

**City Council Budget Work Session
May 22, 2023**

The City Council of the City of Elizabeth City met in work session on Monday, May 22, 2023 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 5:28 p.m.*)
Councilman Johnson Biggs
Councilman Joseph Peel
Councilman Javis Gibbs
Councilwoman Rose Whitehurst (*Arrived at 5:08 p.m.*)
Councilwoman Katherine Felton
Councilwoman Barbara Baxter
Councilman Johnnie Walton

MEMBERS ABSENT: None

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
Grants Administrator Jon Hawley
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 5:00 p.m. Councilman Gibbs provided the invocation, after which Councilman Biggs led the Pledge of Allegiance.

**1. Presentation – General Fund Budget Presentation for FY 2023-2024
Continued;**

Mayor Rivers advised that tonight's discussion would pick up with the Powell Bill funds and recognized Public Utilities Director Bell to come to the podium for any questions the Council may have. Mayor Rivers asked Director Bell if he expected to use the entire \$45,000 allotted for patching and paving repair? Director Bell said he did; they'd slowed up somewhat with their spending, but generally exhausted that funding every year. Councilman Biggs asked about the maintenance of vehicles – is that something that could be shaved down? Director Bell said it depended because between the vac truck and the asphalt truck, if they needed maintenance, it would come from there and those were both expensive vehicles when it came to repairs of any kind. Manager Freeman noted that as we're now preparing to move into the new audit, he felt we were in a position to ask for permission to enter into the Enterprise fleet system contract. Mayor Rivers said he'd like to know about electric cars and felt we should set the standard and show that we're moving forward with green initiatives. Manager Freeman agreed that we are poised to take on electric cars, as we have chargers in the city, but we'd need to install more. The

Enterprise fleet agreement does not currently have them, but we could request them. Director Bell stated that several municipalities were actively moving in that direction.

Mayor Rivers asked about the contracted services for line markings. Director Bell said we've received more requests from citizens for lines to better delineate where children are playing and things such as that. Mayor Rivers said this year, we've only spent \$510 out of it and we're budgeting \$20,000. Director Bell stated that we didn't get around to much of it this year. Mayor Rivers asked if we could drop that down to maybe \$10,000 and move the difference down to patching and repair of streets or something else within that fund. He noted that our streets were in a state of disrepair and he wanted to see improvement there. Councilman Walton pointed out that there was a terribly crooked line on the road on Road Street. Director Bell said that was NCDOT, but he could reach out and ask them to improve that.

Mayor Rivers asked the Council's consensus on moving \$15,000 of the original \$20,000 from contracted services and reallocating it to patching and repair of streets. The Council agreed that would be a good decision.

Councilman Peel asked about funding for speed humps or bumps. Director Bell said we could take those from departmental supplies. Mayor Rivers asked how the Rivershore Road bridge is coming. Director Bell said the project is under design now and steadily moving forward. It's at about 65% right now. We are in the aquatic moratorium at the moment per the state, so we're in a holding pattern until that's over.

Mayor Rivers moved the Council's attention to the Parks and Recreation Department. Manager Freeman advised that he'd included some new numbers for program fees as well as one-time fees for the middle school project that was coming online this year. There is also a \$50,000 upfit cost and an \$80,000 parking lot fee. He pointed out that we will receive quotes and talk through this further, but we need to have this money in place. He noted that Director Clark would be breaking this down more in depth, but he wanted to explain the handout they'd received.

Councilman Biggs stated that we're increasing program fees to \$99,000, and wanted to know if there was something happening that we feel we're going to significantly increase revenue because we're only up to \$44,000 at the time this budget book was printed, and estimated at \$60,000 for this year. Director Clark said our program fees will be increasing in 2023-2024 for summer camps, as well as for sports leagues. In our current program fees for summer camps, we bring in about \$5,100 a week for the traditional camps and then we do about 10 specialty camps. We also do concessions. We now have concession sales increasing because we moved the location of our kids. The Hugh Cale building, which we were basically giving away will now have fees associated with it. There will also be fees associated with the new gym. Councilman Walton asked if the PAL building will be involved. Director Clark explained that when we take it over in the fall, there will be a rental space in addition to the gym space and we will be renting it out.

