

**City of New Bern
Board of Aldermen Budget Work Session
May 1, 2018 – 1:00 p.m.
City Hall Courtroom
300 Pollock Street**

Mayor Outlaw opened the meeting with prayer. The Pledge of allegiance was recited, followed by a roll call.

Board Members in Attendance: Mayor Dana Outlaw, Alderman Sabrina Bengel, Alderwoman Jameesha Harris, Alderman Robert Aster, Alderman Johnnie Ray Kinsey, and Alderman Jeffrey Odham. Absent: Alderman Barbara Best. A quorum was present.

Also in Attendance: Mark Stephens, City Manager; Kristen Culler, Assistant City Manager; Brenda Blanco, City Clerk; and J. R. Sabatelli, Director of Finance.

At the request of Alderman Best, Alderwoman Harris made a motion to postpone discussing the Governing Board's budget and employee raises until she can be in attendance to discuss some concerns she has, seconded by Alderman Odham. The motion carried unanimously 6-0.

1. Discussion of Recommended FY 2018-19 Budget:

General Fund *(unless otherwise noted)*

a) Opening comments from City Manager

The budget was presented to the Board on April 24, 2018. Mr. Stephens noted it is essentially status quo with the implementation of some goals and objectives that were identified at the February retreat. The budget does not include any rate or fee increases, but such increases could be discussed if the Board desires.

b) General Government:

Governing Board (page 11)

As noted at the beginning of the meeting, this discussion was postponed by motion until Alderman Best is present.

General Administration (page 15)

This budget is pretty much status quo. Professional Services provides \$15,000 for Code Red and \$30,000 for services at the Manager's discretion.

Alderman Bengel questioned why Code Red could not be listed under contractual services. This would clean up professional services to truly reflect

how much is available for discretionary services. After conferring with Mr. Sabatelli, Mr. Stephens stated that change would be made with the creation of a new line that may be titled something similar to "Code Red Professional Services".

Alderwoman Harris asked for an explanation of the \$5,853 under Services & Maintenance Contracts. Mr. Sabatelli explained that was Administration's proportionate share of the Munis contract and noted that same entry would be reflected throughout each department's budget.

Alderman Bengel asked if cell phone contracts are routinely shopped. Mr. Stephens reported the City often receives information from other cellular services and makes a comparison for the best rates. The current service for city-issued phones is with Verizon at the state government contract rate. He also noted authorized employees receive a stipend which is reflected under taxable benefits. Alderman Bengel also asked why dues for the American Water Works Association were reflected in Administration's budget instead of Water's budget. Mr. Stephens replied those dues are specific to his professional affiliation. Mr. Stephens noted Administration's budget is allocated out to all of the different funds, including the enterprise funds.

Legal (page 21)

This budget includes 4.5% increase. Alderman Bengel asked if additional legal work is anticipated, and Mr. Stephens explained the City Attorney did not receive an increase last year. The proposed increase is based on the consumer price index ("CPI") for the last two years.

Elections (page 23)

There is no budget for elections since this is not an election year. Alderwoman Harris asked if this Board had considered moving to a November election to save money. Mr. Stephens noted the current Board has not had any discussion about this. Options were presented to the previous Board regarding primaries, at-large elections, and early voting, all of which plays into the cost of holding an election. Revised estimates can be presented to the current Board for future consideration. Alderman Bengel asked whether the local board could make this change or if it required legislative approval. Mr. Stephens stated he would need to check into that, but noted legislative approval would be required if the City's charter specifies how elections are held. Alderman Bengel suggested Meloni Wray, Director of the Board of Elections, make a presentation in August or September on how to move forward if the Board wanted to do so.

Special Appropriations (page 24)

This budget reveals a significant decrease from last year's budget, which is associated with contractual obligations that have been paid for the infrastructure development on Third Avenue and are no longer applicable.

Funds for Craven 100 Alliance ("C1A") are paid from this budget as well as the annual contractual payment of \$75,000 to the New Bern-Craven County Public Library. This budget also provides \$1,000 in appropriations for the Mayor and each Ward. Alderman Bengel inquired about the payment to Columbia Development, and Mr. Sabatelli replied those are budgeted in a project fund. Mr. Stephens and Mr. Sabatelli explained this in further detail.

