

**City Council Special Work Session
March 11, 2024**

The City Council of the City of Elizabeth City met in special work session on Monday, March 11, 2024 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
Councilman Johnson Biggs
Councilman Joseph Peel
Mayor Pro Tem Kem Spence
Councilwoman Katherine Felton
Councilman Ronnie Morris
Councilman Johnnie Walton

MEMBERS ABSENT: Councilman Javis Gibbs
Councilwoman Rose Whitehurst

OTHERS PRESENT: City Manager Montre' Freeman
City Attorney Bill Morgan
Chief of Staff Monica Cole
Finance Director Alicia Steward
Deputy Finance Director Brian Lewis
Chief of Police J. Phillip Webster
Deputy 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
Parks and Recreation Director Sean Clark
Fire Chief Chris Carver
Assistant Fire Chief Thomas Brooks
IT Director Matthew Simpson
IT Systems Analyst Pedro Holley II
City Clerk April Onley

Mayor Rivers called the Special Work Session to order at 5:39 p.m. Mayor Pro Tem Spence provided the invocation, after which Mayor Rivers led the Pledge of Allegiance.

1. Discussion / Halstead Corridor:

Manager Freeman reminded the Council that the Capital Improvement Plan Budgeting Retreat was held several months ago and the largest piece of the improvement plan is the Halstead Corridor. Tonight, the Public Utilities Department and the Electric Department are prepared to discuss some of those necessities at length.

The first item for discussion is the need for an electric substation on the Halstead Corridor. He introduced Mike Dawson with Progressive Engineering who would be participating via Zoom. Electric Superintendent Donnell White explained that there is a great need for a new substation to feed the Halstead Corridor. There's a "blank" area out there right now where if developers wanted to go in now, we have no way to get them power. The Perkins Substation is at 80% capacity. Once the proposed upcoming developments are brought on, it's expected to be at 90% capacity. In 2017, the discussion to build a new substation in the Thunder Road / Wellfield area to feed the Halstead Corridor went into the Electric Department's five-year plan. At that time, the price for the substation was estimated at \$2.9 million. The price is now at more than \$5 million just for the substation itself. Mr. Dawson stated that he did not believe the underground circuits were in the plan back in 2015; they've only been recently approached that discussion. He would estimate a likely ballpark number for everything to be close to \$10 million.

Councilman Peel asked how much we would have to raise electric rates to fund this. Manager Freeman said they haven't gotten that far into the discussion yet, but he's looking at a blend of funding to get this done. Although we're playing catch up with the audits, we can see that we're trending upwards and the financial advisors are impressed with the City. Once the audits CIP is presented and adopted, then we can look into what blend of funding sources we can go after.

Mayor Rivers asked how many available lots for development remain open on the Halstead Corridor. As far as permits, what has been collected? What have we collected in tap fees, electric availability fees? Growth should pay for growth. We need to assess if we need to put additional requirements on the Corridor. The increase in taxes that we see from the new developments out there, what are we going to do with those? If we go from collecting \$1 million in property taxes to \$20 million, where does that go? We need to look at the forecasting. We want to make sure we're not overcrowding too. He stated that he wanted the entire projection of everything currently happening or expected to happen on the Halstead Corridor. He opined that it's likely to increasingly busy out there once the new hospital opens.

Councilman Biggs said he was under the impression that the meeting this evening was supposed to cover exactly what Mayor Rivers had just requested. He wanted the Community Development Director to provide large maps that they could all see, show them what was currently out there, what was under construction, what was approved and coming soon, what was in talks, and so on. Each department could go forward and indicate what their needs were, but the Council needs to know what's actually going on out there. He worried that the Council was being exposed to a lot of risk. They needed to make sure they could provide basic services and make solid decisions, yet he was concerned they were not being prepared with enough adequate information to cover the topic.

