

**City Council Budget Work Session
May 12, 2025**

The City Council of the City of Elizabeth City met in Budget Work Session on Monday, May 12, 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 (*Arrived at 5:17 p.m.*)
Councilman Joseph Peel
Councilman Javis Gibbs
Councilwoman Rose Whitehurst (*Arrived at 5:21 p.m.*)
Councilwoman Katherine Felton
Councilman Ronnie Morris
Councilman Johnnie Walton

MEMBERS ABSENT: Councilman Johnson Biggs

OTHERS PRESENT: City Manager Reginald Goodson
Chief of Staff Monica Cole
Interim Finance Director Brian Lewis
Police Captain Darrell Felton
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
Load Management Supervisor Walter Matthews
ECDI Director Debbie Malenfant
Data Analyst / Internal Auditor LaToya Harper
IT Systems Analyst Pedro Holley II
City Clerk April Onley

Mayor Rivers called the Budget Work Session to order at 5:09 p.m. Councilman Gibbs provided the invocation, after which Councilman Peel led the Pledge of Allegiance.

1. Presentation / Discussion – Enterprise Fund FY 2025-2026:

Before the Enterprise Fund presentation began, Mayor Rivers asked if any councilor had lingering questions on the General Fund.

Councilman Morris asked if the need for a trash truck was greater than the need for a street sweeper. Director Bell relayed that Sanitation could certainly use a trash truck, but the sweeper was a '08 or '09 model, and in poor shape. It is not currently running but the issues are fixable; however, instead of putting a great deal of money into repairing it, he would rather purchase a new one and maybe fix the old one sometime down the road to have a backup. The price for a new street sweeper is a bit over \$300,000. A trash truck runs about \$450,000.

Mayor Rivers noted that during the last discussion money was set aside to repair the bridge on the golf course at Knobbs Creek. After the situation was deemed an emergency, that funding would no longer need to be in the proposed budget since it would be paid out of the current year's funds. Interim Director Williams confirmed that was correct. The budget amendment to pay for the bridge from the current budget is ready and the contractor would be working on the bridge in the next few weeks. Mayor Rivers asked how much was budgeted. Interim Finance Director Brian Lewis replied that \$22,500 was budgeted, but the actual quote came back higher, at about \$30,000. Mayor Rivers pointed out that in spite of that, there is still \$22,500 that will not be needed on that line item for FY 2025-2026, so we have some wiggle room now. He said he was asking these questions because he would like to allow the individual wards to be able to suggest things that would be beneficial to the city. He asked how much was allocated to the bulletproof

glass. Interim Director Lewis advised that there was \$70,000 budgeted for the glass. Mayor Rivers added that the safety measures for the buildings could be installed gradually instead of all at once. If the Council agreed, he would like to move that \$70,000 and put it into different projects in the city, such as upgrades to parks. He asked if the dog park was funded in the proposed budget. Interim Director Williams confirmed that it was funded through a matching grant. Mayor Rivers opined that the parks are something the community uses often, so it would be good to designate money toward them. He thought that making some updates to the Armory might also be a good idea. The more programs we are able to offer, especially to the younger members of the community, the better. He noted that Third Ward is already working on a program that they will be bringing to the Council. He added that the funding for each ward would be something the Council can work on throughout the year. They can mark it under miscellaneous in the budget.

Councilman Morris asked if the manager could look into the cost of getting the abandoned Police Substation up to par and begin putting officers over there to have them more integrated in the community. Manager Goodson said he actually visited the Substation the previous week because he did intend to open it again. For those unfamiliar, he explained that this is the Police Substation on the corner of Road and Shepard Street. When it was utilized, it offered more of a police presence in the community. Building Manager Mike Nellom is checking into it. He did not think it would take too much work to get it reopened. He believed they could possibly have it operational in the next couple of week.

