

**City Council Budget Work Session  
June 20, 2023**

The City Council of the City of Elizabeth City met in work session on Tuesday, June 20, 2023 in Council Chambers, located on the 2<sup>nd</sup> floor of the Municipal Administration Building, 306 E. Colonial Avenue, Elizabeth City, NC.

MEMBERS PRESENT: Mayor Pro Tem Kem Spence  
Councilman Johnson Biggs  
Councilman Joseph Peel  
Councilman Javis Gibbs  
Councilwoman Katherine Felton  
Councilman Johnnie Walton (*Arrived at 5:22 p.m.*)

MEMBERS ABSENT: Councilwoman Barbara Baxter  
Councilwoman Rose Whitehurst

OTHERS PRESENT: City Manager Montre' Freeman  
Chief of Police J. Phillip Webster  
Finance Director, Alicia Steward  
Assistant Finance Director Brian Lewis  
Human Resources Director Montique McClary  
Electric Superintendent Donnell White  
Interim Community Development Director Reggie Goodson  
Deputy Chief of Police James Avens  
Public Utilities Director Dwan Bell  
Parks and Recreation Director Sean Clark  
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 4:30 p.m. Mayor Rivers provided the invocation, after which he led the Pledge of Allegiance.

**1. Closed Session – As Allowed by NCGS 143-318.11(a)(3) Consultation with City Attorney and NCGS 143-318.11(a)(6) Discussion of Personnel**

**Motion to enter closed session for Consultation with City Attorney and Discussion of Personnel was made by Councilman Joseph Peel, seconded by Councilwoman Katherine Felton at 4:33 p.m. Those voting in favor of the motion were: Biggs, Peel, Gibbs, Spence and Felton. Against: None. Motion carried.**

The Council returned to open session at 5:33 p.m.

**2. Discussion - FY 2023-2024 Budget Continued:**

Mayor Rivers called the meeting back to order for open session. He asked if any of the Council had additional questions for the budget or changes they'd like to see before the June 26<sup>th</sup> public hearing.

Councilman Biggs asked if the manager could walk him through the increase in the salaries and wages in the Administrative Department, which totaled \$378,697. He said he believed this was related to an increase for the training for the deputy clerk and the financial consultant, was that correct? Manager Freeman said that was correct. There was training put in for the new deputy clerk. The \$129,000 was for the assistant city manager position, but he was willing to forgo that position in lieu of the financial consultant

because he believed that's what the city really needed right now. Councilman Biggs said he felt that funding should probably be moved to the Finance Department just for tracking since it's a contracted position and not technically tied to an employee.

Mayor Rivers asked if there were any other questions. Councilman Biggs said he also had a question about solid waste, as they'd discussed that, but he didn't know if the manager had any updates to that or if they needed to make any decisions about that before the public hearing. Manager Freeman said that currently, they were looking at revenues for downtown of \$59,532 with three compactor locations. Downtown residential is at \$11, and small commercial at \$13. Director Bell said if the Council would like to see a specific number, they have a spreadsheet available that they can plug it in to show the revenue that amount would generate. He provided a memo to show an analysis on cost savings he'd tracked within his building. He explained that the recycling can purchase is \$19,700; there are rising fuel costs, and then GFL runs \$88,363.80, plus the maintenance costs for the trucks, which have a variety of problems from arms to flooring. Additionally, he figured in holidays and salaries. From his calculations, there'd be a total savings of just over \$193,000 if curbside recycling was stopped. There is also an additional savings because the trucks will not be running as often or as hard.

Director Bell showed the Council what several different solid waste increases would amount to overall. Mayor Rivers confirmed that savings would be a little over \$193,000 if we suspended curbside recycling, was that correct? Director Bell said that was correct. He noted there was also a truck that was available for \$350,000. Councilwoman Felton said we have the figures to discontinue recycling and then we have the projected figures for increases for solid waste – is our intent to do both? Are we intending to stop recycling and then add a rate increase also? Manager Freeman said the Council had asked two different questions; one was how much money would be saved if they stopped curbside recycling and one was about solid waste rate increases, so it was up to them from this point what they decided to do with the information. Councilwoman Felton said she didn't think we should do both at the same time. She said she did not feel that if we're cutting out recycling, we should also increase rates. Mayor Pro Tem Spence agreed.

Councilman Biggs asked what we had in the fund balance for the solid waste fund? Did we know a rough number?

