

**City Council Budget Work Session
June 14, 2021**

The City Council of the City of Elizabeth City met in work session on Monday, June 14, 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
Mayor Pro Tem Johnnie Walton
Councilman Billy Caudle
Councilwoman Jeannie Young
Councilman Kem Spence (*Arrived at 5:41 p.m.*)
Councilman Michael Brooks
Councilman Gabriel Adkins
Councilman Chris Ruffieux
Councilman Darius Horton (*Arrived at 6:35 p.m.*)

MEMBERS ABSENT: None

OTHERS PRESENT: City Manager Montre' Freeman
Finance Director Evelyn Benton
Public Safety Director Eddie Buffaloe
Deputy Chief of Police James Avens
Interim Electric Superintendent Bob Vannoy
Human Resources Director Montique McClary
Public Utilities Director Dwan Bell
Parks and Recreation Director Sean Clark
Grants Administrator Jon Hawley
Fire Chief Chris Carver
IT Director Matthew Simpson
City Clerk April Onley
Deputy City Clerk / Executive Admin Doris Walton

The City Council Work Session was called to order by Mayor Parker at 5:30 p.m. Mayor Parker recognized Councilman Brooks to provide the invocation, followed by the Pledge of Allegiance.

1. Agenda Adjustments and Approval

Mayor Parker asked the Council's pleasure on the presented agenda.

Councilman Brooks asked to add a discussion on the salary savings to the agenda. Mayor Parker asked Manager Freeman where he would like that item to go since it was a budget discussion as a whole. Mr. Freeman said it would be added right after the prepared budget presentation.

Motion to approve the agenda was made by Councilman Billy Caudle, seconded by Councilman Michael Brooks. Those voting in favor of the motion were: Ruffieux, Brooks, Walton, Young, Caudle and Adkins. Against: None. Motion carried.

2. Statement of Disclosure:

The City Clerk read the statement of disclosure. No conflict of interests regarding items on the presented agenda were made.

2. Presentation / Discussion – Continuation of FY 21-22 Budget Overview;

Mayor Parker let the viewing public know that the Council were not wearing their masks as all those present had been fully vaccinated and were maintaining social distancing. She turned the meeting over to Manager Freeman.

Manager Freeman thanked the Council for their work on such a difficult budget. He noted that the presentation tonight was based on the Council's request to see what a five-cent tax increase would look like. He added that the Mayor had asked to also see an overview of a seven-cent increase, so that had been prepared as well.

Finance Director Benton said a seven-cent tax increase was equivalent to \$782,725 in funds, which would be dispersed as a 5% COLA of \$589,577; an HR Generalist position at \$59,015; an IT help desk position at \$47,251; \$50,000 for a homeless shelter; and \$50,000 for the Boys and Girls Club. She pointed out several reductions in this presentation, including removal of \$30,000 in contracted services for buildings; \$26,000 for a requested LED sign; \$25,000 for an additional vehicle for the administration department; \$20,000 for elections; \$10,000 for police uniforms and \$10,000 for police travel.

Councilman Ruffieux asked if the LED sign had been reduced or removed completely. Director Benton confirmed that it had been removed.

Councilman Adkins asked about the fleet vehicle – are we still getting a new one? Manager Freeman said that we were not; we would continue to allow employees to use the vehicle used by the former assistant city manager.

Ms. Benton showed the Council that the five-cent tax increase totaled revenue in the amount of \$559,089. It allotted for a 3% COLA of \$363,048; an HR Generalist position at \$59,015; IT help desk at \$47,251; a line item for the homeless shelter at \$50,000 and \$50,000 for the Boys and Girls Club.

Councilman Spence asked if everyone would be getting a raise? Manager Freeman said they would not. He said they would work on getting the employees that were identified by the pay study as the most in need of raises first.

Councilman Caudle said he thought he recalled the original 10-cent increase was all going to fund balance, but Director Benton said that was not correct. Mayor Pro Tem Walton pointed out that with the 10-cent increase, most of the employees would have gotten a raise, but that money still had to come from somewhere.

Councilman Spence asked if the LED sign was supposed to be for the Fire Department. Manager Freeman said it could have been used by anyone, but it was specifically for Fire and Police; however, it had been backed out as it was identified as an item that could not be afforded this year. Mayor Pro Tem Walton felt that we might be able to get the TDA to pay for the LED sign if we were using it for advertisements. Manager Freeman said he would look into that. Mayor Parker concurred with Mayor Pro Tem Walton, noting that we had quite a bit of money in TDA and said she felt that might be a worthy cause.

