

**City Council Budget Work Session
April 5, 2021**

The City Council of the City of Elizabeth City met in budget work session on Monday, April 5, 2021, in Council Chambers, located on the 2nd floor of the Municipal Administration Building, 306 E. Colonial Avenue, Elizabeth City, NC.

MEMBERS PRESENT: Mayor Bettie Parker
Councilman Kem Spence
Councilman Billy Caudle
Councilwoman Jeannie Young
Councilman Chris Ruffieux
Mayor Pro Tem Johnnie Walton
Councilman Michael Brooks
Councilman Gabriel Adkins

MEMBERS ABSENT: Councilman Darius Horton

OTHERS PRESENT: City Manager Montre' Freeman
Finance Director Evelyn Benton
Chief of Police Eddie Buffaloe
Interim Electric Superintendent Bob Vannoy
Assistant City Manager Angela Judge
Human Resources Director Montique McClary
Public Utilities Assistant Director Amanda Boone
Fire Chief Chris Carver
ECDI Director Debbie Malenfant
IT Director Matthew Simpson
City Clerk April Onley

(Clerks Notation: This meeting was conducted remotely due to the COVID-19 pandemic. Councilors met in Chambers and staff members participated remotely through Google Meet. The meeting was live streamed on Channel 11 and the City's website for the public, who were not allowed to attend the meeting.)

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 Councilwoman Young to give the invocation, followed by the Pledge of Allegiance.

1. Presentation – Manager's Recommended Budget Presentation for FY 2021-2022;

Mayor Parker turned the meeting over to City Manager Freeman to begin the discussion. Mr. Freeman introduced Finance Director Evelyn Benton and explained that she would be leading the conversation. He said throughout each work session, Mrs. Benton would help guide the Council deeper into the budget.

Mrs. Benton explained staff began working on the budget following the retreat. Each director put together their "top three" requests for their department. She noted that the cash balance in all funds is sound. Manager Freeman pointed out that he would be proposing a property tax increase of 10 cents. He stated that he didn't want to borrow from the fund balance to work on waste water capacity, which is why the proposed property tax increase was suggested.

Councilman Caudle said he read in the paper that we were getting money from the government and an increase of that amount was going to be a very tough sale on top of us getting \$5 million in funds. He asked how much was borrowed from fund balance last year to balance the budget. Mrs. Benton said she believed it was about \$500,000. Manager Freeman interjected that it would have to be increased this year. Mayor Pro Tem Walton opined that we shouldn't have to borrow anything this year because we don't yet

know what we have left over. We have another quarter to go before we come to the end, so how do we know how much we need to borrow? Mr. Freeman responded that we're looking at projections that are showing about \$500,000 and he still didn't know what the impact of COVID would be. He said the money right now is trending downward and we need to show that we're making efforts to move it upward. Mayor Pro Tem Walton stated that we needed to show what put the fund balance off and what did not hold true to how we said we would be spending our money. Manager Freeman said he would make a note of that.

Councilwoman Young asked if the manager had heard about the money from the government that Councilman Caudle mentioned. Mr. Freeman said he'd understood that \$2.5 million would be received in June of this year and the other \$2.5 million would be received 12 months later. He stated that his intention was to have the entire \$5 million of it to go toward wastewater capacity because he felt that was the most important area that should be addressed. He told the Council that we are in a position where it is urgent and important; if we go too much further, it could become catastrophic. He reiterated that yes, the money is coming, but it needs to be available for wastewater capacity and it will be in two disbursements.

Mrs. Benton continued through the funds, which totaled a little over \$67 million. She noted that the total proposed budget is increased because of the tax proposal. The increase is estimated to generate about \$8 million in revenue. She pointed out that within the general fund, there was a request for two new positions, an HR generalist and IT help desk person, for a combined total of about \$100,000 when factoring in base salary and benefits.

Manager Freeman told the Council it was important that HR get a new position because there were old policies that needed to be updated and an extra person would give them the manpower to get that done. The IT Department was a two-man department and greatly in need of help. Councilman Adkins concurred that the IT Department was in need of assistance, so he had no issue with that with that particular ask.

