City Council Budget Work Session
April 7, 2025

The City Council of the City of Elizabeth City met in Budget Work Session on Monday, April 7, 2025 in Council Chambers, located on the 2nd floor of the Municipal Administration Building, 306 E. Colonial Avenue, Elizabeth City, NC.

MEMBERS PRESENT: Mayor Kirk Rivers
Mayor Pro Tem Kem Spence
Councilman Johnson Biggs
Councilman Joseph Peel
Councilman Javis Gibbs
Councilwoman Katherine Felton
Councilman Ronnie Morris
Councilman Johnnie Walton

MEMBERS ABSENT: Councilwoman Rose Whitehurst

OTHERS PRESENT: City Manager Reginald Goodson
Chief of Staff Monica Cole
Finance Director Mark DeMay
Assistant Finance Director Brian Lewis
Interim Chief of Police James Avens
Electric Superintendent Donnell White
Human Resources Director Aresta Johnson
Public Utilities Director Dwan Bell
Interim Parks and Recreation Director Stacy Williams
Fire Chief Chris Carver
ECDI Director Debbie Malenfant
IT Director Matthew Simpson
IT Systems Analyst Pedro Holley II
City Clerk April Onley

Mayor Rivers called the Budget Work Session to order at 5:30 p.m. Mayor Pro Tem Spence provided the invocation, after which Councilman Biggs led the Pledge of Allegiance.

1. **Presentation / Discussion – Manager's Recommended Budget FY 2025-2026:**

Manager Goodson reported that he and Chief Cole approached this year's budget process by first assembling a team to tackle it together. Unlike larger municipalities, Elizabeth City does not have the resources or personnel to have a year-round budget office, but we did a lot with what we had available. This year's budget process began in February instead of March, allowing the departments more time to work through their individual budgets. The budget team was able to meet with the each department multiple times. When cuts were necessary, he allowed department heads to assist with determining what should be removed. Often Administration cuts the budget, but that takes away items a department may need to function in the fiscal year. He believed that approaching cuts with the input of the department heads should lessen the number of budget amendments required throughout the year. Having fewer budget amendments is considered a positive.

Manager Goodson noted that many times at the end of City Council meetings, we find ourselves in Closed Session to discuss employee raises. We now expect that employee raises will only come forward once a year during the budget process. The HR Director has created a form and given it to each director. Directors will fill the form out, where it will be forwarded to himself and Chief Cole. They will review, modify, approve or deny, and ultimately, bring the item forward for the Council's annual raise consideration.

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Manager Goodson briefly reminded the Council of upcoming budget dates on the adopted calendar before providing a general overview on the proposed FY 2025-2026 budget.

Property tax revenues have increased yearly from 2021 on. We have not collected all of 2025 yet, but we expect to exceed 2024's revenues. Looking across the past five years, you can begin to analyze trends. Local option sales tax has increased over the last few years. This year we are at $2.2 million, but we also expect that to increase from the $4.3 million of 2024.

In 2020, the City had a fund balance of $6.8 million, which has grown to over $19 million in 2025. We expect this upward trend to continue. The available fund balance in 2022 was at 15.70%. The LGC recommends at least 25% to 46% for a municipality of our size. In 2023, we rose to 43.91%. In 2024, we hit 69.79%. We are well over the recommended range.

The General Fund budget is $31,860,864. The primary increases are capital fund needs.

Budgetary changes are listed by line item showing the amount budgeted for 2025 and the proposed amounts for 2026.

Legislative: **$195,606**. The increase is the $300 Christmas bonus for all members of Council and the Mayor.

Administration: $671,909. This total does include the cost for the NC Lead Fellow

Finance: $1,260,929. This total reflects eight (8) full-time positions. There is a personnel increase for a Senior Accountant.

Tax Collection: $210,000. This is the amount paid to the County to collect our taxes

Legal: $80,000. This amount may need to be increased based on the estimates provided by the bond attorney

Code Enforcement: $406,307. Three full-time positions, one of which is the Minimum Housing Inspector.

Development Services: $734,980. This covers the salary for the current five full-time employees.

Public Buildings: $999,290. This covers the salary for two current full-time employees as well as proposed capital improvement for the Customer Service office and the A.P. Midgett Building.

Building Inspections: $503,335. This is the salary for three full-time insoectors.

Public Utilities Admin: $192,476. This reflects .25 full-time employees, which is the director's salary.

GIS: $227,567. This is the personnel cost for the current two full-time employees.

Fleet Maintenance: $544,531. There are five full-time employees in the total as well as $13,500 of capital for replacement of an outdated air compressor and refrigerant machine.

Streets: $2,001,018. This covers 13 full-time employees and $519,000 in proposed capital. The capital includes a new tractor ($190,000) and a street sweeper ($329,000).

Powell Bill: $609,770. The total includes two full-time employees and proposed capital of $330,107 for street resurfacing

Parks and Recreation: $4,240,783. The total encompasses 14.5 full-time employees and 32 part-time employees. The proposed capital includes the previously discussed five-year equipment lease and vehicle leases. Manager Goodson pointed out that the Enterprise lease included roughly 30 vehicles for more than $500,000, and was broken out into each department. Unfortunately, with the tariffs, prices will be increasing dramatically so it is unlikely that we will be getting 30 vehicles for that price. About $120,000 of the capital is improvement to parks, including irrigation at Enfield.

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Organized Rec: Includes $20,000 for a golf course pedestrian bridge and $50,000 for irrigation upgrades.

Waterfront Park: Includes $160,000 for a new boat ramp.

