

**City Council Regular Session  
April 13, 2015**

The City Council of the City of Elizabeth City met in regular session on Monday, April 13, 2015 in Council Chambers, located on the 2<sup>nd</sup> floor of the Municipal Administration Building, 306 E. Colonial Avenue, Elizabeth City, NC.

MEMBERS PRESENT: Mayor Joe Peel  
Councilwoman Jean Baker  
Councilman Ray Donnelly  
Mayor Pro Tem Anita Hummer  
Councilman Tony Stimatz  
Councilman Michael Brooks  
Councilman Kem Spence  
Councilman Darius Horton

MEMBERS ABSENT: *(Clerk notation: One 4<sup>th</sup> Ward Seat Currently Vacant)*

OTHERS PRESENT: City Manager Rich Olson  
City Attorney Bill Morgan  
Finance Director Sarah Blanchard  
Planning Director June Brooks  
Police Lieutenant Mike Boone  
Electric Department Superintendent Karl Clow  
Assistant to the City Manager Angela Cole  
ECDI Director Rebecca Cross  
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

The City Council regular session was called to order by Mayor Joe Peel at 7:00 p.m. Mayor Peel welcomed everyone to the meeting and recognized John W. Maurice from Mid-Atlantic Christian University to give the invocation, after which Mayor Peel led the Pledge of Allegiance.

**1. Agenda Adjustments and Approval:**

Mayor Peel called for any adjustments to and approval of the agenda.

Councilman Horton requested to move item "e" from the Consent Agenda to the Regular Agenda for discussion.

Councilman Stimatz requested to add a Closed Session as allowed by NCGS 143-318.11(a)(6) for the discussion of personnel.

Councilman Brooks requested to add a discussion of “elections” and a discussion of “electric.”

**Motion was made by Councilman Darius Horton, seconded by Mayor Pro Tem Anita Hummer, to approve the agenda with any necessary adjustments. Those voting in favor were: Baker, Donnelly, Hummer, Stimatz, Brooks, Spence and Horton. Against: None. The motion carried.**

## **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. Proclamations/Presentation:**

a. Proclamation: GFWC-NC Elizabeth City Woman’s Club Federation Day – April 24, 2015

Mayor Peel read and presented a proclamation declaring April 24, 2015 as General Federation of Women’s Clubs Day in Elizabeth City. The proclamation encouraged all our citizens to recognize and honor the countless contributions made to Elizabeth City by the volunteer members of the GFWC-NC Elizabeth City Woman’s Club. The proclamation was accepted by Catherine Gardner, Faye Hoffman and Dr. Judy Thorne, who thanked Mayor Peel for the recognition.

b. Proclamation: Fair Housing Month – April 2015

Mayor Peel read and presented a proclamation declaring April 2015 as Fair Housing Month in Elizabeth City. The proclamation urged all citizens to rededicate themselves to ensuring that fair housing laws are always upheld and that our citizens are protected against discrimination. The proclamation was accepted by City Planning Director June Brooks, who thanked Mayor Peel for the designation.

c. Proclamation: Electrical Linemen Appreciation Day in Elizabeth City – April 24, 2015

Mayor Peel read and presented a proclamation declaring April 24, 2015 as Electrical Linemen Appreciation Day in Elizabeth City. The proclamation called upon all citizens to recognize the contribution that these public servants make every day to our health, safety, comfort, and quality of life. The proclamation was accepted by City Electric Department Superintendent Karl Clow, who thanked Mayor Peel on behalf of Electric Department personnel for this recognition.

d. Presentation to the City Council: APPA RP3 Platinum Award

Karl Clow announced to the Council that the American Public Power Association (APPA) awarded the City of Elizabeth City Electric Department the prestigious RP3 Platinum Designation, after being awarded the Gold Designation for the past four years. He presented the official plaque from APPA to Mayor Peel and the City Council. Mayor Peel commended Mr. Klow and the Electric Department personnel for the outstanding jobs they do for the citizens of Elizabeth City.

#### **4. Comments from the Public:**

Scott Stamm, 5857 Harbor View Parkway, Suffolk, Virginia stated that he represented Land Planning Solutions and was present to answer any questions the Council may have regarding the Regular Agenda item concerning approval of the preliminary plat for Stockbridge at Tanglewood.

Patricia Hollingsworth, 724 Hwy 158W, Elizabeth City, City, NC stated that she came to speak in support of River City Community Development Corporation's request to have \$8,500 in Community Support Grant funding previously budgeted by the Council reallocated for the planned 2015 summer youth work camp. She spoke about the elderly, disabled and disadvantaged residents of our community who would benefit from the program and encouraged the Council to act favorably toward this request without delay.

Hezekiah Brown, 106 Terrilynn Way, Elizabeth City, NC stated that he was present to speak on behalf of River City Community Development Corporation, particularly its YouthBuild program. He commended the organization for its excellent youth programs and encouraged the Council to approve the request on the agenda to reallocate \$8,500 in funding to be used to purchase building supplies for the 2015 summer youth work camp program. In addition to the less fortunate persons being assisted by the work camp project, he pointed out that the skills acquired by the students of YouthBuild could help them toward a productive future and keep them out of trouble.

Dot Franklin, 800 Maple Street, Elizabeth City, NC stated that she had been using Kerosun kerosene heaters during the winter and "every time I turn around my light bill is \$400, \$500, \$550, \$600." She stated that others in the community are afraid to come before the Council but she was not. She said that she did not care what is done to her because she could not be hurt anymore. She stated that "these light bills are ridiculous." She gave an example of someone who had to choose between paying her light bill, her mortgage and her medicines, and said that it is a shame to have to choose what you can pay in order to survive. She said that she was a teacher assistant living on one income and didn't feel she should have to "go through this." She reiterated that she could only pay one or two bills and would have to choose between paying her mortgage, being foreclosed on or not have anything to eat.

Mayor Peel responded to Ms. Franklin by saying that the Council welcomes anyone to come before Council to speak their mind, which is the reason the agenda provides for "Comments from the Public." He stated that the Council would have someone look into her situation.

