

**City Council Work Session
February 23, 2015**

The City Council of the City of Elizabeth City met in work session on Monday, February 23, 2015 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
Councilman Ray Donnelly
Mayor Pro Tem Anita Hummer
Councilman Tony Stimatz
Councilman Michael Brooks *(arrived at 5:42 p.m.)*
Councilman Kem Spence *(arrived at 6:00 p.m.)*
Councilman Darius Horton *(arrived at 5:42 p.m.)*

MEMBERS ABSENT: Councilman Montravias King

OTHERS PRESENT: City Manager Rich Olson
City Attorney Bill Morgan
Finance Director Sarah Blanchard
Planning Director June Brooks
Chief of Police Eddie Buffaloe
Assistant to the City Manager Angela Cole
Human Resources Director Katherine Felton
Public Utilities Director Paul Fredette
Fire Chief Larry Mackey
IT Director Matthew Simpson
Inspections Director Stanley Ward
Parks and Recreation Director Bobbi White
City Clerk Vivian White
Load Control Specialist Ricky Albertson

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 in 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 Councilwoman Jean Baker, to approve the agenda with any necessary adjustments. Those voting in favor were: Baker, Donnelly, Hummer, and Stimatz. Against: None. The motion carried unanimously. (Councilman Brooks, Councilman Spence and Councilman Horton had not yet arrived.)

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. Presentation/Consideration – Authorization to Proceed with Pilot Program for Nexgrid AMI FAN System:

Mayor Peel recognized City Manager Olson to provide background regarding this matter. Mr. Olson stated that City staff has been working to put into place a fixed area network for the City for approximately five years to allow for remote read of both electrical and water meters. He reported that staff had been attempting to minimize the City's cost through a software and hardware solution that is compatible with the City's Itron meters. He said that staff has come to the realization that this would not be possible due to issues associated with the existing meters.

Mr. Olson stated that he had served on an ElectriCities committee with other managers and electric directors to explore a preferred method of doing a smart grid system for all cities that are members of NCEMPA Agency 1. He said that the outcome of that research was to use a preferred provider, identified through a competitive RFP process. He reported that the preferred provider selected was Nexgrid. Mr. Olson introduced Scott Wheeler of Nexgrid in Fredericksburg, VA and Ricky Albertson, City Load Control Specialist to further explain the Nexgrid system for the Council.

Mr. Wheeler stated that Nexgrid was founded in 2008 with the sole focus of exploring new solutions to advanced metering and smart grid systems. He stated that the RFP process with ElectriCities that resulted in Nexgrid's selection involved a competition with 50 other vendors. He reported that due to some of Nexgrid's successes in the industry, HD Supply, the largest re-seller of smart grid solutions in the United States, has also chosen Nexgrid to be their preferred solution for municipalities.

Mr. Wheeler explained that the Nexgrid solution is well tailored for municipalities as it has multiple departments and cost-effective solutions. He stated that currently Nexgrid has 25 deployments, nine of which are in North Carolina. He stated that their deployments with the US Navy had driven their security solutions to a very high level.

Mr. Wheeler stated that Nexgrid can deliver multiple solutions in a single package to include advanced metering, which provides for remote disconnect/reconnect. He said that all technologies required to manage the system are embedded in a single piece of software. He stated that outage management, line loss prevention and load management solutions are also offered; and he provided a brief explanation for each of these areas. Finally, he explained that a consumer portal is also available for residents' use to allow customers to be more educated about their energy consumption in a real time setting.

Mr. Wheeler stated that the Nexgrid system basically provides for three things. He said that the first thing includes devices for electric meters, load control devices and water meters that are installed in homes. He explained that Nexgrid had effectively built the communications device for these particular devices, but does not manufacture the actual devices themselves. He said that their communications platform drives better reliability for these systems, and also helps drive down the cost. He stated that the second provision is that Nexgrid builds a communications network that allows all the devices to communicate back to the City's software. He showed an actual example of the communications device, which contains all the communications radios and creates the network. He explained that the device attaches directly to streetlights by replacing the existing photocells. He stated that the last thing that Nexgrid provides is the software to run the entire system.

