

**City Council Budget Work Session  
May 2, 2017**

The City Council of the City of Elizabeth City met for a budget work session on Monday, May 2, 2017 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 Joe Peel  
Mayor Pro Tem Anita Hummer  
Councilman Tony Stimatz  
Councilman Michael Brooks  
Councilman Rickey King  
Councilman Johnnie Walton

MEMBERS ABSENT: Councilwoman Jean Baker (*Excused*)  
Councilman Ray Donnelly (*Excused*)  
Councilman Darius Horton

OTHERS PRESENT: City Manager Rich Olson  
Interim Finance Director Evelyn Benton  
Police Chief Eddie Buffaloe  
Electric Department Superintendent Karl Clow  
Assistant City Manager Angela Cole  
Interim Human Resources Director Monica Cole  
Parks and Recreation Director Dexter Harris  
ECDI Director Debbie Malenfant  
Public Utilities Director Joe Pearce  
IT Director Matthew Simpson  
Inspections Director Stanley Ward  
City Clerk Vivian White  
Load Control Specialist Ricky Albertson

The City Council budget work session was called to order by Mayor Joe Peel at 5:30 p.m. Mayor Peel welcomed everyone to the meeting and gave the invocation, after which he led the Pledge of Allegiance.

**1. Agenda Adjustments and Approval:**

Mayor Peel requested the Council's pleasure regarding approval of the prepared agenda.

**Motion was made by Councilman Rickey King, seconded by Councilman Michael Brooks, to approve the agenda. Those voting in favor of the motion were: Hummer, Stimatz, King, Brooks, and Walton. Against: None. Motion carried.**

**2. Statement of Disclosure:**

The City Clerk read the Statement of Disclosure. No conflict of interest disclosures regarding items listed on the agenda were made.

**3. PowerPoint Presentation of Fiscal Year 2017-2018 Recommended Budget:**

Mayor Peel recognized City Manager Olson and Assistant City Manager Cole to lead the presentation. Mr. Olson explained that the budget, as proposed, is balanced and any changes would require an offset. He stated that any changes or questions would be addressed at the next meeting. He noted that the proposed budget totaled \$67,906,152, which was an increase of three percent overall. He furthered that the General Fund Budget is \$20,659,788; an increase of seven percent which relates to the \$1.1 million street overlay project. He pointed out that the Electrical Fund Budget is \$34,900,682, which was a slight decrease due to the wholesale power costs dropping.

City Manager Olson continued that the Water/Sewer Fund Budget is \$9,982,605, which is an increase of six percent. He added that the Storm Water Utility Fund Budget is \$420,620 and the Solid Waste Fund Budget is \$1,942,457.

Mr. Olson stated that there is no property tax increase included in the budget. He noted that the budget implements the Booth and Associates recommendations for an electrical rate decrease. He pointed out that there are no proposed increases in water or sewer rates. He furthered that sales tax receipts are flat and estimated at \$3,550,000. He explained that there is statewide pending legislation that may benefit the City in terms of sales tax.

Councilman Stimatz questioned what a sales tax refund meant. Mr. Olson explained that an entity can apply for a sales tax refund on certain projects and that some of them can be large, requiring the City to “back out” projections for future years.

Mr. Olson stated that the only increase proposed in the budget is raising the motor vehicle tax rate from \$5 to \$30. He noted that this increase would generate \$300,000 in revenue. He pointed out that these funds are earmarked and can only be used for local roadway improvements.

Councilman Walton expressed concern that the city is located in a Tier One County and that an additional payment of \$25 seemed extreme to him. He opined that a \$15 increase would be more reasonable for this year.

Mr. Olson stated that the streets had not been identified for the road reconstruction plan and they probably would not be prior to July or August. He pointed out that many roads between Herrington Road and Southern Avenue would be redone during the sewer project. He added that prior to the budget being completed, a list of “priority streets” would be provided to the Council. Mr. Olson pointed out that “we don’t want to put a new road in if we don’t address the underground utilities.” He noted that some streets would be basic overlay and some would require total reconstruction.

Councilman Walton stated that it could be beneficial to ask the community to identify road issues. Mr. Olson acknowledged that road conditions are a high area of concern for citizens. Councilman Stimatz noted that five years ago, the Public Works Director advised that the City should be spending \$2,000,000 per year on the roads. He added that the \$25 per year was only an increase of two dollars a month, which he did not find to be excessive considering it would go directly to necessary road work.