Councilman Walton said it was funny that we are now talking about helping the youth because he had personally been talking about that for a while. He wanted to use the former Verizon building for youth outreach. He wanted to help the kids in the community, especially the young Black boys. The conversation was two years ago. Now all of a sudden it's an election year and everyone is concerned with issues that they should have been proactive about instead of reactive. We want to react instead of doing something ahead of the game. He said he wished he would have known they were going to ask these questions during the meeting as he had come prepared to listen to the Enterprise Fund presentation. He encouraged the Council to be proactive. He felt that they are just now at a point they should have reached two years prior.

Mayor Rivers asked if the Council had any concerns about the two modifications he mentioned. He wanted to allow staff plenty of time to make the changes so there was no need to return to the General Fund.

Councilwoman Felton asked at what point councilors could give their suggestions on how to spend the allocation. Mayor Rivers felt that they could probably do it at any point throughout the year. Between the four wards, it would be about \$20,000 each. Councilman Walton asked Mayor Rivers if this was his suggestion or the Manager's suggestion, Mayor Rivers replied that Manager Goodson presented his proposed budget several meetings back. He reminded Councilman Walton that he had made a suggestion about trying to help young Black men. He felt this disbursement would be an answer to that. We have finished the General Fund so it would be a good time to talk about it instead of waiting until the last meeting of the budget session. During the last meeting, we indicated that the bridge was an emergency and needed to be fixed now instead of waiting. Since it's getting fixed in this year's budget, it has to be adjusted out.

Councilman Walton said that he appreciated what Mayor Rivers was doing but if he had known, he would have had a statement ready. Mayor Rivers stated they would have everyone ready to go forward at the next meeting.

Councilman Walton offered that if he was not going to be allowed to finish his comments, he would like to proceed with the presentation. Mayor Rivers asked if staff was clear on the request. Manager Goodson noted that staff would have the budget up and "live" at the next meeting and the Council would be able to dictate from what and to where they would like funding to go.

Mayor Pro Tem Spence asked if the \$70,000 bulletproof glass was removed, were they talking about doing nothing as far as safety. Mayor Rivers explained that the other safety measures are still in place; only the bulletproof glass is being removed. Right now, the only things that have changed in the budget are the bulletproof glass and the Parks and Rec bridge repair.

With no further comments on previous matters, Mayor Rivers asked that staff proceed with the presentation.

Interim Finance Director Lewis advised that tonight's presentation was centered on the Enterprise Fund, which consisted of Electric, Water, Sewer, Stormwater and Sanitation.

The Electric Fund has a proposed budget of \$35,455,000. The Data Processing Division reflects a \$755,309 increase, but that is related to the cost of transferring five Meter Readers to the department as well as cost associated with the purchase of new electric meters throughout the year.

Councilwoman Felton asked if there would be a decrease somewhere from the Meter Readers transfer. Interim Director Lewis confirmed that there was. He pointed out the decrease in the Energy Management line, which was previously where the Meter Readers were funded. The electric meters were coming from Electric Distribution. He directed the Council's attention to page 145 in their budget books for the Electric Division and page 126 for Data Processing.

The Purchasing Department also exists within the Electric Fund. The \$39,363 increase in the Purchasing Department is for capital items. Electric Non-Departmental has a \$575,252 increase, which is due to the cost for purchasing electric. Finance / Customer Service has a \$22,986 increase related to securing part-time staff for the call center. As mentioned previously, Energy Management reflects a decrease due to the reallocation of Meter Reader positions.

Councilman Peel stated that with the proposed changes there is an increase of \$1,156,529. This budget does not reflect a rate increase, so where are we getting the extra money to afford these alterations. Interim Director Lewis replied that continued growth in the city has contributed to more funds rolling in. Councilman Peel noted that given all the needs there are, particularly in Electric, at some point rates must be raised. He understood it was an election year and not a popular topic, but he felt that with rates, the sooner they were raised a bit the better off they would be to do things down the road.

Director Bell advised that Public Utilities is currently having a Cost of Service analysis performed, which will address where the City stands with rates and where we need to be. ElectriCities is conducting that analysis. He anticipated that it would be completed before July 1st. Staff have already sent over the majority of the information that ElectriCities needed. Councilman Peel pointed out that the good thing was they could raise rates outside of budget adoption; it was something they could do anytime.

