

**City Council Work Session  
September 25, 2017**

The City Council of the City of Elizabeth City met in work session on Monday, September 25, 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  
Councilman Johnnie Walton  
Councilman Ray Donnelly  
Councilman Michael Brooks  
Councilman Rickey King  
Mayor Pro Tem Anita Hummer  
Councilman Tony Stimatz  
Councilwoman Jean Baker  
Councilman Darius Horton (*Arrived at 5:40 p.m.*)

MEMBERS ABSENT: None

OTHERS PRESENT: City Manager Rich Olson  
City Attorney Bill Morgan  
Finance Director Suzanne Tungate  
Police Chief Eddie Buffaloe  
Electric Department Superintendent Karl Clow  
Assistant City Manager Angela Cole  
Interim Human Resources Director Monica Cole  
Public Utilities Director Joe Pearce  
Deputy Fire Chief Chris Carver  
ECDI Director Debbie Malenfant  
Interim City Clerk April Onley  
Community Development Director Matt Schelly  
IT Director Matthew Simpson

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 provided 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 Mayor Pro Tem Anita Hummer, seconded by Councilman Tony Stimatz to approve the agenda as presented. Those voting in favor of the motion were: Donnelly, Walton, Baker, King, Hummer, Stimatz and Brooks. Against: None. Motion carried.**

**2. Statement of Disclosure:**

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

**3. Discussion / Consideration – Call for a Public Hearing for the Sewer Use Ordinance and Pretreatment Program Update;**

Manager Olson reported that the Council passed the City's Sewer Use and Pretreatment Ordinance on February 1, 1993. The ordinance exists to protect the City's sewer system and wastewater treatment facilities, to protect the environment from wastewater related degradation, to protect the wastewater treatment plant workers and to ensure wastewater treatment byproducts can be beneficially reused. Since that time, the ordinance had seen very little in the way of changes, though the State's model has been updated numerous times. In order to update the City's ordinance to meet the minimum codes, an entire

ordinance rewrite of Chapter 52 would be required. Manager Olson was hopeful that amendments to the ordinance would decrease some of the City's ongoing NOVs. In addition to the ordinance, the sections that are tied into the fee structure will need to be modified as well. He noted that this item would require a public hearing.

Public Utilities Director Pearce stated that Elizabeth City did not have an industrial pretreatment program, though about 135 cities in North Carolina did. The main thing an industrial pretreatment program did was prevent the pass-through of pollutants to the river. These programs also prevent sludge contamination and protect the infrastructure from damage. Currently, the City bills based only on wastewater volume in spite of the fact that industrial users often require significantly more oxygen demand, which raises treatment costs. He encouraged the Council to adopt a rate structure in the future to address some of these concerns.

The cornerstone of an industrial pretreatment program is the updated sewer use ordinance, which will require a public hearing prior to adoption. Once that is in place, staff will move forward with an industrial waste survey, which will be supplied to users that will likely require a permit. Depending on the results of the survey, staff will engage in an inspection to determine if further information is required and/or additional permits. There will be monitoring programs in place to check in with these users on a six-month basis or more often if more serious problems are identified. A range of enforcement options will also be established as part of this process.

Director Pearce noted that the ordinance is quite long, clocking in at roughly 37 pages. He intended to highlight the most pertinent sections and welcomed any feedback or questions from the Council. Requirements for all users would be covered in sections §52.20-52.33. The ordinance applies to industrial users but also individual homeowners. Fees would be addressed in §52.37 for surcharges and pretreatment program administration charges in §52.38. He noted that if a single industrial user resulted in the City having to secure certain state and federal programs it could easily cost us \$30,000 or more each year. With the pretreatment program, we are able to pass those charges back over to that single user instead of making the entire customer base responsible as a whole. Permits are addressed in §52.46; compliance monitoring and reporting are in §52.50-52.66; enforcement, including hearings, orders, penalties, and public notification are in §52.84-52.89; and affirmative defense is detailed in §52.91-52.93.

