

**MONDAY- 5:30 P.M.      APRIL 15, 2013      BUDGET WORK SESSION**

The City Council of the City of Elizabeth City held a budget work session on the above date and time in the City Council Chambers of the Municipal Administration Building with Mayor J. W. Peel presiding. Those members attending were: J. M. Baker, M. E. Brooks, R. T. Donnelly, L. M. Hill-Lawrence, L. A. Hummer, K. K. Spence, J. A. Stimatz and J. B. Walton. City Staff members in attendance were: City Manager R. C. Olson, City Clerk D. S. Pierce-Tamplen, Inspections Director S. E. Ward, Parks and Recreation Director B. V. White, Planning Director J. C. Brooks, Police Chief E. M. Buffaloe, Fire Chief L. M. Mackey, Finance Director S. E. Blanchard, and Public Utilities Director P. A. Fredette.

Mayor Peel established a quorum was present and called the meeting to order at 5:30 p.m. He called for a moment of silent reflection after which he led the Pledge of Allegiance to the Flag of the United States of America.

**1}      APPROVAL OF THE AGENDA:**

Mayor Peel called for the pleasure of Council regarding the prepared agenda. He asked if Council wanted to continue with the policy adopted where we could ask questions. As this agenda is written we will set here and listen to the City Manager's presentation and would not ask questions until it was all done. If we want to change that now is the time to do so. In talking with the Manager before the meeting he expressed that he would prefer that members of Council ask questions as we go through the budget.

Councilman Walton stated that last year he was a stickler on trying to stick to the program. He thinks he made a statement prior to this meeting because Tony wanted to add things as we went. He doesn't mind that happening as long as it doesn't dictate a lot of time on one issue.

***A motion was made by Councilman R. T. Donnelly, seconded by Councilman J. B. Walton to change the policy that allows Council to ask questions as we go through the budget. Those voting in favor of the motion were: Donnelly, Walton, Baker, Brooks, Hill-Lawrence, Hummer, Spence and Stimatz. Against: None. Motion carried.***

***A motion was made by Councilwoman L. A. Hummer, seconded by Mayor Pro Tem L. M. Hill-Lawrence to approve the prepared agenda as presented to include the above noted item. Those***

***voting in favor of the motion were: Hummer, Hill-Lawrence, Baker, Brooks, Donnelly, Spence, Stimatz and Walton. Against: None. Motion carried.***

**2} FISCAL YEAR 2013-2014 BUDGET:**

Mayor Peel called upon City Manager R. C. Olson for presentation of the recommended FY2013-2014 Budget.

Mr. Olson stated the total proposed budget is \$71,201,988 which reflects a total budget decrease of 3%. The General Fund Budget is \$20,435,221 which is a decrease by 1%. The Electrical Fund Budget is \$39,982,895 which is a decrease of 11% due to construction of the 2<sup>nd</sup> delivery point in FY 2012-2013. The Water and Sewer Fund Budget is \$9,362,679 which includes a decrease by 3%. The Storm Water Utility Fund Budget is \$1,421,193. The proposed budget reflects no COLA for city employees, a 19% increase in Health Insurance Premiums, which equates to \$414,614, City employees to pay \$25 per pay period for health insurance. Councilman Donnelly stated he would like to ask the other members of council how they feel about the \$25 per pay period that the Manager is proposing to charge our city employees. To him we have got to start doing something along that line.

Mr. Olson stated that three quarters through the budget presentation he has detailed numbers concerning what the rate increases are and he will discuss with the members of city council other type of options that we can look at if that is not something you want to do.

Mr. Donnelly said at this point in time you think \$25 per pay period is adequate.