By use of a PowerPoint diagram, Mr. Wheeler provided an example of how the City-wide Wi-Fi communications network would work among the endpoint devices, the streetlight communications gateways and City Hall. He advised that a multitude of applications could be placed on the network, since any device that could establish an IP address or use Wi-Fi as a mode of communication could use the Nexgrid infrastructure to communicate. He pointed out that other Nexgrid clients have used the network to deliver additional value for a low additional cost. As an example, he stated that some police departments have used the system for video surveillance cameras. He said the Wi-Fi network could be opened to City employees to allow them to get information to do their jobs more efficiently. He said some Nexgrid clients had used the Wi-Fi network to create free hotspots in their central downtowns as an incremental benefit. Additional use examples noted by Mr. Wheeler for the communications infrastructure were streetlight control, traffic light control and SCADA system control.

Mr. Wheeler offered to answer questions from the Councilmembers at the conclusion of his presentation.

Councilman Donnelly asked Mr. Wheeler what the lifetime expectancy is for the streetlight communications device. Mr. Wheeler responded that the equipment is rated for twenty years and has a product warranty of ten years. Councilman Donnelly inquired about maintenance responsibility for the devices. Mr. Wheeler responded that there was not much maintenance involved, other than an occasional meter failure. Mr. Olson pointed out that there was an advantage to the system in that if an end point device failed, the system would alert the City. Mr. Olson stated that the system provided "trouble reports" on a daily basis advising what actually needed to be repaired. Mr. Wheeler stated that the system would provide detailed information in the trouble reports such as instances of tampering, loss of power or meter failure.

Councilwoman Baker asked if the Nexgrid software would be able to talk to the City's existing billing software. Mr. Wheeler responded that it would. Mr. Olson commented that discussions had been held with Nexgrid regarding the City's migration to Edmunds software from Logics.

Councilwoman Baker inquired if the communication system would require constant monitoring or if an alert would be generated when a problem arose. Mr. Wheeler responded that the system would generate automatic customized alerting to the employees authorized to access the system at the various levels. Mr. Olson pointed out that currently, customers have to call the water treatment plant to report a power outage and usually the line is busy. He stated that with the Nexgrid system, the City would automatically know when and where outages occur and what needs to be done to correct them.

Councilman Stimatz inquired if there were any bandwidth limitations with the system. Mr. Wheeler stated that the system has 100 megabit overall bandwidth and currently Nexgrid uses approximately 10%; therefore, bandwidth availability was not an issue. He said the radio Nexgrid chose happened to come with that level of bandwidth.

Councilman Stimatz stated that in terms of other devices, the City had discussed putting in system meters such as within the water system, the sewer system and the storm water system. He asked if those could also be monitored by the system. Mr. Wheeler stated that the Nexgrid system uses an aggregation or subtraction basis to determine the parameters for those types of systems and those applications had already been addressed by Nexgrid.

Councilman Stimatz asked if the system could also accommodate geo-tracking of City vehicles. Mr. Wheeler responded that the Nexgrid devices were fixed-point and would not accommodate that application, but the Wi-Fi could be used for that purpose utilizing another vendor that offered that type of technology.

Councilman Stimatz stated that another long term application for the solid waste department would be to measure refuse loads at every address. Mr. Olson stated that he was aware of several cities in California that utilized such a system, and he was familiar with that type of "pay as you go" methodology. Mr. Wheeler noted that the Nexgrid system could be used as the backbone for that type of application. He said that the City of Gastonia had rolled out that solution, but had pulled it back for other reasons.

Mr. Olson asked to discuss the proposal being made by City staff. He explained that the Nexgrid solution does not come cheap. He stated that he previously had estimated for the Council that a fixed area network would cost anywhere from \$1.8 - \$2 million. He stated that the Nexgrid system will roughly cost \$3 million when fully implemented. He said there would be approximately 40,000 end points to include electric, water and load control meters at every household. He advised that since the cost of the system involves a lot of money, staff believes that the City should crawl into it rather than run into it. He stated that staff is proposing a 100-customer pilot project to involve 70 residential properties and 30 commercial properties that would include 300 end points. To make the project fairly compact, he said staff had identified a geographical area within the downtown for the pilot project. He reported that the cost of the pilot program is roughly \$49,623; and if allowed by the Council, implementation could possibly begin in April. He said the program would be evaluated at the end of six months to determine if

the City is receiving the value desired. Mr. Olson stated that staff believes that the program would pay for itself and the pilot program would provide better information regarding the rate of return. He pointed out that meter readers would not be needed with the system when fully implemented. Mr. Olson stated that Electricities had performed a study that revealed that 30% of load management devices most likely have been disconnected or have failed. He stated that the advantage of the Nexgrid system is that the City would immediately know when devices fail. He said staff thought the City could easily decrease expenditures on the demand side anywhere from \$100,000 to \$150,000 annually through better load control. He said meter reader savings would be \$135,000 annually. He reported that another big benefit is that the City would know when a water leak occurs rather than waiting for meters to be read. He stated that it is not uncommon for the City to have to do leak adjustments of 30,000 to 40,000 gallons because the customer does not always realize there is a leak.