Our previous ordinance had a very generic definition of "significant industrial user"; however, the standards set by the federal and state guidelines are much different. Those definitions say that a significant industrial user is one who use more than 25,000 gallons per day of processed wastewater or more than 5% of the City's conventional load. There are federal standards for certain users, such as electroplaters or chemical manufacturers, or otherwise has the potential to do harm. There are very few of those, but you must be careful regardless.

Other changes include revisions to the Fats, Oil and Grease regulations, which was originally adopted in 2006. The limit for grease traps will be raised from 100 mg/l to 200 mg/l. Director Pearce pointed out that even if a user kept their grease traps maintained and cleaned out once per month, it would be extremely difficult to keep such a low limit as 100 mg/l, which was why he was recommending the increase. Other changes included specifications for the design calculation on sizing new grease traps. The current regulations are too broad in that they reference minimum sizes but do not speak to the larger sizes. There is also a change in the penalty language. The current ordinance specifies that the penalty is \$500 per day per violation, which may sound like a lot, but the State can fine the City \$25,000 per day per violation. If a user caused a problem, the City could be stuck footing an enormous bill. This new language will allow for cost recovery should it ever be necessary.

Manager Olson noted that likely 60% of the calls that Public Works received were due to grease plugs. The City had ongoing issues with several restaurant establishments, private companies and even some schools who were not cleaning and maintaining their grease traps properly. Councilman Stimatz asked if the manager was aware of any nonprofits who might be contributing to the issue. Manager Olson replied that he did not know of any issue of this manner that involved a nonprofit; however, it was often an item for TRC

consideration with churches as to whether they needed them to install grease traps. He recalled such an instance with the church on Pearl Street, which resulted in the TRC encouraging them to go with a different type of kitchen because of the grease traps that would have been required.

Councilman Donnelly asked if the grease trap changes would only affect new users. Director Pearce said that would likely be the case unless there was a particular concern or something came to the forefront that required a retrofit.

Director Pearce directed the Council's attention to a document that included some of the changes suggested by the manager and attorney. He noted that any additional suggestions could be added to the list before the hearing for consideration. Councilman Stimatz said he was concerned about the grease trap sizes particularly as it related to downtown. The downtown footprint is as large as it is going to get. Director Pearce noted that there was an allowance for variances to the grease trap requirement. Occasionally, there are large interior grease traps that go to 1,000 gallons, but they are very expensive. There are many considerations with grease traps. Councilman Stimatz felt that there could be a problem based on what people built in the past. We may not have people open restaurants if they are not fully prepared for something like this. He worried that in a worst case scenario situation, we could find ourselves with every restaurant unable to reopen because of new regulations with grease traps. He understood that was unlikely, but he liked to analyze all aspects. Once a business closes, it must meet all new regulations before it can reopen and he did not want to find us in a position where we were making things too difficult for anyone to be able to operate. He asked if there could be something put in place that said existing restaurants could be grandfathered in. Manager Olson assured Councilman Stimatz that they would work on that issue prior to the public hearing.

**Motion was made by Councilman Tony Stimatz to call for a public hearing on October 9, 2024 to consider adoption of the sewer use ordinance. The motion was seconded by Councilman Ray Donnelly. Those voting in favor of the motion were: Walton, Donnelly, Baker, King, Hummer, Horton, Stimatz and Brooks. Against: None. Motion carried.**

**4. Discussion / Consideration – Weatherization Assistance Program (WAP) Audit and Amendment to City Council 2017-208 Goals and Objectives:**

Manager Olson reminded the Council that this item had appeared on an earlier agenda by request of Councilman Stimatz, but he had been unable to attend the meeting so the discussion had been tabled at that time. Assistant Manager Cole advised that, at the behest of Councilman Stimatz, the City engaged Land of Sky Regional Council Waste Reduction Partners (LOSRC WRP) to perform an audit on the weatherization program. The audit was completed in August, and the results were presented by Engineer Eric Soderberg during the August 28, 2017 Work Session; however, Councilman Stimatz expressed concerns during that presentation and requested additional information and discussion.

