

**City Council Budget Work Session
May 20, 2024**

The City Council of the City of Elizabeth City met in Budget Work Session on Monday, May 20, 2024 in Council Chambers, located on the 2nd floor of the Municipal Administration Building, 306 E. Colonial Avenue, Elizabeth City, NC.

MEMBERS PRESENT: Mayor Pro Tem Kem Spence
Councilman Johnson Biggs (*Arrived at 5:19 p.m.*)
Councilman Joseph Peel
Councilwoman Rose Whitehurst
Councilwoman Katherine Felton
Councilman Ronnie Morris
Councilman Johnnie Walton

MEMBERS ABSENT: Mayor Kirk Rivers
Councilman Jarvis Gibbs

OTHERS PRESENT: City Manager Montre' Freeman
Chief of Staff Monica Cole
Finance Director Alicia Steward
Deputy Finance Director Brian Lewis
Interim Chief of Police James Avens
Electric Superintendent Donnell White
Interim Human Resources Director Anna Spence
Public Utilities Director Dwan Bell
Public Utilities Deputy Director Raymond Staten
Community Development Director Reggie Goodson
Parks and Recreation Director Sean Clark
Fire Chief Chris Carver
Deputy Fire Chief Thomas Brooks
ECDI Director Debbie Malenfant
IT Director Matthew Simpson
IT Systems Analyst Pedro Holley II
City Clerk April Onley

Mayor Pro Tem Spence called the Budget Work Session to order at 5:03 p.m. Mayor Pro Tem Spence offered the invocation, after which Councilwoman Whitehurst led the Pledge of Allegiance.

1. Presentation / Discussion – FY 2024-2025 General Fund Continued:

Mayor Pro Tem Spence advised that they would be entering into conversation about Public Utilities in the General Fund this evening. Manager Freeman noted that there were not many changes in the Admin Public Utilities line item. Mayor Pro Tem Spence asked if the manager would reference the specific page numbers in the budget book as he addressed items to help the Council stay with him. Manager Freeman stated that he was currently looking at page 61. The requested amount was \$31,525 for Salaries and Wages, but the recommended is \$32,000. He reminded the Council that a portion of this also covers the director's salary as Director Bell oversees various areas of Public Utilities.

Manager Freeman did not recommend anything for building repair and intended to try to address that via Capital Improvement and through grant funding. Councilwoman Felton asked about the extra \$1,000 under Administration in Salaries and Wages. Manager Freeman explained that when he'd performed the calculations, they were a bit different than what was originally proposed.

He directed the Council's attention to page 64. Initially there was an estimate included for Capital Outlay. The first priority was installation of cameras inside the building, a request that came because of the untimely passing of a former employee while at work. We have already installed cameras in the building's interior but are now seeking to put them

outside. Unfortunately, we have had one of our employees get their car broken into during the day while parked outside of the building.

Councilwoman Whitehurst asked about the Travel and Education on page 62. Why is there an extra \$5,000 requested? Manager Freeman explained that the director had some additional training he needed to attend, and there were some required certifications as well. We are working with Electricities to get the best price for the education piece, but it's something we're required to have.

Councilwoman Felton asked about the purchasing cards – is that included there in Travel and Education or is that a separate line item? Manager Freeman replied that's a separate item. Once the money is spent, it's deducted from this line item whether it's paid for on a card or by a check.

The manager directed the Council to Fleet Maintenance page 69. He stated that people who meet the requirement for 2% increases after six months, Christmas bonuses and longevity are included in the Salaries and Wages line item. Councilman Peel asked if the numbers have been adjusted in Group Insurance. Manager Freeman confirmed that they had.

Manager Freeman noted that page 73 under Capital Outlay Equipment was one of the items that Director Bell determined was a priority, which was the lift to work on the vehicles. The estimate was \$10,500, so he put it in at \$11,000. The one we're using now is 30 years old. Once this audit is complete, we'll be able to have some buying power again. The life expectancy on those lifts is 10 -15 years. We're still passing inspection, but we need to be safe. The Council will have to adopt a new Capital Improvement Plan, which will cover the next five years.