Councilman Brooks opined that Davis Avenue has the worst road conditions in the city. He questioned why it wasn’t overlaid during the Roanoke Avenue project. Mr. Olson responded that it was his recollection that the City received state funds for the Roanoke Avenue project, and it was required that the funds be applied only to a state road.

Councilman King asked if Adams Street was ever repaired. He stated that he remembered a problem with underground pipes making overlaying impossible at that time. Mr. Olson responded that he did not recall the status of the street, but he would look into it. Councilman Brooks added that Tatum Street was in a state of disrepair, as well. Mr. Olson opined that those were roads that would need complete reconstruction and not just overlays.

City Manager Olson stated that City staff reviewed four different health insurance proposals and 11 different policy options were considered. He also noted that a modified self-insurance program was also considered. He reminded the Council that MedCost was decided upon as the City’s insurance provider, which would equate to a ten percent increase in cost to the City. He noted that the premium increased to \$2,519,788, which was a net increase of \$452,615. He pointed out that the budget reflects a ten percent increase in health insurance, equating to \$215,835.

Mr. Olson stated that there was no change in property valuation.

Mr. Olson stated that there would be no increase in solid waste fees. He pointed out that there would be a five percent decrease in residential electric rates and a 3.27

percent decrease in commercial rates. He advised the Council that rates should be stable for the next five to eight years, with another decrease possible at the end of the eight year period. Councilman Walton stated that he thought the Council had passed that a five percent decrease would not be given. Mr. Olson responded that the Council only agreed to defer the decrease until July.

Mr. Olson provided the expenditures by fund, as follows: General Fund is \$20,659,788; Electric Fund is \$34,900,682; Water and Sewer Fund is \$9,982,605; Storm Water Utility is \$420,620 and Solid Waste is \$1,942,457. He noted the total budget is \$67,906,152.

Mr. Olson pointed out that Capital Outlay expenditures are budgeted at \$9,644,363, which is an increase of 156.39 percent. Councilman Stimatz questioned how this would relate to the LGC concerning the unobligated fund balance. He asked how much of the 6.28 percent decrease in the operating cost was related to the LGC's requirement that the City build its fund balance. He pointed out that taxpayers support the General Fund Budget and he felt it should be made clearer for them to decipher.

Councilman King questioned if the transfer expenditure was coming from the Electric Fund. Mr. Olson responded that it was coming from both the Electric Fund and the Water/Sewer Fund. He added that the amount has been decreased over the last several years, driven by state law.

Mr. Olson stated that Nuisance Abatement was budgeted at \$35,000, adding that it was a "plug number." Councilman Brooks asked if the City historically came close to that number. Mr. Olson responded that it usually ranged between 35,000 and 50,000. He added that he could provide year-to-date totals.

Councilman Walton asked for an update on the City's desire to reinstitute the Rental Housing Program. Mr. Olson stated that nothing had resulted from the visit to Raleigh nor from the letter the Mayor sent. Councilman Walton requested that he be kept abreast of the situation.

Councilman Stimatz opined that the number allotted for Nuisance Abatement was too low. He stated that the ordinance allowed the City to abate any property that was suffering neglect. He pointed out that City staff was allowed to take aggressive action, particularly in the downtown area. He added that these are long-standing issues and need to be addressed. Mr. Olson stated that the number could be increased if the Council wished.

Councilman Brooks questioned how it's determined that a home needs to be condemned. Mr. Olson responded that if a property does not meet the minimum code, the City can order the owner to either fix it up or tear it down. If the owner does not comply, an order to condemn is brought before the Council to approve. He noted that a home may aesthetically "look bad" but not be at a point where it can be condemned. Councilman Stimatz added that he had provided state building codes and noted that many downtown properties were in violation of them.

Mr. Olson stated that the High-Tech Conference Room on the first floor of the Community Development Department was estimated at \$7,200. Councilman Stimatz opined that a better interactive tool needed to be used.

Mr. Olson continued that the renovation of the Midgett building was estimated at \$168,000 and noted that it would be a cash expense. He added that the metal grid work on the exterior of the building may require removal. Councilman Brooks asked if this would be coming out of weatherization monies. Mr. Olson responded that funding would be coming from the General Fund.

