

**City Council Budget Work Session  
June 7, 2021**

The City Council of the City of Elizabeth City met in work session on Monday, June 7, 2021 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 Bettie Parker  
Mayor Pro Tem Johnnie Walton  
Councilman Billy Caudle  
Councilman Michael Brooks  
Councilman Gabriel Adkins  
Councilman Chris Ruffieux  
Councilman Darius Horton

MEMBERS ABSENT: Councilwoman Jeannie Young  
Councilman Kem Spence

OTHERS PRESENT: City Manager Montre' Freeman  
City Attorney Bill Morgan  
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 Adkins 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.

**Motion was made by Councilman Darius Horton to approve the agenda.**

Councilman Brooks asked to add a discussion on the \$94,000 salary savings from the departure of the assistant city manager onto the agenda. Councilman Caudle asked if that couldn't just be included as part of tonight's discussion on the budget. Councilman Brooks replied that he wanted it included as its own item to verify that it was covered in conversation.

**The motion was seconded by Councilman Gabriel Adkins. Those voting in favor of the motion were: Ruffieux, Brooks, Walton, Horton, 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.

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

Mayor Parker yielded to City Manager Freeman to begin the discussion. Mr. Freeman explained that tonight's discussion would continue to delve into the FY 2021-2022 budget.

Finance Director Benton outlined how much money would be created per cent if we included a tax increase as proposed in the budget. She said a five cent tax increase would generate \$559,088 in revenue, and a 10-cent tax increase would create \$1,118,178 in revenue. She noted that another item the Council should consider was the pay study. She reminded the board that Mr. Campbell from the Management Advisory Group suggested between five and six percent increases across the board for employees.

Mrs. Benton pointed out \$23,775,228 in revenue changes in the General Fund (increase). Mayor Parker said that we were concerned last year about the sales tax, but was it correct that it was better than we originally expected? Mrs. Benton responded that it was exceptionally better due to individuals ordering online and continuing to shop. Manager Freeman stated that the stimulus checks had also helped a great deal.

Mrs. Benton said our added expenses included a 10.5% health insurance increase, which amounted to \$251,420. Councilman Caudle pointed out that the City had changed to Blue Cross and Blue Shield just last year and had been given incentives; why were we changing now? Mr. Freeman said BCBS was projecting a 25% increase this year, which would cause us to almost double in cost and he could not see in this budget how we could absorb those costs. Councilman Caudle stated that prior to switching to BCBS, we were with MedCost through the League; why didn't we go back with them? Mr. Freeman said he didn't look at MedCost. He said our agent looked at other companies and determined that Cigna would be the best for us this year. Councilman Caudle asked if Mr. Freeman had the information on our loss ratios for last year? Mr. Freeman said he did not have that available. Councilman Caudle said he understood that Cigna had a lot of health "incentives" and was that what we were going to be looking into? Mr. Freeman said that was a big piece of what we were going for was trying to be healthier as an entire organization.

Mrs. Benton continued that if the Council wanted to include a COLA, she'd calculated that \$589,577 would include a 5% COLA for all employees. Councilman Adkins asked if that would cause us to need to raise taxes higher in order to do that? Director Benton said that would be included in the five cent tax increase. Mr. Freeman said Management Advisory Group suggested we raise \$1,099,649 in wages to become comparable in the employment field.

Councilman Ruffieux stated that from his understanding from Mr. Campbell, we needed to deal with different positions at different levels. Are we now suggesting 5% across the board instead? Mr. Freeman said Mr. Campbell gave us an outline of how we should proceed and this was one of our options. He said he wanted to use the increase in property tax in part as one way of addressing the salary issues.

Mayor Pro Tem Walton said he felt that what Mr. Campbell showed was quite complex. He didn't know how he compared part-time and full-time employees. He said a few departments were given a raise a few years ago. He pointed out that it's up to the Council if they wanted to give everybody a raise or just some departments. Mr. Freeman noted that in this scenario, not everyone would get the percentage - only the highly competitive and certain job classes. It would be prorated.