Mrs. Benton advised that installment purchases would likely include a fire truck, police vehicles, the gym floors at Knobbs Creek, a Harper Hawk tractor, and an additional administration fleet vehicle. Councilman Caudle asked how many police vehicles would \$312,000 replace? Mrs. Benton estimated that would likely cover five. Councilman Caudle opined that we should get out of the process of financing the cars every year. He asked why suddenly they were costing nearly \$60,000 per car now as that seemed very high. He said he believed they were only \$48,000 last year with outfitting and everything. He felt there may be a discrepancy somewhere. Councilman Adkins pointed out that it was probably because we were going to all Chargers now for police officers. He said he thought the Chargers were being bought for patrol originally, but now the people in the office were being given Chargers too. He asked if the protocol was that all police officers get them now? Are they the most affordable? Chief Buffalo explained that some go to officers who are patrol, some are office workers, some are community officers. He advised that the community policing officers are driving old Chargers that had been surplused previously. They have not been striped in order to save money. Councilman Adkins asked if the equipment costs had substantially gone up? Chief Buffalo confirmed that both the car cost itself and the equipment costs had gone up. Mayor Parker suggested we look back over several years to assess how much they have increased over a period of time to see how much it's normal for them to go up. Mayor Pro Tem Walton suggested the interest might be added into the cost. Mrs. Benton advised the interest was not reflected in the \$312,000. Mayor Pro Tem Walton stated that there are some things we can't do without, one way or the other. Councilman Caudle agreed that we need cars, but this expense was getting quite excessive. Councilman Adkins agreed.

Mrs. Benton continued with the installment purchase items. She pointed out that the gym floor was \$150,000, with a yearly payment of \$31,511. The tractor would be \$52,969 with a payment of \$11,127. The fleet vehicle would cost \$25,000 with a payment of \$5,252. Councilman Adkins said he agreed with the gym floor repair and believed that should happen sooner rather than later. He asked if there might be an old vehicle that could be utilized from police instead of buying a new fleet vehicle. Manager Freeman said he was transferring the current administration fleet vehicle over to Assistant Manager Judge.

Councilman Caudle asked if there was no insurance for the gym floor. Manager Freeman replied that he didn't know. Councilman Caudle asked if he would please check into it. Mayor Pro Tem Walton inquired if the gym floor repair was a joint project with the county – were they going to pay for some of it? Manager Freeman said he did not know. Director Clark advised that they explored the insurance angle for the floor and were not able to get any compensation.

Mrs. Benton continued that there would be a general fund capital roof replacement for the fire house costing roughly \$85,000; HVAC units at \$15,000; surveillance cameras at \$7,830; an LED sign for fire inspections at \$26,000; and a plotter scanner for GIS at \$11,000. Councilwoman Young asked Councilman Brooks if there wasn't supposed to be a whole new surveillance package in place? Councilman Brooks said yes, there was. Councilwoman Young told Chief Buffalo she was under the impression we were getting a whole new surveillance camera package. Chief Buffalo stated that last year was an upgrade. He said it was Council's "unwritten rule" that we get two new cameras each year. Last year included upfitting and strengthening the infrastructure of the system because it was several decades old and replacing some old cameras. He said since he had been here, the Council replaced two cameras each year, in addition to the one that had been requested during the last meeting. Councilwoman Young said she was under the impression we were going to add more than two. Chief Buffalo noted that we could definitely use more than two. Councilman Brooks reminded Manager Freeman that a camera was supposed to be added on the corner of Carver Street and asked him to please make sure that happened as expeditiously as possible.

Mrs. Benton pointed out the budget earmarks, including Albemarle Hopeline at \$12,500; Police Athletic League at \$50,452 and the Homeless Shelter at \$150,000, which included roughly \$48,000 from the previous year. Councilwoman Young stated that she didn't think we should be dedicating so much money to a homeless shelter. She felt that we needed to give people who were already operating a homeless shelter money, not try to operate one ourselves. Councilman Spence said we're still looking at purchasing a place for another entity to go to run the shelter.

