

WEDNESDAY-1:30 P.M. FEBRUARY 20, 2013 FINANCE COMMITTEE

The Finance Committee of the City Council for the City of Elizabeth City held a meeting on the above date and time in the City Council Chambers with Chairwoman L. A. Hummer presiding. Those members attending were: L. A. Hummer, R. T. Donnelly, L. M. Hill-Lawrence and J. W. Peel. City Staff members attending were: City Manager R. C. Olson, City Clerk D. S. Pierce-Tamplen, Finance Director S. E. Blanchard, ECDI Director R. Cross and Police Chief E. Buffaloe.

Chairwoman Hummer established a quorum was present and called the meeting to order at 1:30 p.m. She called for a moment of silent reflection after which she led the Pledge of Allegiance to the Flag of the United States of America.

1} AGENDA ADJUSTMENTS AND APPROVAL:

Chairwoman Hummer called for adjustments and/or approval of the prepared agenda.

City Manager R. C. Olson asked to add a short Closed Session as per NCGS 143-318.11 (a) (1).

A motion was made by Councilwoman L. M. Hill-Lawrence, seconded by Mayor J. W. Peel to approve the Agenda as presented to include the above noted item. Those voting in favor of the motion were: Hill-Lawrence, Peel, Donnelly and Hummer. Against: None. Motion carried.

2} APPROVAL OF MINUTES:

Chairwoman Hummer called for action regarding the minutes of October 24, 2012, November 8, 2012, December 6, 2012 and February 7, 2013 as presented.

A motion was made by Councilman R. T. Donnelly, seconded by Mayor J. W. Peel to approve the minutes of October 24, 2012, November 8, 2012, December 6, 2012 and February 7, 2013 as presented. Those voting in favor of the motion were: Donnelly, Peel, Hill-Lawrence and Hummer. Against: None. Motion carried.

3} CONDEMNATION OF VARIOUS PROPERTIES:

Chairwoman Hummer called upon City Manager Olson for comments.

Mr. Olson stated that one of the major recommendations of the Mayor's Energy Efficiency Task Force was to improve the housing stock in Elizabeth City. City staff has identified six homes to be condemned because of their dilapidated state. They are as follows: 912 Hunter Street, 1023 Hunter Street, 1318 Moore Street, 1320 Moore Street, 502 Brite Avenue and 405 North Martin Luther King Drive. The Building Department did get quotes on the cost of tearing each one of these structures down. The cost to tear down 912 Hunter Street is \$1128; 1023 Hunter Street is \$2475; 1318 Moore Street is \$1150, 1320 Moore Street is 1149, 502 Brite Avenue is \$2425 and 405 N Martin Luther King Drive is \$2400. The total amount of money we will be spending on the removing of these structures is \$10,727. As the Finance Committee is well aware of that figure does not include tipping fees. We don't know what the tipping fees will be at this time but historically tipping fees equal about what we pay them to have the structure torn down. So we anticipate roughly \$10,000 for tipping fees making the total \$20,727. Council did authorize \$ 36,000 for removal of unsafe structures.

A motion was made by Mayor J. W. Peel, seconded by Councilman R. T. Donnelly to recommend to City Council to adopt an ordinance that would declare 912 Hunter Street, 1023 Hunter Street, 1318 Moore Street, 1320 Moore Street, 502 Brite Avenue, and 405 N Martin Luther King Drive condemned and authorize demolition of same. Those voting in favor of the motion were: Peel, Donnelly, Hill-Lawrence and Hummer. Against: None. Motion carried.

4} PURCHASE OF RECYCLE TRUCK:

Chairwoman Hummer called upon Mr. Olson for comments.

Mr. Olson stated that included in this year's solid waste budget was \$170,000 to purchase a new recycling truck. The Public Works Department staff has identified a recycle truck they would like to purchase utilizing the Houston/Galveston Area Council of Government purchasing contract. Remember we entered into an agreement with them in order to purchase the fire truck. This would be the second piece of apparatus we would be buying utilizing that purchase contract. The cost of the new truck is \$168,725.22. The truck will be a Freightliner truck with a conventional chassis with a Top Select 2000, two compartment recycler. The chassis is \$72,271 and the recycle body is \$96,454.22.