Councilman Walton said if we save \$193,000 and charge \$1 for solid waste, that would almost pay for the new truck. He opined that it's hard to pass up the new truck for \$1. Councilman Biggs agreed. Councilman Peel said the problem is we really need three trucks and it's not counting the other trucks we have that have problems. Do we want to raise it a little bit now or a whole lot later?

Mayor Pro Tem Spence said he didn't think we were being fair to the citizens to stop the recycling and then also increase their rates by any percentage or any amount of money. It's like spanking your child twice for doing the same thing. He felt we should do either/or. Move the increase up \$7 for solid waste and keep recycling or drop recycling and don't do an increase.

Councilman Biggs asked when was the last time we adjusted rates. Manager Freeman said it was 2007. Councilman Biggs said we've gone this many years without a rate increase and it shows. We've had to make a lot of tough decisions. He didn't know if we could make it another year with the trucks that we had. Director Bell said it was a hard question because as soon as we think we're in a good space, one goes down. Councilman Biggs said when he looks at how much we've spent, it's disheartening to see the money we've dumped into unnecessary bills and vehicle repair. We've paid more in repairs than what these vehicles are worth. It may not be popular to raise rates, but long term, it's probably the most responsible thing to do for the tax base. Whatever we don't do today, it's going to cost more tomorrow. These trucks will continue to wear when you put garbage in them. They are already old. He stated that he didn't feel that we had much of an option.

Manager Freeman advised there was a little over \$2 million in the solid waste fund balance. Mayor Rivers noted the City has grown in terms of things that require assistance every day, and one of the things that requires assistance every day is trash collection, leaf collection, bulk pickups. No one ever calculated what that was going to cost us. As we grow, we have to make sure that Public Works increases too. We still want the current

residents to have the service, but we want new customers to have it too and we did not have a plan. We have to make sure that we appropriate more money to the Public Works Department every year. Some departments aren't always directly affected by City growth, but Public Works absolutely is. He asked the pleasure of Council.

Mayor Pro Tem Spence stated that if we don't recycle, we save over \$193,000. If we continue to recycle to raise the rates \$7, we generate \$543,396. Director Bell said technically we generate revenue, but not really. Councilman Biggs pointed out that stopping recycling stops so much wear and tear on the trucks, the holiday salaries and more. Director Bell said he only quoted this for two trucks, but when you think about overall maintenance costs, that's for all trucks. That's just what recycling will save us, but all the trucks come out of the same line item. This is not capturing entirety of solid waste repairs. Mayor Pro Tem Spence asked which one of these options makes the City the most money. Director Bell said the increase of \$7.

Councilman Walton said we need to consider that only 20% of our residents use recycling correctly anyway. Director Bell said that was correct, and that raised our costs as well because we received added fees for contaminated garbage disposal. Councilman Walton said he didn't see where we could go wrong by not stopping recycling and adding \$1, as he felt that \$7 would affect people a lot more than \$1.

Councilman Peel said part of the savings of the \$193,000 would come in the long-term because we're actually using two fewer trucks. Are the recycling trucks coming off the road? Director Bell said they're not coming off the road; they're being dedicated to doing the trash and not having to work over and work every single holiday like they're working now. They're not coming off the road, but they're running half as hard. Councilman Peel noted that you'll be reducing the wear and tear. They will last longer.

Mayor Rivers said if you pull two trucks off the road right now and put them in the yard, the other two can pick up all the trash in the city in five days, right? Director Bell said yes, with extended work hours. He said we had six trucks initially. One went down before this Council came on board and another two fell behind that. We are down to three. The trucks not picking up recycling will go back to the regular trash route. Mayor Rivers asked what happened to the other trucks. Director Bell said they were surplus – the engine went out in one. We have three in operation and one in the shop. If we get a new truck, we have a spare in the yard. Mayor Rivers asked if two trucks can pick up all the trash in the city without recycling, Director Bell said that was correct, with extended hours, but the staff would be completely exhausted and burned out. Mayor Rivers said if you cut recycling, that frees up two people. We're using four trucks to do trash and recycling. If you cut recycling and you have four trucks, two should be able to do trash, right? Then those two people that were on the recycling truck aren't going out, right? Director Bell said that was not correct.

