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**WEDNESDAY – 10:00 A.M.**

**JUNE 5, 2013**

**FINANCE COMMITTEE**

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

Chairwoman Hummer established a quorum was present and opened the meeting at 10:00 a.m. She called for a moment of silent reflection after which she led the Pledge of Allegiance to the Flag of the United States of America.

**1} AGENDA ADJUSTMENTS AND APPROVAL:**

Chairwoman Hummer called for the pleasure of the committee regarding the prepared agenda.

*A motion was made by Mayor Pro Tem L. M. Hill-Lawrence, seconded by Councilman R. T. Donnelly to approve the prepared agenda as presented. Those voting in favor of the motion were: Hill-Lawrence, Donnelly, Hummer and Peel. Against: None. Motion carried.*

**2} APPROVAL OF THE MINUTES:**

Chairwoman Hummer called for the approval of the May 8, 2013 Finance Committee meeting minutes.

*A motion was made by Councilman R. T. Donnelly, seconded by Mayor J. W. Peel to approve the minutes of the May 8, 2013 Finance Committee meeting as presented. Those voting in favor of the motion were: Donnelly, Peel, Hill-Lawrence and Hummer. Against: None. Motion carried.*

**3} JAG GRANT APPLICATION:**

Chairwoman Hummer called upon City Manager Olson for comments.



Mr. Olson advised the Police Department is seeking permission to go ahead and file an application for a JAG Grant in the amount of \$10,351. All the equipment is associated with our SWAT Team operations. They include (3) tactical gun lights, (1) point blank 4x6 ballistic blanket, (3) Holographic Sights, (12) gas masks, (1) ballistic shield and (12) hands free communications headsets.

***A motion was made by Mayor J. W. Peel, seconded by Mayor Pro Tem L. M. Hill-Lawrence to recommend to the City Council to authorize the Elizabeth City Police Department to submit a grant application to the Department of Justice (JAG Office) for its FY13 Local Solicitation Grant in the amount of \$10,351; and that the grant funds be used for purchase of needed SWAT equipment for its 12-member tactical team. Those voting in favor of the motion were: Peel, Hill-Lawrence, Donnelly and Hummer. Against: None. Motion carried.***

**4} CONDEMNATION OF VARIOUS PROPERTIES:**

Chairwoman Hummer called upon City Manager Olson for comments.

Mr. Olson stated the Building Department is bringing forward a request to go ahead and condemn six different properties. They are 804 Bunnells Avenue, 113 West Burgess Street, 815 North Road Street, 1015 West Church Street, 1400 Peartree Road and 607 Walson Street. Including in the staff's memo is the amount to tear down each one of those structures but those figures do not include tipping fees. We do anticipate having substantial budget adjustments at your next meeting. It will probably be well over \$50,000 in order to pay for these condemnations. That money will be coming directly out of Fund Balance. There are a couple of other items that he would like to bring your attention too. Those members that have been here for a number of years will remember the Lawyer's property. We were involved in litigation concerning a house on Board Street where they claimed that we tore the house down without giving them proper notice. They have two homes that are presently under condemnation and they are 113 W Burgess Street and 815 N Road Street. He had a chance to talk with Gateway Bank and they are encouraging the City to tear the homes down. They are not going to foreclose because there is nothing there to foreclose on. He just wanted to bring that up to you.

***A motion was made by Mayor Pro Tem L. M. Hill-Lawrence, seconded by Councilman R. T. Donnelly to recommend to City Council to adopt ordinances declaring the applicable structures at 804 Bunnells Avenue, 113 West Burgess Street, 815 North Road Street, 1015 West Church Street, 1400 Peartree Road and 607 Walson Street condemned and authorize the demolition of***



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

**5} PUBLIC HEARING ON JUNE 10, 2013 REGARDING ADOPTION OF FY2013-2014 BUDGET:**

Chairwoman Hummer called upon City Manager Olson for comments.