Mr. Olson replied that the budget he presented to you is predicated on that. We will get into a lot more details later in our discussions. We did received some good news and that is our unemployment insurance will decrease by 30% which equals \$130,000 and there will be a \$3.00 increase in solid waste fees with the General Fund still subsidizing sanitation by \$233,680. Every \$1 equates to \$70,000. Included in his budget message, he discussed that we do have some major capital purchases of equipment over the next three years. He continued to say that even with the rate increase we are going to continue to have an increase in subsidies from the General Fund because of those equipment needs. Included in the budget message the following synopsis of projects or pieces of equipment being purchase in the General Fund:

Hugh Cale Carpet/Paint	\$ 17,500	\$17,500
Five new police cars	\$220,000	47,000
10 Mobile Radios	\$ 10,000	10,000

10 Digital Car Cameras	\$ 30,000	30,000
Crimeview Dashboard Software	\$ 20,000	\$20,000
12 sets Bunker Gear	\$ 24,000	24,000
Poindexter Parking Lot	\$140,000	140,000
Backhoe (Powell Bill)	\$100,000	100,000
Overlay (Powell Bill)	900,000	900,000
Brooks Avenue (Powell Bill)	160,000	160,000
Crescent Drive (Powell Bill)	\$149,000	149,000
17 North sidewalk (Grant/Powell Bill)	\$200,000	50,000
Automated Truck	\$280,000	50,000
Partitions-Knobbs Creek	\$ 76,000	76,000
Bulkhead Repair	\$ 25,000	25,000
Dog Park	\$ 50,000	10,440
Sheep Harney Multipurpose Field	\$ 50,000	22,500
Property for Stadium	\$100,000	45,000
Bike Trail	\$500,000	175,000
¾ Crew Cab Pickup	\$ 22,000	9,900
Handicapped Bus	\$ 60,000	10,000
Elections	\$ 40,000	40,000
Community Support Grants	\$ 50,000	50,000

Councilwoman Hummer asked if the software had been installed in all the police cruisers so that they can see what is on the surveillance cameras.

Mr. Olson stated he was going to have to ask Chief Buffaloe because he knows we were having a software issue but it was not for the police cruisers.

Chief Buffaloe stated that is correct. Some has been installed but some have not. Some of the MDTs are old.

Mr. Olson states that means we will have to buy and update some of our MDTs.

Ms. Hummer stated she thought we authorized the software last year.

Mr. Olson stated that was for the surveillance cameras. When we put that software in place we had some problems with it interfering with some of the cameras and we are now trying to troubleshoot that as we speak.

Ms. Hummer stated that also Council voted to add two cameras to our system each year and she doesn't see the addition of two cameras in this budget.

Mr. Olson replied that no there are no additional cameras in this budget. It was his understanding or his interpretation that those two cameras were for last year

not an on-going purchase of cameras for the City. This does not reflect an additional \$10,000 for cameras.

Mr. Stimatz stated along those lines we bought a number of cameras years ago and the question last year was what was our long term replacement plan. He hasn't seen that and he would still like to see a plan.

Mr. Olson stated we don't have one right now but he will be happy to develop one for you. Usually a number of cameras are under warranty. We have had to replace several of them because of issues with the cameras and that is usually found in the replacement of the equipment line item within the police department and not as a separate line item.

Mr. Stimatz asked well is it in there.

Mr. Olson replied that no it is not. That is where we would historically pay for that out of.

Mr. Stimatz said that was the whole discussion last year that we have a plan laid out for maintaining these cameras as well as the equipment in the vehicles. The same thing with the fire department. We were very clear that we did not want to send our officers and fire fighters out without the equipment they have to have to do their jobs. If that means we have to buy more radios and you have to figure it all in. If we need to replace the cameras then we should figure that in also. We are looking for that plan and he still hasn't seen one and if Chief Buffaloe is paying attention he will come up with a great replacement plan for all the cameras in the City. The other thing he would like to know is how do we decide where the cameras are going because the last time we got a report last year there were like nine cameras in the Second Ward out of twenty-four. So, over one third of the cameras were in the Second Ward. Other people were saying they would like to have some in their wards.

Mr. Olson stated we will have that information before the next Finance Committee meeting on the 24<sup>th</sup>.

Councilman Donnelly asked if we expected applications from everyone that applies for a community grant including any potential applicants. Last year we had several groups to come forward which he supported but they never submitted an application because they were a little early in the process. Do we expect any potential to provide an application to the City so that we can review it at the appropriate time?

Mr. Olson replied that what has historically occurred is that you have someone come to the podium requesting funding. Some like the AAU Basketball Teams do not know if they are going to the finals until sometime later in the year.