Alderman Aster asked how long the City is obligated to pay the library, and it was noted the agreement calls for indefinite payments. Alderman Bengel asked whether payments to C1A should be reflected under lobbying efforts, and Mr. Stephens replied no because it is more like a membership and it is a contractual obligation as long as the City is a member of the organization.

Alderwoman Harris inquired as to the uses for the ward appropriations. Mr. Stephens stated until he is directed otherwise, the previous Board chose to have requests for ward expenditures presented to the Board for approval. Those expenditures must meet certain legal criteria. Alderman Odham pointed out a formal policy was considered by the previous Board, but never adopted due to a lack of consensus. He suggested a policy be reconsidered. He also suggested the expenditure of ward appropriations and travel funds be limited in election years. Alderman Bengel suggested sitting aldermen be allowed to spend only one-half during election years. Mr. Stephens said a formalized policy will be presented to the Board.

(Mayor Outlaw briefly left the meeting at 1:25 p.m. Alderman Bengel assumed the role of Mayor Pro Tem in his absence.)

PEG (page 26)

The main portion of this budget is an allowance of \$25,000 for remote broadcast and recording services that are provided by Swaglt. Alderman Bengel asked if it is possible to see the total cost of the PEG operation and whether some of the Public Information Officer's ("PIO") salary can be placed in the PEG budget. Mr. Stephens said the PEG budget includes both PEG funds and general funds. Colleen Roberts, PIO, said approximately \$27-28,000 in PEG funds are received annually. Alderman Bengel suggested the highlights page reference the City is now utilizing Facebook Live.

Alderwoman Harris referenced a document that had been provided to the Board outlining the details of the budget requests made by the departments. Mr. Stephens pointed out that document is not included in the proposed budget (neither the printed nor electronic version on the City's website), but it had been provided to the Board at its request.

Information Technology (page 28)

This budget decreased somewhat as a result of a decrease in capital outlay and contracted maintenance costs. Two capital projects are proposed: the

purchase of equipment that can erase hard drives and tapes in accordance with FBI Criminal Justice Information System ("CJIS") standards and a secure system for remote vendors to deliver technical support via the internet. Alderwoman Harris questioned why temporary help services is budgeted at \$10,000 when funds were not previously budgeted in the past two years. Tony Gatlin, It Manager, noted the division is down two employees due to vacancies. These funds will help cover operations until someone is hired and may be used, for example, to obtain additional help with the Munis software implementation.

Alderman Bengel asked about miscellaneous other services, noting the division requested \$26,000, but only \$20,000 is proposed in the budget. She wanted to know if the division would be able to perform the penetration testing it desired. Mr. Gatlin replied they would be able to do the testing, but would need to scale back and he felt the division could do what it needed to do with \$20,000.

Alderman Kinsey asked about a new location for IT so employees do not have to go up and down stairs with equipment. Mr. Stephens said there was discussion at one time that if a new fire station were to be built whether to put IT and the EOC in that location as well. However, a desire has been voiced for an elevator in City Hall and if that is done, it will address the issue of lugging items up and down. Mrs. Culler pointed out the upstairs data center will be retired to the cloud, which will eliminate both the need to haul things to the third floor and concerns about safety of the equipment.

Alderman Bengel questioned why the City pays \$500 for a telephone directory listing. Mr. Stephens responded the listing could be removed if the Board no longer desired the City to pay this. Alderman Aster stated a listing was required for public safety, and Alderman Bengel said the City should get an automatic listing. Mr. Stephens noted the City would only be allowed one listing for the main number. Alderman Bengel suggested the City check into that and also questioned why \$2,000 is budgeted for long distance since employees have cell phones and are reimbursed for those phones. Alderman Bengel and Alderwoman Harris noted while this may seem like nitpicking, every dollar found can be used toward economic development or other desired projects. Mr. Gatlin pointed out while the phone listing and long-distance charges are in IT's budget, the charges are for the entire city. Mr. Stephens also pointed out every employee does not have a city-issued or reimbursed cell phone. Mr. Gatlin expanded to say cell phones are suitable for some communication, but are not suitable for conference calls, etc. Mr. Sabatelli noted the City is receiving the state contract rate for long distance.

(Mayor Outlaw returned to the meeting at 1:45 p.m. and resumed his role as Mayor.)