Councilman Walton said he knew the County provided a population count ever so often. Where did this money come from? How many customers do we have now? Was the explosion that big? Interim Director Lewis stated that the City had many new developments going in. For example, Stockbridge has put in more than 200 houses. There's also the Tooley Harbor development. The residential areas have been booming. He told Councilman Walton that he would provide him with a comparison that showed development two years ago, last year and now.

The Purchasing Division has roughly \$43,000 in capital needs and \$353,902 proposed for total budget. The largest chunk of capital comes in the form of upgrades to their office space, including repair to their AC unit, roof and ceiling. Councilman Peel asked if their offices had heat. Interim Director Lewis replied that it did have heat in the immediate front section, but did not in the back. Councilman Peel wondered why it wouldn't be more prudent to put a mini-split in there. Interim Director Lewis advised that this is what the proposal was, which would cover the entire office space. Councilman Peel noted that mini-splits are highly efficient and reasonably priced.

Councilwoman Felton asked about proposed staff. Interim Director Lewis replied that there is no request for an increase in staff in the department.

Electric Non-Departmental is the line item that pays for various items, including the employee health clinic, Electric Department retiree expenses, lobbyist fees, electric service, and so on.

Customer Service – Interim Director Lewis reminded the Council that concerns were brought forward several months prior about the call volume coming into the department.

The FY 2025-2026 budget proposes two new part-time personnel for the call center. There is existing workspace in the Customer Service office that the new employees will be able to work in. Mayor Pro Tem Spence verified that the new employees would be able to do more than just take information for someone to return their call later. Interim Director Lewis confirmed that they would be trained as a regular Customer Service Rep. They would be able to answer questions, grant extensions, and would know City policy.

The Electric Distribution Division has a total proposed budget of \$4,399,770. There are 18.25 employees and no requests for additional personnel. Capital items include Switch Replacements at \$150,000.

Interim Director Lewis noted that many items were cut from the Electric Division's budget due to funding constraints. Some of those cuts included citywide street lighting, new equipment such as a bucket truck, and subdivision division work, including continued improvements and development to Tooley Harbor Phase 3, Tanglewood South, and Stockbridge 17. Councilman Peel asked where the Harbor Village Apartments were located. Manager Goodson replied that they were on Ehringhaus near Wendy's. Interim Director Lewis stated that there was a \$2 million request to extend the line on Halstead across from Aldi to the other side of the hospital. At this time, there was no way to approve that increase in this budget. Councilman Peel inquired if the purpose of that line was to extend power where we do not currently have it. Interim Director Lewis replied that was correct.

Mayor Rivers was concerned that subdivisions are trying to come online and we have no way to serve them. We just approved a subdivision in that area. If they paid for the development fees and had to be reimbursed, what would that cost? Interim Director Lewis advised that he would have to know how many lots were out there to calculate it. Manager Goodson said that we are provided the number of lots once the subdivision comes in. The Electric Availability Fee and Development Fee come to about \$5,000 per lot. Councilman Peel pointed out that it was imperative to remember that area was being pushed for development. If we started the line extension on July 1st, how long would it take to get completed? If this is something that will take three years, the developments will have come long before it is done.

Electric Superintendent White explained that the funding that was cut for the line was also just the cost to install one side. Even if the line was installed, we still do not have the capacity we need. We need a new substation. Our capacity is nearly maxed out. The more development that is added on, the more strain you have on the existing infrastructure. He reiterated that the substation needed to be in place before the line was extended. This has been a need that's been pushed aside for a long time. Councilman Peel agreed, and believed that was another reason why we needed the financial advisor.

Mayor Rivers asked if this was something the Council wanted to discuss when they talk about the bonds. Our borrowing capacity is \$146,000,000 without a bond. We need to weigh borrowing versus bond, but that is probably where the financial advisor comes in. Councilman Peel pointed out that they also cannot just look at just one project because they have many other pressing projects. He expressed concern again that there were no rate increases included in the budget. This money is not coming out of the General Fund. The Electric Fund has to pay the money back. You cannot pay anything back with \$6 million. The same will be true with Water and Sewer because they have many needs, but they aren't paid from the General Fund either.