City Manager Olson stated that two city-wide surveillance cameras were budgeted at \$7,830. He added that rugged mobile data terminals were estimated at \$13,475. Councilman King opined that he felt two additional cameras should also be placed at Enfield Park around the splash pad. Mr. Olson stated that he was concerned that the City was reaching its limit on the number of cameras it could have on the current setup.

Councilman Stimatz pointed out that fixed cameras would be less of a burden on the system than the upgraded options.

Mayor Pro Tem Hummer asked for clarification on why the K-9 units were being scaled back from four to three. Mr. Olson stated that he believed that the City only had three operational K-9s at this time. Mayor Pro Tem Hummer questioned if the K-9s had bullet-proof vests; Mr. Olson confirmed that they did.

Mr. Olson stated that the seven in-car digital cameras at \$45,640 were in addition to the five that the City would acquire through the new police car purchases. He added that the fire truck, budgeted at \$300,000, was an unexpected expense brought on by the inability to purchase parts for the current truck. He added there would also be \$30,000 budgeted for Scott Air Bottles and \$24,000 for the air packs.

Mayor Peel confirmed that the fire truck would be an installment purchase. Councilman Stimatz asked how long the City intended to finance the truck. Mr. Olson stated he believed it was a ten-year plan.

Mr. Olson stated the Street Division service truck was estimated at \$36,934. He noted that neighborhood Initiatives were budgeted at \$100,000. Councilman King asked for clarification on this item. Mr. Olson explained that it could be used for repairing sidewalks in a neighborhood, or installing speed bumps. Councilman Stimatz noted that there was a policy and a process that must be implemented prior to installing traffic control devices. Councilman King asked if it could be used for curb and gutter work. Mr. Olson advised that it could be used for any Powell Bill eligible expense, and added that it could not be used for a state-maintained road.

Councilman Brooks asked if the roads at Debry were city maintained. Mr. Olson stated he was unsure. Councilman King stated he was under the impression that they were city streets.

Mayor Pro Tem Hummer asked where Main Street stood on the priority list for the \$1.1 million proposal for street reconstruction. She commented that West Main Street in particular was in need of repair. Mr. Olson agreed and added that Main Street would most likely require a total reconstruction. He pointed out that part of Main Street had already undergone reconstruction.

Mr. Olson stated that the \$12,000 for the Senior Center's new HVAC system and the \$35,500 to make the restrooms ADA compliant would be funded 50/50 by the City and the County. He added that Coast Guard Park improvements would cost \$320,000, but there could be a revenue offset of \$160,000 if the project was funded. He continued that \$15,000 was budgeted for a Dog Park. Councilman Brooks stated that Enfield Park needed new playground equipment more than a dog park.

**Motion was made by Councilman Michael Brooks, seconded by Councilman Tony Stimatz to eliminate \$15,000 for a dog park from the budget. Those voting in favor were: Brooks, Stimatz, Hummer, King and Walton. Against: None. Motion carried.**

Councilman Stimatz stated he felt a dog park required a partnership between the City, the County and the public. He added that if the community offered assistance, the project could be completed for a lesser cost. He advised City Manager Olson to meet with the County Manager to discuss a joint effort. He noted that he did not mind the Council funding some portions of the park, but not all of it. Mr. Olson reminded Councilman Stimatz that the original price was \$35,000; the proposed \$15,000 would only cover the external fencing. Councilman Stimatz urged the public to request that the County Commissioners work with the City to fund this project.

Councilman Brooks questioned to what extent the City would be liable regarding the dog park. He stated that some dogs attending the park might not be trained or well-behaved. He opined that the park should be located in the county and not at Enfield Park. He expressed concern that there might be potential lawsuits.

**Motion was made by Mayor Pro Tem Anita Hummer, seconded by Councilman Tony Stimatz to have City staff coordinate a meeting with the SPCA and the County Manager in hopes of establishing a partnership to develop suggestions for the dog park. Those voting in favor of the motion were: Brooks, Stimatz, Hummer, King and Walton. Against: None. Motion carried.**

Mr. Olson stated the Enfield Skate Park was estimated at \$200,000. Councilman Stimatz asked if the skaters would be involved in the process; Mr. Olson confirmed that they would. Councilman Stimatz offered that this would provide a good opportunity to engage kids and show them how government processes work. Councilman Brooks expressed that this park was long overdue and he felt this was “money well spent.”