Councilman Stimatz stated that he found the audit presentation provided by LOSRC WRP to be weak and did not accomplish what it ultimately should have. The true question is not "is weatherization beneficial" but "is the City handling weatherization well". He asked Manager Olson when the City began the weatherization program. Manager Olson replied that it was started in 2005 and underwent major revisions in 2014. Councilman Stimatz was concerned that the long-term benefits of the program had never been determined. The program audit only considered a three-year period and he did not like the way the auditors used the numbers to try to ascertain the actual savings. He noted that it raised more questions than answers. What is the legitimate savings to the City's utility and to the customer? Both should bear fruit. The audit only considered a small number of homes with no historical analysis of any of the others. Have we conducted CFM test follow-ups? It would be nice to know how well some of these interventions stood up against the test of time because it would let us know if we needed to change any of our methods. Have we been following our program standards? He added that even after all of this, he was still not clear on what the "acceptable level of tightness" was for a home to be deemed weatherized against the elements. He pointed out that he'd been under the impression

for several years that it was 2,000 cubic feet per minute, yet we did homes for Habitat for Humanity and only went to 1,500 CFM. He would also like to know how we prioritize our efforts. What is the rubric that the City uses? How does it weigh income, potential CFM decrease, savings, and so on? Are we maximizing return on our electrical customers' investment? We want to create a savings for everyone by shaving peak demand, which will also help low-to-moderate income individuals make ends meet. We have put millions of dollars into this program and we don't have a lot to show for it or to back up our investment.

Councilman Stimatz also wondered if we were being flexible with our weatherization customers. It appears that we only offer blown-in insulation, but there are instances where that's not compatible with certain types of wiring. Do we impose specific materials and methods? Should we look into replacement of inefficient heating and cooling equipment as a better investment? Electric baseboard heat is outrageously expensive and the City would likely save someone much more money by helping replace that instead of putting in \$4,000 worth of insulation.

He inquired if we were truly being fair in home selection and targeting low-to-moderate income when possible. He believed the synopsis and update showed that a great effort was being made, but that was something the Council needed to continue to remain on top of. Given the demands on the Electric Fund, he felt the Council would need to consider whether this program was worthwhile to continue.

**Motion was made by Councilman Tony Stimatz to add Objective K to Goal 5, calling for an in-depth review of the Weatherization Program to better account for actual savings realized and return-on-investment calculations. The motion was seconded by Councilman Michael Brooks.**

Councilman Brooks concurred with the thoroughness of Councilman Stimatz's statements. Assistant Manager Cole asked how far back the review should go. Councilman Stimatz replied that the review should be performed all the way back to the program's inception. He believed that homes weatherized several years ago should continue to be followed to determine the efficiency of the program. He also felt that something should be put in place referencing a five and ten-year check back, if nothing else.

Councilman King asked if we go through this analysis and discover that we are not gaining anything from the program, what the suggestion is for the \$360,000 dedicated to weatherization. Is pushing that funding back to the customer part of the motion as it exists right now? Councilman Stimatz replied that it was not.

Councilman Walton said he always wanted to have this sort of discussion during the budget sessions, but it was always overlooked and voted in anyway. He wanted to look at it from a logical standpoint because if you use outside sources to come in and use the \$360,000, you're not gaining anything. The City cannot afford to send money outside of Elizabeth City. He opined that we should be using local individuals to do this sort of work. How many local people do this work? Manager Olson advised that there is one local firm and one firm from out of town. Councilman Walton asked what was wrong with one person who was "homegrown" performing all of the labor. Manager Olson explained that there are very specific state laws that must be adhered to when it comes to bidding. We cannot arbitrarily award things to someone just because they are local. Both the local company and the out-of-town company the City uses have contracts that are the same hourly rate, and material costs. Only a portion of the \$360,000 goes to labor costs; most of the funding ends up in material costs. Councilman Walton felt there should be a way to work around having two companies perform weatherization. Manager Olson said the City would have to issue a competitive contract and whoever won the competitive contract would be who we were tied to for the year. Both firms we have now are certified weatherization installers. They have the required credentials to do the work. Councilman Walton reiterated that he felt there was a way to "get around it." We should not send money out of town. Big business won't come here because we don't have the highways to get it out of town. If you bring someone else in and let them take the money out of town, it doesn't increase our economic value. He asked Councilman Stimatz if he would make an amendment to keep the money for the weatherization local.