Councilman Peel said we've budgeted \$325,000 in salaries and wages and we're closing in on \$400,000 this year. He asked how we intend to get it down to that number? Director Clark agreed that we need to be closer to \$400,000, and their original request was more along the lines of \$385,000. Mayor Rivers asked what his staffing numbers were. Director Clark said they have 21 full-time staff and part-time fluctuates as a lot of it's seasonal, so anywhere from 40 to 60, which is usually from May 1st to sometime in September for anything from grass cutting to assisting with camps. He said he does have some vacancies up now, but when fully staffed their numbers are 21 for full-time personnel. Mayor Rivers noted that we are about \$120,000 under budget for full-time staff and about \$50,000 over for part-time. Manager Freeman said they kept that top number as if they were fully staffed. He did have the ability to move money within the fund if necessary. Mayor Rivers stated that Parks and Rec was an interesting department because they had to bring in so many part-time personnel right in the middle of the when the fiscal year changed over. Manager Freeman pointed out that effective January 1st, the federal government approved \$15 an hour for minimum wage, so we will be affected by that for part-time as well. Councilman Peel reiterated that there's not enough money in the Parks and Rec budget to start with. He pointed out that under organized programs, we're already at \$66,000. He felt that we're not leaving ourselves many places to get this money to move around. He noted we're about \$100,000 in the hole. Manager Freeman said when

he'd had this conversation with Parks and Rec, he'd been told that this should be good for Parks and Rec's part-time personnel, but if they wanted more, they could definitely add it. Councilman Biggs asked if he was talking about moving money within the general fund or the Parks and Rec department? Manager Freeman said the department itself. Councilman Biggs explained that the manager had the authority to move money within a department, but not within a fund without the Council's consent, so he just wanted to clarify.

Mayor Rivers stated that he just wanted to make sure we had enough money because if we were bringing on new people, we had to make sure we had everything covered. We want our parks to look good, we want activities for our youth. We want funds for Director Clark to be able to staff his department. Do we need to allocate more money or bodies to part-time? He pointed out that Parks and Rec was watering the plants downtown too at one point. Councilman Walton said it's a great idea, but where's the money going to come from? Mayor Rivers noted that when we bring on the new gym, it sounds like we're going to have to bring on more part-time people. Councilwoman Whitehurst asked if the cost of the new gym is reflected in here. Councilman Biggs said this should be operational costs, departmental supplies, and the lease payment. Councilman Walton asked if the County wouldn't be paying some percentage of this. Director Clark said he thought they would pay us revenue throughout the year. Councilman Peel said he did not think they should have stuck the staff into the outlay because that wasn't a one-time deal. That would be a recurring expense. If part of the money that he needs is in that capital outlay, it needs to be separated in another line. Manager Freeman said he agreed, but he didn't know what that number was right now.

Director Clark said the number illustrated was the actual operating budget from 2024 moving forward. They estimate from the \$485,000 two full-time staff and three part-time staff. Councilwoman Whitehurst clarified that that would need to come out of the line item, correct? Mayor Rivers said yes, that needed to be removed from the total. Councilman Biggs noted they'd received a new number since they received the original budget books, which accounted for the parking lot and upfitting, so the number was actually higher. Mayor Rivers asked what are we paying for the lease payment for the building? Director Clark replied that it's about \$165,000 a year, which is included in that number. Councilman Peel reiterated that there's too much included in that number and it would have to be broken down. Councilwoman Whitehurst agreed, it needed to be itemized. Councilman Peel said hiring people is not a capital outlay and they definitely don't need to be included. One-time money is capital outlay, but the rest is ongoing money you'll need year after year. Councilman Biggs noted that you're not calculating FICA or anything else if you're not putting it in the right line item. Director Clark said they took into account full-time staff, part-time staff, utilities, maintenance and repair, lease payment, office supplies, parking lot, upfitting - all of that went into that number. He noted the lease payment may also be more or less than they estimated. Mayor Rivers agreed that the number needed to be broken down. Councilwoman Felton inquired if they couldn't just add another line altogether? Director Clark said someone mentioned setting it up the way they have the Senior Center set up in the budget might be a good idea. Mayor Rivers asked that it at least be broken down and put into a new tab so they can see what they're truly looking at. Councilman Biggs stated that there's also \$145,000 in new revenue for Parks and Rec and \$115,000 in new expenditures, and since we're splitting it with the County, they're going to probably want revenues that are generated by Parks and Rec. Manager Freeman agreed that they would create a whole new line item to rectify this concern.