**5. Approval of Minutes:**

Mayor Peel called for the Council’s pleasure regarding approval of the minutes.

a. City Council Work Session of March 23, 2015:

**Motion was made by Councilman Darius Horton, seconded by Councilwoman Jean Baker, to approve the City Council Work Session minutes of March 23, 2015. Those voting in favor were: Baker, Donnelly, Hummer, Stimatz, Brooks, Spence and Horton. Against: None. The motion carried unanimously.**

b. City Council Regular Session of March 23, 2015:

**Motion was made by Councilwoman Jean Baker, seconded by Councilman Ray Donnelly, to approve the Regular Session minutes of March 23, 2015. Those voting in favor were: Baker, Donnelly, Hummer, Stimatz, Brooks, Spence and Horton. Against: None. The motion carried unanimously.**

**6. Consent Agenda:**

Mayor Peel recognized City Manager Olson to read the items on the Consent Agenda for the record. Mr. Olson recommended approval of all items, as follows:

**Beginning of Consent Agenda:**

- a. Consideration – Authorization for Elizabeth City Police Department and Elizabeth City-Pasquotank County Parks & Recreation Department to submit a grant application for \$2,550 to the Albemarle RPO Mini Grant Program;
- b. Consideration – Authorization for Elizabeth City Police Department to surplus and trade five MP5 weapons to Lawmen’s Safety Supply in return for the purchase of three Del-Ton Echo Short Barreled Rifles and supplies;
- c. Consideration – Authorization for City Manager Rich Olson to purchase a Peterbilt truck with a Heil side-loading body from Mid-Atlantic Waste Systems for a total price of \$237,158; and further authorization for two trash trucks to be declared surplus and traded in to Mid-Atlantic on the new truck purchase, as follows: 1988 Ford F700 rear-loading trash truck and 2005 AutoCar side-loader trash truck;

*(Clerk notation: The Bid Summary Sheet presented for this item is as follows:)*

<b>Bid Summary Sheet</b>			
<b>Fully Automated Side Loader Refuse Truck</b>			
<b>Vendor</b>	<b>Truck</b>	<b>Body</b>	<b>Price</b>
Mid Atlantic Waste	Peterbilt	Heil	\$237,158.00

Mid Atlantic Waste	AutoCar	Heil	\$253,600.00
GS Products	AutoCar	GS 8000	\$261,484.70
GS Products	Peterbilt	GS 8000	\$237,742.70
Advantage Truck	AutoCar	McNeilus	\$265,756.00

- d. Consideration – Authorization for Mayor Joseph W. Peel to execute Contract for Fire Protection Services with Pasquotank County to be effective July 1, 2015;
- e. Consideration – Acceptance of Offer to Purchase in the amount of \$3,200 made by Donald J. “Skip” Riley for the property identified as PIN: 892309073123 and Map 24-B-36 running between and adjacent to 907 and 909 Morgan Street, Elizabeth City, NC; and further direct the City Attorney to prepare the required documents to effect the sale.

**End of Consent Agenda.**

Councilman Spence questioned the amount being allowed for the two vehicles being traded in the purchase of the new trash truck.

Mr. Olson responded that the allowance was included in the base bid. He stated that the specifications in the request for proposals included the two vehicles being taken in trade. He reported that the dealer verbally indicated that his allowance was \$10,000, but a trade-in allowance was not a part of the original bid package.

Councilman Spence stated that he was still confused by the method used by staff and questioned the pricing again as it related to the two trucks being traded.

Mayor Peel commented that if the trucks were not being traded, the purchase price would be more than \$237,158.

Mr. Olson pointed out that there were five bids from three different vendors and each vendor bid the same way, which allowed for comparing “apples to apples.”

Councilman Spence stated that the method still did not make sense to him and he did not like it.

Mayor Peel gave the example of going to buy a new car and trading your old car in. He said the dealer may tell you how much they are giving you, but in this particular situation they didn’t provide a trade amount; they just rolled it into the purchase price.

Councilman Spence said “show me, don’t tell me. If I go to Toyota and Toyota has a sticker on the car for \$10,000, they will tell me they will allow me \$1,000 for the vehicle you are trading in.” He stated “this is telling me nothing – it’s just saying \$237,000 if you

give me two trucks.” He asked “what is the original cost of the truck and how much are they giving us for the two trucks?”

Mr. Olson responded that the bid document, as written, was not done that way. He said the bid document listed all the requirements for the new equipment and included the provision for trading in the two trucks. He pointed out that all the bidders indicated that they had complied with the specifications of the request for proposals.

Councilman Spence asked what the book value is for the trucks being traded. Mr. Olson responded that he did not know. Mr. Olson stated that this situation is a competitive bid and is not like a situation when you go to a car dealer. He pointed out that one car dealer may give you \$1,000 while another may give \$3,000. He said that what staff looked at was the bottom line for the competitive bid. He said the bid document included the trade-in of the two trucks and the dealers determined what their value was to their bid.

Councilman Spence stated that he would be more comfortable seeing the pricing particulars in writing.

Councilman Stimatz moved the question.

Mayor Peel stated that this item is included in the Consent Agenda and the Council would have to vote the entire Consent Agenda down. He said that Mr. Olson’s point is that the Council has five different bids from three different vendors and the bid being questioned is the lowest bid.

Mr. Olson reiterated that each vendor bid the same way, but the individual bidders may have put a higher value than another on what the trucks being traded could be salvaged for.

Councilman Spence stated that he did not have a problem with the price; because if the City needed the truck, it needed the truck. Still, he said, he likes to see how the figures are broken down. He said it still did not make sense to him.

Mr. Olson responded that in the future, staff could have the bid specifications include a deduction for trade-ins. He said that the City has prepared proposals both ways in the past and at times, sells the old equipment on the surplus market through GovDeals.

Mayor Peel stated that he understood Councilman Spence’s concerns. He acknowledged that the best deal was from the company that bid \$237,158 – whether they gave more for the trucks being traded than anyone else or they gave a lower price for the new equipment – or both. He pointed out that the highest bid was about \$18,000 more.