Councilman Stimatz pointed out that over a ten year period, the system would cost \$300,000 annually and the City would be looking at recouping approximately \$250,000 of that in savings, not counting any savings with water issues.

Councilman Stimatz inquired if the Nexgrid system would allow customers to choose their billing date. Mr. Olson stated that the system would provide for that option and in addition, the City would be able to provide pre-pay meters to customers.

Councilman Horton asked what would happen with the persons who are currently meter readers if the City goes with this program. Mr. Olson responded that the employees would be absorbed by vacancies in other departments.

Councilman Stimatz thanked Mr. Wheeler and Nexgrid for coming along. He said the City had been discussing this issue for over five years. He stated that the idea of plugging the communication device into streetlights was brilliant. He said that this is the direction the City is going to have to take in order to continue to efficiently serve its citizens in view of spiraling personnel costs.

Mayor Peel commented that as he understood it, the benefits to the customer would be the City will know much more quickly if there is an issue like a water leak making their costs less, they will be able to look at how they are using electricity in their own homes and make decisions about that and they will also be able to select their payment date. Mr. Wheeler stated faster restoration of power would be another benefit.

Mr. Olson pointed out that during periods of extremely high usage, the City would also have the capability to better manage load control.

Mayor Peel inquired about the 30% loss from load management switches that had been discussed and asked it that impacted citizens. Mr. Olson explained that load management savings is rolled into the City's rates, so if the City is not capturing all savings it can, it would impact the citizens.

Councilman Stimatz pointed out that the Nexgrid system would also allow the City to review the sizes of its transformers and determine whether to upsize or downsize them for more efficiency and cost savings.

Motion was made by Councilman Tony Stimatz, seconded by Councilwoman Jean Baker to authorize City staff to proceed with the pilot program for 100 units not to exceed \$50,000. Those voting in favor of the motion were: Baker, Donnelly, Hummer, Stimatz, Brooks, Spence and Horton. Against: None. Motion passed unanimously.

Mayor Peel thanked Mr. Wheeler for his presentation.

4. Presentation/ Discussion – Pre-Budget Discussion of Fiscal Year 2015-2016 Budget:

Mayor Peel recognized Mr. Olson to begin the discussion of this matter. Using a PowerPoint presentation, Mr. Olson provided an overview of matters to be considered during the fiscal year 2015-2016 budget process.

He stated that the City will begin the budget process in a hole due to declining revenues. He advised the Council that the \$240,000 loss of privilege license fees will impact the budget negatively, as will the \$200,000 Police Department compensation issue. He stated that an immediate decrease in Powell Bill funding can be anticipated due to SB20; and that a 5 – 9% increase in health insurance costs is also expected. He summarized that these issues will adversely impact the budget in a range anywhere from \$559,000 to \$649,000 and would equate to a tax increase of .0491 cents to .0570 cents.

Mr. Olson stated that there are some good opportunities that will occur, namely the sale of the City's electric generating assets to Duke Energy Progress, which will provide a substantial decrease in electric rates. Since that will not be realized until sometime in November, he stated that he will prepare the budget to reflect the status quo.

Mr. Olson provided a cash balance report for all funds as of January 31, 2015, as follows: General Fund, \$4,436,281; Electric Fund, \$4,263,590; Water & Sewer Fund, \$3,017,745; Stormwater Utility Fund, \$573,072; Solid Waste Fund, \$125,530; and Powell Bill, \$919,386. He reminded the Council that the City had received a letter from the LGC advising that the General Fund Balance is below their 7% recommendation. He stated that the LGC also has concerns regarding the City's Water & Sewer Utility.

Mayor Peel inquired if the Powell Bill balance was reflective of all encumbrances related to the recent paving project. Mr. Olson responded that it did, because the project was encumbered during the previous fiscal year.