Councilman Peel asked about the labor charges on page 72. How are those different than salaries? Manager Freeman clarified that the Fleet Maintenance department has to charge departments for the work they perform for them. It puts money back in Fleet Maintenance as they're paid for their work. He noted that it's almost like they start out in the negative. Councilman Peel felt that the way it's listed, it's an expenditure. Manager Freeman said this has been the historical practice, but he didn't know if it was the best practice. This particular account has been this way for some time. Councilman Peel said the way it's listed shows that this is an expense coming out of their department, but it's really not – it's coming out of everyone else's department. Manager Freeman reiterated that he didn't know if it was the best practice to start them in the negative or not, but that's how it had been done for years. Councilman Peel didn't think it should be listed as an expense because they were reimbursed, so it really needed to be in the revenue. Otherwise, you're showing we need to come up with \$285,000 to allocate and that's not the case because other departments are paying it. That's maybe \$285,000 we have that we didn't know we have. Manager Freeman stated that when he looked at the City's history, this was how it had been done previously. A lot of it had to do with the way the current system was set up. It's not a quick fix so he didn't want to try to correct it in the budget system. Councilman Peel noted that it's not listed in the total. The same is true of the \$90,000 below it. Manager Freeman said staff would look into it.

Councilwoman Whitehurst remembered Susan Tezai referencing certain things were not set up correctly when she'd provided an earlier presentation and wondered if this might have been one of them. Manager Freeman replied that he felt it likely was. They had recently looked into two financing systems, but they were more than we could afford right now. When you have financing systems, the IT person has to feel comfortable with the migration and the finance person has to agree with the integration. We have narrowed it down to two, and we have one major frontrunner.

Manager Freeman addressed Streets on page 75. He noted there was a typo under Salaries and Wages – it should say 15 workers and not 16. Councilman Biggs asked what the reason for the significant increase in wages was. Manager Freeman explained they initially had not calculated for 2% increases for six-month employees, Christmas bonuses, longevity and such. The number reflected in the budget now is the true calculation. The number that Admin recommended was verified by Data Processing for all increases those employees may be subject to. Councilman Biggs pointed out that the increase totaled 10%. Manager Freeman reiterated that the number was analyzed by Data Processing. All employees were verified in the line item. It did not mean that all employees were going

to get those increases, but he wanted to account for any potential increase out there that they might receive. One of the things he saw as a problem in the past was that we were not including the money that everyone was eligible to receive. They may not end up getting it, but we want to allocate it anyway so we know that it's out there.

Manager Freeman drew the Council's attention to Overtime, which was appropriated at \$18,500 and requested an increase of \$1,000. He said he was confident staff could get pretty close to that number. Mayor Pro Tem Spence asked if that was the line item where we had additional people come in because we thought it was going to be a worse storm event than it was. Manager Freeman confirmed that was correct.

Councilman Biggs clarified that we actually budgeted overtime at \$10,000 for the current year. If you're now requesting \$19,500, that's not a \$1,000 increase, that's a \$9,500 increase. Manager Freeman stated that the City spent \$14,000+ this year in overtime here. Councilman Biggs replied that was fine, but there was a budget amendment done inside the department somewhere to bump the original allocation up. He just wanted to make everyone aware that this wasn't just a \$1,000 increase. Manager Freeman stated that the Council appropriated \$18,500 for 2024. Councilman Biggs countered that they budgeted \$10,000, as illustrated in the budget book. He believed there must have been a budget amendment, but according to the budget book, the original allocation was \$10,000. Councilman Biggs said the Council approves at the department level and the manager does have the authority to do other things, but it paints a different picture. The Council did not appropriate \$18,500 amount at the beginning of the year. He reiterated that the manager could move things, so he was not suggesting that it was not okay, but if something is changed, apparently the system isn't smart enough to know that something got changed. Manager Freeman stated that going forward, when they run the budget sheets, they would add a note on the original budget appropriations. Councilman Biggs pointed out that a note was included that says there was a budget amendment on March 2nd, which is how he knew to look for a different total. Mayor Pro Tem Spence explained that the Council just wants to make sure they are transparent and showing their original appropriations too.

