

The City Council of the City of Elizabeth City met in work session on Monday, June 26, 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  
Councilwoman Jean Baker  
Councilman Ray Donnelly  
Mayor Pro Tem Anita Hummer  
Councilman Tony Stimatz  
Councilman Darius Horton (*Arrived at 5:44 p.m.*)

MEMBERS ABSENT: Councilman Michael Brooks  
Councilman Rickey King (*Excused – Illness*)  
Councilman Johnnie Walton

OTHERS PRESENT: City Manager Rich Olson  
City Attorney Bill Morgan  
Interim Finance Director Evelyn Benton  
Police Chief Eddie Buffaloe  
Electric Department Supervisor Jason Value  
Assistant City Manager Angela Cole  
Interim Human Resources Director Monica Cole  
Public Utilities Director Joe Pearce  
Parks and Recreation Director Dexter Harris  
Fire Chief Larry Mackey  
Deputy Chief Chris Carver  
ECDI Director Debbie Malenfant  
Deputy City Clerk April Onley  
Community Development Director Matt Schelly  
Grants Specialist Dawn Harris  
IT Director Matthew Simpson  
City Clerk Vivian White

The City Council 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 Tony Stimatz, seconded by Mayor Pro Tem Anita Hummer, to approve the agenda as presented. Those voting in favor of the motion were: Baker, Donnelly, Hummer and Stimatz. Against: None. Motion carried. (Councilman Horton had not yet arrived.)**

**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. Presentation/Discussion – Proposed changes to Downtown Improvement Grant Program:**

Mayor Peel recognized ECDI Director Debbie Malenfant to begin the presentation.

Ms. Malenfant stated that for the past four years, the DIG program was geared toward improving downtown businesses, with a total of \$80,000 in available funding annually. She noted that recommendations were made by the City Council to modify the program

in order to incorporate more options for businesses outside the downtown area. She recommended changes that would add three rounds of funding, with \$60,000 available to downtown businesses and \$20,000 available for outside businesses. She stated that the first two rounds would determine grants based on the location of the business and the third round would combine any leftover funds and be awarded on a first come, first served basis.

Ms. Malenfant continued that grants would be scored by a minimum of three individuals, requiring an average minimum score of 50 points for the first two rounds. She noted that the third round would require an average minimum score of 30 points. She recommended that awarding of grants be limited to the same business entity/individual once per twelve month period from the date of project completion. She further recommended that the City Council allow the work to commence prior to approval of the DIG, but after it has been deemed a completed application by staff. She added this would be at the risk of the applicant, since funding would not be guaranteed.

She noted that wording in the program was clarified to include: eligible structures must be vacant for 60 days; the Fire Inspector and ECDI Director are to be included in the group required for initial review of the grant application, and removal of roof repair and replacement and HVAC units from the eligible projects list. She stated that the Finance Committee discussed renaming the project, possibly from DIG to BIG (Business Improvement Grant).

She added that the original DIG rubric gives a total of 100 possible points; but the new proposed rubric would allow for 10 bonus points that could be given by the City Council if the project helps the City Council meet its goals and objectives.

Councilman Donnelly asked if there was an average score from previous grants. Ms. Malenfant stated she did not have an overall total, but noted that most that were approved during the current fiscal year scored between 40-45 points. Councilman Donnelly opined that 50 points was too high of a score. Councilman Stimatz asked if the recommendation was based on the owner of the property or for the potential business. Ms. Malenfant clarified that it was based on the owner. Councilman Stimatz stated that he felt that was too restrictive. He suggested that the grant should be attached to the business, not the owner. Ms. Malenfant suggested tying the recommendation to a lease, rather than just giving points for having one. Councilman Stimatz stated he wouldn't have a problem tying it to the signed lease. He added he wanted businesses to flourish without unnecessary barriers.

City Manager Olson advised that the grant should be renamed, since it would no longer be limited to the downtown. He opined that the Council might want to consider what it deemed a "small business." Councilman Stimatz asked if basing the determination on square footage might be beneficial. Mayor Peel noted that some national chains had relatively small areas of square footage.

Councilman Stimatz opined that the ECDI Director should be included in all projects, not just applications for the downtown area. He added that he was not ready to vote on the proposed amendments as they presently stood. He asked that the guidelines for application be made less restrictive and also noted that he felt the scores for approved projects should not drop below 50 points.

Ms. Malenfant pointed out that several recent projects would not have been funded if the City had required 50 points.