Interfund Transfers & Transfer Supports (page 169)

This budget represents matches for some of the items in the general fund, such as grants and public-private partnerships. It also covers transfers to other funds relative to agreements, etc. Alderman Bengel asked Mr. Sabatelli to provide detail on these transfers and on matches or funding for projects such as the Workforce Development (VOLT) Center, Department of Transportation roadway agreements, etc.

Municipal Service District Fund [Other Funds] (page 367)

The Municipal Service District ("MSD") has a self-imposed tax of \$0.1375 per \$100 of valuation. Their budget has dropped significantly, primarily due to principal and interest payments that have dropped off. The transfer of \$34,000 to the General Fund is the MSD's contribution toward parking enforcement. The line item entitled "payment to city for services: provides a proportionate share of an employee's salary for work performed within the MSD, such as maintenance of the fountain, cub house, sidewalk sweeping, etc.

Alderman Bengel asked why revenues are declining when there is continued growth and upgrades in the downtown. Mr. Stephens stated the difference represents the property reevaluation which was effective this year. Mr. Sabatelli pointed out reevaluations are now being conducted every four years.

c) Development Services

Development Services (page 35)

Jeff Ruggieri, Director of Development Services, reviewed the highlights of the department's budget, noting the budget has remained relatively flat and is slightly below last year's adjusted budget. There are no changes to personnel, although there are currently two vacancies in the department for which interviews are being conducted. The budget includes \$35,000 for demolition of blighted properties. Alderman Odham asked what percentage of those demolitions are in the proposed redevelopment area. Mr. Ruggieri responded roughly 90%. Alderman Odham then asked if the Redevelopment Commission is formed whether the Commission would pursue the demolitions or if the Governing Board could have input. Mr. Ruggieri stated the Board could continue to have input.

Other professional services is budgeted at \$40,000 to allow the city to take advantage of economic development opportunities which require studies, surveys, appraisals, etc. Alderman Bengel questioned whether the \$40,000 or any portion thereof would be earmarked for the Redevelopment Commission and noted she did not see any funds allotted in the budget for the Commission. Alderwoman Harris asked if the department requested funds for the Commission and if so, whether those funds were removed from the budget. Mr. Ruggieri responded funds were not specifically requested for the Redevelopment Commission. However, if the Board wanted to use the

\$40,000 in other professional services for the Redevelopment Commission, then that is what the funds will be used for. Alderman Odham questioned whether Community Development Block Grant ("CDBG") funds could be used 100% for the Redevelopment Commission, and Mr. Ruggieri did not think that would be an issue, but stated he would have to check.

Alderman Bengel noted a request of \$5,000 was sought to fund GIS and CED interns, but the department was not granted that money. She asked if that denial of the request would impair the department. Mr. Ruggieri replied the money was moved from temporary help services to seasonal salaries. The department plans to utilize an intern from East Carolina University over the summer. Mr. Stephens noted the budget team moves money that is not allocated in the correct line item.

(Alderman Kinsey briefly stepped out of the room at 2:08 p.m., returning at 2:12 p.m.)

Alderman Odham asked about the two trade shows for Retire New Bern and whether those are beneficial. Mr. Ruggieri replied it has proven beneficial and noted the growth in Carolina Colours which has a value of over \$7 million. Alderman Bengel noted the Tourism Development Authority ("TDA") also sends someone to trade shows and asked if City could partner with them and possibly trade off shows so as not to duplicate efforts. While Retire NC did attend shows this year, there was no one there representing New Bern according to Mr. Stephens. The City specifically focuses on sending someone to represent New Bern. Mr. Ruggieri said the City started attending the trade shows at the request of Carolina Colours. The first year a City representative attended, it partnered with Weyerhaeuser and Carolina Colours who shared the cost of the City being at the show. The City is willing to partner with any other developers who are willing to grow the community. Mr. Stephens said there are approximately seven different shows a year, and Alderman Bengel asked we work to get the best bang for our buck by partnering with the TDA, etc., as she felt it was a duplication of services. Some communities and neighborhoods spend millions of dollars to market their communities per Mr. Stephens.