Councilman Biggs noted that the budget book shows 13 positions were appropriated, so did we grow two more personnel-wise in that department? Manager Freeman replied that there are 13 workers and two members of administration. Councilman Biggs didn't think the budget book delineated down to the roles like that. Manager Freeman advised that staff would run a report to verify. Councilman Biggs stated that the org chart showed 15 positions, so it was likely a typo of some sort.

Manager Freeman noted that one thing staff has been looking into is that the Powell Bill is supposed to have two personnel and at some point, it was reduced to one. Councilwoman Felton asked what that means. Manager Freeman said he felt we are out of compliance, but he didn't believe there was an associated fine or anything. The person who retired, no one was ever put back into place. Director Bell explained that one person left and when the position was filled, it went back to Streets instead of Powell Bill. He felt it might be a change the manager could perform internally. Things were switched at some point, but it should have stayed under Powell Bill.

Manager Freeman directed the Council to the Police Department. Councilman Peel noted that this year, we've spent over \$300,000 in Salaries and Wages, so he assumed the number in the book must have been determined before the Potato Festival numbers were added. Manager Freeman said there was an updated sheet and the \$275,000 is not correct; it should be \$350,000. Councilman Biggs pointed out that the budget would be thrown off then because what they're looking at declared the number was \$275,000, and it's supposed to be balanced. Mayor Pro Tem Spence agreed that if they're allegedly going by a balanced budget in the book and they're being held accountable for approving it, the corrected sheets should be added to all nine books in front of them. They shouldn't have to piece things together to get to a true number, as it didn't feel transparent or in anyone's best interest for sound decision-making. Councilman Biggs added that it's not just those pages there's a problem with either; the numbers carry throughout the entire book. Once you start substituting pages here and there, you're on a slippery slope of more things not adding up. Councilman Peel stated this budget is balanced based on \$275,000. Manager Freeman disagreed, as he believed it was balanced on \$350,000. Councilman Peel asked where the extra money came from. The budget is balanced on

\$275,000, so \$75,000 came from somewhere else in order to rebalance it. Councilman Biggs asked if they took appropriations from fund balance. Manager Freeman confirmed that they did; he'd mentioned that two meetings ago. Councilman Biggs inquired how much was taken. Manager Freeman advised the total taken from fund balance was \$406,000. Councilman Biggs asked if that included the 3% COLA across the board. Manager Freeman replied that it did.

Councilman Biggs wondered if he might be missing something for Police, as he saw they included the vacant Police Chief's salary, but he only saw two positions for Lieutenant. Don't we have four? He noted that he also did not see a role for a Captain at all.

Councilwoman Whitehurst asked what the fund balance total is as of today. Manager Freeman relayed that they don't know yet. Councilman Peel explained that we wouldn't know the balance until we have the 2023 audit completed. Councilwoman Whitehurst asked for clarification that the manager was saying in order to balance the budget, he was asking to use \$406,000 from fund balance. Manager Freeman confirmed that was correct.

Mayor Pro Tem Spence echoed Councilman Biggs' concern about the missing Captain and Lieutenant positions. Are we removing those positions? Where are they? Councilwoman Felton offered that it would be helpful to add some names to the chart. Names are public record by statute. How many Captains do we have? Interim Chief Avens stated that we have two slots for Captains, though only one is filled right now. We have four Lieutenants. Councilman Biggs asked how many Sergeants should be there. Interim Chief Avens replied that we have six. Councilman Biggs wondered if that's where some of the money had wandered off to, as they had about eight Sergeant positions listed in the budget workup document. Councilwoman Whitehurst asked if the document should include all available positions or just the filled positions. Councilman Biggs stated that it should cover all positions, vacant or otherwise that were going to be funded for the fiscal year.

