

**City Council Budget Work Session
May 8, 2023**

The City Council of the City of Elizabeth City met in work session on Monday, May 8, 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
Councilman Johnson Biggs
Councilman Joseph Peel
Councilman Javis Gibbs
Councilwoman Rose Whitehurst (*Arrived at 5:09 p.m.*)
Councilwoman Katherine Felton
Councilwoman Barbara Baxter
Councilman Johnnie Walton

MEMBERS ABSENT: None

OTHERS PRESENT: City Manager Montre' Freeman
Interim 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. Invocation was given by Councilman Gibbs, after which Councilman Biggs led the Pledge of Allegiance.

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

Mayor Rivers said he'd like to start with the questions that were brought up during the previous meeting if that would be okay with the Council. Manager Freeman stated there were a few questions from the last meeting, the first of which was posed by Councilman Peel about how many houses would be coming online in the new year. He noted that we estimate about 93 or 94 potentially, via multiple construction companies. Councilman Biggs asked if that would happen in this budget calendar? Manager Freeman said yes, July 1st through June 30, 2024. Councilman Biggs said he'd be interested to know how many were being put up currently because he'd seen tremendous growth in areas such as Stockbridge and Tooley's Harbor. Manager Freeman advised that he would provide that information during the next meeting.

Manager Freeman stated that he'd be providing the Council with a handout, which related to some asks the Council had about bonuses. An increase for employees in the form of a \$500 bonus would equate to \$150,459.76. A \$1,000 bonus would be \$300,919.53. A

1% COLA would be \$198,224.58; 2% would be \$397,038.26 and 3% would be over \$594,000.

Mayor Rivers said he believed that summed up the questions the Council had lingering from the last meeting. They were now moving onto Public Buildings. Councilman Biggs asked if we were adding an additional position into public buildings. Manager Freeman replied that it appeared a restructure took place and the previous individual who held the position in question was moved to Parks and Rec, but the money did not seem to follow. The goal was when they found someone to fill that position, to actually have it be a building superintendent. He said there are two positions open now, one of which is the building superintendent. He was looking into the status of our buildings, such as which ones need more serious repairs so that we can begin building a capital plan. He said the previous salary for the building superintendent was split between multiple departments and we wanted to put it under one, but reiterated that the position is vacant at this time. Mayor Rivers asked if we did not fill this, what would be the savings? Manager Freeman replied that it would probably be about \$100,000 with the proposed increase. Mayor Rivers said they'd just heard the numbers for bonuses for current employees, so they needed to keep in mind things that may need to be cut or not considered this year. Councilman Biggs asked if we're okay how we're operating right now. Manager Freeman said yes, so far. Councilman Biggs noted that if the salary was increasing, they should likely increase the FICA and retirement as well – there would be a larger budget impact than was being reflected in this potential position.

Councilman Peel asked what was the dollar amount of the 50 houses coming online. Manager Freeman relayed 50 houses would generate \$74,000 in tax revenue; and 90 would generate \$126,000 in tax revenue. Councilman Peel noted that under revenue in the general fund, we're projecting a million-dollar increase. Where is that coming from? He said he understood there was some commercial building in there too, but felt a million dollars was a large leap. We're building a budget based on a million-dollar increase. Director Steward said when she's calculating the property tax, she has to look for discoveries throughout the year in order to prepare the valuation. She came out to 9.174, so she felt that projected conservatively. Manager Freeman asked if they were looking at the document that was just handed out? Councilman Peel confirmed that he was. Manager Freeman said the difference there was \$189,774. Mayor Rivers said he saw what Councilman Peel saw and that was a difference of right at one million dollars. Director Steward said the proposed FY property tax was not just housing property tax, it was from DMV as well. She said her valuation was a little higher due to new discoveries, which had to be reevaluated. Mayor Rivers directed the Council's attention to page 248 in the budget book, which he felt broke the number down a little bit more. DMV taxes were separated out. Director Steward said she was conservative in her numbers because she was worried about inflation. Councilman Biggs noted that DMV money comes in twice a fiscal year, which originally goes to the DMV, then the county, then we get the disbursement.