Director Benton further illustrated how a five-cent and seven-cent increase would change a citizen's annual tax bill. She gave a brief overview of each department's top three requests from the beginning of the budget to current. She explained that, at this time, Finance would be funding the CAFR prep at \$5,000; Public Buildings would fund the ladder at \$15,000; Police would fund five patrol vehicles at \$312,000 and surveillance at \$7,830; Fire would fund a fire truck at \$946,464; Streets would fund a Toro commercial mower at \$11,000; GIS would fund a plotter scanner at \$11,000; Fleet would fund an air compressor at \$5,000; Powell Bill would fund ADA sidewalks at \$100,000 and street resurfacing at \$250,000; Parks and Rec would fund a gym floor at \$150,000 and Harper Hawk at \$52,969; ECDI would fund a parking study at \$25,000; Human Resources would fund a full-time position at \$59,015 and IT would fund a full-time position at \$47,251.

Director Benton mentioned the Rafetlis water and sewer study from May 2020, which suggested rate increases for our operating expenses. Water revenue without an increase is \$5,180,000 and with is \$5,416,200. Sewer is \$3,658,000 without an increase and

\$4,562,000 with an increase. The increase in water revenue would add \$236,200 to our budget and \$903,045 in sewer revenue, for a total of \$1,139,245.

Councilman Spence asked if we intended to switch our removal system. Manager Freeman said Director Bell intended to move the City back to sludge removal, which was much more effective. Councilman Caudle asked why sludge removal was more expensive; was it hauling costs or disposal costs? Director Bell said the additional costs are because our wastewater storage tanks are at capacity and have been for more than a year. Councilman Caudle said that did not answer his question; is this a hauling cost? Director Bell confirmed that it was. Councilman Caudle asked if this was a one-time expense and not a recurring expense. Manager Freeman said it was a one-time expense and would be much less expensive to maintain once we hauled it off. Councilman Caudle noted that this would double costs – would this cost the same amount next year? Director Bell said we should be able to maintain it at that point. Councilman Caudle asked “maintain at what level?” Director Bell reiterated that the storage tanks were full and the sludge had been sitting in them too long, so we had to pay extra to get it removed. He said he did not expect it to be a recurring situation.

Director Benton continued that if we go through with the water and sewer rate increases, they intended to add an additional \$50,000 in chemicals, \$25,000 in M&R pumps and \$10,000 in I&I. Councilwoman Young asked if the \$10,000 included our I&I projects. Director Bell said our current I&I projects should already be allocated in the budget, but noted that he could not see the presentation screen. Councilman Caudle said he was under the impression that our focus with water and sewer was to correct the I&I, so he thought there would be more projects. Manager Freeman said Director Bell had an ask in the budget for engineering reports to tell us what projects we needed to take on. Councilman Caudle asked why the projects for the recovery act wouldn't be included in the budget. Manager Freeman said the date had moved so he didn't want to put it in there. Councilman Caudle noted that we hadn't gotten the taxes yet either, but we put them in the budget, so why was this different? Director Benton said it was suggested that we do a project ordinance when those funds come in, but we haven't been told how much we're going to get. She noted we're called a “non-entitlement city.”

Councilwoman Young asked if we were limited to what we could use those funds for. Director Benton replied that they wanted us to use them for water infrastructure mostly, but not on things that were recurring costs. Councilwoman Young asked if there was some way we could apply for money to help us with. Manager Freeman said he'd spoken with Grants Administrator Hawley about what we could do to possibly find some state funding.

Councilman Adkins said the County brought forward how much the civil unrest was costing them once the City came forward with how much it was costing us. He asked Mr. Freeman if they were going to help us foot the bill whatsoever. Mr. Freeman said there had been no conversation about that at this time. Councilman Adkins questioned what the County could have possibly incurred that was so much more than what the City incurred. He noted that was another reason that we needed to sit down with the County. He said he didn't feel it was good to say that we were in a good financial place to pay this bill when the County should be helping us pay some of it.

Councilman Caudle asked if there would be budget amendments to cover costs for the PD or would they be covered in the ordinance language? Director Benton said most of it went to their travel, but that would be what we had to do later if more items continued to come up.

Councilman Caudle asked if we were cutting anything, either items or positions. He noted we could not buy the fire truck or we could only buy four police cars instead of five. He said all we were discussing was adding new positions and items, not cutting anything.

Mayor Pro Tem Walton said he thought it was good that we weren't cutting things. He said if we cut things, we would make ourselves look weak.