Mayor Rivers asked Manager Freeman if he could provide them with the information that he and Councilman Biggs requested. Councilman Peel noted that as it stands now, we've basically got another city happening out there that we're not ready for. Did we know how many residential structures we had coming right now? Superintendent White said that Stockbridge Phase 4 is underway and that's about 147 homes. Halstead Apartments, which will be constructed behind Tractor Supply, will be about 170 units.

Mayor Rivers asked if we're still charging for development fees for lots or tap fees of any kind. Director Bell replied that we were. Mayor Rivers stated that the Council would need calculations on those numbers. He reiterated that they needed forecasting. Councilman Peel asked if there are any of our water customers out there. Director Bell said there; however, in that area we purchase the water from the County and then customers pay us for it.

Mayor Rivers asked if we had any maps that showed what was on the Corridor and what was coming, like what Councilman Biggs mentioned he wanted. Manager Freeman stated that for this particular meeting, they'd only met with Mike Dawson about the current needs for the electric substation. He did not have the particular information they were requesting in terms of Planning that he and Councilman Biggs wanted to see, but he could get that.

Councilman Peel asked if we were going to need a water tower out there. Manager Freeman replied that he believed we were, but the challenge would be that it would be a County deal. We're working through a water contract now. Councilman Peel asked if a customer on the Corridor has a tap that doesn't have water coming out of it, who do they call, County or City? Who is responsible for those fixes? Director Bell stated that customers they generally call the City's Public Utilities Department. Manager Freeman said he and the County Manager have also spoken about that briefly.

Mayor Rivers asked if all the water for new development along the Halstead Corridor would be purchased from the County. Director Bell confirmed that it would. He added that we purchase the water from the County, but we maintain the system. Councilman Peel clarified that the water goes through the City's system, so that means it falls under our repairs and our maintenance.

Councilman Walton remembered years back running into a problem with the pipes out there not being large enough. Councilman Peel said he recalled that as well, and they

had to install bigger lines. Councilman Walton pointed out they should not forget about the need for infrastructure upgrades because that's something that's always going to have to happen.

Mayor Rivers noted that they were going to need a lot of information about the Halstead Corridor. As fast as that area is growing, this is information that needs to be presented to the Council along with a plan so we can really look at it and take it in. We don't need guessing right now with the way we see it growing. He stated that when he called the meeting, he wasn't aware that they wouldn't have any of this available.

Councilman Biggs said he'd like to have another meeting somewhere with larger monitors where it would be easier to see. He'd like Director Goodson to come in and pinpoint everything on the maps that had been permitted, currently under constructed, everything that had a plan submitted or was even just briefly discussed so they knew what was going on. After that they could give each department time to discuss their concerns and needs. He pointed out that the stormwater plan was just in the paper and the County may be willing to go in with us with that. He feared that what we we don't know is going to kill us out there. He understood that the Corridor should create enough revenue to support itself, but the people there are still city residents and we have to provide them with basic services. This was a five-year plan in 2017; that was seven years ago. We need to really get up to speed on this.

Director Bell advised that as far as the water and sewer for the Halstead Corridor, those two aspects are okay. They do have some maintenance needs, but that's normal. They are working through the agreement for the new contract for water supply. Sewer is fine and the maintenance needs will be addressed soon. The stormwater and electric capacity are the primary needs as the Corridor grows. They could also talk about the streets once they get turned over to the City. When they have good drivers, the solid waste in that area can get done in half a day, but the newer drivers can't go quite as fast so that's a bit of a concern but not as dire as some of the others.

Mayor Pro Tem Spence felt that this meeting needed to be adjourned. We don't have what we need. We're throwing things in the air and nothing's in writing. We're talking about things we think and not what we know. He did not believe that they should continue simply going around and around until they had the information that they needed.