Mr. Donnelly stated anyone can come apply early but he wants to be sure that we as a City has the application process available so that we can review it before we vote on expending money.

Mr. Olson stated that usually when we do the community support grants we do them some time in August. He thinks the issue is we are taking some people out of sequence or we have in the past.

Mr. Donnelly said his issue is some even if they are out of sequence have not submitted an application to request the amount of money. We just agree to give them a certain amount of that community support money. He would think that everyone needs to go through the same process no matter what time of the year they request the money.

Mr. Stimatz said you need to call the AAU people and tell them to put in their request now.

Mr. Brooks said that is difficult to do as they don't want the money just sitting there and not using it because they don't make the finals. They only ask for the money if they are going to the finals. He understands what Mr. Olson is saying but there can't be a rule that is solid because they are really not a non-profit. What kind of application do they need to fill out? When we are talking about community support grants basically we are talking about those that have a legitimate non-profit status. They don't have a non profit status purse'. In this specific scenario he thinks he is solid and we need that cushion. We know it is a possibility so we don't have to spend the whole \$50,000. Not only AAU but other groups may come in with an emergency that we can help with and they may not have a non-profit status.

Mr. Donnelly said he is requesting that everyone that wants any money out of that \$50,000 community support grants submit an application prior to receiving the money.

Mayor Peel asked if the AAU is a non-profit. Could they complete the application process when they know they need the money?

Mr. Olson stated that no they are not a non-profit. He stated he felt that the AAU would have no problem completing the application once they know whether they are going to the finals or not.

Mr. Olson stated the following are the different State Collected Revenue:

Franchise Taxes	\$ 860,000
Sales Tax-Telecommunications	\$ 200,000
Powell Bill	\$ 496,000
Sales Tax – 1%	\$ 1,224,000
Sales Tax – ½%	\$ 1,224,000
Sales Tax – ½% (Hold Harmless)	\$ 505,000
ABC Revenue	<u>\$ 150,000</u>
	\$4,679,000

Other major revenue sources are:

Property Taxes	\$6,050,000
Residential Sanitation Fee (\$3 Increase)	1,310,000
Fire Protection Charges-Pasquotank	356,947
Recreation Fee – Pasquotank	925,279
General Fund Allocation to Enterprise Funds:	
Electric	600,000
Water and Sewer	300,000
Tax allocation	<u>1,050,000</u>
<b>TOTAL</b>	\$10,592,226

Mr. Olson stated that our expenditures by Fund are as follows:

General Fund	\$20,435,221
Electric Fund	39,982,895
Water and Sewer Fund	9,362,679
Stormwater Utility Fund	<u>1,421,193</u>
TOTAL	\$69,201,988

Mr. Olson explained the following expenditures by Type:

Personnel Costs	\$16,519,112
Professional Services	419,200
Operating Costs	41,728,407
Capital Outlay	7,615,039
Debt Service	2,970,230
Transfer	<u>1,950,000</u>
TOTAL	\$71,201,988

Mr. Olson stated that some of the questions earlier on dealt with Health Insurance and he knew this is an important item for City Council. The City

presently has a Care Plus Health Insurance Plan with the League of Municipalities. They rates are as follows:

<u>Coverage</u>	<u>2012-2013 Rates</u>	<u>2013/2014 Rates</u>
Employee only	503	599
Employee & Spouse	1056	1257
Employee and Children	855	1017
Family	1358	1616
Retiree	830	988

Mr. Olson stated you will see that he has included \$25 per pay period times 26 pay periods and the employee will be paying \$650.00 annually and the total amount this means to the budget is \$171,600.

Mr. Spence said so that means the raises we gave them last year they have got to give it back in order to get insurance. So we give it to them and then we take it back from them.

Mr. Olson stated he would disagree because we are absorbing the rest of the increase. Remember we had 19% rate increase which equates to a 3.7% COLA.

Ms. Hummer stated that is \$50.00 a month instead of \$25 as you stated in the beginning. \$25 was the only figure that was thrown out there. Now we see it is actually \$50.00 a month. We have employees in the low salary ranges that can't even insure their families because as you can see what it costs so they just insure themselves. What does the rest of the families do, go to the emergency room? \$50 is a lot of money a month for our employees in the lower salary ranges. Maybe there should have been some other way to look at this. It is a salary cut to our employees and it is going to hurt a lot.