Mr. Olson stated that due to the recent property revaluation, 1¢ in property tax equates to \$114,000 rather than the previous assessment of \$137,000. He pointed out that a 1% Cost of Living Adjustment (COLA) for City employees would be \$160,000, roughly 1.3¢ in property tax.

He said that annually, the City spends approximately \$2.2 million across all funds for employee health insurance costs. He pointed out that a 5% increase would be \$112,000 and a 9% increase would equate to \$202,000. He stated that once a firm number is received from Blue Cross Blue Shield, staff will evaluate the information and determine if the City needs to shop for insurance in the open market.

Councilman Stimatz commented that if the City paid for the increase in health insurance, it would be equivalent to a COLA in a sense. He said the Council had held discussions last year about passing the cost on to employees, but held off because the City received a decrease. He stated that a quick calculation, taking the low end of the health care costs added to a 1% COLA, would be a 1.7% effective COLA. He stated that 1.7% is the amount that the Social Security Administration handed out this year. He said that the Council had tried to pass on a COLA to employees, but had not been able to do so for a number of years. He stated that from his perspective, if the City could afford a 1.7% COLA including healthcare costs, that would be reasonable. He offered that anything above the projected low end of healthcare increase should be shared by the City and the employees in some way. He said that he hears constantly that “nobody pays nothing for healthcare.” Councilman Donnelly suggested that the discussion be held when the City knows what the real cost for healthcare will be.

Using a series of slides, Mr. Olson provided information regarding the debt outstanding in all funds, which included principal balance, total payments and the projected reduction in payments during the fiscal year. Councilman Stimatz noted that it is not until 2017 that an opportunity to issue a significant amount of additional debt will be afforded the City.

Mr. Olson provided a synopsis of the existing projects in the various funds, as follows:

1. Poindexter Street Parking Lot Improvements, which RPC will begin in mid-March.
2. Lime Feed System at the Water Treatment Plant, which has been awarded.
3. Boatworks Property, which is currently underway.
4. Police Station, which is currently on hold.
5. Road Street Engineering Study, which is currently being performed by Hyman and Robey.

Mr. Olson stated that the following are priority projects established by the City Council that are currently unfunded:

1. Phase II of the Raw Water Transmission Line in the amount of \$663,262 for which grant funding will be needed;
2. Completion of the Road Street Water and Sewer in the amount of \$1,700,000 for which funding is not available at this time;
3. Herrington Road Sewer in the amount of \$750,000, which is a fairly good CDBG Grant Application to be submitted in March 2015;
4. Waterline Improvements in the Cabbage Patch Area in the amount of \$500,000. This project is designed to eliminate the two-inch waterlines in the area.

5. Nexgrid AMI Fan System in the amount of \$3,000,000.
6. Mixing Basin at the Water Treatment Plant in the amount of \$80,000.
7. Resurfacing of Main Street from Road Street to the recently paved portion in the amount of \$450,000 for the roadway or up to \$1,000,000 to include the utilities.
8. 800 MHZ Radio System for Police and Fire Emergency Communications in the amount of \$500,000.

Councilman Brooks requested clarification on the Road Street Water and Sewer Project. Mr. Olson explained that the project is basically from Ehringhaus Street to Elizabeth Street and contains a lot of storm sewer work, underground utilities for the Phone Company and fiber and telecommunications cables. Mr. Olson stated that Hyman and Robey should have a firm engineering number for this project sometime in April.

Councilman Spence inquired if this project was part of the State's responsibility. Mr. Olson responded that the underground utilities were the City's responsibility, but staff would work with NCDOT to try to have the road rebuilt as was done on North Road Street. He said City staff hoped that NCDOT would come in during the next fiscal year and rebuild South Road Street from Ehringhaus Street to the new bridge being constructed. He advised that the amount of money that NCDOT has available under the new funding formula has basically dried up for secondary roads. He said that one of the items placed in the City's Legislative Agenda was a recommendation to use Highway Trust Fund moneys to prop up the General Highway Fund in order to accomplish more secondary road work.

Councilwoman Baker asked if the Road Street project was impacted by the Tiber Creek Stormwater Project. Mr. Olson responded that it is; and he stated that the project to clean out the culvert at Grice Street and Road Street is within the project area.