Community Development Fund [Other Funds] (page 321)

This fund is more of a focused fund, and over the past few years, most of the money is used for Paint Your Heart Out. Alderwoman Harris questioned whether a budget of \$5,000 was sufficient, noting a previous actual budget of about \$14,000. Mr. Sabatelli replied of the \$14,000, \$5,000 went to Paint Your Heart out and approximately \$8,200 was for an audit adjustment for a loan allowance. Mr. Ruggieri explained CDBG programs, loans and liens that are placed on the subject properties.

Public-Private Partnerships Fund [Other Funds] (page 379)

These funds are used for the façade grant in the Choice Neighborhoods Initiative (“CNI”) area, and Mr. Ruggieri explained how the grant works. The budgeted funds are enough to fund one project or two smaller projects.

Alderwoman Harris asked if money could be appropriated to nonprofits when the nonprofit is doing something that will benefit the citizens. Mr. Stephens said that type of funding is more appropriate under Special Appropriations. In past years, funding for Swear Bear, Craven Arts Council, etc. were reflected in the Special Appropriations budget. Alderwoman Harris said when that funding was eliminated it hurt some of the underdogs, like Duffest, and she suggested it be reinstituted with better stipulations attached that the event/expenditure will benefit the citizens. Mr. Stephens responded that is a decision that is up to the Board. It can choose to handle requests on a case-by-case basis or however it chooses. Alderman Bengel asked if the Community Development funds could be utilized, and Mr. Stephens noted typically it has been funded under Special Appropriations.

Alderman Aster asked if there is currently a waiting list for the façade program, and Mr. Ruggieri responded no. Last year, there was one project funding and two the year before. Essentially, the CNI boundaries are utilized, but if funds have not been used, Mr. Ruggieri has stepped slightly outside of the boundaries to facilitate a project. Alderman Bengel said she would like to see the recipients have skin in the game, and Mr. Ruggieri noted the City reimburses the property owner at 50% so they are funding the other 50%.

MPO Plan Grant [Other Funds] (page 357)

The Metropolitan Planning Organization (“MPO”) is relatively new, having been created a few years back as a regional organization. It has approximately \$50,000 people in its boundaries. There is a technical board that makes decisions on how the money is spent. Most funding comes from federal monies, although member communities are required to donate to it. New Bern’s match to be in the MPO is approximately \$23,000. Other members contribute as well based upon their population. In the state, New Bern’s MPO has been the most successful for its size. There are well over \$130 million in transportation improvements coming to the New Bern area. Notably, MPO money cannot be used for construction, but is restricted to planning. The allotment of \$50,000 for other professional services is solely for planning. Mr. Ruggieri provided a brief explanation of funding with respect to the Craven Area Rural Transit System (“CARTS”) and noted Craven County has a representative on the MPO’s policy board.

d) Finance

Accounting (page 49)

While there are not a lot of changes, the budget does reflect added debt service for the Munis software per Mr. Sabatelli. The amount budgeted for payment to Craven County for collection of the City's ad valorem taxes is \$146,500. Based on review and analysis, this continues to be financially feasible, and the County has a very good collection rate of approximately 99.25%.

At Alderman Bengel's request, Mr. Sabatelli confirmed the \$36,000 reflected under accounting professional services covers the auditor's fee. Mr. Sabatelli noted this is the third year the City has utilized this auditor. Most audit firms charge for travel fees, but the City's current auditor waived those fees when it was seeking clients in North Carolina. Alderman Aster asked about funding reflected in IT restricted equipment (account 74931). Mr. Sabatelli said it will replace a laptop and five personal computers. Funding reflected in IP principal payments and interest reflects the purchase of the Munis software. Alderman Odham asked if the total Munis cost was available so it could be cross referenced with the IT savings. Mr. Sabatelli stated he would have that information for the board at its budget workshop tomorrow.

Purchasing/Warehouse (page 56)

This is a fairly simple budget with no staffing changes. Alderman Bengel asked about the new funding reflected under services & maintenance contracts (account 73210), and Mr. Sabatelli stated it represents the annual maintenance for Munis. As noted earlier, a breakdown will be provided tomorrow as to how those charges were allocated to each department and division.