**Motion was made by Councilwoman Jean Baker, seconded by Councilman Darius Horton, to approve the Consent Agenda as presented. Those voting in favor were: Baker, Donnelly, Hummer, Stimatz, Brooks, and Horton. Against: Spence. The motion carried.**

## **7. Regular Agenda:**

- a. Consideration – Call for a Special Meeting of the City Council to be held on Monday, April 20, 2015 at 5:30 p.m. in Council Chambers of the Municipal Administration Building, 306 E. Colonial Avenue for the purpose of conducting a budget work session for fiscal year 2015-2016.

Mayor Peel recognized Mr. Olson to review this item. Mr. Olson stated that the City Council had previously adopted its budget calendar whereby he was supposed to present his recommended budget during a 5:30 p.m. work session on April 13, 2015. He said that due to the confusion going on in the General Assembly, state-shared revenue numbers were not received in time to do that. He said that the figures had now been received and staff had been able to balance the budget over the previous weekend. He requested that the Council call a special meeting in order to allow him to present his budget during a work session on April 20, 2015 at 5:30 p.m.

**Motion was made by Councilwoman Jean Baker, seconded by Councilman Ray Donnelly, to call for a Special Meeting of the City Council to be held on Monday, April 20, 2015 at 5:30 p.m. in Council Chambers for the purpose of conducting a budget work session. Those voting in favor were: Baker, Donnelly, Hummer, Stimatz, Brooks, Spence and Horton. Against: None. The motion carried unanimously.**

- b. Consideration – Call for a Special Meeting of the City Council to be held on Thursday, May 14, 2015 at 5:30 p.m. in Council Chambers of the Municipal Administration Building, 306 E. Colonial Avenue for the purpose of considering the execution of all closing documents related to the sale of the City's generating assets to Duke Energy Progress.

Mayor Peel recognized Mr. Olson to review this item. Mr. Olson stated that he was requesting that the Council call for a Special Meeting on May 14, 2015 at 5:30 p.m. to discuss the number of different agreements associated with the sale of the City's electric generating assets to Duke Energy Progress. He said that he would be receiving during the week of April 27 a number of documents, most of which were reviewed by the City Council during an earlier Closed Session with legal counsel. He stated that once the documents are received on April 27, they would then become public records and can be shared with anyone wishing to review them. He said the stack of documents requiring approval by the Council will be about eight to ten inches high and includes the Asset Purchase Agreement, the Full Requirement Power Purchase Agreement, the Full Requirement Power Sales Agreement and the Debt Service Contract, among others. He advised that the Council will also need to review the proposed Municipal Ordinance that will require a public hearing before adoption. He advised that the City's outside legal counsel, its engineering consultant and representatives of Electricities have been scheduled to attend the May 14 meeting to assist with the process.

Mr. Olson stated that it is his intention to have the Council call for the required public hearing during the first meeting in May to be held during the May 26, 2015 meeting. He said the Council is facing a deadline of July 1 to have everything completed. Mr. Olson advised that the special meeting would be televised for the public's convenience.

Councilman Spence asked if the public would be able to ask questions during the process. Mr. Olson responded that the public would be able to ask questions during the public hearing to be held on May 26. He said he wanted to make certain that everything is done in the "public eye" because he wanted to make the transaction as transparent as possible.

Councilman Brooks encouraged all citizens to come to the public hearing and get involved in the process.

Mayor Peel stated for the public's information that the Council is doing all of this in order to lower electric rates. Mr. Olson agreed and advised that there would be a substantial rate decrease, details of which would be included in his upcoming budget message.

Mr. Olson stated that staff would be willing to conduct citizen meetings after the May 14 Special Meeting of Council to answer any questions the public may have prior to the public hearing. He said the most important document to be reviewed is the "economic justification" document and what it means short-term and long-term to our citizens. He pointed out that just because a substantial decrease in rates is projected, that does not mean that the City will not have future rate increases when Duke receives approval to raise its future rates.

Councilman Donnelly stated that regardless of what Duke does, the City would have "most favored nation status", which means the City gets the lowest rate going forward. Mr. Olson stated that the City would have the lowest system rate that Duke offers. Councilman Donnelly stated that he thought that was important for people to understand. Mr. Olson responded that citizens may continue to be upset with electric rates, but the City would be more than competitive in its electric rates with Dominion Power, the City's main competition.

Mayor Peel stated that he thought it was important for people to understand that the rate reduction is not coming from a reduced cost of electricity, but from the reduced debt. He said one of the reasons the City's bills have been higher is a result of the debt that had to be paid.

**Motion was made by Councilwoman Jean Baker, seconded by Councilman Ray Donnelly, to call for a Special Meeting of the City Council to be held on Thursday, May 14, 2015 at 5:30 p.m. in Council Chambers for the purpose of considering the execution of all closing documents related to the sale of the City's generating assets to Duke Energy Progress.**

**Councilman Stimatz requested a friendly amendment to include televising the meeting, since it is Council's policy not to televise meetings that are**



**other than those regularly scheduled. Councilwoman Baker accepted the friendly amendment.**

**Those voting in favor were: Baker, Donnelly, Hummer, Stimatz, Brooks, Spence and Horton. Against: None. The motion carried unanimously.**

- c. Consideration – Approval of preliminary plat for Stockbridge at Tanglewood Phase 2 and acceptance of \$7,686 to be paid into the Parks & Recreation fund.

Mayor Peel recognized Planning Director June Brooks to review this request. Ms. Brooks stated that the application before the Council is for approval of the preliminary plat for Phase 2 of Stockbridge at Tanglewood. She said that the development totals 213 acres and is composed of 445 single family cluster lots and 21 commercial lots. She advised that Phase 2 will be comprised of 47 acres consisting of 129 single family residential lots and two open space lots. She stated that the residential portion of the subdivision is zoned R-8, but lots may be developed under the R-6 criteria. She reported that 15%, or 21 acres, of the total residential area must be used in open space.