Mr. Brooks asked what was the lower range of our employee's salaries.

Mr. Olson replied about \$22,000.

Mr. Brooks said that is before taxes and everything else is taken out of that. Basically they make approximately \$17,000 and we are going to take an additional \$50 a month from that. That is kind of tight. He understands what is happening but we can't do it based on salary because that is not legal but we need to come up with something. We have to sit together collectively and make sure the ones that come in on the bottom end and those are the ones that need their paychecks the most. They can barely keep themselves insured let alone

their families. We have to come up with something. That is where we need to be employee friendly. We were talking earlier about a \$1.4 million ball park stadium and now we are talking about stick it to the employees on the bottom of the pay scale.

Ms. Baker said she spoke with a co-worker whose son works for the County, her daughter-in-law is a teacher and they pay \$1271.00 out of pocket for their insurance for a family of five. This is every month. \$1271.00 a month working for the County. You see that everywhere.

Mr. Walton stated it would be good if we could lighten the load on these employees rather than making the burden a little harder. You have to look at different options like we do with everything else. There is money in this budget but there is money that can be moved around in this budget. In the school system before you get our first check they call it like a flexcare for your prescriptions. Before you even get taxed on your dollar amount they take a certain amount out that you can't tax. There are a lot of options that you can probably look into that will make it a little easier on our employees. We move money around the way we want too so let's find a way to do it. He complained a while back about taking the escrow amount that came from the Parks and Rec at the Knobbs Creek Center. We had \$130,000 left over and where is that money right now.

Mr. Olson replied that those are restricted funds that have to be used because we had borrowed the money for capital purchases. We cannot divert that money for something like this. It is sitting in the account right now and we have not spent it.

Ms. Blanchard stated it is not really a restrictive account as it is in a regular account; however, the projects have already been earmarked for those funds.

Mr. Olson stated the Charles Creek Pavilion that was approved the other day was a chunk of it.

Mr. Walton stated it was the Mack Sawyer Building not the Charles Creek Pavilion. You keep tricking him with that word "restrictive". In 2008 you put some money in a building fund and we were told it was a restrictive fund but last year you took it out of that restrictive fund and put it in another fund. Along those lines, we have here the partitions for Knobbs Creek, \$76,000. That would have been a good way to use that money. He made that statement a while back. That escrow money could have been used for those partitions but we took it and we said we were going to build the Mack Sawyer showers and storage. That is a lot of money. The \$76,000 and the \$130,000 is \$200,000 and that is the amount we are trying to involve now. You can do with money what you



want too because you have been doing it that way. Let's find a creative way to make it lighter for our employees, if we can.

Mr. Spence stated the salary increase or the pay raise we gave the employees last year and with the entry level person how much was that a year added to their salary.

Mr. Olson replied \$325.00

Mr. Spence so this year we are going to come back and take \$650.00 which is double what we gave them last year. He is sure they would rather keep that 1% than to take \$650.00 from them.

Mr. Brooks said so we are talking about \$650.00 annually times the number of employees that we have. What is that figure.

Mr. Olson stated we have 254 full time employees.

Mr. Brooks said basically that is the theory that we are trying to soften the landing on. That amount of money will equate the \$171,000. We might not avoid the total cost but we can make it a little more bearable. As a City we do not have to follow what other entities do. Our thing is to look after our employees. We don't care if someone is charging \$3,000 a month as that is not our concern. Our concern should be what we have and we should be looking out for our employees. He knows we can do better. He goes with what Councilman Walton always says; we know you can fine it Rich.