Councilman Peel noted they were asking for more money for umpires and referees as the costs for them were increasing, so we were going to have no choice but to pay for that. Councilman Biggs said he saw that some places were having to cancel games because they couldn't get them in. It's become a whole new world with staffing problems. Mayor Rivers said he felt we were going to have to include additional utilities as well. Councilman Peel stated that was going to be something that was separated out. Councilman Biggs worried that we were budgeting less than any amount we'd ever spent for utilities and we're not even budgeting enough to keep the lights on in the buildings we have right now. He asked when we had to have the final numbers to the County for their budget? Mayor Rivers said we needed to get something over to them soon. He noted that if everything was tallied in that \$543,000, the numbers should probably be about the same, we just need it itemized. He said they've figured it in one number, they just need to break it down. Councilman Gibbs agreed that we just want to show our work.

Councilman Biggs asked if overall they're giving Director Clark less money than they gave him last year to run his operations, minus the new gym? Director Clark said that was correct. Councilman Biggs stated Parks and Rec is getting less money as a department than they did the prior year according to what they have in front of them. Councilwoman Felton said she felt that it should be at least the same.

Mayor Rivers said now is the time as a Council that they should change any numbers they feel are necessary. Councilman Gibbs pointed out that in the real world, all costs are going up and now we're giving this department less money to do more things. Councilman Walton asked Director Clark what he thought would be a good amount for programs. Director Clark said he recommended \$70,000, but he could tighten where he needed to. Mayor Rivers advised that this is the time if we want the things, if we want to set the direction of the city, this is where we have to give the funding. Do we want Parks and Rec to do more activities? If we do, we have to give them funding. Councilman Walton said we definitely want more activities. Councilman Gibbs said he felt we needed to go to at least \$70,000. Councilman Walton said he wanted \$75,000 because that's what Director Clark requested. Councilwoman Felton agreed with \$75,000. Councilman Gibbs said he did not find it to be a ridiculous ask, especially with what's going on with our youth. Things cost money. He noted that Director Clark knows Parks and Rec because it's his department. He knows what things cost for his department.

Mayor Rivers asked if the Council was comfortable with raising organized programs to \$75,000? The Council agreed.

Mayor Rivers asked about the increase for Special Events. Director Clark gave an example of some things that constitute special events, such as the fireworks for July 4th, which are \$25,000. Once that check gets cut, the budget is exhausted for that fund. That doesn't include music, games or anything. Fireworks alone are \$25,000. Councilwoman Whitehurst asked if it covered any events other than fireworks? Director Clark said the fireworks were the largest event, and some of the other festivals were very small. Councilman Walton said he felt we needed to look into having music festivals. Director Malenfant stated that ECDI is planning a Blues Festival in the fall, which they will plan for out of their budget and which will cost about \$20,000. The Potato Festival cost about \$100,000. Mayor Rivers told the Council this is where they get to put emphasis on what they want to happen in the city. Councilman Biggs asked if we fundraised for the fireworks. Director Clark said we did somewhat, but we still had to pay the full \$25,000. Sometimes we get checks here and there, maybe up to \$500 towards the celebration or things like that. We'd like to beef up our sponsorship package for the next year. Councilwoman Felton said she also felt that we should have some additional concerts and events downtown. Manager Freeman said ECSU wanted to partner with the City for a jazz festival, but it was in the very early stages. Councilman Biggs noted that there were several things that went on downtown on the green throughout the summer and early fall. Director Malenfant said that ECDI partnered with Parks and Rec to fill the schedule, so there's a good balance between what Parks and Rec does and what ECDI does. Councilman Walton stated that there's different types of music festivals. He felt we could have things much bigger than what we're having. There's nothing wrong with bluegrass, but he'd like to see some other types of music. Mayor Rivers said we have to put the money there; the Council has to do it if they want it to happen. They can't tell staff to do it without putting the money there. He told them they can't go ask the staff about "where are the festivals?" when we aren't putting funds out there. We have to give funding and personnel. Councilman Walton said special events bring in income and we have to get started. He liked \$70,000 for the item. Councilwoman Felton agreed.

