank County at $1,003,033; General Funds allocation from Enterprise Funds at $925,000; Electric at $600,000; and Water and Sewer at $250,000. He advised the Council that transfers from the Electric Fund to the General Fund in lieu of taxes remained steady at two percent. He listed debt to be issued as $354,545 in the General Fund; $2,250,000 in the Electric Fund; and $2,988,705 in the Water and Sewer Fund.

4. Questions / Discussion by Councilmembers

Councilman Walton requested that a date for a joint City-County meeting be scheduled in the near future.

Councilman Caudle commended City staff on bringing in more than $80,000 in grant funding.

5. Adjournment

There being no further business to be discussed, Mayor Parker adjourned the meeting at 7:13 p.m.

Bettie J. Parker
Mayor

April D. Onley
Interim City Clerk