Mr. Olson stated this is something that will be discussed in detail with the Finance Committee. The CarePlus Health Plan is a very good plan. We can go to a lesser plan or we can go to Option #11 that the League has which is almost a catastrophe insurance type with high deductibles and everything else. He really believes if you migrate from a CarePlus Plan to an Option II Plan it will end up costing our employees more money in the long run especially those employees who have chronic type illness. He knows it will cost a lot more than the \$650.00 we would be charging. We are putting the health insurance out for bids this year and we are getting some quotes from two other companies. We will see what they quote. We should have that information by mid May or the last week of May. What he asked the League to do was limit the increase to 10%. Our total increase to 10%. They went from a CarePlus Plan to an Option II Plan to limit it back to 10%. The CarePlus Plan is an excellent plan especially for our employees. It has a very low deductible base but we can go to a different type plan. The League probably has 15 to 20 different plan designs that we can choose one and customize it. But when you start looking at what the total out of pocket would be, the total deductible, etc. it will end costing the

employees in his opinion more than the \$650 they would be paying now. You have to realize that is a recurring expense from this day forth when you do that. It is just every year. We have had two rate increases in the last five years plus a rate decrease. Saying it will increase every year is not always correct?

Mr. Stimatz said he would like to see a chart that shows entry level employees full benefit package. What that is and then up to the higher paid employees. What is the longevity and where is our longevity at. The question comes as to what our attrition rate other than retirement. We have had three employees leave in the last three years and why because it is a good job with good benefits. People are not leaving. Once you get twenty years in why would you keep incentivizing it especially once you get thirty years in? All you are doing is paying employees more. The question is where that big pocket is. What is the total compensation package? We say entry level is \$22,000 but you throw on top of that \$600 per month for health benefits that is \$7,000 more so now the person is making \$29,000. Plus longevity, plus 1% Christmas plus they are getting vacation, insurance and 401K. So, the total benefit package for the lowest paid employee could be \$35,000. He guarantees if you take our total personnel costs and divide it by 258 it is not going to come up to something that is lower.

Mr. Brooks said if the numbers that Tony said are correct and someone is making \$22,000 has a \$35,000 package then the one making \$70,000 has a \$100,000 plus package. He thinks it goes back to the same thing that we also have to consider the person that still has a family to support still has to deal with those figures. The job market is real mixable at this time in this area. A lot of our employees on the low end have another job to supplement their income. He sees them all the time.

Mayor Peel stated we are going to have plenty of time to talk about all this.

Mr. Donnelly stated he does not want to mess with retirees at all. Before our next council is it possible to survey all our employees regarding what their options would be and what they would choose and get a response back to us.

Mr. Olson stated you are asking a very complex question for us to ask our employees. We looked at that.

Mr. Donnelly asked what do they want.

Mr. Olson stated they don't want any changes. They want the same coverage that we have now and they don't want to have to pay \$50 a month.

Mr. Donnelly stated if that is what comes back then we will make the decision, but if they recognize the gravity of the situation. That would be a \$.03 tax

increase for all our citizens. Is there a way to get good feedback from the employees? We can ask for that feedback and try to make a decision then. He would offer them the \$25 per pay period or take a reduction in benefits. Let them choose. They will give us a baseline and we can make a decision then.

Mayor Peel stated you have put this out to bid and until you receive those bids back you will not know what the figures will be. It may come in even lower than what we have now.

Mr. Olson stated earlier we had 124% in premiums. We are going to have a rate increase from any of the carriers. It is just how much. Our concern is you will go with an insurance company and after the first year then you have 15% the next three years. We like the League pool. The other thing you have to realize is we are entering a whole new era of health insurance with the Affordable Care Act and the numbers he has seen so far is we are paying \$12000 for our retirees we would be better off to put them in one of the state or federal pools and pay for their insurance in that pool. We would end up saving about \$6000 per employee doing that. Those are the numbers that have been batted around at different meetings he has attended. We are still providing them health insurance coverage but through a different vehicle.

Mr. Donnelly said he would like to hear from the employees. No change is not an option. Something has got to happen. If we get some feedback on the options available to them he would feel he could make a better decision.

Ms. Baker said she thinks also one of the options for them could be a higher co pay as well as decrease benefits.

Mr. Olson stated Council needs to direct staff to do is how much of an increase are you willing to absorb. He has said the City Council will absorb 10% of that rate increase. The employees had to absorb the other 9%. That is what you see in this budget.

Mr. Stimatz stated he can live with this plan.