Mayor Rivers asked the Council if they were in agreement with allocating \$70,000 to Special Events? The Council concurred.

Councilman Biggs asked if they were going to appropriate salaries to go along with that because that didn't cover salaries. Mayor Rivers asked Director Clark how special events worked. Director Clark said they'd just had a fiasco with a run because a lot of people think they can do the same things Parks and Rec does. What they end up with is someone has a great idea, but then Parks and Rec gets stuck doing the event that they shouldn't be doing, which pulls down staff and their morale. It's not the way it should be. Someone is always jumping in saying what someone should do, but behind the scenes, Parks and Rec have to do everything. Mayor Rivers asked if he wanted funds to go to Special Events

or salaries? Director Clark said he hadn't taken into account the \$15 new minimum wage kicking in. What he estimated and what's happening in January are two different things. Mayor Rivers said they want to increase because they want activities – where should the funding go, this additional money they're talking about now? Where would it be best used? Director Clark said salaries are going to be difficult if it's left at \$325,000 because they're absolutely going to overrun it. Councilman Peel asked how much of an increase the \$15 would be for the part-time. Director Clark explained they get \$11.70 now, which would be going to \$15 in January. He said there would also be an issue with compression now that that was moving up. Councilman Peel stated that until some of the numbers were pulled out, and if the \$15 an hour increase wasn't figured in, we need to know what that percent is. That's an automatic increase.

Director Steward said she intended to put the middle school in its own fund. Councilman Peel said he was talking about the part-time we already had, as they weren't figured at the new \$15 an hour, so that number we have reflected is no longer good. He noted that Director Clark would be in the hole before he ever gets going if we didn't figure that in. Manager Freeman said his concern now was that we're about \$45,000 in additional expenditures, so once they pulled everything out, they could help them make an informed decision on cuts. Councilman Peel stated that when we come back for their next meeting, they might want some suggestions of where to bring that from.

Councilman Biggs worried that we're not paying for what we currently have, we're not budgeting enough to pay for what the bills are today. I would look across the board in this department and make sure that we're budgeting in a realistic world to deliver these services because there's no need to bring a new facility online or new programs if we can't manage what we've got and that's what I see. He appreciated the manager bringing a balanced budget back and he said he knew that's not easy to do, but we have to live realistically. Manager Freeman said they have not touched fund balance yet, but they may need to.

Mayor Rivers suggested that they didn't need a new tab for the middle school, they just need it broken down into the individual items instead of one lump item. He said he did not want a whole new tab. Manager Freeman asked if he could look at it and take it under consideration. Mayor Rivers said it didn't need to be broken out like the Senior Center. He advised the Council that this would be brought back with the broken down items, the additional money and the corrected part-time funding.

He asked what the full-time staff was for the Senior Center. Director Clark said three and a half and we do not currently have the half. One member of full-time staff was vacant for six months, which is why we did not hit the budgeted amount. He said that also the staff was coming out of the wrong line item. We are trending right on target now. The three positions are superintendent, program specialists and the facilities maintenance staff is part-time. Councilman Peel asked about the group insurance – is that because we're not fully staffed? There's also a big jump in retirement. Manager Freeman said those were the numbers given to us. We were also informed the retirement numbers may go up. By the time we get to the end of the fiscal year, we're being told that's the amount we're going to pay in that line item. Mayor Rivers noted we also use a lot of part-time people for the Senior Center. Director Clark said we use part-time Senior Center staff for the downtown market. Mayor Rivers asked if we fund the downtown market coordinator? Director Clark said that currently, we do not. The bus drivers come out of the Senior Center funding, as do the certified instructors. They are kept close to 10 hours per week because they are paid significantly higher than the regular part-time staff.