Councilman Stimatz stated he felt there must at least be a minimum score in the "public purpose" section. He reiterated that he could not vote on the guidelines as they stood. He questioned whether the City could discriminate on public money. City Attorney Bill Morgan noted that it could not. Councilman Stimatz pointed out that he felt there would be more issues with franchises outside of the downtown than inside. Councilman Donnelly reminded the Councilors that it was ultimately the Council's decision to approve any grant, regardless of score.

Councilman Stimatz expressed concern that the way the DIG guidelines are written, there are too many limitations placed on individuals that own more than one property or business. Councilman Horton stated that he was in accord; he noted that the purpose of the grant was to promote the downtown area and create jobs, and that it should not matter how many businesses someone owns if they meet the approved criteria.

City Manager Olson asked if the Council would consider a minimum score in "Occupation and Job Creation" instead of the overall score requirements. Councilman Stimatz responded that he would like recommendations on that, based on the historic numbers.

**Motion was made by Councilman Tony Stimatz, seconded by Councilman Darius Horton to table action on the proposed changes to the DIG Program until staff produced further responses.**

Councilman Donnelly questioned whether or not most businesses funded by the DIG Program were still operational. Ms. Malenfant indicated that she would need to research that answer. Mayor Peel commented that he felt the reason for the DIG was to improve the infrastructure. He stated that even if a business has closed, the infrastructure has improved, which increased the likelihood that another business would move in.

There being no further discussion, Mayor Peel called for the vote.

**Those voting in favor of the motion were: Stimatz, Horton, Hummer, Baker and Donnelly. Against: None. Motion carried.**

#### **4. Discussion/Consideration – Proposed utility billing audit:**

Mayor Peel called on City Attorney Bill Morgan to lead the discussion on the proposed utility billing audit. Mr. Morgan expressed pleasure in being able to report that a firm was identified and able to perform the audit for the City. He presented the name of the firm as Raftelis Financial Consultants and noted that two representatives met with the Customer Service Department, Mr. Olson and himself on June 16, 2017. He opined that the meeting went extremely well. Mr. Morgan explained that as long as the contract price is kept under \$50,000, the City is not required under state law to receive competitive bids. He reminded the Council that Raftelis is the company that helped the City during the water lawsuit with Pasquotank County. He pointed out that Raftelis has done major audits for cities such as Baltimore and Atlanta.

Mr. Morgan explained that the audit process has between three and five steps, depending on the amount of analysis requested. Acquiring the data, manipulating the data, and developing and applying logic for bill recreation are mandatory steps. He stated that this process will include all 12,000 customers in the City. Mr. Morgan noted the optional steps included parsing accounts into cases and determining what was causing any deviations. He explained the three options available, with the most in-depth costing \$85,000, the second \$50,000, and the third at \$35,000. He opined that he didn't feel the City would find a better firm than Raftelis, although he noted that he would be happy to seek others, if requested.

Councilman Donnelly asked what the disadvantage was for not choosing an option with the last two steps. Mr. Morgan responded that the lower-level option would identify the problems, but not determine why they exist.

Councilman Stimatz thanked City Attorney Morgan for his presentation. He stated from communications he had received, he does not feel that the citizens think all accounts need to be audited. He opined that a postcard should be put in every bill, offering Raftelis' services. Mr. Morgan interjected that he mentioned that to Raftelis and was told that it would be easier to audit all accounts instead of picking and choosing accounts.

**Motion was made by Councilman Tony Stimatz, seconded by Councilman Ray Donnelly for Raftelis to perform the lower-level case study at a cost not to exceed \$35,000.**

Councilman Horton praised the presentation, but declared that he couldn't support Raftelis due to lack of "transparency." He stated that since the company has represented the City before, he felt that it looked "buddy buddy."

Councilman Stimatz reiterated that Raftelis should deliver the data in the requested format for the City's auditors to check behind. He added that the documentation of key processes should also be delivered as a work product.

Councilman Horton asked City Attorney Morgan if the findings would be public knowledge, and Mr. Morgan confirmed that they would.

There being no further discussion on the matter, Mayor Peel called for the vote.

**Voting in favor of the motion were: Stimatz, Hummer, Baker and Donnelly. Against: Horton. Motion carried.**

##### **5. Discussion – Update on utility billing:**

Mayor Peel recognized City Manager Olson to give the utility billing update. Mr. Olson stated that first and second cycle bills would be caught up during the month of July, and that third and fourth cycle bills are current. He noted that roughly 214 work orders will be updated in the coming week, as well as 124 new construction orders. He added that the "big item" that remained was adjustments. Mr. Olson stated that 614 adjustments to individual accounts needed to be completed, with 70% of those resulting from reading corrections due to work order updating delays. He estimated that this process should be finished by mid-July.