Alderman Bengel asked for clarification that the Warehouse is paying a portion of the debt service for Kale Road. Mr. Sabatelli explained the Electric Fund pays the overall debt service, and the Warehouse pays rent to the Electric Fund. The rent is a little lower this year because the interest on the loan is decreasing. Alderman Aster questioned the temporary help services at \$29,000, and it was explained this covers a basically full-time, temporary stocker, which is more cost effective than having an additional employee. Also of note, the increase in I/P principal and interest payments is relative to Munis.

e) *Fire (page 63)*

Prior to reviewing the budget, Alderman Aster stated there are a couple of questions the Board needs to answer for the benefit of the Fire Chief. One of the standards established by the National Fire Protection Association's ("NFPA") regarding staffing levels is known as NFPA 1710. The Board needs to consider what it wants as a standard response time. NFPA recommends 240 seconds for a first responder 90% of the time and 480 seconds for the

second due at 90% of the time as well. Aster stated the City cannot meet that standard, but he thought it was something that should be worked toward. While it may take 10 years to achieve, the Chief at least needs direction from the Board. Alderman Aster voiced a desire for the Board to give guidance today that indicates the Fire Department should work toward the NFPA standards. The Commission on Fire Accreditation International has also adopted this as a standard. The Police and Parks and Recreation departments have achieved accreditation, and Alderman Aster stated he was sure Chief Boyd during his tenure would like for the Fire Department to also be accredited. Alderman Aster stated he was prepared to make a motion to give the Fire Chief guidance as to meet NFPA 1710 standards and that the City work toward meeting that standard.

Alderman Aster noted the City is meeting the standard 90% of the time from the headquarters station. This is due to the fact that it is located within a fairly tight territory and it has two engines. The Thurman Road and Elizabeth Avenue stations cannot meet the standard. While current response times were discussed at the recent retreat, Alderwoman Harris noted the focus was on overall strategic planning, and the issue of response times was not addressed. She suggested a discussion be held later to focus on this. Alderman Aster reviewed the current response times from the Thurman Road station. The goal would be to eventually have two engines at the Thurman Road station, as well as a station near the Pleasant Hill area to fulfill the first due with Elizabeth Avenue acting as second due for Pleasant Hill. Before the City can start working toward these goals, Chief Boyd needs direction. The Chief has asked for direction two or three times, but it has not been picked up on according to Alderman Aster.

Alderman Aster reiterated he thought he had made a motion to give the Fire Chief direction to meet NFPA 1710 which is the standard most communities use for fire response and to work toward meeting that standard. Alderman Odham said he did not disagree with the Board giving Chief Boyd its current expectations, but felt everything is tied to a number and noted the Board goes through this each budget season. Everything is tied to a number and for the Chief to get closer to meeting the expectation will require some expenditures. The Board will then have to decide the following year whether to fund those expenditures. In essence, by working toward a goal, the Board is committing itself financially in the future. Alderman Aster stated he did not think anything short of building fire stations and adding personnel would make the Department reach the NFPA standard. While that is not going to happen, personnel can be added to some of the stations that have long response times.

Alderman Aster stated there are two tracks of land noted that the owners would like to donate to the City. He suggested the City secure the property and place a sign on them indicating they are future homes of a fire station. Until the Board gives Chief Boyd direction, he is lost according to Alderman Aster.

Alderman Odham responded that he hoped Chief Boyd is not lost and is looking for opportunities to cut response times. Chief Boyd said they are working diligently to find every avenue possible to improve times; however, it is helpful to know their benchmark goal. Alderwoman Harris asked Chief Boyd for his recommendation and where he would see himself in the next two years and what is a realistic goal, maybe one that is below the NFPA standard? Chief Boyd replied the NFPA 1710 is the ultimate goal, regardless of how long it takes to get there. Chief Boyd said if response times of 4 and 8 are set as goals, the City does not have enough personnel to reach that goal. Alderman Bengel said she understands there is a dollar amount associated with the goal, but it is the city's responsibility to provide services such as police, fire, public works – infrastructure, protection and safety – to its citizens. Alderman Aster stated it is hard for the Fire Chief to come up with a 10-year plan if he does not know what he is planning for. In follow-up to an email sent to the Board, Alderwoman Harris asked if firefighters had been cut from the budget, and Alderman Aster responded yes.

With respect to the property that has been offered to the City, Alderman Aster noted the Fire Chief has identified it as a suitable location for a station. He again suggested the City secure the property, which would be one step toward the goal. The fire truck that was purchased for Thurman Road about four years ago will accommodate six firefighters. It is the only truck the City has that will accommodate this many. The goal was to put six firefighters at that station. Adding personnel to the Thurman Road fire station is a step toward meeting the objective according to Aster. The only way for the Thurman Road station to meet the response times is for it to have two fire trucks.