Mayor Pro Tem Spence expressed concern about the numerous discrepancies in the document before them. He told the Council he did not believe they could continue with the Police Department discussion because it was clearly incorrect. The positions were wrong. Councilman Biggs agreed that with Councilwoman Felton that including names on the sheets would be helpful, particularly in a case like this. If the reporting is this far off, is anything else here even accurate? Manager Freeman stated that he knew the salary numbers were correct, but they would have to verify the titles. The salary numbers do encompass all current employees as well as the 18 vacancies.

Mayor Pro Tem Spence recommended the Council send this department workup back for rework. He noted that manager felt the salaries are allegedly correct, but they don't line up with what's on the paper the Council was given. He reiterated that the Council simply cannot and should not approve something that's in bits and pieces in front of them. He asked if staff could go back and rework the Police Department to make it more understandable. Every person on this Council is confused right now. He pointed out that if it was just a case of employees moving up in rank and the budget not following, that was fine, just bring it back and let the Council know that.

Councilwoman Whitehurst asked if it could be brought back in the same format that is in the budget book. That way, it would be much clearer and they could update the entire section.

Councilwoman Felton asked about the \$406,000 fund balance hit to fund the 3% COLA. She verified that it had not been used yet and was just proposed. Manager Freeman confirmed that was correct; it would not be used until the budget was approved. Councilwoman Felton asked if there was anything else being pulled from fund balance the Council needed to know about. Councilman Biggs noted there was roughly \$75,000 for Police salaries that would be coming from fund balance that they'd just learned of tonight. Manager Freeman stated that he wasn't sure what happened with the change sheets because his understanding was that they were supposed to be in the books.

Councilman Peel asked about Animal Control. Manager Freeman advised that the County contacted us to tell us the numbers were increasing. Animal Control as a whole went up due to the feral cat care, and these numbers include our portion. There's also a significant

increase on the 911 / Central Communications. Councilwoman Felton asked if the County paid the same amount as the City for Animal Control. Manager Freeman stated that the County actually pays more than the City.

Mayor Pro Tem Spence asked if the Council agreed that an updated budget with corrected paperwork needed to be provided before going further into the Police conversation. Councilman Biggs stated that he was. He pointed out that one of the problems with the sheets being changed as they are is that they are not changing the control amount, the last number. When they compare the total budget for each department, it's a mess. When they change one thing, it actually often changes a lot. Changing one sheet can change several in the budget book. Mayor Pro Tem Spence asked Manager Freeman if he was clear on what the Council was requesting of him. Manager Freeman confirmed that he was.

Mayor Pro Tem Spence advised they would move on to Fire. Manager Freeman pointed out that Salaries and Wages had already been increased for Fire based on the Council's earlier approval. Councilwoman Felton asked about the \$80,000 Overtime line item request. She was under the impression the department was not short-staffed now. Manager Freeman explained that number was placed in the budget when they were in a crisis. Councilwoman Felton stated that the line item should be able to be changed now; and Manager Freeman concurred.

Councilwoman Whitehurst asked if any of Fire's Salaries and Wages would come from fund balance. Manager Freeman said they would not; they were already approved and would not increase. Councilman Biggs noted that until recently, he did not realize how many calls our Fire Department ran. He asked Chief Carver about the EMS calls in particular. Chief Carver explained that because of our location, our personnel can and do often get to scenes quicker than EMS. Our firefighters save a lot of lives, and not just from people involved in fires. We respond to calls of people unconscious, not breathing, trauma; however, we don't respond to the "I don't feel good" or "I'm sick" types of calls. Manager Freeman pointed out that Fire was on the scene long before EMS ever arrived when our employee passed away at City Hall. Chief Carver believed the County was working on a contract and would be negotiating about some of this.