Manager Freeman said we have some reports coming in and he was fairly certain he'd be recommending that we close one of our cemeteries. Mayor Rivers asked him what he meant. The expenditures associated with it are just grass-cutting, which we have to do forever. Manager Freeman said he had received reports that the cemetery is full. Mayor Rivers said that didn't matter, we didn't sell plots. We had to maintain these cemeteries. He asked Director Clark about the maintenance. Director Clark said our formerly \$20,000 contract had increased to \$60,000 because of the increase in fuel costs. We did have repairs out there, which mainly took care of damaged stones, fences, etc. He said we could possibly decrease that, but we needed to make sure grass-cutting stayed the same. Councilman Biggs asked if we knew what the contract was to cut the cemeteries. Director Clark said we did. Councilman Biggs said we had to go into it with at least what our

budgeted amount was. Mayor Pro Tem Spence noted that some of the cemeteries didn't start out as ours, but we ended up with them because of maintenance. Mayor Rivers said we wanted to make sure our verbiage had changed so that we didn't have to accept a cemetery just because no one else wanted it. Councilman Peel said he thought we had changed that a while back. Mayor Pro Tem Spence said we needed to start enforcing those cemeteries that weren't city-owned that weren't being kept up to code. Mayor Rivers stated that we needed to raise the recommended budget up to \$55,000 because of the amount of the contract, as we had to at least have enough to cover that. He asked that they move the maintenance down from \$10,000 to \$1,000.

Non-Departmental: Councilman Peel asked if Economic Development had gone up. Manager Freeman said it was \$55,000 total, \$25,000 of which was paid in non-departmental. Councilman Biggs said he knew we took part of it out of electric, but could we not take all of it out of electric? Mayor Rivers asked about the employee clinic – is that back up for vote this year? Was that a one-year or two-year contract? Manager Freeman said he would get with HR and find out for certain. Mayor Rivers asked what Albemarle Theaters was. Manager Freeman said as he understood it, it was a tax break agreement the City entered into. He said he wasn't familiar with it, but the Clerk had brought him up to speed. The Clerk advised that it was the a BIP – business investment program. We had two or three of them going at this time and the County was also paying a portion. Mayor Rivers asked if that was the same thing with Inland? The Clerk said that it was.

Mayor Rivers noted that we also want to find funds for city staff – the money in the contingency, could that go to staff? Manager Freeman said that it could. Mayor Rivers suggested moving that down to \$30,000.

Councilman Biggs noted they had to remove \$2,500 for the inauguration and \$24,000 for the election. Mayor Rivers asked the manager if these expenditures are part of a balanced budget? Manager Freeman said that they were. Councilman Biggs said they did not balance. If you take the income you've got versus the revenue, it does not zero out. Director Steward said they're going to balance it because they had to identify the legislative and they had to figure out where they were going to get those funds from. They just wanted to show the Council what they did. They will rebalance after tonight.

Mayor Rivers said that was important because Councilman Biggs was talking about taking the money from the contingency for the election, but if it's balanced, we can keep it separate. If we have a balanced budget and this needs to come out of contingency, it means we only have \$39,000 in contingency so I can't ask to move \$30,000. I just want to make sure they understand that. So contingency only has this \$39,000 in it? Manager Freeman said he'd misunderstood his question the first time, but yes, that was correct. Councilman Biggs said he did not think the County was going to like if we took the extra revenue and dumped it into non-departmental.

Mayor Rivers said we would start back with non-departmental during the next meeting.

2. Adjournment:

There being no further business to be discussed, Mayor Rivers adjourned the meeting at 6:48 p.m.

E. Kirk Rivers
Mayor

April D. Onley
City Clerk, NCCMC