Mr. Walton stated this here budget is not set in stone anyhow. He thinks we need to go back and look at least two of these items that you have already put into the budget without the consensus of Council. One of those is 213 Poindexter Street and the other one is the Mack Sawyer Building. We have not concluded that issue.

Mr. Olson stated we have already purchased that property and staff warned the City Council at the time you purchased it for \$15,000 that you were committing ourselves to going through with that transaction.

Mr. Walton said we did agree to purchase it. We did not vote on the other issue. We said we were taking bids for that. That is what we said. You said we had applied for a grant and if we get the grant we don't have to accept it. We keep saying things out of your mouth that is not coming out.

Mr. Olson stated we had a discussion in Closed Session which he doesn't want to say in the open but we said once you go down this path and buy that building we are committed to this, this and this.

Mayor Peel said the reality of it is this. Mr. Walton was correct. The City Manager has done exactly what he was supposed to do by law. He is given us his budget recommendation. If we don't like it we can change anything in it.

Mr. Walton said if this council says it wants to change anything that is what we do. That is why full Council needs to discuss a lot of those issues because they are important. He needed to have his say so too. He doesn't need somebody else coming to him and telling him he doesn't understand it. Let him finish. That was one of them and the other one was we have not concluded the Mack Sawyer Building. We have not voted on that as of yet. Those two things should be voted on before we go forward and put it in the budget.

Mr. Brooks said it is in the minutes. We did purchase the building but we didn't vote on the \$140,000. We stopped at tearing down the building. He is sure if you read the minutes you will find out that Councilman Walton was correct in that sense. We talked about purchasing the building. He can't recall totally if we said we were going to go down that area but he thinks he was on point with that. We didn't talk about the \$140,000 to do the addition. We were only on purchasing the building. If the City Clerk would pull those minutes as he would like to see if his recall is what it use to be. He is sure that is what the conversation was at that time.

Ms. Hummer said she believes we said at the time that we didn't have the money to do what we wanted to do with that building. That is her recollection.

Mayor Peel asked Mr. Olson to continue on with the review of the budget.

Mr. Olson stated the following is our insurance costs:

Health Insurance	\$2,735,647
Liability Insurance	\$ 388,622
Worker's Compensation	\$ 278,792

Mr. Olson went over the Personnel Expenses. They are as follows:

Longevity	\$ 336,100
Christmas Bonus	\$ 106,495
Health Insurance	\$2,735,647
401 K	\$ 530,925
Total Annual Salaries	\$10,764,469
1% COLA	\$ 107,644

Mr. Donnelly stated if we were to play Mr. Scrooge and dumped the Christmas Bonus we would be pretty close to handling the health insurance issue.

Mayor Peel said if you dumped the baseball park we would be too.

Mr. Brooks said we could dump the dog park also.

Mr. Donnelly said no leave the dog park. The dog park is nothing.

Mr. Spence asked how much do we give the employees for a Christmas Bonus:

Mr. Olson replied 1% of their annual salary.

Mr. Donnelly said maybe the Council could give theirs up.

Mr. Walton stated that may be one of the areas that we could look at the option because if a person is making \$60,000 and make one percent it is a lot of difference than the person making \$28,000 and get one percent.

Mr. Spence said why we can't give every employee a flat rate instead of the Christmas Bonus. I am sure your bonus is a whole lot larger than all the other employees.

Mr. Olson said we could do that. We can bring that option back.

Mr. Donnelly stated he would like to go on record and give his Christmas Bonus to the Health Insurance for the employees. He does not want his Christmas Bonus this year. Give it to the employees.

Mr. Olson stated the following is the Retiree Benefits:

Health Insurance	
General Fund	\$ 431,449
Electric Fund	\$ 142,800
Water/Sewer Fund	<u>\$ 48,365</u>
TOTAL	\$ 622,614

Law Enforcement Separation Allowance                   \$   56,065

Mr. Olson stated there are a couple of things that he would like to discuss with City Council. We have a number of different projects that are lagging behind the fixed area network. The fixed area network was one of our technology upgrades so we can go to individual billing. We have run into some issues concerning the technology of being able to read commercial meters. We have no problem reading the residential ones. We have 2000 commercial meters out there which cannot be read with the system we are looking at. That is something we found out recently and now we are relooking at the kinds of programs to see whether or not we want to change technology platforms all together and go to a truer smart grid type system. We have had numerous vendors to come in and what started off as a project for \$1.7 million now may be as high as \$2.7 million. We are still working through this. We are rethinking the way we want to go.