Councilman Stimatz requested that staff provide information regarding how CDBG funding has changed over the last ten years. He stated that the decrease in funding is huge and pointed out that the federal government is rebuilding everywhere else in the world except at home. He said that Congress needs to fix the problem and put some money back in the economy to help fix infrastructure for all cities. Mr. Olson stated that a problem is also at the state level in North Carolina based on how NCDENR has modified its scoring. He said that it is doubtful that the City will receive CDBG funding in the near future because of the new criteria.

Councilman Stimatz asked if the City should attempt to become an Entitlement City because of this fact. Mr. Olson stated that staff is evaluating this at the present time and indicated, if accomplished, the City would receive \$400,000 to \$450,000 each year.

Mayor Peel commented that based on the letter he received from NCDENR, the City should just let everything collapse and then it could be fixed. Mr. Olson stated that when the state changed its funding priorities and began giving \$3,000,000 to a community of 100 – 150 people, it made no logical sense. He said it would be a better use of public funds to buy them out and relocate them. He stated that it is a hard truth,

but unfortunately some communities would have to die so other communities can live in the State of North Carolina.

Mayor Pro Tem Hummer inquired when the decrease in Powell Bill funding will be felt. Mr. Olson stated the \$7,500 decrease will be immediate if SB20 is adopted. If not, the amount of money will stay the same, but during fiscal year 2016-2017 a reduction of \$125,000 to \$175,000 will be felt. He said it is more beneficial to the City if SB20 is adopted by the General Assembly.

Councilman Stimatz stated that it is his recollection from a conversation with the Public Works Director that the City should be spending \$2 million annually to maintain City streets. Mr. Olson agreed but cautioned that it does little good to redo roads when the utilities below them are the source of the deterioration - with no funds to repair them.

Mr. Olson stated that the vehicle replacement program includes five police cars annually at a projected cost of \$200,000. He said that the amount of debt payment coming off the schedule this year would just about cover the expense of the cars.

Mr. Olson reviewed the jointly funded activities with Pasquotank County, noting that the proposed budgets from the County will be due by April 1, 2015. These activities include Central Communications, Animal Control, Emergency Management, Parks and Recreation, the Senior Center, fire service and the Tax Department. He reported that the contract for fire service will expire on July 1, 2015 and staff will be working with County staff to prepare a new contract for consideration. Other jointly funded activities include the Airport Authority and the Elizabeth City-Pasquotank County Economic Development Commission.

Councilman Stimatz asked the percentage of the Tax Department budget that is covered by the City's contribution. Mr. Olson stated that he had not performed that analysis in the last three years, but would do so. Councilman Stimatz noted that the Tax Department sends out a postcard with the City's data included, collects the payments and transmits them to the City. He stated that he would question the amount of the budget being paid by the City. Mr. Olson stated that an agreement exists between the City and the County for this function.

Councilman Brooks inquired about the condition of the new basketball court, which was constructed at Dog Corner Park. He said he had noticed that the surface was no longer level. Parks and Recreation Director Bobbi White responded that she was aware of the issue and it had been determined to be sinking. She said she had spoken with the contractor that installed the court and he was looking for a solution to the issue. Mr. Olson reminded the Council that the court was constructed on fill to elevate it, which most likely is the problem.

Mr. Olson stated that staff had several questions that he would like to have input on by the City Council. He said that it was going to be a very difficult budget year and staff would have to make some very tough choices when preparing the budget.

Mr. Olson said that his first question involves the level of support the Council desires for Community Support Grants. He advised that currently the Council provides \$87,500 in

funding to 501c3 organizations, as follows: \$50,000 in Community Support Grants; \$22,500 to Arts of the Albemarle and Hopeline in the amount of \$15,000. Councilman Stimatz pointed out that the Police Athletic League also receives \$55,000. Mr. Olson stated that this amounts to roughly 1¢ in property tax but the agencies all provide services that the City cannot or does not provide.

Mayor Peel commented that it may be too early to talk about that issue. He pointed out that some of the information discussed makes the assumption that the General Assembly will not provide relief with the privilege license fee matter. Mr. Olson said it was going to be very hard to budget in view of all the unknowns. He stated that it may be as late as May or June when and if substitute revenue sources are known.

Secondly, Mr. Olson asked if the Council would like to increase fees. He said not a lot of money is generated from fees. Councilman Stimatz requested an example of a fee that could be changed. Mr. Olson responded that fees in the General Fund such as building inspection fees could be reviewed.