Ms. Brooks explained that Phase 1 was developed with 5.8 acres of open space and an additional seven acres is proposed for Phase 2. She stated that a requirement of the City's UDO is for all residential subdivisions to provide a park/recreation dedication to the City or pay a fee in lieu of doing so. She stated that, based on 129 lots in Phase 2, a dedication of 1.15 acres would be required for public use. She reported that the developer is requesting that a payment in lieu of dedication be approved. She advised that fee would be \$7,686 based on the tax assessment.

Ms. Brooks relayed that staff had evaluated the proposed subdivision request and found that it is compatible with the joint Pasquotank County-Elizabeth City Land Use Plan and the master plan, which was approved in August 2008. She said that the Planning Commission recommended approval of Phase 2.

Councilman Stimatz noted that the preliminary plat was granted conditional approval in November and questioned the delay in reaching Council. Ms. Brooks responded that the plat had to go through the Technical Review Committee process, which required modifications and resubmittal.

Councilman Stimatz stated that the drainage run-off in that area is constrained by the 48 inch culvert that lies to the southeast through the railroad embankment, which then runs into Knobbs Creek and directly impacts Oxford Heights. He said that in that regard, a different run-off standard at Council's level is required than is contained in the ordinance. He inquired about the run-off standard being applied in this instance. Mr. Olson stated that the UDO contains a 10 year pre- and post- standard and this particular area carries a 25 year pre- and post-. Councilman Stimatz commented that the UDO requires that the post- has to be the same or less than the pre-. Mr. Olson agreed that was correct and stated that this area is modeled not on a 10-year storm event but a 25-year storm event. Councilman Stimatz pointed out that this fact is not

noted in the information and stated that he thought it should be documented somewhere. Ms. Brooks stated that the documentation would be contained in the original master plan document approved in 2008.

Councilman Stimatz again reiterated that the information should be documented in some form, since the UDO has not been amended to reflect the change. Mr. Olson pointed out that when the City Council originally approved the master development plan, the requirement was included in that documentation.

Councilman Stimatz inquired how perpetual maintenance of the detention ponds would be assured. Ms. Brooks responded that the responsibility would be borne by the homeowners' association. Councilman Stimatz asked how the City would assure there is a homeowners' association and that the association is financially capable of the maintenance. He continued by asking how the City would insure it's done in the case of default. Ms. Brooks responded that a master association agreement currently exists with Stockbridge and each time a new phase is developed, it is incorporated into the agreement.

Councilman Stimatz asked City Attorney Morgan "what's our hook" if the association defaults and all of a sudden the ponds are not being maintained and Oxford Heights is flooding? Mr. Morgan responded that under law, when a homeowners' association is formed, it is formed as a non-profit corporation; and if that corporation ceases existence, the assets of the corporation are required by law to go to some successor non-profit entity. He continued "the developer can't take the money and run in other words." Councilman Stimatz asked who insures the people pay the fee, who collects the fee and who has to maintain it if there is no successor? Mr. Olson stated that the City could create a Municipal Service District to cover the Stockbridge area and place a surcharge on their stormwater run-off fee. Councilman Stimatz noted that he just wanted to make sure the City has recourse.

Mayor Peel noted that the non-profit could be the City if that were to happen. Mr. Morgan responded that he was unsure that would be possible pursuant to the guidelines under which non-profit corporations are created. He stated that the City could not be a successor entity to a non-profit corporation in his opinion. He further advised that Internal Revenue Service regulations would require that the assets must remain with a non-profit corporation and he did not believe the City would qualify.

Councilman Donnelly noted that the Planning Commission had approved the plat conditionally based upon staff's recommendation.

Mayor Peel asked if Parks and Recreation Director White had been consulted about the fee in lieu of dedication amount. Ms. Brooks responded that the amount of park space required would be a little over an acre in size and had been determined by the director as not sufficient to develop a valuable asset for the Parks and Recreation Department.

**Motion was made by Councilman Ray Donnelly, seconded by Councilwoman Jean Baker, to approve the preliminary plat for Stockbridge at Tanglewood Phase 2 and accept \$7,686 to be paid into the Parks and Recreation Fund. Those voting in favor were: Baker, Donnelly, Hummer, Stimatz, Brooks, Spence and Horton. Against: None. The motion carried unanimously.**

- d. Consideration – Authorization for City staff to apply for Building Reuse Grant funding on behalf of Ladicon Corp. in the amount of \$100,000; and further, adoption of resolution authorizing a 5% local cash match by the City in the amount of \$5,000.

Mayor Peel called upon City Manager Olson to review this request. Mr. Olson stated that City staff had several meetings with representatives of Ladicon Corp. concerning the City sponsoring a building reuse grant for the former Winnie Wood Childcare Center located at 104 Commerce Drive. He said that the building was formerly used as a childcare center by Northeastern CDC, but closed in August 2013.

Mr. Olson advised that Ladicon Corp. has a lease agreement with a tenant, Jennifer Terranova, who will be operating a childcare center and thereby creating 20 jobs. He said that under Building Reuse Grant guidelines, each job will be worth \$5,000 and is in the form of a forgivable loan once the jobs are created and held for a period of six months.

Mr. Olson reminded the Council that the City has previously sponsored Building Reuse Grants for Waters Edge Grill and Tractor Supply. He stated that a requirement of this Building Reuse Grant is that the City provides a 5% local cash match, which would equate to \$5,000 on the \$100,000 application.

Councilman Brooks asked why the former operator, Northeastern CDC, abruptly closed. Mr. Olson responded that the entity ran into financial difficulties and was foreclosed upon. Councilman Brooks pointed out that repayment of a portion of the loan is required if the jobs fall short. Mr. Olson responded in the affirmative and noted the repayment would be required from the owner of the facility, not the City. Councilman Brooks asked if the City would have any say-so regarding the employment diversity ratio at the Center being similar to Elizabeth City's population. Mr. Olson responded that the City would not. Mr. Olson stated that most of the employees would earn between \$12 and \$15 per hour, which is the reason the jobs are worth \$5,000 each. He pointed out if a higher wage is paid along with health insurance, the jobs would be worth \$10,000 per job. He reported that after the pre-application meeting with the Department of Commerce, it was determined that this application would qualify for \$5,000 per job.