Councilman Biggs asked Director Bell to walk them through what the routes were on a daily basis. What is a route for a normal day? In the morning, your team shows up and what happens, who does what? Director Bell said on a normal day, two trucks go out and one does recycling. If the trash truck can catch up ahead of time, he'll come back and do recycling too. When we had a full fleet, you had two trash trucks on each side of town running their routes and then recycling running and we had a spare. But with the trucks down, they're running double. Yeah, two trucks are running, but it doesn't put two people back in the yard. They do not even take a lunch break. Councilman Biggs asked what is the average hour per day a driver works? Director Bell said eight hours, but they're working through lunch, so nine plus all holidays. Councilman Biggs said before when we had four trucks, we had four doing garbage. So how many hours a day were they working? Director Bell said they were working eight, but they were working a normal day. They weren't rushing. Councilman Biggs said his fear was if we continued to do recycling, that was just more wear and tear on already aged trucks and more stress on an already stressed workforce. It's a hard position to recruit to because of the CDL. He'd be interested in the manager's recommendation. He would be in favor of cutting recycling, raising solid waste \$1 and taking out of fund balance what we need to buy one truck. We can repay fund balance. We can't finance the truck because we're not yet where we need to be with the audits. We have the availability in fund balance. I don't think just cutting recycling is going to be enough because it's not been right for years. I don't know that charging everyone for 20% of the population's happiness is right. I can't say we're going

to charge everyone \$7 more a month to make the 20% of people who recycle properly happy.

Mayor Pro Tem Spence said he was not in favor of both. Since we have the money in fund balance to borrow it from ourselves, why don't we stop recycling and borrow from fund balance and buy the truck? I'm just saying that I don't think the citizens will be happy if we tell them we're stopping recycling and we're still going to raise the rates too. If we have the money in fund balance to buy it, I'm in favor of doing that. I just want to be fair to the citizens. We told them we'd do what's in the best interest. We need the truck, so if we've got the money, we should do it. I agree to stop recycling and borrow from fund balance to buy a truck.

Councilman Peel asked about grappler trucks. He noted that Rivershore Road went a month with debris on the road. Director Bell said he thought that might have been when they were doing the trash amnesty. They'd had to suspend other collections, so everything got pushed back. Those trucks are old as well. When it rains, the truck can't go out – it shuts down. Councilman Peel said the rates aren't just to pick up trash – they're also to pick up debris and everything else. Are we going to raise it a dollar or two this year or five or six dollars next year? I don't think anyone is going to be bent out of shape to get services where they need to be.

Councilman Walton asked about the tree limbs hanging, as he was always getting called about those. Director Bell said the electric crews would cut them if they were obstructing our power lines, but we didn't really deal with ones that weren't a danger of some sort to our facilities.

Mayor Rivers asked what the pleasure of Council was in terms of recycling? **The general consensus of the Council was that it would be stopped.**

He asked if the Council was interested in raising solid waste fees whatsoever? And if so, how much? Mayor Pro Tem Spence said he was not in favor of an increase. Councilman Biggs proposed an increase of \$1. Councilman Peel agreed with \$1. Councilman Walton said we haven't done any increases so far and \$1 was not going to hurt us. He didn't believe we were going to have many complaints. Councilwoman Felton said she wanted to kick the can. She wanted to go with no increase this year, but go with a \$5 or \$7 increase next year. She didn't want to stop the recycling and have an increase in the same year.

Mayor Rivers said he'd love to see the firm number in our fund balance, but he didn't know if we could get that without our final audit. If the fund balance is in a good place, we can use that. But if not, we could raise it \$1 and then have to turn around and raise it \$5. He felt the Council wanted to make sure we had adequate trucks to serve our citizens. The same way the Police Department got new equipment, we also needed to make sure our Public Works trucks were being updated and replaced. We want things to be able to sustain themselves. He said he'd like for the Council to wait until we get true numbers instead of doing it right now. He hoped we would have everything tied up in the next three months.

Councilman Biggs said the problem is these gentlemen have gone out, talked to a vendor and have something that's available at a reduced cost. As we sit today with recycling or not, we're basically doing it for free because we're not charging enough. It would be interesting to see what GFL or somebody charges to go pick up somebody along the road, certainly not to pick up limbs and grass clippings and everything else. We've got a broken system and until we started this conversation, we were running at a deficit. We cannot operate these funds in a manner like this. Every month we don't generate enough income to pay for it, we're further behind. I know we can't fix what previous Councils haven't done, but we shouldn't have to be worried about if \$1 is going to make people mad. I get called about limbs, trash and everything else because trucks are broken down. We might have four trucks, but I guarantee on average, we only have three on our best day. We had to get in a position where we rented a truck a while back. We have to start charging whether it's popular or not. We have to charge what it takes to run them so they're efficient. Instead we're spending thousands of dollars. It's not worth the repair and we're having to pay people more and more because they don't even make the parts anymore. I know it's unpopular, but we have to start playing chess instead of checkers.