Next, Mr. Olson asked if the Council would like to consider charging a business registration fee. Councilman Stimatz asked how businesses can be tracked if a registration is not in place. He said he thought the Council had a responsibility to ensure that someone is keeping an eye on the businesses that are operating within the City. He said he did not think there is a choice except to register businesses; and if a fee needed to be charged, he thought that was reasonable. Mr. Olson said that the lobbyists are saying that it appears the State of North Carolina will be instituting a business registration fee because the state also needs to know where the businesses are and if they are paying sales tax. Councilman Stimatz said that the City also did not want businesses locating in areas for which they were not zoned.

Mr. Olson next asked if the Council should require employees to pay a part of the health insurance increase and pointed out this had been earlier discussed during the meeting. Councilman Stimatz stated that it goes back to the bearer of the burden – the taxpayers or the employees. He reiterated his earlier comment that if the Social Security Administration has mandated a 1.7% COLA, the City should try to match that to include a 1% raise and the \$112,000 low end of the health insurance increase. He said if it comes in at that and can be managed in the rest of the budget, he would suggest that the City take care of it. He said he could not support anything above that because it would be higher than the citizens are receiving in their Social Security or retirement.

Councilman Spence stated that he can understand when citizens say that employees do not contribute to their health insurance, but when the streets are covered with ice, employees are out making sure the streets are safe. He said that the police department employees are always out as well and every City employee plays a role in making the City run well. He said if the Council was going to start something new, they could consider it with the new hires, but for the existing employees he was not in favor.

Councilwoman Baker stated that this matter has always been a real thought process but stated that she wondered what percentage of people do not pay at least a percentage of their health insurance costs, especially now with the Affordable Healthcare Act. She

said there are a lot of dangerous jobs and a lot of people with risk to their employment. She stated that she did not think City employees are any more at risk than others in similar jobs. She said at some point the Council needs to realize that the City cannot pay 100% for employee health insurance costs.

Councilman Stimatz stated that this issue goes hand in hand with the City Manager's final question regarding lowering the level of service by reducing the number of City employees. He said that the Enterprise Funds should be paying for health insurance by raising the rate for the enterprise or by absorbing it in the funds' operating expenses. He said that this discussion is really only about the General Fund employees. He stated that 60% of the General Fund expense relates to Police and Fire, and asked what services could be reduced for the other 40%. He provided examples of reducing employees in Inspections from four to two, in Planning from four to two and in Human Resources. He said that in his mind the question is "what is the impact?" He inquired if the level of employees currently working in some General Fund departments is still needed in view of the current downturn in the economy. He stated that if the City could leverage technology, some employees could be repurposed in other places. He reiterated that the bottom line is that any decrease in services should be compared to the savings to be received in order to make the decision. Councilman Stimatz stated that this is the public's budget and if they are willing to take the tax increase in order to not cut services, the public should make their desires known. He suggested that the issue should be put into terms that citizens can understand.

Mayor Pro Tem Hummer stated that the Council has some pretty hard choices to make. She stated that every community watch group has been lost and she feels that should be one of the Council's number one concerns in view of recent crime. She stated that aesthetically, the City needs to improve and that can't be done by cutting certain departments.

Councilman Donnelly suggested that the Councilmembers may want to look at a moratorium on their own pay to help offset the budget. He said he thought it may be a legitimate consideration because it's not always for the outside citizens - the Council may need to look at themselves.

Councilman Brooks stated that with the "stuff" the Council goes through, he thought their pay should be raised. He said that to get better qualified candidates to run for Council, pay should be increased, because most people do not feel the stipend is worth their time.

Mayor Peel stated that one thing that had not been mentioned was whether something would need to be done with water and sewer rates. Mr. Olson stated that he agreed that an increase may be needed.

Councilman Donnelly stated that he wanted to go on record by saying that "he was not there" with the question on reducing the number of City employees.

5. Committee Reports:

In the interest of time, Mayor Peel suggested that the Committee Reports be moved to the Regular Session agenda.

Motion was made by Councilman Tony Stimatz, seconded by Councilman Ray Donnelly, to move the Committee Reports to the Regular Meeting agenda. Those voting in favor were: Baker, Donnelly, Hummer, Stimatz, Brooks, Spence and Horton. Against: None. The motion carried unanimously.

6. Adjournment:

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

Joseph W. Peel
Mayor

Vivian D. White, CMC/NCCMC
City Clerk