Mayor Pro Tem Hummer asked if the agreement protects the City. Mr. Olson responded that the City's only liability is the \$5,000 match, with the exception that if the jobs are not created as projected, the City would be required to aid in getting the repayment made to the Department of Commerce, as had been done with the previous Building Reuse Grants.

Mayor Pro Tem Hummer asked if the City had anything to do with the fee that will be charged to the parents. Mr. Olson responded that since it is a private business, the City would not. He advised that some parents will pay what is termed as “market value” while others will receive a discounted value based on a number of federal programs.

Councilman Horton asked about the requirement for the City to aid in the repayment to the Department of Commerce. Mr. Olson explained that the Department of Commerce would enlist the City’s help in working with the applicant to secure repayment, but that the City is not financially responsible in any way. Councilman Horton asked the source of the City’s local match of \$5,000. Mr. Olson responded that the City would not know until mid-June whether the grant is funded. He explained that staff would present a budget amendment to the Council if the grant is funded; and at that time, staff would determine the source of the funds.

Councilman Spence stated that, although the City was not financially responsible for repayment, it would still cost the City. Mr. Olson responded that it could cost staff time and may involve the City Attorney’s time to write a letter. Councilman Spence pointed out that even assisting the Department of Commerce would cost the City money and asked how the City would be reimbursed. Mr. Olson responded that the City would not receive reimbursement; and pointed out that it would be the same procedure as the previous loans to Waters Edge and Tractor Supply. He advised that in those two instances, the City Attorney was not involved and it only concerned staff time as the intermediary.

Councilman Donnelly stated that personally he saw this as a good cause and pointed out that the City had lost several daycare centers. He said that the facility was really needed and he was willing to spend whatever the cost to make it all happen.

Mayor Pro Tem Hummer stated that after Mrs. Wood was no longer involved with the childcare center, equipment within the facility was removed. She said that it is a shame that whoever purchases the building now would have to redo everything that was taken out.

Councilman Horton asked if Tractor Supply and Waters Edge had actually defaulted on the previous grants. Mr. Olson said that there was no default in either case; it was a matter of not meeting the job requirements of the applications, which created the necessity of repaying funds to the Department of Commerce.

**Motion was made by Councilman Ray Donnelly, seconded by Councilwoman Jean Baker, to authorize City staff to apply for Building Reuse Grant funding on behalf of Ladicon Corp. in the amount of \$100,000 and further adopt the following resolution authorizing a 5% local cash match by the City in the amount of \$5,000. Those voting in favor were: Baker, Donnelly, Hummer, Stimatz, Brooks, Spence and Horton. Against: None. The motion carried unanimously.**

**RESOLUTION # 2015-04-01**  
**Commitment for a 5% Local Cash Match by the City of Elizabeth City**  
**Building Reuse Grant Application for the Benefit of Ladicon Corp.**

**WHEREAS**, on April 13, 2015, the City Council authorized submission of a Building Reuse Grant Application to the Building Reuse Program, under the Rural Grants/Programs Section of the North Carolina Department of Commerce on behalf Ladicon Corp. in the amount of \$100,000; and

**WHEREAS**, a requirement of the grant, if awarded, is the commitment of a 5% local cash match by the City of Elizabeth City.

**NOW THEREFORE**, be it resolved by the City Council of the City of Elizabeth City that the City of Elizabeth City hereby commits to provide a local cash match in the amount of \$5,000 as required by the Building Reuse Program for the grant application submission on behalf of Ladicon Corp.

**ADOPTED**, this the 13<sup>th</sup> day of April 2015.

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Joseph W. Peel  
Mayor

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Vivian D. White, CMC/NCCMC  
City Clerk

- e. Consideration – Approval of the requested reallocation of Community Support Grant funding for River City CDC.

Mayor Peel recognized Mr. Olson to review this item for the Council. Mr. Olson stated that this particular item came before the City Council during a previous March meeting at which time additional information was requested. He said that staff had provided the additional information requested from River City CDC for the Council's review in the agenda packet.

Mr. Olson stated that River City CDC had been awarded a Community Support Grant in the amount of \$8,500 to support the large Group Work Camp that had been scheduled for the summer of 2015. He advised that since the large camp is not going to occur this summer, River City plans to proceed with a smaller, local project and would like to use the grant funding to support that project instead.

Mr. Olson stated that staff had worked with River City and learned that pre-applications have been taken for 34 properties, 17 of which are located in Elizabeth City. He said 30 of the homes are owner-occupied, three are rentals, and one applicant refused to answer. He said that based on an allocation of \$8,500, the City would be contributing \$500 toward the repairs for the 17 homes located in the City.

**Motion was made by Councilman Kem Spence, seconded by Councilman Darius Horton to approve the requested reallocation of Community Support Grant funding for River City CDC.**

Councilman Brooks noted that speakers came before Council on behalf of River City CDC. He said that he thought they misunderstood why the matter had previously been tabled; and he pointed out it was not because the money was already budgeted, it was because Council asked for more information that they did not have. He said he thought the project was a good thing and would be better economically for the community than the large camp. He stated that Council's track record would show that the Councilors did not do anything to oppress the upward mobility of youth.

Councilman Stimatz stated that he wanted to once again make a point that in 2013, the Council provided \$139 per house for 36 houses totaling \$5,000. He said that in 2014 the Council provided \$8,500, presumably for the same size project, which came to \$236 per house, with no real justification as to why; except that the City seemed to have the money. He said the Council voted for it and he voted against it. He pointed out that now, the same amount is being used for a scaled down program of 17 homes, which would provide \$500 in City funds per homes. He said that he still did not understand the escalation in costs and was concerned that the full scale project would come back next year and the Council will be asked for \$10,000 to fund it. He advised that in his opinion, the City cannot afford that in the Community Support Grant Program. He stated that a couple of things have now come about, such as the \$5,000 match for the Building Reuse Grant and \$16,000 for the Special Election and possibly a run-off election. He stated that he would hope that in the future, Pasquotank County would be asked to provide some funds; and he pointed out that, in essence, the City is paying for all houses in the City and the County wasn't doing anything. He requested that the County be provided the same tongue-lashing the Council received for providing nothing.