Interim Director Lewis said there was a pressing need to begin bringing on substations to support the new development in the city. He showed a photo of Delivery 4 by the Water Plant. Superintendent White advised that some of the breakers in the current substations are 37 years old. They are so old they cannot be rebuilt, and no new parts are available. We can order new breakers and store them in the warehouse; however, the problem is that the substations themselves are too old and too loaded. We cannot switch one circuit to the other because of the capacity issues. The 34 kV breaker is leaking and must be repaired. The hospital feeds off that particular breaker. He expressed his concern and frustration that he and his crews were running out of ways to keep things operational. He impressed upon the Council that these are not wishes, but rather needs.

Mayor Rivers asked if the breakers were still in the budget. Superintendent White replied that they were not; they had been cut. The last time a breaker was ordered it cost \$45,000,

but the price has probably gone up. He advised the Council that he currently needed to replace three. Mayor Rivers stated that they needed to find \$150,000 for breakers because that was imperative. Additionally, we need to have a meeting to discuss a new substation. Superintendent White pointed out that he had included all of the information he was sharing in the CIP. He believed that if they could get one circuit out of the new substation to power Halstead that would relieve many of the problems. The project could be parsed out.

Councilman Walton asked if there had been a reason Superintendent White was unable to get these things ordered. Superintendent White replied the issue boiled down to money. Just money. He noted that with where he wanted to put the new substation, this could be done. The hospital should have been put on a redundancy feed. We already have the poles and everything there; we just have to build the substation.

Manager Goodson inquired what the delivery time would be if the order was placed today. Superintendent White replied that it would take three to four years. Mayor Rivers inquired that if we ordered today because we know we need it, and we put it on a two-year budget, when the actual payment is made. Is half paid up front and half on delivery or all at once? Superintendent White advised that a payment would be made at the time the order went in and the rest when it was delivered. He noted that they had to have a stepdown transformer, which range about \$150,000, and there would need to be three in each substation. However, you have to start somewhere. You also have to build the structure, the fence, get the breakers, the regulators. That is what the \$500,000 that was proposed in this budget was for; it was set aside for ordering and having the final plans drawn up.

Councilwoman Whitehurst asked if the transformers were shipped from another country. Superintendent White said he was not certain but could find out. Councilwoman Whitehurst said she only asked because she had recently done a lot of reading and discovered that pretty much everything is coming from another country. Councilman Gibbs concurred, and added that there are very few boxes of any kind coming in on the boats right now. Councilman Peel pointed out that everyone can expect to pay significantly more for everything too because of the tariffs.

Mayor Rivers restated that they should probably have a separate meeting to discuss Electric needs. We cannot wait until we have developments ready to go. We have to know how much money we need. It sounds like we need \$500,000 to get things ordered, but those things may not be here for three years. We might be able to see this out in a three-year phased plan instead of \$12 million all at once. Councilman Peel reminded everyone that if they did go with the bonds, they did not have to pay anything back until the money was spent. He asked Superintendent White about the three breakers he needed that were cut. He felt that even if they had to take \$150,000 from fund balance to make sure those breakers were ordered, those breakers need to be ordered. Mayor Rivers agreed.

Councilman Peel asked when the ElectriCities review would be presented. Director Bell replied that it would be ready in June. Councilman Peel opined that they should wait on a meeting until that information was ready so they could consider everything.

Mayor Rivers verified that the breakers are \$150,000 for three. Superintendent White said that was correct. He noted that he had this information in the CIP to reflect how he wanted it broken out over the five-year period. Mayor Rivers requested that Finance staff and Manager Goodson find a way to put those three breakers into the budget.

Superintendent White explained that there is often confusion with switches because the Electric Department has different kinds of switches. There are switches on the lines and switches in the substations. Sometimes you have no idea a switch is going bad until it starts glowing red and burns up. Ideally, he would like to have the money to replace the burned out ones. He advised that they had just used the last switch about a week ago on the Catalina substation when it burned up.