Mrs. Benton noted that as far as earmarks, in this budget we have nothing for Arts of the Albemarle, the Food Bank or Community Support Grants. Councilman Brooks said he thought the Food Bank was important and needed to be given something, especially during the pandemic. Manager Freeman asked if he had an amount in mind. Councilman Brooks said we could talk about it later. Councilman Ruffieux asked what we had given them previously. Manager Freeman replied that the Food Bank had gotten \$3 million from another source. Councilman Brooks said he still wanted the City to give them something because there was nothing worse than not being able to eat. Councilman Adkins opined that businesses in our town are hurting and we should think about giving something to Community Support Grants to help them. Mayor Pro Tem Walton felt that federal dollars might take care of some of those problems because they would be earmarked for things like that anyway. He pointed out that we can't do everything right now. The budget is still "raw bones" for the time being. He said his primary concern was to reduce fees and do as much as we can. He noted that federal money will be there to help businesses – the City can't save everything. Councilman Caudle asked if any money went to the Food Bank from us that was not an earmark – do we do any in-kind services? Mrs. Benton replied that we let them use the Hugh Cale Center for a very nominal amount, they mostly just pay for things like alarm services, and we pay their utilities while they're there.

Mayor Pro Tem Walton added that the City and County needed to have a critical conversation about the Boys and Girls Club and attend to that before anything else in the community was addressed.

Mrs. Benton advised that jointly funded services would be central communications at \$627,033 and animal control at \$149,683.

Councilman Spence said he was looking at the two positions being sought by the Fire Department. Wouldn't it be more beneficial for the Fire Department to have a safety training officer? Manager Freeman said he was looking at restructuring and part of the restructuring would include that, but he would drill down into that more at a later time.

Councilman Caudle pointed out that nothing about the water and sewer rates had been discussed and he wanted to know if they would stay the same. Mr. Freeman replied that

they were approved to go up again this year based on the Raftelis rate study, but that would be discussed later. Councilman Caudle reiterated, “I want to know, does it include a rate hike or not?” Manager Freeman replied that it doesn’t. Councilman Caudle asked about electric. Manager Freeman responded that those weren’t raised either. Councilman Caudle noted that raising taxes is a hard sell, especially at the rate the manager wants to push. He reiterated that it’s extremely high and he worried that it’s going to hurt the property owners and the renters, and it’s a big percentage especially when the headlines in the paper say we’re getting \$5 million in federal money. He said another way to balance the budget is to cut expenses and he hadn’t seen any of that- all he’s seen is buy, buy, buy. He opined that there was a lot of work ahead of them.

Councilwoman Young said to remember City people had to pay double taxes, both City and County. She agreed that it’s going to be a hard sell. We’re in a tough position. We have lots of problems. We’re going to have to cut many things in this budget and we’re going to have to be mindful and we can’t give away a lot of stuff. We need to help people but this is not going to be the year we can do a lot of things. It’s just like your household budget – you can’t do everything if you don’t have the money. She noted there was probably no room in the budget to finish the smart water project either. She worried that we were going to find ourselves in a jam. We’re going to have to fix the nuts and bolts to move forward.

Councilman Spence said he knew there was a lot of pressure on staff and thanked them for their long hours and hard work.

Councilman Ruffieux echoed Councilman Spence’s comments and said he looked forward to working through it.

Mayor Pro Tem Walton mentioned that last year, there was a narrative that explained what each area was supposed to achieve. He said he never liked the inter-fund transfers. He noted that he didn’t mind raising property taxes. He said to get revenue, you either raise something or debt finance. He said we debt finance the things we need – it’s always better than paying out of pocket and we need to search around and see what we can do. He stated that we need to go through all the proper channels to help the quality of life and not put people right back in a pandemic.

Mayor Parker pointed out that we’re not balancing the budget under normal circumstances. We must understand that there are new norms and we have to consider that. Property taxes have always raised an eyebrow. She said her past has prepared her to understand the plight of the underserved and the marginalized, who have always been here. The relief bill is helping some, but we are in trying times. There are still factions not being reached and we have to do what we can do locally. We have to think in terms of these people and understand that we are under more constraints than in the past. We have been through a perilous time. Our essential workers have put their lives on the line for us. She asked the manager to share everything he could with the Council as often as possible.

2. Adjournment

There being no further business to be discussed, Mayor Parker adjourned the meeting at 6:58 p.m.

Bettie J. Parker
Mayor

April D. Onley
City Clerk