Councilman Donnelly stated that perhaps the Council should consider a line item allocation for River City CDC similar to Hopeline because of all the good efforts they provide, not only for the youth of the community, but the seniors in the community as well. He said that was a cross section of citizens that need to be more involved in understanding that the City is trying to give back.

Mayor Pro Tem Hummer stated that Councilman Stimatz brought the matter up before in a previous meeting that \$50,000 is a lot of money for Community Support Grants. She requested that the matter be placed on the Finance Committee's agenda for a discussion about next year's allocation.

Councilman Brooks commented that \$50,000 was too much and the Council needed to bring the amount back down. He commented that he had been against that amount when it was approved.

Mayor Pro Tem Hummer acknowledged that the money is needed in the community but explained that the Council is still dealing with hard times.

Mayor Peel asked if there was further discussion on the matter. Hearing none, he called for the vote on the motion.

**Those voting in favor were: Baker, Donnelly, Hummer, Brooks, Spence and Horton. Against: Stimatz. The motion carried.**

- f. Consideration – Authorization for City Manager Rich Olson to enter into an agreement with Booth and Associates to perform a full Cost-of-Service Study in an amount not to exceed \$27,500. *(Removed from Consent Agenda for discussion at the request of Councilman Horton.)*

Mayor Peel requested that Mr. Olson provide the background for this item. Mr. Olson referred the Council to the contract provided by Booth and Associates, which provides for a full cost-of service study to determine the rates of return for each of the City's electric rate classifications. He stated that the study will also include a look at the City's long-term capital needs for the electric utility. He said that the NCEMPA Rate Committee had recommended a new pricing system from an AR-19 rate to a FR-1 rate. He advised that the FR-1 rate will include one demand charge, whereby the City currently has three different demand charges as well as an energy charge. He stated that there are also nine different riders that are included in the City's existing rate, eight of which will be continued under the new Purchase Agreement. Mr. Olson said that staff wants to insure adequate funds are available for the electric utility and that the City does not "over promise" when providing rate relief to the City's customers. He said he also wanted to make sure that the appropriate rate is being charged the City's commercial and industrial customers that are reflective of what the City is being charged, since this rate is essentially a "pass-through" cost.

Mr. Olson stated that the City utilized Booth and Associates in 2010 to look at the City's rate tariffs per classification to determine if they were appropriate.

Councilman Horton inquired about the cost of the 2010 Booth and Associates rate evaluation. Mr. Olson responded that he did not remember exactly, but he thought it was well over \$10,000. Councilman Horton stated that some of his constituents had shared a concern with him and asked if this study was something that City staff could perform. Mr. Olson responded that the City did not have the modeling programs available to do such an analysis in order to determine the distribution among the various rate classes; but he advised that City staff could do the long-term capital projections. Councilman Horton asked if there was a part that City staff could do to bring the cost down. Mr. Olson stated that he had completed a survey for ElectriCities that would

enable the City to receive a \$5,000 grant that could be used to offset the cost of the study. He pointed out the net cost would then be \$22,500.

Councilman Horton asked if the City had reached out to any other firms to receive a proposal on this work. Mr. Olson stated that he had also contacted PowerSecure, but their proposal was not received in time to be considered. Councilman Horton asked if Mr. Olson thought \$27,500 was a fair price. Mr. Olson responded that he was surprised that it was not \$50,000. He said there are only a fixed number of consultants in the electrical field that can perform such studies. He said that the reason the City chose Booth and Associates is because they already have a lot of the City's data in their database from the previous 2010 study.

Councilman Horton asked if the different rate classes that had been mentioned meant that some customers pay one thing, while others pay a different rate. Mr. Olson responded that most residential customers are charged the RS-1 rate, but there are several commercial rates, an economic development rate that is good for five years, street light rates, etc. for a total of 14 different rate classifications.

Councilman Brooks stated that it appeared the City is paying for something for which the research has already been completed. Mr. Olson said that the value staff has is that the new rate from NCEMPA is now known and that information will be used to remodel the study that was previously completed. He said the previous study was done on a three-block demand charge and an energy charge, which has all changed. He said staff wanted to assure that the projected rate decrease provided by ElectriCities can be validated by an outside consultant.

Councilman Brooks asked if the fee charged by a new consultant that did not have the database information already in place like Booth and Associates would be more expensive. Mr. Olson said that he did not think he could answer that question. He stated that normally cities tie themselves to one consultant as the "keeper of historical data" and a discount is provided for doing so.

Councilman Spence stated that the ElectriCities survey that had been completed will take \$5,000 off the price, so technically the Council would not be voting on \$27,500, but on \$22,500. Mr. Olson stated that the contract with Booth and Associates is \$27,500, but a grant will be received from ElectriCities that can be used to pay for this type of study. Councilman Spence reiterated that if the \$5,000 can be used for the study, the Council can take \$5,000 off the \$27,500 price and make it \$22,500. Mr. Olson responded that could not be done, even though the net effect would be the same. He said the contract is for \$27,500.

Mayor Peel pointed out that the study will actually cost \$22,500, but the vote would have to be taken on \$27,500 because that is the contract amount.

Councilman Stimatz commented that "it is a \$35 million enterprise fund and we are talking about spending \$22,000 to make sure we get it right." He said that, if for no other reason, no one can then come up and say "that red-headed devil gerrymandered the rates and that's why I'm paying high rates." He said for that reason alone, it was



worth the cost to him. He continued by saying that if staff performs the study, the Council will get complaints that “we fixed it.” He affirmed that this is an independent group that will use known industry standards that can withstand scrutiny by a state rate board.