Councilman Brooks asked if anyone had come forward to talk about raising property taxes? Mayor Parker said so far we'd only had one public comment. Councilman Brooks noted that his ward didn't have many people who could afford increases; it was poverty-stricken. He said it might not affect those able to pay their tax bill, but even \$50 can hurt the people of his ward and we have to keep that in mind. He pointed out that it would be passed on to the renters too, and we have to remember how large our rental population is. He said he felt that the 10-cent increase they were now pushing for was way too much and he would never vote for it. He said he was even struggling with accepting putting a 5-cent increase on the backs of our citizens.

Councilman Caudle asked if there was a list of positions that needed to come up to be "market rate"? He said, "if we need to fund it, we need to see it." Mr. Freeman asked HR Director McClary to bring the information to the Council.

Councilman Adkins said he had mixed feelings after speaking to people in his ward. He said it was “half and half” of people saying we need some type of tax increase and the others saying it was not a good time to have one coming out of a pandemic. He said he would not support a 10-cent increase, but he might support a 5-cent increase, as the only way we could possibly do some of the things we needed to do as a City, we’d have to do something.

Mayor Pro Tem Walton felt the Council needed to start solidifying some numbers. He said “we can’t keep prolonging things.” He mentioned that he was under the impression that names and salary amounts were a matter of public record. Councilman Adkins agreed. Councilman Caudle concurred that is was.

**Motion was made by Mayor Pro Tem Johnnie Walton to place a five cent tax increase in the budget. The motion was seconded by Councilman Gabriel Adkins.**

Councilman Caudle said he was confused about exactly what we’re trying to pay for this time around. He said “I’m just not seeing what we’re going to do ... what are we getting for five cents? It’s not really being shown to me. It’s a shortfall of the budget presentation.” He said in the past it’s been, “One cent will get us this, two cents will get us this.”

Councilman Ruffieux agreed with Councilman Caudle and expressed concern that it did not appear the manager was able to answer their questions.

Councilman Horton said since the presented budget had 10 cents, the Council had to make the decision on what five cents would cover. Manager Freeman said “none of these numbers are feel good numbers ... that’s why I brought in people to give you presentations. To answer those all of those calls for our needs, it’s 10 cents.” He said we’re at a point where we need direction from Council. He said the “reality” with a five-cent increase would answer some of our needs, but not all. Councilman Horton said he didn’t see moving forward with a presentation at 10 cents because he didn’t feel any of the Council would agree to that. He said “we’re at a point where we need to give you all some direction. I know I’m not voting for 10 cents; I don’t even want to vote for five, but I understand we have to do certain things for the greater good.” He asked when the budget had to be passed. Mr. Freeman replied that the final date was June 30<sup>th</sup>.

Councilman Brooks noted that the Council could go ahead and start cutting things now and have a good idea of where they were. He said “we have to give them something to work with.” He said “we don’t want to punch anybody in the face while taking care of needs.” He worried that taxing people too harshly would cause even more people to leave the city and we don’t want to do that.

Mayor Parker noted that all the information on the “top three wants” for each department had been provided as far back as the retreat. She said according to information that’s already been given to us, the City would need a 13-cent increase to accomplish everything that’s on the table. She urged the Council to make their decision based on the information that was given to them. She pointed out that 10 cents actually dropped the city back to being able to accomplish what she considered a “decent” amount of things. She said constituents always wanted to know “why can’t the City do this or that?” She opined that what has been presented this time is a “grow bold or grow old ... this is what it’s going to do.” She stated that if we raise taxes, the community may finally start seeing a difference in the things they’ve been bemoaning for some time. She advised the Councilors not to just concentrate on “this is too much of an increase in an election year.” She noted that it was up to the Council to make the decision and that we did not want to stretch things on past June 30<sup>th</sup>.

Councilman Adkins said he didn’t feel there was a need for Director Benton to continue on with the presentation if we wanted to see a five-cent illustration instead of the 10-cent one that was here before them. Councilman Brooks reiterated that it was important for him to think “it’s not about me; it’s about those who voted me in to be a voice for them.” He said he was in a ward that wasn’t as economically stable as some of the others and he couldn’t have them suffer just so the City could make some repairs.

MPT Walton said the Council needed to give concrete numbers because time was running out. He said right now, everyone was just giving their opinions.