Mr. Olson continued with Parks and Recreation expenditures as follows: two passenger trucks at \$50,500; Toro Sand Pro at \$25,057; mower at \$34,418; Toro Workman HDX at \$23,042 and Coast Guard Park equipment at \$17,140. Councilman Stimatz asked if the Parks and Recreation Department would be running the recreation equipment. Mr. Olson advised that it would most likely be an outside company. Mayor Peel questioned if the budget impact on these items was correct. Mr. Olson stated they were not, as they should reflect a 45/55 cost share. He verified that the budget itself was fine, that the slides were incorrect. Councilman Walton asked how much it would cost to have someone else run the park and requested to see a business plan.

City Manager Olson continued the presentation by detailing an electronic time-keeping operating system budgeted at \$30,000 and a Dark Fiber Project at \$25,000. He added that he did not include revenue from Eastern Shores Communication because he did not have any historical data at this time. Councilman Stimatz questioned when the Council would be able to see the agreement. City Manager Olson advised Councilman Stimatz that it was still at the attorney’s office, and would most likely be pulled from the agenda. Councilman Stimatz asked if he could see the preliminary paperwork that was issued; Mr. Olson confirmed that he would present that to him.

Mr. Olson stated that the Community Support Grant line item was dropped from \$50,000 to \$35,000 in order to give the Food Bank \$15,000. Councilman Brooks opined that the City should earmark more money to the Food Bank, stating “we are a Tier One County.”

**Motion was made by Councilman Michael Brooks, seconded by Councilman Tony Stimatz, to reduce the Community Support Grant to \$30,000 in order to raise the money given to the Food Bank to \$20,000. Those voting in favor of the motion were: Brooks, Stimatz, Hummer, King and Walton. Against: None. Motion carried.**

Mr. Olson stated that the Downtown Improvement Grant (DIG) line item was budgeted for \$80,000. Councilman Walton asked if the City still intended to expand the DIG to include other areas of the city. Mr. Olson advised that under the approved guidelines, businesses located in any area of the city could apply for grants at this time.

City Manager Olson stated that \$85,000 was budgeted for Inland Tanglewood Parkway, the successor corporation to Thompson Thrift. He added that there was \$16,000 in the contingency fund, but it would be raised to \$31,000 with the addition of the \$15,000 from the removal of the dog park. He reminded the Council that “we still have some revenues that are up in the air.” He pointed out that Senate Bill 126 could have substantial impact on revenues within the General Fund. He addressed the \$72,000 budgeted for elections, stating that this total had doubled in the last four years. He noted that the City must now pay Camden County for the election.

Councilman Stimatz asked what the cost and impact of de-annexation of Camden County would be. City Manager Olson agreed to look into it. He opined that the cost of the election is becoming a major issue.

Mr. Olson recited the following General Fund Budget earmarks: Albemarle Hopeline, Inc. has \$15,000; Police Athletic League has \$50,000; the Food Bank would be raised to \$20,000 and Arts of the Albemarle would receive \$25,000.

Councilman King asked when Albemarle Hopeline moved up to \$15,000. Mr. Olson responded that funding had been \$15,000 since fiscal year 2013. Councilman King expressed concern over the Police Athletic League. He opined that a full-time person should be hired to utilize the \$18,000 from the mentoring grant that the Police Chief obtained.

**Motion was made by Councilman Rickey King to hire a full-time worker for the Police Athletic League.**

Councilman Brooks questioned if the \$18,000 was earmarked for mentoring. He asked if it would offset the salary required to pay a full-time person. Mr. Olson clarified the \$50,000 designated for the Police Athletic League did not include a salary. He noted that \$12,000 for salary and benefits was added on top of the current \$50,000. Councilman Brooks asked if the \$18,000 could still be utilized without hiring a full-time worker. Councilman King expressed concern that four hours a day was not enough time for mentoring. Mr. Olson stated he would speak with the Police Chief and take another look at the grant in order to present more detailed information.

Councilman Stimatz opined that moving the Police Athletic League program to Parks and Recreation would provide better oversight. He questioned which programs are being run, how many participants are involved and which classes are being held. He added that utilities average \$30,000 for the site, which only leaves \$20,000 for the program. He opined that the business plan has not improved in the last three or four years. Councilman Stimatz noted that he supported the program and advised using it as a “recruiting ground” for the City. He stated that he felt the Council needed more information prior to making a decision.