Mayor Outlaw asked Alderman Aster if he had a second to his earlier motion, and he replied no. Alderman Bengel asked him to make a motion with some numbers in it, and she would second it. Alderman Aster then made a motion to establish a goal to meet the NFPA 1710 standard which is a 4-minute response time 90% of the time for first due and an 8-minute response time 90% of the time for second due, seconded by Alderman Bengel. By a show of hands, the motion carried 4-2 with Aldermen Kinsey and Odham voting against it.

In reviewing the budget, Chief Boyd noted salaries have increased mainly due to the inclusion of a Fire Inspector position, raises, and results of the pay-study adjustments. Operating costs have increased slightly. All buildings will be converted to LED lighting, which will be an initial cost that will yield future savings.

Alderman Aster stated he received an email questioning why the City is spending money to replace the automated external defibrillators ("AEDs") when the City is not in the EMS business. Alderman Aster responded the City is in the life-saving business whether it is an EMS or not, and Alderman Bengel agreed. The emailer also questioned \$3,000 for miscellaneous equipment, and

Chief Boyd stated that covers miscellaneous tools for urban search and rescue tools and there is also \$3,000 for confined space equipment: The \$3,000 budgeted for contracted fire protection provides for Tricommunity Fire Department to cover the area of Bridgeton that is outside of the five-mile radius.

Alderman Bengel asked if the Board gave direction about getting an architectural design for a station. Mr. Stephens replied the Board did give direction and said there has been a lot of discussion about this. He pointed out the cost of the new Water Resources facility with 8-10 bays, offices, and a lot of paved areas is \$1.4 million, yet \$2.5 million has been provided as an estimate for a new fire station. Mr. Stephens thought it best to pursue some value engineering and a design build instead of wasting money on a plan. While you can get an architectural plan, the subsoil conditions may warrant certain things in the plan have to be changed. Staff has chosen to hold off on obtaining plans, as the preference is to proceed wisely. The proposed budget does not provide money for plans, and Mr. Stephens explained how such an expense would typically be handled with a project fund. Mayor Outlaw was supportive of pursuing value engineering. Based on direction that has been given to the Fire Chief, Mr. Stephens suggested the Chief come back to the Board to identify the potentially best location for a new station. After the Board considers the Chief's recommendation, the City may desire to move forward with accepting a land donation, etc. Alderman Aster felt the Board should direct the Fire Chief to move forward as quickly as possible with identifying the best location. Mr. Stephens expressed a caveat may be the location and completion of the 43 connector.

Alderman Odham asked whether the classification pay plan in the front of the budget book included benefits or if it referred to salary only, and noted the requested Fire Inspector position did not reflect benefits (page 71). Mr. Stephens confirmed the pay plan referred to salary only. Chief Boyd noted typically the department promotes from within and explained the benefits would already be reflected in the budget if that were to happen. Alderman Odham also questioned the proposed merit increases, and Sonya Hayes, Director of Human Resources, noted employees who are promoted are not eligible for increases during the first six months of their promotion period.

Alderman Odham commented he did not think page 74 should be included in the budget as it could give the misconception that all of those positions are being approved, and Mr. Stephens said he would make sure it is removed. Chief Boyd stated that was included in part to show the positions that were proposed. Alderman Bengel questioned whether all of those positions were funded, and Chief Boyd confirmed they were not. The recommended budget reflects the addition of one fire inspector position. Not included in the recommended budget is a request for 12 additional firemen, a deputy chief and a training captain. Chief Boyd stated the 12 firefighters were designated for the Thurman Road station, and he explained the process for cutting those

requests. Alderman Aster asked if the Board could fund six firefighters for the Thurman Road station how that would help the suppression team. Chief Boyd said he would be thankful. Alderman Aster then asked Mr. Sabatelli what the six positions would cost the City, and Mr. Sabatelli stated he would have to calculate the cost. Alderman Odham responded it would be approximately \$340,000, which Mr. Sabatelli said was probably about right. Alderman Aster felt it important to look at funding the six additional firefighters. Alderman Bengel asked Chief if there was anything that could be cut from the budget to make it easier for the Board to add the six positions.