**Councilman Gabriel Adkins called for the question. Councilman Darius Horton seconded the motion. Those voting in favor of the motion were: Ruffieux, Brooks, Walton, Horton, Caudle and Adkins. Motion carried.**

Mayor Parker redirected the Council's attention to the motion on the floor for a presentation with a five-cent increase.

**Those voting in favor of the motion were: Brooks, Walton, Horton and Adkins. Against: Ruffieux and Caudle. Motion carried.**

Director Benton continued her presentation, stating that the Raftelis study recommended a 2% increase in water rates and 28% in sewer rates. The 2% water increase would be \$1.02 a gallon; the 28% sewer increase would be \$8.49 per gallon.

The water and sewer projects in the FY 2021-2022 budget included the Raw Water Reservoir (funded partially by grants) at \$1,533,290; well rehab at \$50,000 and water treatment plant disinfection conversion at \$250,000 – a total of \$1,833,290.

Councilman Ruffieux asked if there was anything in the budget for water and sewer improvements. Director Benton replied that there was not. Councilman Ruffieux said he agreed with Mayor Pro Tem Walton and that we needed that in the budget. Manager Freeman said we would need to issue debt in order to tackle some of that. He said he was at a loss and he didn't know what else to say at this point. Councilman Ruffieux asked if we had a plan to issue debt and if it was part of the budget. Manager Freeman said that it was not. Mr. Freeman said that he needed direction from the Council because his threshold was \$5,000, and anything above had to be authorized. Councilman Ruffieux stated that he needed to look into what the City needed and advise the Council where we needed to spend money. Manager Freeman said he couldn't make those decisions and the Council had to tell him what they wanted. He said he could create scenarios, but he needed direction.

Councilman Caudle pointed out that no one had come to them and said "we need to do this – this is where the money will come from." He said none of the projects had been brought forward to them. "Just raising rates is not going to fix this." He said he wasn't opposed to the rates being raised, but he wanted to know what were the problems, what were the projects to fix them, how much would they cost, and how we would get the money.

Councilman Brooks stated he was telling everyone exactly what his constituents said to them; he was just their mouthpiece. He said if he knew the City needed certain things, he could push or "squeeze" a little more, but if he couldn't show the people what we were getting, he couldn't help sell them on it.

Mayor Pro Tem Walton felt that charts were helpful and he thought they would be a lot more helpful than just numbers and more numbers. Mayor Parker said if the Council wanted information presented in a certain format, they would need to express that to staff beforehand.

Councilman Caudle said people were going to come to him and ask why their taxes were being raised by five cents. He told the manager that he would need specifics to sell it to people and until he had it, he couldn't do so. Manager Freeman said the Council asked for more policing, which was cut down from 24 more positions to 12. He said the pay study was also a very big deal. He said the raises from a few years ago did not bring people up to competitive wages. He noted that it was his responsibility to move the city forward. He said he heard everyone's requests tonight and would bring back a five-cent increase, which would include pie charts, as well as a game plan for how we would address wastewater capacity, and information from the Raftelis rate study that spoke to some of that. He said we would also show where we are now in terms of capacity. He

said he believed we are nearly over capacity at this time and in a dire situation. He advised that this information will be ready for presentation during the June 14<sup>th</sup> Council meeting.

Councilman Caudle pointed out that we always said if we did a compensation study, we'd need to be ready to fund it. Pay raises are not the only reason that employees leave. He said as we track turnover, I hope we're looking at all the different factors, including that our employees are treated fairly, that they're part of something, that they matter. There's a whole range of things besides just pay. We could spend half a million dollars and have the same issue next year. He wanted to look at the whole picture. Our employees may have felt disengaged, but hopefully some of those issues are being handled as well.

Manager Freeman said he sent an email with a proposal for crisis communications contract. He felt we also need a strategic plan to help us address salaries, infrastructure, economic development and so on and would be working on that.

#### **4. Adjournment:**

There being no further business to be discussed, Mayor Parker adjourned the meeting at 7:01 p.m.

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Bettie J. Parker  
Mayor

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April D. Onley  
City Clerk, NCCMC