Councilman Biggs stated that as we look at Capital Outlay, we might need to consider whether it's really feasible to have fire engines running EMS calls instead of a smaller vehicle. It is a lot of wear and tear on a million dollar vehicle. He didn't want Fire to stop running the calls because it could be any of us tomorrow, but getting a smaller more efficient vehicle for that may be something for us to look at so we can spend a little more wisely. Chief Carver was hopeful that with their new software they'd be able to analyze their call numbers at a deeper level. Fire has AEDs and can administer the shocks to patients if necessary. Mayor Pro Tem Spence agreed the smaller vehicle would be something worth discussing. Chief Carver noted that the main things Fire needed for those situations were to have access to oxygen, good quality therapy and AEDs. They previously discussed getting everyone certified to the basic EMT level instead of just the first responder level. Mayor Pro Tem Spence felt a good-sized SUV should be able to handle EMS calls based on what he was hearing. Councilman Morris asked if we had any Fire personnel who were EMT certified. Chief Carver believed we had five or six right now. We used to have one on each truck, but with turnover, that wasn't the case anymore.

Councilman Biggs asked if we were budgeting anything for Capital Outlay this year. Manager Freeman said we were not. They were talking through other ways to fund those needs, but not putting any money in specifically. Councilman Biggs remembered discussing \$80,000 to replace air packs. How often did that come up? Chief Carver advised that they'd get the new batch in and probably be okay for a few years. It is a never-ending process. We can't afford to upgrade everything at one time. Councilman Biggs noted they'd had to add the air packs in last year. Are we good on those type of things this year? Chief Carver stated that he still needed eight more to finish out and bring everything up to the new standards. We received a quote for them the other day, and they are at \$77,000 right now. Mayor Pro Tem Spence asked if the Fire Department would be okay with what they have now or are those needed now. Chief Carver said he could make it another year or two with what he had now. Councilman Biggs asked if the Fire Department got nothing, what would their situation look like. Chief Carver explained that the reserve trucks are the ones with the older air packs. The frontline trucks are covered

right now. Councilman Biggs asked about turnout gear. Chief Carver advised that was in their Uniform line item and it was a constant. Councilman Biggs clarified that Chief Carver was saying if he did not get air packs this year, he'd have to have them in the budget for next year. Chief Carver confirmed that was correct. Manager Freeman interjected that the City would be in better financial shape next year. Councilman Biggs noted we'd discussed vehicles through the Enterprise program. What was the \$14,000 for the pump? Chief Carver explained that when they purchased the new truck, they just moved the pump over. If they got a new pump, they wouldn't have to keep switching them out. It was something he'd like to have, but he could live without it if he had to. Councilman Peel asked if he was truly comfortable waiting until next year for the air packs. Chief Carver believed that he would be okay.

Councilman Biggs asked about the lawn mower. Would we not be better off just contracting out to a third party and having them cut the grass for us? At least in the summer time? If you're trying to add employees because you need extra people to cut grass instead of perform the core job, you would be better off contracting it out. At some point, we're paying highly skilled individuals with certifications to go out and mow the grass and that's not why we hired them. Now we need to add personnel because the ones we have are overworked. Are they overworked because of the core job or because of the silly little things that have nothing to do with their job that we keep adding to them? He opined that he'd rather have really good wastewater operators than grass mowers. It's not something we have to tackle tonight, but we need to look at it. We contract out for cemeteries. We contract out for the Halstead Corridor. It's not like we don't already do it. He said he'd just like to see a cost analysis. He added that Parks and Recreation does a phenomenal job and he would much rather they continue maintain their own fields because that's different, but the lots and the pump stations could easily be done by landscaping companies around here instead of putting it on employees that we didn't hire to do these things. He felt that a contractor who does landscaping on a daily basis could be in and out in no time.

Mayor Pro Tem Spence agreed that the fields and things that Parks and Recreation maintain are a specialty. We ask too much of our personnel in Streets and Public Utilities. They are professionals who are having to do something else outside of their core mission. Manager Freeman stated that he would bring back a cost analysis.

Mayor Pro Tem Spence asked if the Council had any questions on Fire Prevention / Fire Inspections at this time. No councilors raised any questions or concerns at this time.

Manager Freeman said he had taken a copious amount of notes on Council's requests and would prepare to tackle the Police discussion with corrected budget pages at the next budget session.

2. Adjournment:

There being no further business to be discussed, Mayor Pro Tem Spence adjourned the meeting at 6:30 p.m.

E. Kirk Rivers
Mayor

April D. Onley
City Clerk, NCCMC