A motion was made by Councilwoman L. M. Hill-Lawrence, seconded by Mayor J. W. Peel to recommend to City Council to authorize the City Manager to execute contracts for the purchase of a curb sorter recycling truck through H-GAC. Those voting in favor of the motion were: Hill-Lawrence, Peel, Donnelly and Hummer. Against: None. Motion carried.

5} PURCHASE OF 213 NORTH POINDEXTER STREET:

Chairwoman Hummer called upon Mr. Olson for comments.

Mr. Olson stated included in the agenda packet is a memo that staff has prepared concerning the acquisition of 213 N. Poindexter Street. This property goes from Poindexter Street to McMorrine Street. We did enter into a contract to purchase this property with Gateway Bank for a total of \$15,000. Members of Council wanted him to bring back the total cost of tearing that structure down. Stanley Ward, as part of our big demolition package, he took bids to demolition that building. The cost would be \$36,475. We don't know what the tipping fees will be at this time but we anticipate it to be equal to the amount for demolition. Staff will do whatever we can to recycle and/or reclaim some of the bricks and haul them out to the Wellfield to lower the amount of the tipping fees. Paul has provided an estimate to go ahead and pave the parking lot. At this particular time the cost for the purchase of the building is \$15,000; demolition is \$36,475.00, tipping fees are \$37,000 and asphaltting the lot would be \$55,000 for a total of \$143,475. Staff has combined the existing Poindexter Street parking lot with the proposed new lot and the drawing indicates that 41 parking spaces will be the maximum number of spaces available. However, under the City's UDO, realistically only 39 total parking spaces can be obtained. Staff is requesting that we be authorized to purchase the 213 N Poindexter Street and include in next years' budget the cost to basically demo and construct the new parking lot.

A motion was made by Councilwoman L. M. Hill-Lawrence, seconded by Councilman R. T. Donnelly to recommend to City Council to authorize staff to purchase the property located at 213 N. Poindexter Street and further; recommend that the Council direct that steps be taken to include the demolition of the building and construction of the parking lot in the fiscal year 2013-2014 budget. Those voting in favor of the motion were: Hill-Lawrence, Donnelly, Hummer and Peel. Against: None. Motion carried.

Mr. Olson stated that he had been approached by one of the merchants that is affected by the work in the area about possibly renting a couple of spots in the

lot because they will be losing parking for a period of a year or more. We are not championing that yet as we need to evaluate it so we may be bringing that back.

Mr. Olson advised we will need to do a budget amendment for the purchase of this property; therefore, we will need a motion to recommend the budget amendment to the full City Council.

A motion was made by Mayor J. W. Peel, seconded by Councilman R. T. Donnelly to recommend to City Council to approve a budget amendment for the purchase of the property located at 213 N. Poindexter Street. Those voting in favor of the motion were: Peel, Donnelly, Hill-Lawrence and Hummer. Against: None. Motion carried.

6} MUSIC PARK:

Chairwoman Hummer called upon Rebecca Cross, Executive Director of Elizabeth City Downtown, Inc. for comments.

Ms. Cross stated we are looking at doing is called a free note harmony music park. It would be in the back corner of Mariner's Wharf Park. It is something that only one other place in North Carolina has one at this point. It would be a novelty for the State and the area. It is something that could be publicly used as music, arts for kids and youth to be involved in as well as adults alike. What we are looking at doing right now is initially purchasing three instruments that are all xylophone instruments that will be available for public use. We would include in the project an attractive iron fence to secure the area. The 20' by 20' area includes space to expand another three instrucments if we decide to in the future. Something that the ECDI Board has approved of moving forward with and Lucy Gordon said she would love to have it out there. It is something that we feel would be an enhancement to our community. There was a lot of talk about public art projects at the Main Street conference she recently attended. We would be seeking funds from grants and private companies or individuals and perhaps tourism money if there is any available.

Mr. Olson said the action that we are requesting at this time is that City Council endorses the project. We are not asking for any funding commitment from the City Council but just give the ECDI the authority to go out and see if they can find the \$20,000 needed to create this park. There is not a park like this for at least four to five hundred miles. It would be something unique to this part of the United States and we believe it would be a good addition to our community.

A motion was made by Councilman R. T. Donnelly, seconded by Councilwoman L. M. Hill-Lawrence to recommend to the City Council to support the Harmony Music Park project; but delay any financial commitment until after the preparation of the fiscal year 2013-2014 budget. Those voting in favor of the motion were: Donnelly, Hill-Lawrence, Hummer and Peel. Against: None. Motion carried.

