

The City Council of the City of Elizabeth City met in work session on Monday, May 23, 2016 in Council Chambers, located on the 2nd floor of the Municipal Administration Building, 306 E. Colonial Avenue, Elizabeth City, NC.

MEMBERS PRESENT: Mayor Joe Peel
Councilwoman Jean Baker (*arrived at 6:35 p.m.*)
Councilman Ray Donnelly
Mayor Pro Tem Anita Hummer
Councilman Tony Stimatz
Councilman Michael Brooks
Councilman Rickey King
Councilman Darius Horton (*arrived at 6:15 p.m.*)
Councilman Johnnie Walton

MEMBERS ABSENT: NONE

OTHERS PRESENT: City Manager Rich Olson
City Attorney Bill Morgan
Finance Director Sarah Blanchard
Planning Director June Brooks
Chief of Police Eddie Buffaloe
Electric Department Superintendent Karl Clow
Assistant to the City Manager Angela Cole
Human Resources Director Katherine Felton
Public Utilities Assistant Director Larnetta Brothers
Fire Chief Larry Mackey
ECDI Director Wade Nichols
IT Director Matthew Simpson
Parks and Recreation Director Bobbi White
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 called for any adjustments to and approval of the agenda.

Motion was made by Mayor Pro Tem Anita Hummer, seconded by Councilman Rickey King, to approve the agenda with any necessary adjustments. Those voting in favor were: Donnelly, Hummer, Stimatz, Brooks, King and Walton. Against: None. The motion carried unanimously. (*Baker and Horton had not yet arrived.*)

(Clerk Notation: *No adjustments to the agenda were requested.*)

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. Discussion/Consideration – Fiscal Year 2016-2017 Budget:

Mayor Peel recognized City Manager Rich Olson to continue the fiscal year 2016-2017 budget discussion.

Mr. Olson stated that during his presentation he would focus on three primary issues: Central Communications, Parks and Recreation and Water and Sewer.

Central Communications:

Mr. Olson explained that Pasquotank County had proposed budgeting from its reserves to provide for the state-mandated secondary public safety answering point (PSAP); however, for the City's budget purposes, he had removed that expense from his budget leaving a total County budget for Central Communications of \$1,971,435. Pursuant to the Interlocal Agreement, the City's share of that amount would be \$630,859 or 32%. He advised that his proposed budget had only included \$424,018 for Central Communications, leaving a shortfall of \$206,841.

Mr. Olson advised that the County's upgrade of the Central Communications backbone to an 800 MHz system through the State VIPER network makes it necessary for the City to upgrade its public safety radios, portables, mobiles and base stations. The projected expense for the Fire Department's radio requirements is estimated to be \$248,066.50; while the upgrade for the Police Department is estimated to cost \$460,412.50. Mr. Olson noted that the cost to the City for upgrades to accommodate the VIPER system including the increased Central Communications budget shortfall totals approximately \$950,000.

Councilman Stimatz questioned having three radio base stations in the Public Safety Building and suggested that staff should take a look at the need for all three. Mr. Olson stated that staff would re-evaluate that aspect and further refine costs, if possible. Councilman Stimatz also questioned the need for each officer to have a radio; and suggested that the officers on duty could share with those officers not on duty to save in expenses. Chief Buffaloe stated that if a major catastrophic event occurred and every officer was called to duty, they would not be able to communicate with each other or partner agencies without a radio. Mayor Peel and Councilors Brooks, Donnelly and King each indicated that the City needed to be careful when considering cutting back on the number of radios. Councilman King stated that officers should be held accountable for their radio just like their weapon.

Mr. Olson proposed for the Council's consideration adjusting out \$21,000 in street lighting rate savings, \$65,000 in contingency and \$45,000 for planning expenses on a joint baseball field with ECSU to bring down the total \$950,000 shortfall by \$131,000. To make up the remaining \$800,000, Mr. Olson proposed that the Council consider a 1.5% property tax increase that would be used to pay for an \$800,000 debt issue over a five-year period.

Mr. Olson advised that the County Central Communications budget had been "in flux" over several months. He noted that the City has until June 1 as per the Interlocal Agreement to inform the County if there are any concerns with the budget. He suggested that he thought the City should do that in order to preserve its rights as the issues continue to be worked through. He stated that if a notice is sent, the County Chairman and County Manager must meet with Mayor Peel and himself to discuss the City's concerns. He stated that in most cases, the Central Communications budget items are justifiable, but with such a substantial budget increase he felt the City needed to have a better understanding.