Mayor Rivers noted that the LGC wanted to maintain 15% in the Electric Fund, but this was a situation where he felt if they had to go under 15%, to stop an emergency, it would have to be done. People cannot be without electricity. We need to go to fund balance. Superintendent White noted that the \$150,000 for switch replacement was already included in the budget. He needed another \$150,000 for the breakers, as that had been cut.

Mayor Rivers suggested the Council put another \$150,000 in capital. He asked which line it would go in. Interim Director Lewis advised that it would go to 30-8300, which was on the bottom of Page 150. Mayor Rivers confirmed that the money would be taken out of fund balance so the adjustment could be made.

Councilman Morris asked if there were any backups on hand at this time. Superintendent White replied that there were no backup breakers, as he had just used the last one to replace the burn out at Catalina. He noted that he had spoken with the City's rep, and there should be some coming this way soon. They had been very lucky to find one in the warehouse, but they need more. Councilman Morris asked if the City would be okay until the budget passes. Superintendent White said he hoped so.

Mayor Rivers asked if they needed to place an order now. Superintendent White advised that he had been able to speak to the rep and has him in the process of matching the numbers up. It takes some time to get that done, but we should be okay. Councilman Walton asked where the fund balance would sit with the removal of the \$150,000. Manager Goodson stated that it would bring the balance to about \$6,500,000.

Interim Director Lewis continued presenting the cuts to the Electric Fund. Superintendent White advised that all those neighborhoods being cut, Tooley Harbor, Stockbridge 17, Tanglewood South, the issue is we have to order materials up front, although they pay us back later. We have to spend it to get it back. Councilman Peel asked if that meant the developments weren't really cut in that case. Superintendent White stated that they were definitely cut. Those projects are dead. Councilman Peel clarified that he was saying no one would be building houses on those projects. Superintendent White confirmed that they would not be doing that right now.

Manager Goodson reported that when he first presented the budget, he had mentioned there were two budgets, one without rate increases and one with increases that would allow those projects to move forward. The 12% proposed Electric increase was equivalent to about \$2. Mayor Rivers pointed out that the City has to put \$630,000 in the infrastructure. He thought they had instituted a new policy requiring developers to pay upfront. The City put the lines in for Tooley Harbor but then it was vacant for years so the Council changed it. If that's the case, why aren't we collecting?

Superintendent White explained that developers pay per lot. When a neighborhood like Stockbridge is put in, they pay for 20 houses. Once the City starts installing infrastructure, we can't stop. We need to have the electric lines in before gas, water, sewer and all the rest or else we have to dig around it, which is more work, time and money.

Mayor Rivers calculated that if Stockbridge had 20 lots, it would run \$100,000. Why would we cut it if the developer were paying for it? If Stockbridge 17 has 40 lots, they have to pay \$200,000. He did not understand why it would be cut. Superintendent White explained that he still had to order the material. Mayor Rivers said he understood that, but the City is being paid for the materials that we order. Superintendent White advised that if he did not have the money to order when a developer was ready to start, it pushes everything back. It already takes a year to get the supplies. We do not get our money back until they pay for their permits. Before we put anything in the ground, they pay for it. Mayor Rivers did not feel the equation was adding up correctly. If the asset is on hand, we are not really losing because we are being reimbursed. It is not a decrease.

Interim Director Lewis added that this was just the cost to get electricity, the materials and all of that. When the developers pay for the lots, they might only begin with 10 lots on a 100-lot piece but Donnell has to put electricity in that entire area. The developer might not finish building it out for years but we have to put everything in for it to out there and ready. Councilman Peel said he would think that was our problem. If we are going to spend that kind of money, we need to have something in place where it is not sitting out there for us to wait on things for years before we can get our money back. Mayor Rivers requested that the Clerk research the developer fees and provide them to the Council. If they needed to change them, they would. Building and growth is great, but it could drop off tomorrow and we don't want to be stuck holding the bag again. We can discuss it further during the next Work Session.