Councilman Stimatz requested an update on the Customer Service manual, as he felt it contained "grievous errors" due to being out-of-date. Mr. Olson stated he hoped to have it updated by October 1, 2017. He noted that Rocky Mount's manual is older than the one from which the City operates. Councilman Stimatz asked if the customers would be involved in the creation of the new manual. Mr. Olson noted that the manual contains operational-related procedures. Councilman Stimatz countered that the manual's purpose demonstrates how the City and citizens must work together, and recommended focus groups to help compile it. He continued that a note on the utility bill asking for customers' input on the manual would be beneficial.

City Manager Olson reminded the Council that although it does not fall under NCUC Policies and Procedures, the City's Customer Service manual parallels theirs heavily. Councilman Stimatz questioned if the NCUC held focus groups during the writing of its manual.

Councilwoman Baker asked if there was a plan in place to move away from Logics. Mr. Olson stated that there was, as the legacy software did not meet the goals and objectives that the City Council dictated to staff. He added that contracting out utility billing with ElectriCities was an option, albeit an expensive one. He explained that these decisions would hopefully be made within this calendar year. Councilwoman Baker stated that there were many other companies that performed utility billing functions. City Manager Olson noted that there were five or six software platforms successfully used for utility billing. He pointed out that the advantage of ElectriCities is that they have had many successful conversions in the past.

Councilman Stimatz noted that a long-term goal of the Council is to allow the customer to choose any billing date they wish. He opined that it's a critical issue to grant the customer the ability to pick their due date. He furthered that the problem with Edmunds was that the "hand-off" was not done well enough.

Councilman Stimatz requested that the Electric Fund balance have a "dashboard light" on the City's website. He added that setting up a dashboard light would provide

necessary notifications earlier. He discussed historic data comparisons and suggested they also be made available.

#### **6. Presentation – Pelican Marina fuel sales progress:**

Mayor Peel recognized Deputy Chief Chris Carver to lead the presentation on the Pelican Marina fuel sales matter. Mr. Carver advised the Council that things were progressing, and the project would be able to move forward based on a few conditions. He reminded the Council that a problem with the fuel tank's location with respect to the property line was an initial problem. He stated that the biggest concern was the location of the dispensing unit. Mr. Carver reminded the Council that the project was denied in May because state building code dictates that a fuel dock must be a separate structure from the boat dock to minimize fire hazards. He continued that the Fire Code stated that dispensing devices must be located away from boating slips. He noted that some of the slips adjacent to the proposed dispensing site were privately owned. Mr. Carver furthered that dispensing units must not be within 25 feet of property lines, as well as 25 feet away from private property.

Mr. Carver stated that his department contacted the Department of Insurance, and representatives agreed with the City's interpretation of the code. He noted that these codes are state codes, and not created by the City. Mr. Carver advised the Council that after notifying the property owners of denial, he and Chief Mackey met with them and discussed options. He continued that three options were identified: adding a floating dock and extending it on an aluminum gangway; extending one of the docks or removing four slips and creating a floating dock in place of them. He noted the property owners found the third option agreeable.

Mr. Carver illustrated with a series of slides where the floating dock would be established. He noted that placement would satisfy both Building and Fire Codes. He stated that once more detailed engineering drawings and plans were in place, the City would be able to move forward. Mr. Carver added that the Planning Department had indicated that the four slips that would be lost could be relocated.

Councilman Stimatz thanked Mr. Carver for moving so quickly and addressing the issue. He commented on an article in the newspaper accusing the City of not being helpful in assisting businesses to grow. He noted that the City is bound by certain rules and procedures and must operate according to those guidelines. He stated that he takes great offense at anyone who alleges that City staff is not helpful and does not operate according to rules.

Councilman Ray Donnelly commented that he was pleased with City staff's efforts and diligence in establishing a viable option for the Pelican Marina

#### **7. Committee Reports:**

Due to the lateness of the hour, Mayor Peel suggested that the Council move the Committee Reports to the agenda for the Regular Session at 7 p.m.

**Motion was made by Councilman Tony Stimatz, seconded by Councilman Darius Horton to move the committee reports to the regular session agenda. Those voting in favor of the motion were: Baker, Donnelly, Hummer, Stimatz and Horton. Against: None. Motion carried.**

#### **8. Adjournment:**

There being no further business to be discussed, Mayor Peel adjourned the meeting at 6:49 p.m.

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Joseph W. Peel  
Mayor

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Vivian D. White, CMC/NCCMC  
City Clerk