Motion was made by Councilman Ray Donnelly, seconded by Councilman Rickey King, to send a notice to Pasquotank County requesting a meeting. Those voting in favor were: Donnelly, Hummer, Stimatz, Brooks, King and Walton. Against: None. Motion carried. (Baker and Horton had not yet arrived.)

COLA for City Employees:

Mr. Olson reminded the City Council members that his proposed budget did not include a COLA for City employees. He stated that the budget also did not include a holiday bonus for employees, which created a budget savings of approximately \$115,000.

Using PowerPoint slides, Mr. Olson provided charts depicting the dollars required across all funds to restore the holiday bonus and include a 1% COLA for employees, which totaled \$272,885. He stated that the Council could choose a 2% COLA instead, which would equate to the same dollars.

Councilman Stimatz requested that the City Manager announce for the public's information why he was suggesting this employee compensation at this time, since it was not included in his proposed budget document. Mr. Olson said that he had based his decision to suggest this addition to the budget on what other jurisdictions were doing for their employees. He pointed out that he had taken the holiday bonus out of the budget as a means to help with the anticipated increase for employee health insurance. In response to a question by Councilman King, Mr. Olson advised that the survey conducted with employees resulted in data, which revealed the desire of employees to have a COLA rather than a holiday bonus. Councilman King pointed out that a COLA would mean more to employees who work until retirement with the City.

Councilman Brooks stated that he believed that if the holiday bonus was eliminated at this time, it would never be reinstated. He suggested that if money was the issue, the City could provide all employees with the same amount, such as \$300. He said that he was not convinced that the employees on "the low end" would rather have a COLA than a lump sum holiday bonus.

He said that he would prefer to provide a 1% COLA and a 1% holiday bonus for the employees and would make that desire into a motion. Councilman Walton seconded the motion.

Councilman Stimatz stated that by providing the COLA, in effect, it would make the holiday bonus permanent. He said that he would prefer to provide a 2% COLA for the employees. He noted that a COLA would have retirement and overtime impacts for employees, because the COLA, unlike a bonus, is added to the employees' base pay.

Councilman King agreed with Councilman Stimatz and stated that for employees working until retirement, a COLA would add to the salary on which retirement benefits are based. He also pointed out that for hourly employees who are subject to overtime pay, the COLA would increase their base pay on which overtime is calculated. He stated that he would prefer for employees to receive a 2% COLA.

Mayor Peel called for a vote on Councilman Brooks' motion to give a 1% COLA and a 1% holiday bonus.

Those voting in favor of the motion were: Brooks and Walton. Against: Donnelly, Hummer, Stimatz and King. Motion failed. (Baker and Horton had not yet arrived.)

Motion was made by Councilman Tony Stimatz, seconded by Councilman Rickey King, to pass a 2% COLA, 1% of which is in lieu of an annual holiday bonus. Those voting in favor of the motion were: Donnelly, Hummer, Stimatz and King. Against: Brooks and Walton. Motion carried. (Baker and Horton had not yet arrived.)

Property Tax Increase of 1.5%:

Mr. Olson stated that he wanted to provide data on the effect that the proposed tax increase, which had been discussed earlier in connection with the Central Communications budget, would have on home valuations. Using a PowerPoint slide, he presented the actual dollar increase for homes with values of \$50,000 (\$7.50), \$100,000 (\$15.00), \$150,000 (\$22.50) and \$200,000 (\$30.00). He stated that the City's current tax rate is \$.64 per \$100 valuation; and the proposed tax rate for fiscal year 2016-2017 would be \$.655.

Responding to a question by Councilman Walton for clarification, Mr. Olson explained that the 1.5% tax increase would be needed in order to pay the payment on the debt financing for the public safety radio upgrades.

Parks and Recreation Budget:

Mr. Olson stated that there were some issues left undecided in the Parks and Recreation Budget. He noted that the ECSU baseball field project had already been removed and used as an offset for the radio upgrade project; but the previously proposed splash pad (\$112,500), dog park (\$9,000) and Coast Guard Park design study (\$11,250) needed to be decided upon. He advised that these were previously proposed joint projects with Pasquotank County that remained in the budget, yet the County had elected not to participate in funding them. Mr. Olson stated that the site being considered by staff for the splash park and the dog park was on property currently owned by the City at Enfield Park.