Councilman Peel said what the numbers represent from one year to the next are not the same, and he felt that was confusing. Manager Freeman agreed. He said they were taking a lot of notes and trying to find the best way to improve the budget and make it clearer. Director Steward said she could create a grouping that showed how she came up with certain numbers. She didn't believe the Council had ever been shown how certain things were grouped and that would be helpful to them. Manager Freeman said his directive had been to show the Council everything, which may have made some things a little convoluted, but it was in the interest of being as transparent as possible.

Councilman Biggs asked if we have conversations with the county about property tax figures. Manager Freeman replied that he had not had any discussions, but they would in the future as they learned best practices. Mayor Rivers said the revenues that we targeted for last year, are we going to hit or exceed what was projected? He'd like to see that during the next budget meeting if possible. If things turn upside down in the economy, even next year, we can get some idea of if we're going to hit the projected revenues for the next fiscal year. Director Steward said due to the volatility of the economy, she estimated lower and favored trend analysis.

Mayor Rivers asked that the Council put a check mark beside salaries and wages, maybe try reduce that by at least \$30,000. Councilman Peel pointed out that we had \$9.1 million,

an increase of about \$200,000, but because it's set up by fiscal year, we're only getting about half. Deputy Finance Director Lewis explained that we will collect most of our revenue in August because many people pay early as you get a discount for paying early, and the second payment grouping will be in January. Director Steward noted that we were still collecting delinquents as well. Our collection was at 97.65%.

Mayor Rivers asked if the Council felt good about not doing the additional \$40,000 for the extra full-time position. Councilman Biggs said he was in favor. Councilman Gibbs said it may take more money to find the person who needs to wear that hat. We are short staffed, and we need to be able to dangle an attractive carrot to get them in here. He felt we might be able to cut from other places because we needed money in place to attract qualified applicants.

Mayor Rivers said the way it's set up right now is to move someone up to a superintendent level, which is an additional \$40,000. Manager Freeman stated that person will be someone who has the skillset to look at our buildings, tell us what was where, what needed to be maintained or needed to happen in those spaces. Mayor Rivers said he felt we could push that off to next year. If we found money later, we could do something with it, but we've got to cut somewhere because we have a balanced budget. If we've got to find money to give employees some money without raising taxes, we have to cut. I'm not saying we can't go to this next year, but right now, we've been operating without it. We only appropriated \$92,000 and now you want \$132,000 because you want different qualifications and I think that can wait until next year. He said he didn't want to wait until the end of the process to start cutting.

Mayor Pro Tem Spence said he was thinking with the age of our buildings and the shape they're in, that position is probably necessary. He felt we could probably cut somewhere else. He didn't want to cut that position because it dealt with the function of the buildings and the upkeep. You have to have somebody in a leadership position for the upkeep of the buildings.

Councilwoman Whitehurst asked if there's a member of staff now they want to promote and give a raise to? Manager Freeman said there was not. This position was previously in public buildings alone, and then it was restructured to move underneath Parks and Rec. The person in that role has vacated it. Now we're trying to bring a person back on and we need to increase the pay for the skillset because this person would have a more in-depth knowledge of building functions. They need to know how to deal with contractors. Councilwoman Whitehurst asked if you're going to lose cleaning time by changing the role? Manager Freeman said no, the people we have on are taking care of the cleaning. He needs someone to be able to tell us about the status of the buildings and know which contractors we need to be talking to. They need to have enough understanding of building structure and whatnot and what we should likely be charged by contractors and to vet them. We don't need them to come in and do the work, but they should be able to identify the right contractors. Councilwoman Whitehurst clarified that the new position would cover the duties of the old position plus a few more. Manager Freeman confirmed that was correct.

Councilman Biggs said that given where we're at in this financial position, he felt we could maybe identify someone in house to get us through the end of the year. He didn't know if we had someone who had enough of a background to get us through. Mayor Rivers reminded the Council they had to cut somewhere if they wanted to give the employees a raise. They might find money somewhere else, but he just didn't want to have to go back and have the same conversation.