Senior Center: **$775,777.** This reflects four full-time employees and two part-time employees.

Cemeteries: $56,452.

Non-Departmental: $742,000.

Elizabeth City Downtown: $429,981. This includes one full-time employee. There is an assistant, but they are not paid for by the City. This particular line item did have an increase due to some needed professional services.

HR: $469,976.

Employee Wellness Program. Manager Goodson advised that he would be proposing a switch from Cigna to Blue Cross Blue Shield. The Employee Wellness Program will remain as it is, but we are expecting to save about $100,000 with the change.

IT: $946,034. This reflects five full-time employees.

Police: $8,308,688. This covers 61 full-time positions and four part-time employees.

Fire: $7,131,726. This total includes 44 full-time positions and a new fire engine ($1.1 million) as proposed capital.

Fire Inspections: $421,328. This covers three full-time positions.

Manager Goodson noted that at the end of the fiscal year, the General Fund fund balance had grown $5.9 million, which put us up to just under 70% for our total balance. The LGC recommended 45-46% for Elizabeth City, so we will use a portion of that money to purchase some of the needed capital items. Unfortunately, we did not encounter the same situation in the Enterprise Fund; it is not nearly as healthy. We cannot fund the electric line on Halstead or pump station upgrades because they cannot be paid from the General Fund. He reminded the Council that the budget is balanced, but it is only the manager's recommended budget; the Council can change anything as they see fit.

Councilman Biggs asked if all the proposed capital expenditures were funded, where that would put the fund balance percentage. Assistant Finance Director Lewis replied that we would be at about 46%. He expected the City to have an increase again this year, but he would not be certain until the audit was complete.

Councilman Walton asked what the budget total was last year. Assistant Finance Director Lewis advised that it was $77 million overall. Councilman Walton asked how much it was this year. Assistant Director Lewis stated that it was $81.2 million. Councilman Walton asked where the increases are coming from. Assistant Director Lewis explained that it is related to additional capital expenses. We were conservative the last few years in order to grow the fund balance.

Councilman Walton opined that the presentation was great. He would like to see targeted dates for when things could be expected to occur, if allowed one request.

Mayor Rivers told the Council that when they come to the next budget meeting, they would begin going deeper into each department and get down into specifics. He thanked staff for the presentation. He requested that the budget message be provided to all of the City's partners.

Councilman Walton asked if the Council would get a chance to see the form that was created for dealing with the raises. Manager Goodson replied that they would. There will be a form for each employee who has been recommended for increase, the amount of raise requested and the justification from the director. The form will include all of that information on it.

Councilman Walton stated that he was sure there are things the City can do better. He believed that each department is important but some departments are life and death.

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Police and Fire are in that top level. If someone is in control of those areas, if their salary is not equal to other departments then it doesn't have the same balance. If you have 61 people working under you and an $8 million budget, someone else with 20 people and $3 million should not have a better salary than you should or else it seems personal. If you have something already set up, it will fall in line anyway. If you don't have fundamental fairness, then something just isn't right. He reiterated that he would just like a chance to review the form.

Councilman Biggs offered that as they were going through the budget sessions, he would like to deviate a bit from how they have done it in the past. Instead of focusing so much on the expenses, he suggested looking at the revenue. If we could kick each fund off with an overview of where the revenues are, how they are coming along, we can probably make better decisions on the expense side.

Manager Goodson noted that this year, staff would be making changes in real time instead of writing them down and bringing updates back. When we leave each session, the budget will still be balanced.

Councilman Walton inquired if it would be helpful if the Council prioritized what they wanted to cover first. Last time, some of the most important parts were not covered well. Councilman Biggs did not think it was a misstep to continue going through it by fund, but we don't talk about the revenues enough. Without the revenues, there is no need for expenses. We do not have to spend a lot of time on it, but we need to acknowledge where it's coming from and make sure we are on the same page. He did not feel there needed to be a change in how they move through the funds because that kept everything organized. He just wanted to acknowledge the income side as well.

Councilman Peel said he was surprised and was interested in hearing why no rate increases were proposed on the Enterprise side, Even if we go to the bond market, we have to pay those off and it has to come from those funds. Six or eight months from now, we will have to raise the rates a lot. He opined that it might be better raising them a little as we go along. Even if we don't have a firm plan in place yet, we do know a lot of what our needs are and they are not cheap. Where is that money going to come from? Are we going to be able to pay that off as we get it? I know we count on grants, but people want to see that we have skin in the game as well.

Manager Goodson confirmed that the current budget as presented has no rate increases; however, the budget team did create two budgets and one did encompass rate increases. Ultimately, the budget he elected to go with is the one without increases.

Councilman Walton suggested that anything dealing with taxes or fees, the Council needed to hear about early so they justify them.

Manager Goodson advised that staff is also completing the annual examination of the City's Fee Schedule. One thing we are going to look at is increasing fees on development. If you ever have a conversation with Electric Superintendent White, you'll find out that we lose money on the infrastructure he puts in the ground for electric service. He understood the concern that increases in fees could drive people away and that may have been true years ago, but Elizabeth City is on the map now. People are coming to Elizabeth City, and developers are coming too

Mayor Rivers asked if there were any other questions at this time. He reminded the Council that they had a copy of the budget meeting calendar and proposed budget. He encouraged the Council to take the budget home that home and review it for the next meeting. The manager has given his presentation so it is now in the hands of the Council.

2. <u>Adjournment:</u>

There being no further business to be discussed, Mayor Rivers adjourned the meeting at 6:15 p.m.

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E. Kirk Rivers
Mayor

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April D. Onley
City Clerk, NCCMC

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