Councilman Stimatz asked if the dollars budgeted would be sufficient to complete the projects. Mr. Olson stated that preliminary estimates indicate a splash pad could be built for \$112,500. He said that \$9,000 would only provide a “bare bones” dog park with fencing; but \$11,250 was not sufficient to pay for a design study for Coast Guard Park.

Councilman Stimatz responded that he would suggest not doing the dog park and placing its \$9,000 in funding toward the Coast Guard Park design. Mr. Olson stated that staff hoped to receive a grant for some of the design work but that could not be assured at this time.

Councilman Donnelly asked if the proposed 1.5% property tax increase could be reduced if all three projects were removed from the budget. Mr. Olson responded in the affirmative.

Motion was made by Councilman Ray Donnelly that the Council reduce the property tax increase by eliminating the three projects from the Parks and Recreation budget.

Councilman Stimatz commented that the elimination of these three projects may have as much as a one-half cent impact. Mr. Olson agreed and stated that 1 cent of property tax generated \$116,000 in revenue.

Mayor Peel stated that he personally would not be in favor of eliminating the splash park. He said that one of the things that the Council has discussed for some while is providing a water feature for the City’s children. He pointed out that many children cannot travel to Meads Pool in the summer to cool off when “it’s 100 degrees.” He said he thought a splash park would present a real benefit to the children in the community in the summertime. He stated that he thought the Enfield Park location would be a good location to start.

Councilman King pointed out that Pasquotank County had elected not to participate in the ECSU ball field project. Mr. Olson stated that was the reason the project had been eliminated, because he did not feel the project should go forward without the County’s participation.

Councilman Walton stated that he agreed with Mayor Peel regarding the splash pad and also with Councilman Stimatz about removing the dog park funds to the Coast Guard Park design study.

Councilman Stimatz agreed with Mayor Peel and stated that he thought the splash pad was “way overdue.” He reminded the Councilors that “water activities” were the number one desire that came out of the Youth Task Force survey that had been conducted five years ago.

Mayor Pro Tem Hummer inquired regarding Councilman Donnelly’s motion. She pointed out that even though it had not received a second, it had not been ruled dead.

Councilman Brooks seconded Councilman Donnelly’s motion.

Councilman Stimatz stated that elimination of the three remaining parks projects, which have a combined budgeted amount of \$132,750, would reduce the proposed tax increase from 1.5% to .5%. He said the real choice is whether to fund the splash park or not, since the other two projects do not have sufficient funding budgeted. He stated that

he personally did not have an issue with asking for the small tax increase in order to provide water activities for the children who need it most.

Mayor Peel called for a vote on Councilman Donnelly's motion.

Those voting in favor of the motion were: Donnelly, Hummer and Brooks. Against: Stimatz, King, Horton and Walton. Motion failed. (Baker had not yet arrived.)

Motion was made by Councilman Tony Stimatz, seconded by Councilman Rickey King, to redirect all the funds, or \$132,750, towards a splash pad – location to be determined. Those voting in favor of the motion were: Donnelly, Stimatz, King, Horton and Walton. Against: Hummer and Brooks. Motion carried. (Baker had not yet arrived.)

Water and Sewer Fund Rate Increase:

Mr. Olson stated that the proposed budget included a 3% water and sewer increase, but the Council had discussed decreasing that amount since the City had prevailed in the lawsuit with Pasquotank County. He said that the Council had requested that he provide a number of projects for which the funding could be used. He said the number one project that had been identified was the well rehabilitation project. He noted that by doing this project, the City would gain an increase in production of 20% or .36 mgd. This increase would provide an anticipated total yield at completion of 3.04 mgd. He informed the Council that the total project cost would be \$150,000.

Mayor Peel asked the amount that would be raised by a 1% rate increase. Mr. Olson responded that the increase would be approximately \$80,000 for each percentage.

Councilman Stimatz inquired as to the current amount of gallons being used from production. Mr. Olson stated that it would equate to approximately 2.2 mgd. Councilman Stimatz noted that the increase in production would serve the City for some time.

Councilman Stimatz pointed out that the proposed rate increase would be an ongoing revenue stream. He asked what projects would be considered for completion in the out years. Mr. Olson responded that the City would become more aggressive in its water and sewer line replacement program. He gave the Cabbage Patch area's two inch lines as an example of an area in need of replacement. He said that project alone would cost approximately \$600,000.

Councilman Donnelly asked about the City's percentage line loss. Mr. Olson stated that it is currently 31-32%, with the national average being around 18%.