Councilman Spence stated that he did not have a problem with transparency, but it needed to be made perfectly clear to the public that the cost is \$27,500 and the City will receive \$5,000 back.

Councilman Donnelly stated that a lot of this process is “Greek” to him; and since he doesn’t know Greek, he doesn’t know how it all comes together. He said even though he gets the information, the citizens in the community don’t know what’s going on. He said the process needs to be simplified in order that he and the rest of the community understand exactly what the Council is trying to do and where it’s going, so they can see why the City is spending \$22,500. He pointed out that once the community understands, they will go forward and accept it. He said it made sense to him to use outside expertise even though he had constituents ask why the City is spending \$27,500 when the Council knows what needs to be done. He stated again that he didn’t think the Council knew what needed to be done and needed to rely on the consultant who has already done a lot of the work. He stated again that the message needed to get out to the citizens so they could understand.

Mayor Pro Tem Hummer stated that when the Council gets into putting the Manager’s Recommended Budget together, explanations will be provided and the Council will know more about what questions to ask.

Mr. Olson stated that what prompted the 2010 study was that a group of citizens came after a very cold winter, such as the one just experienced, and made the claim that the residential customers were paying a disproportionate amount in subsidizing the commercial customers. He said he wanted to make sure with the new demand structure, that the City keeps the differentiation between residential and commercial rate payers. He said the study is needed to assure everyone is paying their fair share of the rates.

**Motion was made by Councilman Tony Stimatz, seconded by Councilman Ray Donnelly, to approve the item on the consent agenda as presented by the City Manager. Those voting in favor were: Baker, Donnelly, Hummer, Stimatz, Brooks, Spence and Horton. Against: None. The motion carried**

*(Clerk Notation: The Consent Agenda recommendation states: “Authorization for City Manager Rich Olson to enter into an agreement with Booth and Associates to perform a full Cost-of-Service Study in an amount not to exceed \$27,500.”)*

g. Discussion of Elections. *(Added to Agenda by Councilman Brooks)*

Mayor Peel recognized Councilman Brooks for his comments. Councilman Brooks stated that it is very important that citizens of the Fourth Ward vote in the Special Election to fill the vacant seat on Council. He advised that the citizens need to vote someone in that shows genuine concern about the “pain that you are facing.” He said

the election begins on Thursday, April 30 from 8 a.m. to 6 p.m. and ends Saturday, May 9 at 1 p.m. at Edgewood Shopping Center. He reported that Election Day is Tuesday, May 12 at United House of Prayer and the K. E. White Center. He stated that it was important for the people who are afraid to come and speak before Council to know that there are more of them than there are those that have power and influence. He advised that “if you sit back and let others make decisions for you, there is no need of complaining.” He stated that “if there is someone who has been following on a consistent basis what going on with the City” and “consistently coming up here to address your needs,” take that into consideration. “Don’t vote because you like this one and don’t like that one. Vote because this is necessary.” He stated that if “you don’t vote for those that vote your interests, or don’t go out to vote, when it comes to your high electric bills, there is no need to come to me complaining – I’m only one vote.”

h. Discussion of Electric. *(Added to Agenda by Councilman Brooks)*

Mayor Peel recognized Councilman Brooks for his comments. Councilman Brooks stated that if he had a dime for everyone that called him or stopped him to talk about high electric rates - he indicated that he wanted to get to the “real nitty gritty” and go to bat for them, but only one lady came up – Ms. Franklin. He stated that he applauded her for coming before Council and talking about her electric bill. He advised that there are “cases out there that are more serious than that.” He said he remembered that at one time there was a conversation by Council about having summer rates and winter rates. He stated that, at that time, a public hearing was held and he pushed to approve the lower rates in the winter months because people are not in their homes during the summer months. He said no one came for the public hearing, so the matter died. He stated “when it gets cold in the winter months, that’s when the City makes its money.” He stated that his point for this discussion is that people should get involved and come to the public hearing when Duke Energy is discussed. He encouraged everyone to have some input, talk to their representatives and get involved in their own well-being.

**8. Comments and Inquiries on Non-Agenda Items:**

Councilman Donnelly stated that the Council had talked about \$8,500 going to River City CDC, \$27,500 going to Booth and Associates to look at electric rates, and the Council is looking at spending a minimum of \$16,000 on the Special Election process. He stated that he thought the Council needs to begin looking at holding some Town Meetings to re-evaluate the whole Special Election process to see what the citizens what to do – whether to keep the Special Election going forward or if they think there are other strategies to replace vacant seats. He said the Council needs to hear from the citizens and feels that Town Meetings held throughout the Wards might be helpful. He commended the Parks and Recreation Department for cleaning up Pool Street Park and getting the fountain going. He reminded everyone that the boating season is beginning and asked that staff take a look at the schedule for unlocking the Mariners’ Wharf restrooms. He called attention to a broken bench at Mariners’ Wharf Park. He thanked everyone for attending the Council meeting and commended the Council for working together well during the meeting.

Councilman Spence stated that he always liked to commend a department and wanted to compliment the job the Electric Department did in his neighborhood in responding after hours to repair a pole light that was leaning over on a fence. He stated that after the job was completed, a supervisor also stopped by to make sure the job was done appropriately.

Councilwoman Baker stated that she is concerned that people are afraid to come and talk to Council about high electric bills. She said that it seemed not to be a problem of public speaking but one of fear of retribution. She advised that she hoped that is not the case and suggested that it needed to be looked into. She said that she also had a high electric bill even though she heats with oil, but she understands that occasionally her heat pump does come on and she doesn't have the insulation she needs. She stated that she is aware her house is not energy efficient. She pointed out that she paid the price just as everyone else does that does not have an energy efficient home. She encouraged everyone to take advantage of the services the City offers for weatherization and asked that someone call her or call someone they are comfortable speaking with to let the Council know why they are afraid to talk to them.