Mr. Olson stated that included in the write up is the actual budget ordinance that we will be presenting to the City Council Monday night for the public hearing. At the last city council meeting the public hearing was called. You have total General Fund revenues of \$20,291,972, Electric Fund \$39,945,909, Water and Sewer \$9,370,137, Stormwater of \$1,421,506 bringing the total amount of the budget at \$71,029,524. What we also do is we back out the Interfund Payments that show up as a double amount so the net budget is \$69,079,524. The second page of the ordinance reflects the breakdown of the expenditures by the respective funds by the cost centers of those funds such as General Fund, Electric Fund, Water & Sewer Fund and Stormwater Fund. Since we have a balanced budget what you find is the revenue we show on the first page equals the amount of the expenditures on the second page. The total amount of expenditures is \$69,079,524. The third page of the budget ordinance reflects the action that you have taken subsequently through the budget process. You have elected to keep the existing mil levy of \$.495 per \$100 valuation. The total amount of the assessed valuation is \$1,392,617,665. That is what we anticipate the valuation will be. We haven't discussed it in any of our meetings but there is a \$.06 per \$100 valuation of property listed for the Municipal Service Tax Distribution. This is for those individuals in the downtown area. It reflects a 1.5% COLA, the 1% Christmas Bonus and continuation of the longevity pay. Also the big item is Section 8 what we have had quite a bit of discussion on is we are changing our insurance carried to Blue Cross/Blue Shield of North Carolina. That will take affect as of July 1<sup>st</sup>. We have had our employee meetings Monday and Tuesday of this week and we are working through that process with our employees. Section 9 is the Sanitation Fee and it is being increase from \$17 to \$20 monthly. The sewer surcharge of \$.43/1,000 gallon of water usage will be continued. This has been in our budget well over a decade. Of course the fee schedule we have we adopt by reference. That fee schedule is pages and pages long. That is the budget ordinance that we will be presenting Monday night for the Council's consideration. A couple of things; are there anything that has been left out of the budget that a member would like to bring up now. Also, what is the Finance Committee's pleasure? Are we ready to adopt this after the public hearing or do you want to adopt it at the last meeting of the month? Those are two issues that need to be addressed.





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Councilman Donnelly stated that he has one item and that is the anchor down in our downtown area- The Arts of the Albemarle. He leans toward trying to make that a line item in our budget. He doesn't think we have anything allocated in there right now except within the Community Support Grants as a possibility. Is that correct?

Mr. Olson replied that you have \$50,000 in Community Support Grants in the budget itself which has not been designated. We have spent \$2500 of that \$50,000 for the AAU Basketball teams.

Mr. Donnelly said he does lean towards making AoA a line item so we don't have to go through discussions about supporting AoA year end and year out. It is the hub of downtown; it works hard on putting on various events. It is a beautiful facility and he would hate to see it go under. Most cities support their Art Centers and he doesn't see why Elizabeth City should be any different.

Mayor Pro Tem Hill-Lawrence stated she was going to bring this up as well. She was listening to the presentation at our other council meeting and they really do an excellent job and it benefits all races, creeds and colors. We have a mixture of children there that is benefitting from it. She agrees with Ray as she thinks it should become a regular line item in our budget so it becomes standard procedures that we don't have to go through.

Councilwoman Hummer asked if there was some way that we could specify like in the past we have specified that a certain amount goes for scholarships and things for children rather than specifically for salaries. Is there any way we can specify that when we allocate an amount to an organization.

Mr. Olson stated it would be considered a donation from this body to AoA but any reasonable restriction on how that funding is spent can be done. We did those two years ago if he remembers right in that they had to use a percentage for scholarships. They spent \$15,000 of it and they were able to provide us documentation on scholarship related activities. That is a very reasonable request that the governing body can place on AoA.

Mayor Peel stated you may not want to tie up all of it that way. Maybe do half of it but not all of it because he knows they don't turn kids down.

Mr. Donnelly stated he thinks the limitation could be it doesn't go for salaries but it goes for programs.

Mr. Olson stated it could go for operational expenses which includes utilities. Those type of things that will keep the center open.



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Mayor Pro Tem Hill-Lawrence said she agrees with that somewhat but the problem would be that salaries is a part of the operation and she doesn't know where they get their funding from but surely to be able to do what they do there must be some appropriations for salaries. She is not opposed to some of it going to salaries as well.

Ms. Hummer stated she thinks this could be part of the conversation when we send it to full Council.

***A motion was made by Councilman R. T. Donnelly, seconded by Mayor Pro Tem L. M. Hill-Lawrence to recommend to City Council that we make AoA a line item within our Budget and then we can discuss the amount of money that we want to give them. Those voting in favor of the motion were: Donnelly, Hill-Lawrence, Hummer and Peel. Against: None. Motion carried.***

Mr. Olson stated he would like for Sarah to address how that can be done because you have a budget ordinance in front of you right now.

Ms. Blanchard stated you can accomplish this one of two ways. We can have the budget ordinance as presented approved on Monday night and then after we could do a budget amendment. We adopt a budget and then we have budget amendments throughout the year. Or, when you make your motion to approve the budget you could say with the budget ordinance revised by X amount of dollars for AoA. It can be done either way. She would then change to budget to reflect that change.

Mayor Peel stated that would be the easiest way.

Mr. Olson stated that we have had two Finance Committee Work Sessions and four budget work session concerning the budget. We are going to have the public hearing and he sees no reason why we could not vote to approve the budget after the public hearing and after Council discussion if that is what you so desire. If not we do have one more meeting in June to do that but he thinks we will just rehash everything that we had Monday night at the last meeting in June. Is it really going to be that productive?

Ms. Hummer stated she thinks it depends on whether anybody wants to add anything else. In years past we have adopted the budget and then there would be some changes and we would come back at the last meeting. It would be nice if we could go ahead and adopt it that night but we will see. Council will just need to have another budget meeting if they don't.





Mr. Olson asked if we could get a motion if that is what the Finance Committee's desire is to go ahead and approve the budget after the public hearing.