Councilman Donnelly said he was not interested in saddling staff with performing a 10-year study on the success of the weatherization program. Going back that far is like mixing apples and oranges because products have changed. He felt that a five-year study would be sufficient to get a proper read.

Councilman Brooks understood Councilman Donnelly's perspective, but also felt that a benefits analysis should have been happening all along. We never have anyone come forward to tell us if they've saved money due to weatherization, so we need to look into it ourselves. Deciding if this program is beneficial is something the Council should have put in place a long time ago. We've been giving away a lot of money without knowing if it does any good. If we determine it's not useful, we can take that money and do a rebate for the citizens.

Mayor Peel advised Councilman Stimatz that he had two requests to amend his motion if he would like to address either of them. Councilman Stimatz believed that Councilman Walton's should be taken up separately as it was not germane to his original motion. His motion referenced modifying one of the Council's overall Goals and Objectives.

Councilman Brooks asked Manager Olson how long he believed it might take staff to assess 10 years' worth of homes. Manager Olson replied that staff would have to look into it and provide a response; however, they had mistakenly reported that the program started in 2005 earlier and it actually began in 2007. Analyzing 10 years would go back to the program's inception. Councilman Stimatz believed he'd seen minutes that referenced spending for weatherization-type projects as early as 2004. Manager Olson advised that he would look into it and provide an update. The City did contract with EIC, for a period, but it was not brought in-house until 2007. He expected that it would likely take 120 days to provide a complete assessment on 10 years' worth of homes. Councilman Stimatz felt that 120 days would be excessive and asked it could be done in 90, as he did not believe it should be that difficult. Manager Olson reminded the Council that there were holidays coming up and they would need to be taken into consideration; however, if they required a 90-day turnaround, he would see what they could do. Councilman Stimatz agreed to 120 days. Councilman Brooks felt that we should only include the period where the records were in-house and not when we gave money to EIC. Manager Olson agreed because we would have easy access to those documents. Councilman Stimatz accepted that concession. Mayor Peel pointed out that would likely be sometime in 2007.

Councilman Donnelly asked how weatherization procedures had changed over the past 10 years. Manager Olson noted that the next item on the agenda was geared toward that discussion. For the most part, the City's program is rooted in the North Carolina Weatherization Assistance Program. We have undergone few changes, with the most major one being the removal of income guidelines in 2015. Additionally, the City does not install fans or perform weatherization on mobile homes. During the last budget cycle, the City limited the amount of City funding for each home to \$4,000 while the State's program allows for \$4,695. Councilman Donnelly asked if procedures changed as far as how to insulate or where to insulate or have they been constant? Manager Olson said they'd been fairly constant. We still use the blower door method and our analysis is based on that. The scope of work has stayed the same as well. Although we have employed different firms to perform the work, one employee has overseen the program throughout its inception.

Councilman Horton asked if any of the money set aside for weatherization was grant funding. Manager Olson confirmed that it was City money coming directing from the Electric Fund. Councilman Horton asked for clarification on the federal guidelines for contracts. Manager Olson clarified that it was state law for any contract above \$50,000. For formal and informal bids, there are specific thresholds and corresponding regulations. Councilman Horton asked if the name were changed from "weatherization" would that have any bearing on the guidelines. Manager Olson replied that it would not.