Mayor Peel stated that Greensboro has a fantastic mentoring program and added that he thinks the City needs “more of that kind of thing and not less.” He added that Greensboro also does their program through their Parks and Recreation Department.

Mayor Pro Tem Hummer opined that the County should share the costs of running the Police Athletic League building. She stated she did not agree that all maintenance and improvements fell on the City, as the building does not belong to it.

Councilman Walton stated more things need to be done for the youth in the city. He added that he felt too many kids are dying too young. He advised that the information be presented to the Police Athletic League first, and then to the Recreation Committee.

**Councilman Johnnie Walton seconded the motion to hire a full-time worker for the Police Athletic League.**

Councilman Brooks asked that information be compiled prior to taking further action. He stated that the program is great, but wanted to be able to have more information to make a sound decision.

**Councilman Rickey King withdrew his motion until further information could be compiled and presented.**

Mr. Olson stated that the transition plan to move the Police Athletic League to the Parks and Recreation Department was already tentatively being considered. Councilman King asked if the Police Chief would still be able to apply for grants if it was moved. Mr. Olson stated he believed he could. Councilman Brooks asked for more information on the matter. Councilman King opined that the Police Athletic League should stay within the Police Department, and Councilman Walton agreed. Councilman Brooks reiterated that he wanted more information before making any kind of decision.

Mr. Olson stated that the jointly-funded Central Communications service was budgeted for \$475,056, which was a dramatic drop from last year. Councilman Stimatz asked what the City had paid previous to last year. Mr. Olson noted that roughly \$430,000 was paid in prior years.

Mr. Olson stated that Animal Control services were budgeted for \$148,338, an increase of close to \$1,000.

Mayor Peel asked if Mr. Olson intended to go through the entire PowerPoint Presentation, as the regular meeting was due to commence shortly. Mr. Olson replied he would only address the next few slides.

Mr. Olson stated that there would be no decrease in any of the rate schedule's basic charges. He noted that a rate reduction of five percent would be applied to residential customers and a 3.27 percent decrease for general service rate customers. He added that 90% of the city's customers fall under these two rates.

Mr. Olson addressed the incorrect information that was circulating regarding a comparison between the City's utility rates and Dominion's. He stated that 1000 kWh is the benchmark that all communities use for comparison. He noted that the City's existing rate for 1,000 kWh is \$121.88, adding that if the Council approves the five percent decrease it would be \$116.41. He pointed out that Dominion's summer rate for 1,000 kWh is \$115.48 and Albemarle EMC's is \$137.29. He noted that Dominion has a separate rate for summer and winter, and that the summer rate is higher. He explained that 1,000 kWh on Dominion's winter rate is \$100.56.

City Manager Olson stated that the City does not incorporate a fuel adjustment charge on its bills. Councilman Stimatz pointed out that Dominion is lower in the winter because more people are utilizing natural gas. He added that Dominion's service areas are not only in Tier One Counties. He allowed that this gave Dominion the opportunity to charge a lesser amount. Mr. Olson added that Dominion's housing stock may also add to the variables.

Mr. Olson explained that the other slides could wait until later, as the regular meeting time had been reached.

Councilman Stimatz questioned why a position for an Assistant Public Works Director and an Assistant City Clerk were not present in the budget.

**Motion was made by Councilman Tony Stimatz, seconded by Councilman Michael Brooks to include an Assistant Public Works Director position and an Assistant City Clerk position in the budget.**

Mr. Olson stated that two positions within Public Works were being combined in order to fund an Assistant Public Works together. Councilman Stimatz stated his intention was to formalize that the Council requested these positions.

**Those voting in favor of the motion were: Brooks, Stimatz, Hummer, King and Walton. Against: None. Motion carried.**

Councilman Stimatz noted the Assistant City Clerk should be hired as soon as possible, reminding the Council that City Clerk Vivian White would be retiring soon.

#### **4. Questions/Discussion by Councilmembers:**

Due to the lateness of the hour, there was no further time for questions and comments by Councilmembers.

#### **5. Adjournment:**

There being no further business to be discussed, Mayor Peel adjourned the meeting at 7:10 p.m.

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Joseph W. Peel  
Mayor

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Vivian D. White, CMC/NCCMC  
City Clerk