***A motion was made by Mayor Pro Tem L. M. Hill-Lawrence, seconded by Councilman R. T. Donnelly to recommend to City Council to approve the budget after the public hearing on June 10, 2013. Those voting in favor of the motion were: Hill-Lawrence, Donnelly, Hummer and Peel. Against: None. Motion carried.***

**6} AWARD OF CONTRACT FOR ECDI BUILDING RENOVATIONS:**

Chairwoman Hummer called upon City Manager Olson for comments.

Mr. Olson stated as the Council is well aware, we purchased the Mack Sawyer Building back in 2012 and at the January 28<sup>th</sup> meeting we did have money in an escrow account for Parks and Rec that was unused because of some savings of \$135,752. At that January 28<sup>th</sup> meeting the City Council directed staff to do a budget amendment to use it for this particular project. On May 17<sup>th</sup> the City opened bids for the renovations of the ECDI/Mack Sawyer Building. We only had one bidder and that was A. R. Chesson who bid \$207,280 which far exceeds the amount of money we were anticipating. Sean Robey did provide an update some time in April telling us that he thought we were going to exceed the budget that we had for the project. We did a design build type bid and we have met with representatives from A. R. Chesson. Due to some value engineering techniques city staff has been able to lower the overall project costs by \$40,300 down to \$166,980. In the staff memo you can see where those savings would occur. He would like to mention a couple of those. The City would not pay impact fees on this particular project. It would be waived because we already have water and sewer service to the building. We see no need to have a bond requirement as A. R. Chesson is well known to us. We would omit the token machine. That idea may be mildly controversial. Based on charging three to four dollars a shower that means you would have to have over 1000 people take a shower before we would ever pay for the token machine. What we would do is get rid of the token machine and go with a punch code system that we have at a number of our buildings. That punch code would be handed out by TDA or ECDI after they take the money in. Plus it is a lot more cost effective than trying to put a token machine in there. A couple of others we would reduce the electric service from 200 amp to 150 amp. That is more than enough for that type of building. The City electrician would wire the building and that would be a savings of \$7000 if we go ahead and do that. Total electrical work is about \$14,000 and the other \$7000 is for the actual wire, conduit, breakers and panel box. We were able to negotiate with A. R. Chesson \$1857 reduction in the design fees. The City would redo the water service from Water Street through



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Mariner's Wharf Park to where it would enter the building. Then it would be turned over to their plumbing contractor to take it from there. The total amount of deducts is \$40,300. There was a question at the last budget meeting of what happens if we just rough in the showers and stuff for the boaters. There would only be a savings of roughly \$5,000 and we did not believe that was worth the hassle of only roughing that in. We are recommending that we complete the entire project. The following is how we would pay for this project:

Escrow Account Funds	\$135,752.00
Parks and Recreation Impact Fees	39,239.25
Donation from Committee of 100	<u>1,000.00</u>
TOTAL	\$175,991.25

***A motion was made by Councilman R. T. Donnelly, seconded by Mayor Pro Tem L. M. Hill-Lawrence to recommend to the City Council to award the bid for the public restrooms in the ECDI Building to A. R. Chesson in the amount of \$166,980; and further authorize Parks and Recreation Impact Fees to be utilized to fund the project in the amount of \$39,239.25 by the adoption of a budget amendment for a total project cost of \$175,991.25. Those voting in favor of the motion were: Donnelly, Hill-Lawrence, Hummer and Peel. Against: None. Motion carried.***

**7} MISCELLANEOUS:**

Chairwoman Hummer called upon Mr. Olson for comments.

Mr. Olson stated as you are well aware we are getting close to the year end and we have submitted for reimbursement a number of large ticket items. We are having some concerns now on whether or not we will receive all this revenue before June 30<sup>th</sup> of this year. We did find out yesterday that we had submitted reimbursement for the purchase of the Mack Sawyer Building to CAMA for \$102,000 and they have ceased writing checks as of sometime. They never sent out any notice so we will not get the \$102,000 this fiscal year. We have submitted to NCDOT \$580,000 repayment for the North Road Street Project. We are pretty confident that we will get that \$580,000 this fiscal year but because of what is going on in Raleigh a lot of state agencies are being slow paying right now. Then we have \$139,250 owed us from Verizon for painting of the Poole Street tower through an agreement we have with them. We do anticipate that coming in by the middle of June. We ran into a problem because one of the Verizon people has been sick. That total amount is \$821,150. He believes we will get everything but the CAMA and we are still working on that. Usually a State agency will send you a cut off date that you have to have all your



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reimbursement papers in but they did not do that. We will be working with CAMA directly to take care of this matter.

**8} ADJOURNMENT:**

There being no further business to come before the Committee at this time, Chairwoman Hummer adjourned the meeting at 10:44 a.m.

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Dianne S. Pierce-Tamplen, MMC  
City Clerk

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L. Anita Hummer  
Chairwoman