Councilman Gibbs said there has to be money in place regardless, even if you are putting it on someone already in place. You can't just put it on someone's back and not pay them for more responsibility.

Councilwoman Whitehurst asked if they have already identified problems that made them want to expand the role, and if so, what would validate trying to find this person? Manager Freeman said the Midgette Building is an old building. There was a lawsuit some years ago and some of those issues are beginning to reoccur. We're not there yet, but he wanted to talk about it and get the temperature of the Council and see what the thoughts were. His goal was to protect the city and the tax payer dollars.

Councilwoman Felton said we definitely want to get the employees a raise. Is this position life or death if it doesn't happen this year? Manager Freeman said it was not that dire. Councilwoman Felton said then maybe we would be in a better position next year. Manager Freeman said there are some things that need to be addressed this year, but we could work around whatever we had to.

Mayor Pro Tem Spence remembered when the position became vacant and he knew we'd been running fairly well without having it filled. He asked if Director Clark could provide any input on how desperate the situation might be since he was technically overseeing it. Director Clark advised that the position has been vacant since December and the manager was looking for someone to be in a high-level position in a superintendent role. It's not necessarily that they're trying to support a new position, but there's not enough money in the line item to support the current role and a full-time role. They were interested in having someone who could do some of the maintenance themselves. They currently have two staff members who serve as custodians and deal directly with contractors.

Mayor Pro Tem Spence said he felt that we could move this to the 2024-2025 budget since we're functioning right now and it doesn't seem to be dire. He didn't want us to forget about it though.

Mayor Rivers asked if anyone was for keeping the position: The general consensus of the Council was that it could be removed at this time. Mayor Rivers said they'd come back with a list of what was being cut so they didn't have to rehash it every time.

Mayor Rivers asked if we're about to go with Enterprise Fleet, will that cut the \$200,000 maintenance of vehicles down? Manager Freeman said that it will cut it down significantly. He noted that police vehicles were not proposed in the first phase of the Enterprise contract. Mayor Rivers noted that out of the \$200,000, we've only spent \$118,000 this year because police cars aren't being used nearly as much. He asked to move the police discussion to a later meeting since Chief Webster was not present.

Councilman Biggs pointed out that we had some debt that we took out for patrol cars, a garbage truck and several other things. Every time we ordered these items, they were canceled. He asked if we're still paying the debt service on it like we received it? Director Steward said we're still paying it, but we have not purchased the other vehicles. Councilman Biggs asked if we're still trying to purchase the vehicles. Manager Freeman said he'd speak with Chief Carver but he did not believe that we were. When we're trying to order five or seven, you get kicked out of the cycle because they don't consider it to be enough vehicles. Councilman Biggs said we may want to go back to the bank and see if they'll modify the loan and reduce the balance for whatever we didn't get. We're paying back debt service on some money that we're not getting any use out of. We know we can't buy some of those cars, so maybe they'll modify it. Manager Freeman said he would check on the status of the cars and the loan itself.

Mayor Rivers recognized Chief Carver to provide some information on the Fire Department. Chief Carver stated that his department had 46 full-time employees and was fully staffed. Mayor Pro Tem Spence asked if everyone was trained, and does that have an effect on the budget? Chief Carver said he had a few who needed a couple of classes, but most were where they needed to be. Mayor Rivers asked Chief Carver if he was the only department that had a boat. Chief Carver confirmed that was correct. Mayor Rivers asked what the condition of the boat was. Chief Carver said it was good, but it was only for use in creeks and things like that. To be able to get into the river, they don't have the boat that they need. It's an 18-foot flat-bottom skiff. It was donated by Firehouse Subs. It was in great shape but cannot handle rough water. Mayor Rivers said he asked because he wanted to make sure people were safe on the water in the event of fire. Chief Carver said they're looking at getting a boat like what the Wildlife Resource Commission has surplus. They've found a few, but the motors have all been shot and they're an extremely expensive fix these days. Mayor Rivers asked if everything was still good with the walkie-talkies approved by the Council. Chief Carver said that it was. Councilman Biggs asked if he was anticipating overtime decreasing. Chief Carver explained that the number fluctuated a lot due to staffing levels. Although they are fully staffed and personnel are trained to at least the minimum requirements, there's a whole additional level of training for drivers, which they are currently short on right now. They also have to take

storms into consideration. We've been fortunate the last two years that we didn't have any named hurricanes and minimal snow issues, which are all things that cause fluctuations. Overtime and vehicle maintenance were his shortfalls this year.