Mayor Pro Tem Hummer stated that she has a lot of people who talk to her about houses that are unkempt. She said that summer is upon us and yards are beginning to look bad. She asked that the Council consider riding through each Ward once each month at least. She said that she liked the idea of bringing the County in on the discussion because many homeowners that rent their property out don't live in Elizabeth City and need to be held just as accountable as those who do. She said it was a very sore subject, but she realized the City operates under the North Carolina Minimum Housing Code. She suggested that perhaps that Code needed to be explained more during a Council meeting, because people do not understand why the City cannot take action in certain situations.

Councilman Horton thanked everyone for attending the meeting and for watching at home. He said that high electric bills are a great concern to everyone on Council. He stated that he had wondered why his bank account had gotten so low and discovered that the City had taken out his light bill! He stated that everyone is affected and everyone is looking forward to great relief in the future. He said a constituent came to him with a heart full of gratitude to tell him about the helpfulness of Tanya Ferebee who works at the Southgate Mall Customer Service Office. He said that Ms. Ferebee went above and beyond to assist in the situation. He reminded everyone about the upcoming Special Election to fill the vacant Fourth Ward Seat and asked everyone to become an educated voter and make sure they vote their conscience.

Councilman Stimatz reminded everyone that Tax Day is Wednesday, April 15. He encouraged everyone not on the City's utility bill budget plan to consider doing so to "spread your pain out" over twelve months. He reminded everyone that a program is available at the Pasquotank County Tax Department that must be applied for by July 1 for tax relief for elderly people and those on Social Security Disability who meet an income threshold and own their own home. He said that one-half the tax bill could be rebated by the County and is a significant thing to look into. He said the Rental Inspection Program is once again coming under attack in the General Assembly. He

stated that the City's program has made a tremendous change in the condition of the City's rental properties and gives the City a way to go in and correct problems with rentals. He stated that the Legislature wants the property owners and landlords not to be bothered with too much regulation. He pointed out that Elizabeth City had people living in homes that did not have working toilets, had holes in their floors and no screens on their windows. He said the rental inspection program had corrected that, but if the program goes away, the City risks going back to those conditions. He noted that the Coast Guard Park building is coming along and looking good. He encouraged everyone to go out and see the new Road Street Bridge and intersection. He reminded everyone that the Potato Festival is coming up on May 15, 15 and 17 and encouraged everyone to attend this great event.

Councilman Brooks reported that water stands on Harding Street and asked that staff look into fixing the problem. He also reported an old pole that has not been removed at Harding and Carver because it still has cable and phone wires connected. He stated that he also had a grave concern if people were fearful of retribution when speaking before Council. He encouraged everyone to vote in the coming Special Election and reminded them that everyone has the same power of "one vote." He informed everyone that if they do not vote, they should stop coming to him to complain.

Councilman Spence reminded everyone that contact information for all Council members is available on the City's website.

Councilwoman Baker stated that citizens can call any Council member or the Mayor, not just their Ward representative.

Mayor Peel stated that he participated in about a 12 to 15 minute interview about electric rates with a television crew from Virginia that ended up being about a 15 second spot. He said the first thing the reporter asked him was what the City was doing to help people with their high electric rates. Mayor Peel said he asked the reporter if his bill was higher this month, to which he responded that it was. Mayor Peel said he then asked him what Dominion Power was doing to help him and the reporter responded "nothing." Mayor Peel stated that was not true in Elizabeth City because the City is doing a lot of things. He pointed out that if citizens use power they must pay for it because the City has to pay for it. He advised that the City has done a lot of things to try and help people, because the City Council realizes that bills are high. He said he wanted to make sure everyone realizes that there will be a nice rate decrease in the near term, but electric rates will not stay the same over the next five to seven years and will go up again. He stated that eventually rates will be back to where they have been and he encouraged everyone not to wait until a high bill is received, but to try to do some things on the front side. He said when he became Mayor, a committee was formed to look at electrical usage because usage is what everyone has the most control over. He agreed with Councilman Stimatz that the City had a good rental inspection program at one time, which was partially gutted and now stood to be completely gutted by the General Assembly. He stated that almost 60% of the City's housing stock is rental. He stated that landlords do operate in the City who do not do a good job of keeping up their property and often buy the cheapest baseboard units that they can, which are the most expensive to operate. He stated that the City Council had

appropriated \$100,000 per year to weatherize homes and had spent as much as \$4,000 on homes to help them become more weatherized. He advised that this has yielded savings of between 25% and 30% to the customer. He encouraged tenants to speak with their landlords to receive permission for the City to perform an energy audit to find out what kind of energy leakage their dwelling has. He said that if landlords will not agree for the audit to be performed, then the tenants need to move. He said that there are too many homes in the community that are not weatherized for either hot or cold. He pointed out that another thing the City has done is to develop a rating scale for every dwelling in the City that provides an estimate of what the expected utility bill will cost. Customers need only to call the City to find out that estimate. He stated that what he was trying to relate is to encourage people to take proactive steps - and he said that he knew of no other power company that was doing the kinds of things the City is doing to contribute to the citizenry.

**9. Closed Session as allowed by NCGS 143-318.11(a)(6) to discuss personnel.**  
*(Added to agenda by Councilman Stimatz.)*

**Motion was made by Councilman Tony Stimatz, seconded by Mayor Pro Tem Anita Hummer, to go into Closed Session in accordance with NCGS 143-318.111(a)(6) - Personnel. Those voting in favor were: Baker, Donnelly, Hummer, Stimatz, Brooks, Spence and Horton. Against: None. The motion carried.**

Mayor Peel declared a five minute recess at 9:05 p.m. after which the Council retired into Closed Session.

**Motion was made by Councilman Tony Stimatz, seconded by Councilman Kem Spence, to come out of Closed Session. Those voting in favor were: Baker, Donnelly, Hummer, Stimatz, Brooks, Spence and Horton. Against: None. The motion carried.**

The Council returned to open session at 9:17 p.m.

**10. Adjournment:**

There being no further business to be discussed, Mayor Peel adjourned the meeting at 9:18 p.m.

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Joseph W. Peel  
Mayor

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Vivian D. White, CMC/NCCMC  
City Clerk