Mayor Peel stated he hears what Mr. Stimatz is saying it has been a long time coming but you are looking at other ways to do this and are there some other solutions out there that you have found.

Mr. Olson stated that there are two other solutions but they are about a million dollars more than what we had originally told this council it would cost and that is what our concern is. There are solutions to solve our problems, but the primary solution is we changed every electric and water meters in the City to do that. What we originally wanted to do was to utilize the investment in the 10,000 electric meters that we already had and the 3000 water meters that are already radio read meters. Under the new solution you change out every meter in town. That is why it becomes cost effective.

Mayor Peel said it doesn't really have anything to do with technology it has to do with having the right meters to read. The solution is to change every meter out.

Mr. Olson stated we are going to discuss this with the Finance Committee at one of the budget work session and we have the pluses and minuses cost benefits on each one of those programs.

Mr. Olson stated the following are the water and sewer fund figures:

IT	\$ 123,852
Non-Departmental	\$1,982,211
Customer Service	\$ 592,460
Water Treatment	\$2,367,835

Wastewater Treatment	\$1,596,043
Water and Sewer Maintenance	\$2,789,278

We only have one major capital expenditure within the Water and Sewer Department and that is the replacement of the lime feed equipment at the Water Treatment Plant. We have a number of mechanical related issues.

Mr. Stimatz said there are certain set point both in the water and the sewer plants when your demand reaches a certain point you are required to do certain things. At some point you have to plan for the expansion and at another point you have to start the expansion. He would like to have that updated for us as to where we are.

Mr. Olson stated in the Storm Water Fund is \$1,421,193. That major project is Phase II of Roanoke Avenue. He believes during the next work session the Storm Water Advisory Committee will be providing an update on a number of different things.

Ms. Hummer stated on the report that you are bringing back on the surveillance cameras she would like to know if and when the software was ordered and she would like to know the cost of the two cameras that Council did vote on last year. She is sure it is in the minutes that we add two each year and she would like to see it. Everybody else is getting what they want and she is just expressing her dismay that they are not in here. And, she remembers that we had a number of meetings with Albemarle Fence and she just wants to know what happened to all that and the fact that there are so many down. Council needs to know when the cameras go down. There are a lot of things that she would like to see in that report. She knows that you meet with your department heads and you decide what is important but she thinks the Police Chief needs to decide when it comes to crime prevention tools. Also, she believes you are supposed to bring us something back on the two mobile units. The mayor suggested contacting the schools to see if we could get two units. She would like to see that at the next Finance Committee on the 25<sup>th</sup>. Since we discussed sidewalks tonight, what ever happened to the sidewalk between the Bowling Alley and Farm Fresh?

Mr. Olson stated the long and short of that is that we were required to do the design performance specifications for the bridge. Those have been done by Rivers and Associates and they have been sitting in Edenton and now Edenton has forwarded them to Raleigh for their approval. We should have approval by the end of the month. It has been an ongoing issue with them on that sidewalk.

Mr. Walton stated about this time last year we passed the 3.92 Electric increase. He knows that the second delivery point will be completed somewhere around

November. What is the status of the cash balance? It hasn't improved very much and he thinks that is the reason we passed that increase.

Mr. Olson stated that the cash balance is \$3.8 million. We started out the year at \$3.4. We have collected around \$400,000 but we are also paying \$292,000 in additional debt that we didn't have before.

Mr. Walton asked that he bring back a forecast of when you think we will meet that \$5 million target amount that we passed that increase for. He would also like all of the amendments since last July. Last year we had five police cars in the budget and he thinks a member of Council removed three of them.

Mr. Olson stated we placed one back into the budget using the escrow account monies.

**3} ADJOURNMENT:**

There being no further business to come before the City Council at this time, Mayor Peel adjourned the meeting at 7:49 p.m.

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Dianne S. Pierce-Tamplen, MMC  
City Clerk

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Joseph W. Peel  
Mayor