Councilman Peel asked about charging developers for infrastructure. He would assume that it's too late to go back, only forward. That's something we'll have to talk about ASAP. If we're going to do that, the sooner we start doing it, the better. We don't have any way to pay for this unless we're lucky enough to get a grant. Director Bell stated that was a conversation they'd had with Mike Dawson as well. A lot of the costs could be passed on to developers. Councilman Peel said he would be in agreement with such a plan, but they needed to have a recommendation. Manager Freeman said the electric piece of that will be on the Work Session at the next meeting. Councilman Peel stated that he'd like a recommendation at the next meeting for how we're going to charge people because the longer we wait the more money we lose. Manager Freeman advised that they'd spoken with Mike Dawson about what the language should look like and how other municipalities went about doing that, so they had some ideas.

Mike stated that said other cities having developers carry these costs did not result in any decrease in development. The cities passed the costs on and did not lose the developments. The majority of the reason has been the significant increase in the cost of goods and labor going into the development. He confirmed that they will help the City come up with a plan.

Councilman Walton said he felt the current meeting was relevant because staff needs to know what the Council wants. If we assume staff just knows, that's not helpful. We should give them all the chances to do what they should. Everybody is doing what they should do – we just need to have patience and get it done. We still have time. A five-year plan takes five years.

Mayor Rivers asked if there were any particular questions the Council would like answered. He had several that he listed, including: How much are tap fees now? What types of tap fees have been collected from developments on the Corridor? What is each

parcel zoned on the Corridor? If we built 10,000 homes, what's our capacity? If everyone rezoned from R-15 to R-6, what would happen?

Mayor Rivers stated that he was of the opinion that there should be a good of zones out there.

Director Bell explained that his department performed flow calculations every other day. Some of them are for developments that have been permitted, but that may not be active. They have to calculate anything that's already been permitted.

Mayor Rivers said he'd like a report of any and all fees that exist that would apply to the Halstead Corridor. He did not want existing citizens getting stuck paying for growth, as ideally, growth should pay for itself. We may find that we need to implement other fees on the Corridor to carry the Corridor. Additionally, for those fees that are already out there, where do they end up getting allocated?

Councilman Walton wanted to know where we stood on the five-year plan. Are we ahead, behind or on target to give service to the people we included in that plan? If not, what updates do we need to sustain what we want to do?

Councilman Biggs wondered if we needed to update our stormwater plan because there was a significant amount of impervious surface on Halstead Corridor. He didn't know where the stormwater went out there. Manager Freeman stated that the entire stormwater process was changing and we now had to have our own team. He would provide the Council with that information from the state department.

Councilman Biggs recalled that the Council did a rezoning for property off of Sam Davis Blvd some time back, so stormwater could potentially be flowing into there as well. Director Bell said that he wanted to include quotes in the budget for that. Councilman Biggs encouraged him to speak with the County and see if they would be willing to bear some of the costs.

Mayor Rivers added that he'd also like projections on whether there would need to be parks established in any of those upcoming communities on the Corridor.

Councilman Biggs wanted to make sure the City is not buying water for more from the County than we're reselling it. It needs to be broken down – are we losing money in that section or breaking even? That's a significant risk that we are exposed to as well.

Mayor Rivers suggested the Council look at their schedules for next week and try to coordinate what date might be good for the middle of the week. Manager Freeman advised that they would need a bit longer than next week. He believed they could be ready to go in the last week of March or first week of April. Councilman Walton asked if they could have the Clerk compile the questions they'd come up with and send them out in case anyone had any additional ones they thought of between now and then. The Clerk confirmed she would send them via email to the Council the following day and any member could email her with new ones as well.

2. Adjournment:

Motion was made by Councilman Johnson Biggs, seconded by Mayor Pro Tem Kem Spence to adjourn the meeting. Those voting in favor of the motion were: Biggs, Peel, Spence, Felton, Morris and Walton. Against: None. Motion carried.

There being no further business to be discussed, Mayor Rivers adjourned the meeting at 6:22 p.m.

E. Kirk Rivers
Mayor

April D. Onley
City Clerk, NCCMC