7} AUTHORIZATION TO SUBMIT GRANT APPLICATIONS TO DOJ:

Chairwoman Hummer called upon Mr. Olson for comments.

Mr. Olson said he has asked Chief Buffaloe to give you an overview of two possible grants that his agency is looking to apply for. These grants are due March 4th. Unfortunately, or fortunately there are other groups within the community that may be looking at doing these same grants. We just found that out yesterday.

Chief Buffaloe stated two of them are USDOJ possibilities. One is a Byrne Criminal Justice Innovation Program and the other one is a Violent Gang and Gun Crime Reduction Program. The Innovation Program focuses on revitalization of what we call "hot Spot" areas within Elizabeth City. They are geographically small and they encompass several city blocks. The crime rate in that particular area is disproportionate with other parts of the City. We have identified some "hot spots" on Roanoke Avenue, Tatum Lane, Davis Avenue, Perry Street, Jordan Street and a portion of Peartree Road. His initial stratification of the data supports that particular claim for those particular "hot spots". The Innovation Grant awards up to \$1 million over a 15-month project period. However, in the planning phase of the project it awards up to \$150,000. There is no required match from the City. The second one is the Gang Reduction Grant and this is reducing gun violence and addressing gangs and crimes in targeted neighborhoods throughout the City. We have identified the crime problems and gang problem related directly with gangs and crimes merging together that begun approximately six years ago. Unfortunately protests have been made to reduce this but more needs to be done to address this particular problem. In the Gang Reduction Grant they award up to \$150,000 and there is no match on the part of the City. These particular two grants require a cross sector partnership with non-profit organizations or faith based. We have identified River City CDC and Elizabeth City State University and a community volunteer named Amy Swain to assist us with these particular grants. The Police Department will be responsible as a fiscal agent and the law enforcement agency responsible for the completion of the grant and the partners will play a role in planning and implementation of those particular grants. We are asking for endorsement to proceed.

Mr. Olson stated his interpretation is that there is another group at ECSU that is working with a family here in town to do these grants.

Chief Buffaloe stated he met with Dr. Shahed and Dr. Parsons at ECSU. Dr. Shahed is the department chair for the criminal justice and sociology department. He met with them on Monday and asked them to partner with us as a research partner in this particular grant. He spoke with the Mayor yesterday and we have a community volunteer who is at H. L. Trigg that is willing to assist us. Ms. Amy Swain who is doing some research on behalf of her doctrine degree from East Carolina University is willing to assist us. She is also a native of Elizabeth City. He has pulled ECSU and Ms. Swain in to assist in seeking this grant.

Mr. Olson stated that was a lack of coordination to put it mildly between different groups in the community. That is why he asked Chief Buffaloe to draft a memo and present it to you and later to City Council. There is another group that would like to somehow utilize the Hugh Cale building once it is vacated by the Boys and Girls Club. They want to do basically what OIC use to do in the Hugh Cale building. He explained to them the restrictions on the Hugh Cale building and the need to do a sub-recipient agreement because of the Hunt money being involved in there. They understood that. The only thing that we want today is for you to recommend to City Council to authorize us to make this same presentation with a little bit more depth to the entire City Council and have them support the submission of the grants. Hopefully between now and Monday we will have all these details worked out.

A motion was made by Councilwoman L. M. Hill-Lawrence, seconded by Mayor J. W. Peel to recommend to City Council to authorize the Elizabeth City Police Department to pursue grant opportunities offered by the US Department of Justice for the purpose of obtaining funds to assist in reducing crime and the fear of crime in our communities. Those voting in favor of the motion were: Hill-Lawrence, Peel, Donnelly and Hummer. Against: None. Motion carried.

8} PRE-BUDGET WORK SESSION:

Chairwoman Hummer called upon City Manager Olson for comments.