Councilman Walton inquired as to the population growth projections for Elizabeth City. He noted that a news article had appeared regarding Camden County's projected growth. Mr. Olson responded that he could not quote the numbers included in the CAMA use plan, but that staff would provide that information for the Council. Councilman Walton stated that he did not believe the City should raise fees if the revenue was not currently needed to accommodate growth.

Councilman Stimatz responded that the answer to that question in his opinion would be whether the City wanted to get ahead or continue to play "catch up." He pointed out that part of the proposed increase would have to remain in the budget since it was being used to balance the fund.

Councilman Walton stated that if the rate increase goes through, he felt the project locations should be prioritized to make sure they are completed fairly across all neighborhoods.

Motion was made by Councilman Johnnie Walton, seconded by Councilman Michael Brooks, that the rate only be increased by 2%. Those voting in favor of the motion were: Brooks, Horton and Walton. Against: Donnelly, Hummer, Stimatz and King. Motion failed. (Baker had not yet arrived.)

Discussion Wrap-up:

Mr. Olson stated that there had been a number of changes made to the proposed budget by the City Council members that will “trickle through the entire document.” He said that staff would provide a list of those changes in order for the Council to know exactly what is being taken to public hearing. He suggested that the Council may wish to have another budget meeting before the public hearing is held on June 13, 2016.

Councilman Stimatz stated that the Council members had given their direction to staff and the document presented during the public hearing should reflect that direction. He pointed out that the Council will receive it ahead of time and will be able to ask any questions and make any changes needed.

4. Committee Reports:

a) EC-PC Economic Development Commission: Mayor Pro Tem Hummer, Councilwoman Baker, Councilman King and Mayor Peel

Mayor Pro Tem Hummer stated that there was not a lot discussed during the last meeting, but interest remains strong from those interested in locating in Elizabeth City. She said that Director Harris plans to attend the Airport Strategic Planning Task Force meeting and will also conduct a fact-finding trip to Thomasville, GA.

b) Central Communications Advisory Board: Councilman Brooks

Councilman Brooks had nothing to report.

c) Fireman’s Relief Fund Board: Councilman Brooks

Councilman Brooks had nothing to report.

d) NC Eastern Municipal Power Agency: City Manager Olson and Mayor Peel

Mr. Olson stated that the next meeting is scheduled for May 25, 2016.

e) Elizabeth City Downtown, Inc.: Councilman Donnelly

Councilman Donnelly stated that the NC Potato Festival did very well despite the inclement weather. He said that the Friday night kickoff attendance was phenomenal. He thanked Tim and Cindy Williams for their leadership in organizing the festival, as well as ECDI Director Wade Nichols and the hundreds of volunteers for their work in making the festival a success.

f) Elizabeth City Area Chamber of Commerce Board: Mayor Peel

Mayor Peel stated that the Chamber has lost two of its four employees and is in the middle of a search for a new executive director. He stated that business continues as usual with several recent ribbon cuttings being held.

g) Finance Committee: Mayor Pro Tem Hummer, Councilman Donnelly, Councilman Horton and Mayor Peel

Mayor Pro Tem Hummer stated that all Finance Committee items discussed appear on the Council’s Regular Meeting agenda following the work session.

h) Parks and Recreation Advisory Board: Councilman Walton

Councilman Walton stated the last Advisory Board meeting was cancelled.

i) Elizabeth City/Pasquotank County Airport Authority: Councilman Stimatz

Councilman Stimatz reported that the Authority will meet on May 25, 2016.

j) Storm Water Advisory Board: Councilman Stimatz, Councilman King and Councilman Brooks

Councilman Stimatz stated that the board is in the process of doing an outreach program. He stated that a quarterly update will be provided by email until another meeting is needed.

k) Tourism Development Authority: Councilwoman Baker

Councilwoman Baker thanked the NC Potato Festival organizers for bringing the many tourists to our area. She thanked the Public Works Department for the amazing job performed in making the City look as if the Potato Festival never occurred. She reported that the next TDA meeting will be held on Thursday, May 26, 2016.

Mayor Peel stated that the City has a lot of employees who worked many hours in making the Potato Festival a success; and he expressed his personal appreciation for their efforts. He noted that the festival had 416 volunteers, the most ever. He stated that 90 of the volunteers were representatives of the US Coast Guard.

5. Adjournment:

There being no further business to be discussed, Mayor Peel adjourned the meeting at 6:41 p.m.

Joseph W. Peel
Mayor

Vivian D. White, CMC/NCCMC
City Clerk