Councilman Walton asked how far into 2017 the assessment would go. Manager Olson advised that would be up to the Council. Councilman Stimatz asked if the program started calendar year or fiscal year. Manager Olson replied that it always ran along the fiscal year. Councilman Stimatz suggested that the data go through June 30, 2017 in that case.

Councilman Walton felt that with the conversation, they might want to go back a year. Manager Olson explained that the platform is different but the meter readings are the same. The City is still reading meters in the same manner they have been for the last 30 years. Councilman Walton said there was a \$5 million bill once so that seemed like a major meter mistake. Councilman Stimatz explained that was a problem with the billing, not the meter. Manager Olson concurred. He noted that one thing the Raffelis study confirmed was that the Itron meter reading data was never comprised, in spite of the fact that the Edmunds system was an issue. The meter readings were never incorrect.

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

**5. Discussion / Consideration – Weatherization Program Overview and Purpose:**

Manager Olson reported that during the September 18, 2017 Town Hall meeting, there was a long discussion on weatherization. It was obvious that City staff had done a poor job of informing the Council on the program. He wanted to clarify a number of issues that came up during that period. Firstly, at no time did anyone pay for a spaghetti dinner. The City used to have an Energy Fair annually to meet with the public to discuss how to make homes more energy efficient. ElectriCities would underwrite the cost of the meal as their contribution to that fair. The City of Elizabeth City never paid for that meal. There would be various vendors at the Energy Fair showing off their products, such as different types of lights, fans, and so on. The largest one was about 400 people at KE White. The program morphed in 2014-2015 when Mayor Peel created a Weatherization Commission. The outcome of the recommendations made by that commission were to increase the program funding from \$160,000 to \$320,000 and to help all of the City's electrical customers and not just those within a certain income bracket. We also began weatherizing renter-occupied homes. We have weatherized 315 homes since the program's inception with 287 of those households having an income of less than 150% of the poverty limit (91%). The other 9% are 28 households making less than 200% of the poverty limit. Homes with a combined household income of more than \$68,500 annually have not been weatherized, so the comments about the City weatherizing homes for families making hundreds of thousands of dollars was simply not true. An emphasis is placed on the elderly and the disabled; 1/3 of the homes weatherized have been for those groups.

Manager Olson noted that the energy burden for most of our customers runs between 10% and 14% of their total income. You generally cannot mortgage a home for more than 28% of your total income and some of these individuals are paying more than that in utilities due to poor weatherization. One area of concern is that of the 315 homes weatherized, only 10 of those were rental homes. Staff has tried numerous methods but has been unable to get property owners to sign off on their tenants receiving weatherization services. We believe this will continue to be a problem especially now that the Rental Registration Program has been removed.

Assistant Manager Cole provided a document detailed the Weatherization Assistance Program application process. Weatherizing a home typically takes less than a month. After the pre-weatherization assessment is completed, an applicant can expect to hear back from the City staff within two weeks. Depending on the services included in the scope of work, the work generally begins within another two weeks. All improvements are usually finished between two to five days. Within 24 hours after the work has been completed, City staff will provide an inspection to ensure everything is satisfactory. During the Town Hall meeting, a question was asked about how the public is informed about the availability of weatherization. The City uses print ads, accepts walk-ins, customer referrals, educational seminars and the Customer Service Department also makes referrals.

Manager Olson advised that if a citizen visited his office to express concern about their utility bill, he often set them up with Dennis Gordon to provide an energy audit and make them aware of weatherization. A lot of times there are things very easy to find such as heat strips that have been left on.

Assistant Manager Cole continued that potential applicants interested in the program are given a packet and the steps included therein are moved through to determine if weatherization could be offered. Manager Olson pointed out that currently, the program is first come first served, but they have discussed creating a rubric to identify homes more in need to move them up the list quicker.