Mr. Olson stated according to our budget calendar at the February 25th City Council meeting we are supposed to have a pre-budget work session. City staff has prepared a number of different slides that we will be presenting at the work session. We don't want to repeat what we will be doing Monday night, but we

would like your input to see if there is additional information we need to include in our presentation. The Cash Balance as of January 31st, 2013, we are pretty confident that this will most likely be the cash balance as we finish this fiscal year as of June 30th. There are a number of things that concerns us. Our revenue forecast is flat. Sales tax money is not picked up as we thought it would be. There is a bunch of other challenges to our revenue also. One of our primary concerns is our 2012 Health Insurance Claims. We had 124% lost ratio which means that our health insurance premiums will be going up. He has had discussions with the League on what that cost will be. He should have something by Monday night what that actual dollar amount will be to us. The Municipal Insurance Trust is meeting tomorrow and they will be establishing the rates for the upcoming year. Some other information is the cost of living increase of 1% COLA is \$135,000. He would like for you to keep that in the back of your mind. A little insight of why he put the COLA where he did is if we receive a 15% health insurance increase premium it would be an increase of \$327,327 and if the increase is 20% the increase would be \$436,436. You need to remember that our revenue is flat. That is going to put a lot of strain on our upcoming budget. Based on what he sees here he is not going to recommend a COLA for the employees. Maybe when we do more detail analysis and start getting hard numbers from the Department Directors we may be able to put a small COLA in there. One of the other things that we looked at was our existing debt. We have no debt payments coming off this year. The reason why is we did debt financing on the ladder truck so our debt payment for next year increased by \$10,000. If we buy five patrol cars or three patrol cars and we most likely will have a solid waste truck and other equipment purchases that will have to be added to our property taxes. The existing debt payment in the electric department is we have already financed the second delivery point and we see no issue within the Electric Department at all. We don't believe at this time there will be any increase in electrical rates or anything else. The Council needs to realize that our rates are now cheaper than Albemarle EMC. We still lag behind Dominion by about 17%. Our rates are about 1.5% lower than Albemarle EMC. So we are making progress in rate stabilization. We have about \$30,000 coming off the Water and Sewer payments. We have several projects that we may be bringing forward that will require debt financing. However, the big thing that concerns staff is what is happening in Raleigh and potential legislative issues. There is discussion about eliminating the privilege license tax and that would be a \$296,000 hit to us. If we eliminate State income tax that means that the debt setoff program which we get \$76,000 from would also be eliminated. We have an unemployment insurance increase based on the law that the governor just executed last year. That would be up to \$75,000. That would be the most that it would cost us. Then of course the Internet Sweepstakes will mean a \$102,000 shortfall. The State sales tax discussion is still unknown. He went over the Sales Tax. The existing projects are the Roanoke Avenue Phase III, Middle School, South Road Street, Fixed Area

Network and the Mack Sawyer Building. Then we have the unfunded projects that staff has identified. They are Phase II Raw Water Transmission line, completion of Road Street Water/Sewer, Herrington Road Sewer, Water line improvements in Cabbage Patch area, Phase II of the Firing Range, sidewalk on 17 North from Knobbs Creek to COA and the Poindexter Street Parking lot improvements. Other unfunded projects are the lime feed system, mixed basin, a county park, resurfacing of Main Street and 800 MHZ radio system. We do anticipate doing over \$1 million worth of street overlay work. Those funds would come out of Powell Bill funds. We have Powell Bill funds to do Brooks Avenue, Crescent Drive and after those two you have approximately \$750,000 left to do overlay on our streets. We try to do an overlay program every other year. He is trying to solicit input from the members of City Council to see if there are other projects that you wish us to consider. We need to do the workup to see if we can get them in the budget. One is like the County Park with the County paying 55% of that project. Resurfacing of Main Street would be a Powell Bill/Water and Sewer project.

Mayor Peel asked if the County has said that they want a park. Before we put it in our budget he thinks we should ask them again if they want one.

Mr. Olson replied that they said a number of years ago that they would like to have another park in the County.

Councilman Donnelly asked if a dog park was in there.

Mr. Olson replied no it is not in the budget yet. If you want it in the budget he will put a dog park in the budget.

Councilman Donnelly said he wanted two dog parks; one in the City and one in the County.

Councilwoman Hummer stated she would like to see the last block of Church Street in there.