Councilman Spence said when it came to the first responders, he was not okay with doing any sort of cuts. He noted that one of our fire trucks was already broken down and out of warranty and we were spending \$100,000 every three or four months trying to keep it running. Councilman Caudle said he could understand that. Councilman Spence said he could also agree that HR and IT needed another position in their departments.

Councilman Adkins said over the weekend, ladder truck one came past his catering business and it sounded terrible. He said the house in question was two-stories, so it was definitely needed. He noted that since he'd been on Council, we hadn't had to raise taxes, but this year was a different situation and if we cut absolutely everything, it didn't put us in a good spot. He verified that the fire truck was included in the five-cent increase. Director Benton confirmed that it was. Councilman Adkins said staff had been through a lot in the last year and a half, and to hear that they were so underpaid when the pay study presentation was given, it was disheartening. He said the Council thanks them a lot, but words only mean so much. He pointed out that anything we can give our good and faithful employees to show them we care helps.

Mayor Parker said she'd asked for the seven-cent increase because she wanted the Council to compromise. She reminded the Councilors that she'd compromised when they wanted a pay raise.

Councilman Brooks asked if the \$50,000 for the Boys and Girls Club was a one-time fee or over a stretched period. He said he'd need to have another conversation with them because he was told they'd need it over a time-frame. Manager Freeman said he thought it was \$150,000 total, but \$50,000 over three years. Councilman Brooks asked if the next Council would determine if the next \$50,000 went to them or not? Manager Freeman said we could ascertain that the language declared how it would be paid now.

Councilman Caudle said he still didn't understand why we weren't putting money in the budget that we were definitely going to receive. He noted that by leaving that out, we were not getting a clear picture for the year. He said "everybody seems dead set on a big tax increase, but there are other options ... raising taxes is not a funny thing ... coming out a pandemic is not the time to be digging in people's pockets. I don't understand the logic of coming out of a pandemic and raising taxes." He reminded the Council that they would all have to answer for a tax increase.

Councilman Adkins said he had never voted for a tax increase and he didn't take it lightly. He said if there was another way to get the needs of the City without raises taxes, then he wanted to see it. He said "we can't stay in the dark and blame everything on the pandemic." He reiterated if there was money in other places to do it and not raise taxes at all, he'd love to do that.

Councilman Caudle said we've just lost our assistant city manager – if we didn't fill that position, there's almost \$100,000. He noted that that was the kind of cutting he was talking about. Manager Freeman said there was no way he could do this job by himself. Councilman Caudle said the position was kind of eliminated before the former city manager left, so he was just giving an example. Mayor Parker said it had been very rough for everyone without an assistant city manager.

Mayor Pro Tem Walton noted that no one likes to raise taxes, but sometimes it has to be done. He pointed out that we could always decrease taxes next year; no one said we had to keep raising them.

Councilwoman Young said we are coming out of a horrific year. We are not the only ones who've had a horrific year. She said even those not owning businesses have had a tremendous drain on them with COVID. You don't just bounce back from losing your job. She said there are people here who were barely making it before COVID. Then we had the civil unrest hit us on top of it. She said she looked at the budget as if it were her own business or her own family's budget, and she said she would squeeze every penny she could possibly squeeze. She agreed with Councilman Caudle about the federal money coming – it's undoubtedly coming at the end of June or beginning of July. She said she was not for putting a tax increase on the people in our community at this time. She said

she felt this was the year we needed to hold on, go through each line item and protect what we have. She said this budget should be about our water, sewer and I&I. She mentioned the former assistant city manager's position and how that could help balance the budget with that salary. She said we were feeling the loss of our assistant manager because of her vast wealth of knowledge and expertise.

Mayor Pro Tem Walton said this time last year, the Council couldn't throw their hands up fast enough to pass the budget but now they wanted to argue about everything. He said "let's not fight a budget because we can." He said he liked the budget as it was and it was the duty of the Council to make their decisions.

Director Benton noted that if we're intending to use all the federal money for water and sewer, it would have no bearing on the tax increase.

Motion was made by Councilman Gabriel Adkins to approve the five-cent increase for public hearing, seconded by Councilman Kem Spence. Those voting in favor of the motion were: Spence, Adkins, Horton, and Walton. Against: Brooks, Ruffieux, Caudle, Young. The vote resulted in a tie. Mayor Parker voted in favor of taking the increase to public hearing, breaking the tie. Motion carried.

4. Adjournment:

There being no further business to be discussed, Mayor Parker adjourned the meeting at 6:59 p.m.

Bettie J. Parker
Mayor

April D. Onley
City Clerk, NCCMC