Interim Director Lewis pointed out that one other item that was cut from the Electric Fund was a new bucket truck. The truck it would be replacing is 23 years old. There is a problem

with the hydraulic fluid and the side of the bucket is cracked. There was also a request for a tractor to cut the right-of-ways, but that was cut as well. The City hasn't had an Electric rate increase since 2022, and at that time, we were in the bottom third for rates

He continued to the Load Management Division, which includes five full-time positions. There are no new requests proposed in the budget for Load Management. There were previously 10 employees in the department, but the Meter Readers moved to Data Processing.

ECSU has a new generator they will be putting online, and the generator they were using was the City's, so we will need to house it. We will have a cost savings once the generator goes online. Councilman Peel asked if that was something that would need to be done soon. Director Bell said we know they're in the process of doing it, so we are trying to have it here by January 2026. We have been working with them and they are not trying to push us out.

Councilman Peel asked if they could return to the bucket truck for a moment. He opined that the last thing we should want to do is send someone up in a broken down truck to fix power lines. If the linemen leave us, we are out of luck. It seems like you need to come back and we will need to think through some of these significant issues. We need to get the analytical data to make decisions. Director Bell agreed.

Load Management Supervisor explained to the Council that as far as the generator Director Bell mentioned, it is still in good shape so we can use it. He had include in his budget to add one generator each year to feed from the substations back onto the lines. We have several generators out here, like the one at DRS. We are losing about 1200 kW. If we could invest and put that back on the lines, we would make right at \$23 per kW. He noted that we do not really "make" it, but it comes off our wholesale electric. The generator at ECSU was something we found out about last year but it kept getting pushed off. This is one of the old style generators; it is better and cheaper to operator. We can wire it in and start making money .We paid ECSU \$3,000 to \$4,000 to have the generator. We will make about \$17,000 from it; and if we wire it in, we will be at about \$48,000.

Director Bell stated that ElectriCities would be at the next Work Session and they will provide us with some other ideas to save on wholesale costs. Supervisor Matthews added that the City also has other generators at Prichard Street, DRS, Guardian Care, and the Waste Plant, although that one has problems and is not running through Load Management until parts come in. Unfortunately, we often find that Load Management stuff is out of date and pushed to the back burner, so that's where we are now.

Mayor Rivers asked what the \$225,000 cost entailed. Supervisor Matthews explained that was the cost for the building itself that would be required to house the generator. Director Bell offered that it would be a shell building erected on the property. Mayor Rivers asked if that would allow them to bring all the generators under one roof. Supervisor Matthews replied that it would not. You cannot go "over" so much that it would spin the meter backwards. At \$24 a kW, if you put one new generator in and a building, it would pay for itself in a year and a half. Mayor Rivers felt that was a savvy business decision. It could offset some of these rate increases coming from Duke. We would have to do the initial upfront, but it could help us. Director Bell concurred. He said that's why they wanted ElectriCities to come in.

Supervisor Matthews said they are now down to 32% of what they are allotted to put back on the lines. Three years ago, we were making almost \$300,000. Then the hospital never repaired and brought their generators back on. We lost the jail. We have realized that we need to depend on ourselves and not others. The hospital was saving about \$25,000 a month off us and we were saving about \$80,000 a month off them. He said he had been trying to revive it and bring it back up for a few years. Mayor Rivers did not feel this was something that could be ignored. This is a business decision. We need to know how much the generators would be, the total cost. Supervisor Matthews relayed that ElectriCities has that information prepared for the Council and will present it during the next Work Session.

Manager Goodson reported that the Council had reached the end of the Electric Fund. They still had the Water, Sewer and Stormwater Fund portions of the Enterprise Fund remaining, but they could pick those up on May 19th at 5:30 p.m.

2. Adjournment:

There being no further business to be discussed, Mayor Rivers adjourned the meeting at 6:33 p.m.

E. Kirk Rivers
Mayor

April D. Onley
City Clerk, NCCMC

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