Mr. Olson stated because of the increase in Health Insurance costs we may be looking at a plan design. We may need to cheapen our plan somewhat. Higher deductibles, higher co-pay would be two things. That is something that we will have to look at. Our co-pay now is \$20.00 for a normal visit and \$30.00 for a specialist and \$400.00 out of pocket. We may have to lessen our plan even more to bring it back in the cost estimates. It is hard to tell the employees the reason you didn't get a COLA is because now we are paying \$456,000 more in health insurance which equates to a 3% COLA. They don't see that. They just see what they take home every week. Also, we are looking at another 20 condemnations for next year and the cost for that is probably \$60,000. We have

the Vision 2020 Plan and to do part of that plan there may be some costs associated with it. At this time it is unknown. That may end up having to be a contingency item within the budget to pay for implementation of the 2020 Plan. It is hard to have a vision plan that you don't do at least incremental steps along the way. People will soon ask why we had this long process but yet we aren't doing anything. You have to have money to implement any type of program. Then we have our vehicle replacement program. We need five police cars again. We only got three this year so we need five next year. Our solid waste vehicles are also in bad shape. We need to replace one of the packer trucks and that will cost \$300,000. Those are some of the challenges we will be facing. Should we increase fees? Do we want to increase the solid waste fee again? We have been increasing it every year since he has been here. Do we want to increase it again? We are subsidizing it to about \$400,000 out of the General Fund. That directly relates to the level of services we are offering. If you put it out there we will pick it up. He has looked at contracting out solid waste and it just does not cost out. We could save money if we contracted it out to a private hauler, just the trash pickup. We could do that for maybe \$6 or \$7 a month, but it is the other services such as the brush, street sweeping, the vegetation and also all the bulk items we pick up. That is the issue when he talks to private haulers. They will tell you up front that we can't compete with the stuff you are offering.

Mayor Peel asked how much we would have to raise our fees to get rid of the \$400,000. He feels very strongly that it should pay for itself.

Mr. Olson replied we would have to raise our fee to \$21 to \$23 a month. Should fees be increased or should we look at contracting out services. Council has historically been opposed to contracting services because of loss of employees' jobs. We would be willing to look at contracting out any service. Then we have a number of agencies that we jointly fund. They are Central Communications, Animal Control, Emergency Management, Parks & Recreation, AEDC, Airport Authority, Senior Center, Fire and Tax Department. Right there we have \$1.5 to \$1.6 million worth of jointly funded services. Is there anything else that he needs to include or any areas that he should emphasize?

Councilman Donnelly said he is sure that you are going to emphasize the health insurance issues.

Chairwoman Hummer stated we are not making any recommendations on this as this is just a preview of what will take place at our work session on the 25th.

Mr. Olson asked if there were other projects that the Finance Committee and/or full City Council would like us to look at. What happens right now is he brings

a budget to you on April 15th and he spends two months defending the budget he brought to you. What we are trying to do is to build a partnership early on in the budget process where you understand why we did things the way we did.

Councilman Hill-Lawrence said that we have the implementation of Vision 2020 and you said that the cost is unknown at this time. She would feel safe to know that we have pulled some money in there. She knows you don't know the costs yet.

Mr. Olson said he doesn't know whether \$50,000, \$100,000 or what we are going to need until the subcommittees or the implementation committees bring forward what they need to bring forward. He has heard several things that they may be considering and that will be \$100,000.

Ms. Hill-Lawrence said she would feel betting knowing that there was some money in that fund for what ever reasons and if they don't use it so be it.

Mayor Peel stated he thinks that is a good idea.

Mr. Olson said our cash balances are in fairly good shape right now. Better than they have been in four or five years. We may have to spend down a little bit of the cash balance, maybe \$100,000 or \$150,000. We are hoping that we can ride out one more year of decrease revenue, sales tax, etc. We are still looking at \$75,000 for community support grants too.

9} CLOSED SESSION:

Chairwoman Hummer called for a motion to retire into Closed Session.

A motion was made by Councilwoman L. M. Hill-Lawrence, seconded by Councilman R. T. Donnelly to retire into Closed Session as per NCGS 143-318.11 (a) (1). Those voting in favor of the motion were: Hill-Lawrence, Donnelly, Hummer and Peel. Against: None. Motion carried.

Chairwoman Hummer declared the meeting into Closed Session.

10} RETURN TO REGULAR SESSION:

Chairwoman Hummer called for a motion to return to regular session.

A motion was made by Councilwoman L. M. Hill-Lawrence, seconded by Mayor J. W. Peel to return to regular session. Those

voting in favor of the motion were: Hill-Lawrence, Peel, Donnelly and Hummer. Against: None. Motion carried.

11} ADJOURNMENT:

There being no further business to come before the committee at this time, Chairwoman Hummer adjourned the meeting at 3:07 p.m.

Dianne S. Pierce-Tamplen, MMC
City Clerk

L. Anita Hummer
Chairwoman