Mayor Rivers asked about the group insurance, which was about \$60,000 more than previous. Did insurance go up or what was the cause there? Director Steward said she projected the insurance to go up about 12 or 13%. Mayor Rivers asked when we'd get the number from the carrier. Manager Freeman said he'd gotten health insurance today, which was 9.5%, but 12% had been built into the budget. Mayor Rivers said we'll have 3% savings there, but we're waiting on group insurance. Medical is 9.5% and dental is 1%. Councilman Biggs asked if vision is covered under medical? Manager Freeman said it's separate and we did not have the number yet. Councilman Biggs asked about the maintenance costs. Chief Carver said it was a very difficult game to budget due to part shortage and inflation. It depended on how soon we could get our new truck online because it was extraordinarily expensive to keep the older ones going. The ladder truck will be the oldest one running after we get the new one online, and it's giving us a lot of issues. The parts are very expensive, usually at least \$6,000 minimum and they usually have to go to at least Virginia to be fixed. Councilman Biggs said it we know we're spending over \$90,000 in maintenance and we know things are increasing, while this year's problem might be going away, should be not still look at increasing the budget? We have exceeded this budget every year. He said he appreciated that the budget was balanced but this is life or death. Councilman Gibbs agreed, and said this wasn't like a taxi cab or an Uber. These vehicles needed to be dependable. They respond to accidents of all kinds and have to be able to get there. The proof is in the numbers that are presented to us. We're going to end up spending this money and we need to take a look at making sure we have enough out there to have it covered.

Mayor Rivers asked about the contracted services for 911. We budgeted \$325,000 and to date we've spent \$129,000. It's fluctuating. Is it a per call or do they send over a bill? How does that work? Do we get an amount from 911? Chief Carver said he believed it was a percentage of the calls, but he wasn't certain. He said he thought it was about the same as with the Police Department. Councilman Biggs said we were about the same this time last year, so it may be quarterly billing. Mayor Rivers said we've been covering about \$260,000. The highest year was 2020. He saw that it fluctuated. Chief Carver noted that if that was the case, then it's not call based, because last year was a record year and they're tracking to be above that this year.

Mayor Rivers asked how much are the air packs? Chief Carver said they were \$8,000 last year, but now they've gone up to more than \$10,000. Inflation has gotten things out of control. He said he did not know how small cities were going to be able to function. At some point it was going to break people. He was thankful that we were in good shape with our radios and apparatus. You can't go without air. Our turnout gear was \$25,000 for 10 sets a few years ago and now it's over \$40,000. Councilwoman Felton said we used to be able to get grant money to help, is that no longer the case? Chief Carver said the money that used to be out there after 9/11 is dwindling away. Volunteer departments are doing okay, but municipal departments are experiencing very few opportunities. There are some grants available through Firehouse and FEMA, but they are few and far between. Councilwoman Felton asked who wrote the fire grants? Chief Carver said he'd written many of ours for FEMA and had an opportunity to sit on the panel. One of our current trucks came from a grant, as did some of our turnout gear and air packs, but those pots of money were shrinking quickly.

Mayor Pro Tem Spence said he understood the importance of public safety and felt that we had to do all we could for fire, police and EMS. Chief Carver said our goal is once we can confirm how much we can get, we'll collectively go to the vendor and try to get a better price. What we have is worst case and we'll try to negotiate better prices. He said he could make it with eight air packs, which would be totaling around \$80,000.

2. Adjournment:

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

Kirk Rivers
Mayor

April D. Onley
City Clerk, NCCMC