Councilman Peel said we've been obligated for 45 days to get this truck and we can't borrow. We know we have enough in fund balance to buy the truck, so that's what we should do. If we raise rates \$1 and stop recycling, we'll have some money to put back in fund balance. We around the table are going to have to talk to the community and let them know that if we don't raise fees, services are going to be going away.

Mayor Rivers asked why we can't finance these trucks. Director Bell said we could look at maybe leasing the truck until we got an exact balance of the fund balance and then pay off the total. Manager Freeman said they did have a leasing option we could check into. Mayor Rivers said he only asked to wait was because he felt we needed to buy more than one. We need to look at bringing that fleet up to date. Is the budget for solid waste about \$1.7 million? Manager Freeman said that it was. Mayor Rivers stated that if we have \$1 million in the fund balance, that's too high of a savings for a department where our trucks are falling apart. I think we should buy all the trucks that we need and then see what we need to raise at that time. If fund balance is at something like \$100,000, then that's a whole different ballgame. I just want to know where we're at. I'm not against what Councilman Biggs is saying, I just want to know what our fund balance is.

Councilman Peel said the point is, if we wait 60 days we're going to lose the truck. Mayor Rivers said he's all for buying the truck, he just wants to know about the solid waste increase. Councilman Peel said they can raise it at any time, they don't have to raise it right now. Councilman Biggs said if we say we're going to raise it in 60 days, we'll be kicking the can down the road and then another truck will be broken down. I see \$11,000 in the contingency and that's not a lot of wiggle room. I know we'll save something on the recycling side, but we're not budgeting enough to start replacing things. We're not doing anything to better ourselves. Next year, it'll be more and more and more. Every year that we don't right size the organization and operate like a business, we have to incrementally raise it that much more. We're talking about \$1 in 16 years. You tell me what you could buy 16 years ago that's not \$1 more today at the convenience of getting your garbage picked up at the street, your debris and everything else. Even at \$7 in 16 years. We're just not operating like a business and it shows.

**Mayor Pro Tem Spence said he felt the consensus had been made. If was three for the consensus of raising the solid waste fee \$1.** We can keep talking about it over and over, but three have said yes to raise \$1 and stop recycling, so let's stop going in circles. We'll get the truck out of fund balance, so we can stop here. It is what it is.

Councilman Walton said that gives the manager something to go on. We have a hearing on Monday.

Councilman Biggs said the only other thing he'd asked for is to budget the anticipated savings and the anticipated increase into a contingency fund for solid waste. If we're budgeting, it rolls in and he won't have to piecemeal. If we don't use it, it drops back to fund balance. We've already got a contingency line item anyway.

Mayor Rivers noted the truck would be on the July meeting.

Manager Freeman said he'd made notes and would run it by the LGC to make sure we were good, but he felt we would be fine. He explained to the Council the last piece he needed their input on was the downtown district garbage. Director Bell said if there was an increase, as he and Director Malenfant had mentioned, it would only be for residential and small commercial. Councilman Biggs asked if he knew how it compared to other similar municipalities? Manager Freeman said it was about the middle ground if we moved to the suggested \$15 for residential and \$17 for small commercial. Our medium and large commercial were where they needed to be, so there was no recommendation to raise those. Councilman Peel said he was good with that, as did Councilman Biggs. Councilman Biggs noted that downtown was also getting an additional compactor as well. Mayor Pro Tem Spence said he was okay with the increase in that case.

Mayor Rivers wanted to make sure that the Council would all receive an updated electronic budget tomorrow by end of day with all changes so they could review and be ready for Monday. He asked that it also be posted on the website so citizens could view it. Manager Freeman confirmed the Finance Department would get the requested changes updated and sent out. He advised that the Finance admin had been trained on

how to load the budget document and would have it available on the website for the general public's viewing as well.

**3. Adjournment:**

There being no further business to be discussed, Mayor Rivers adjourned the meeting at 6:50 p.m.

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E. Kirk Rivers  
Mayor

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April D. Onley  
City Clerk, NCCMC

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