**6. Discussion / Consideration – Customer Service Technological Enhancements and Amendment to City Council 2017-2018 Goals and Objectives:**

Councilman Stimatz said the recent billing issues brought flaws with the Customer Service Department. The Customer Service Policy Manual is nearly 20 years out of date, and the phone system cannot handle the influx of calls, although both of those items are being worked on now. We are not leveraging changing technology such as email and text messages. We do not provide interactive access. We are not proactively customer oriented. We don't reach out as much as we should to our customers and we may not have the in-house talent to accommodate that either. He pointed out that he was not bashing staff, but we did not have the skills and talents to effectively address some of this.

**Motion was made by Councilman Tony Stimatz to add Objective L under Goal 5 to improve Customer Service access, information distribution processes and technology, which would include hiring a subject matter expert to analyze, recommend, benchmark and develop a blueprint for future improvements.**

Councilman Stimatz noted that he did not want someone who was going to come in and recommend the City purchase a whole bunch of new software. He was interested in increases in productivity, better accessibility via phone, email and text messages for the customers to reach the Customer Service Representatives and for the CSRs to then respond and communicate. He recommended a target date of January 1, 2018 to get a subject matter in place and have a blueprint drafted. He suggested March 1, 2018 as the date for contracting.

**The motion was seconded by Mayor Pro Tem Anita Hummer.**

Councilman Stimatz added that he was flexible on the dates he had mentioned. They could be adjusted if they were overly ambitious.

Councilman Walton asked if anyone on the Customer Service staff could do this. Manager Olson replied that there was no one currently in that department who could handle such a task. Through this process, he had learned that he did not "have the horses in his stable to run this race." The City has historically been very cheap in operating their systems due to high utility rates. Staffing has been an issue for years; however, it has been minimized over the last few years. We do have a retirement of one of the key personnel in November, which will force utility billing to be farmed out to an outside service most likely. Councilman Walton asked which position he was referencing. Manager Olson said he was speaking about Data Processing. He'd had several conversations with companies about the option of outsourcing the utility billing process. We would continue performing the meter reading in-house, send that out to a third party and they would create the bills. We do not have the redundancy in that area of our staff. There is one Data Processing employee who has been in place for years and one relatively new employee.

Councilman Walton asked what the cost for farming that service out would be. Manager Olson said it was still unclear because there was an upfront cost and then annual licenses and whatnot. He would need a much better comfort level before bringing something like that forward. The group the City put together did not pick Edmunds, but the City went with Edmunds because they were the cheapest, which has proven itself a mistake.

Councilman Stimatz said his motion had nothing to do with the billing software, just the customer service interface. He wanted the department using email, text messages and phones better. Councilman Walton asked how much that would cost. Councilman Stimatz said he had no idea. We're sending out 12,000 bills a month and the postal service is

getting ready to raise their rates again. We need to reduce the number of bills we're sending. We need to hire someone to figure out what we should be doing and that's what the motion on the floor is right now. It may cost \$30,000 or \$40,000, which sounds like a lot but it will make people happy and we need to be brought into the 21<sup>st</sup> century.

Councilman Brooks asked the manager if he was saying it was better to outsource than to upgrade. Manager Olson confirmed that it was in his opinion.

Mayor Peel asked the Council if they were clear on the motion on the floor. Councilman Walton said he was not clear on the process. He did not feel comfortable about voting on one without the other because they are linked together. Councilman Brooks felt the item needed to go into the regular session because it needed to be discussed further.

**Motion was made by Councilman Ray Donnelly to table the discussion until the Regular Session, seconded by Councilman Johnnie Walton. Those voting in favor of the motion were: Donnelly, Walton, Baker, King, Hummer, Horton, Stimatz and Brooks. Against: None. Motion carried.**

#### **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 Johnnie Walton to move the committee reports to the Regular Session agenda. Those voting in favor of the motion were: Donnelly, Walton, Baker, King, Hummer, Horton, Stimatz and Brooks. Against: None. Motion carried.**

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

There being no further business to be discussed, Mayor Peel adjourned the meeting at 6:55 p.m.

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Joseph W. Peel  
Mayor

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April Onley  
Interim City Clerk