(Alderman Kinsey briefly left the meeting at 3:34 p.m.)

In response to Alderman Bengel, Chief Boyd said the budget as a whole is at a minimum and there is no way he could find the money. Mayor Outlaw noted he could not vote for the additional positions today, but some date prior to the budget approval he may be able to support it. Alderman Bengel said she thought an additional budget workshop may be needed. This request should be added to a "parking lot list" of items to be considered for inclusion in the budget.

(Alderman Kinsey returned at 3:40 p.m.)

Alderman Aster noted the department's fleet is starting to age and asked when replacements will be requested. Chief Boyd noted next year's budget will begin to reflect those replacements. Alderman Odham said he would like to see the estimated debt service numbers for a new piece of equipment as that needs to be factored into the decision of adding six new personnel since personnel and debt service are recurring expenses.

Alderman Odham made a motion to recess for 10 minutes, seconded by Alderman Kinsey, time being 3:44 p.m. The motion carried unanimously. The meeting resumed at 3:56 p.m. with Mayor Outlaw and Aldermen Aster, Kinsey and Odham in attendance.

f) *Human Resources (page 77)*

Mrs. Hayes said operationally, Human Resources' ("HR") budget reflects no changes.

(NOTE: The meeting momentarily stopped at 3:56:41 p.m. as Alderman Kinsey briefly walked out of the room to take a phone call, which did not render a quorum. The meeting resumed at 3:57 p.m.)

Employee awards reflects a slight decrease as money was removed for departmental retirement functions. Other professional services is also decreased as last year's budget included a market study for salaries.

(Alderman Bengel entered the room at 3:58 p.m.)

Thirty-thousand dollars has been budgeted as HR's portion of the roof replacement. The remainder of the cost will be paid by Development Services, as they share the building.

Alderman Bengel asked about the copier contract, noting all the departments have charges for copier costs.

(Alderwoman Harris entered the room at 3:59 p.m.)

Mr. Sabatelli replied the copiers are under contract, which includes the ink and per click charges. The cost allocated to each department is based upon usage, which is why HR's allocation increased. Alderman Kinsey asked if it is cheaper for the City to purchase its own machines, and Mr. Sabatelli said the maintenance cost is included in the current lease contract. When this lease ends, options will be revisited at that time.

Mr. Sabatelli also explained garage charges are allocated based on the number of vehicles a department has along with the cost to maintain that vehicle, and Mrs. Hayes confirmed HR has one assigned vehicle. Alderwoman Harris asked about the cost for document storage and whether the City has considered utilizing one of its unused buildings for storage. Mr. Stephens stated because of retention requirements, it would be costly to appropriately outfit a building for record storage. Additionally, personnel would likely be needed to staff the building to catalog the contents.

Employees' Benefit Insurance Fund [Other Funds] (page 333)

Mr. Sabatelli explained the revenue side of the Employees' Benefit Insurance Fund, noting fund balance has been appropriated. Mr. Stephens stated the health insurance will need to be visited in the future. A spouse of a 25-year employee pays more than the spouse of a 30-year retiree. Dependent coverage is heavily subsidized. Alderman Odham asked if staff could provide a history of changes in employee contributions over the last 10 years as well as increases from benchmark cities, and Mr. Stephens said staff could do that. Mr. Stephens pointed out prescription costs are rising, and the City needs to push wellness programs. Alderwoman Harris asked why employees do not pay a minimum cost for their insurance versus receiving free coverage. Mr. Stephens said this has been discussed in the past, but it does hurt the City with respect to its ability to recruit employees. Mrs. Hayes said for public entities, it has been a drawing card to offer employee-only coverage at no cost. Mr. Stephens stated one option being considered is a screening clinic to detect health issues earlier.

g) *Police (page 111)*

Chief Summers noted there have been a lot of retirees in the department, and the force is now rather young and requires more training. Roughly 80% of the PD's budget pertains to personnel services. Alderman Bengel asked about the \$18,000 for attorney's fees reflected in account 71190, and Chief said that covers attorney's fees associated with constitutional issues such as search and seizure requests, forfeited vehicles, etc. Alderman Odham asked about the increase in garage charges, especially in light of the purchase of new vehicles. Mr. Stephens stated the increase reflects the garage relocation, which was allocated to all departments. Alderman Bengel questioned the cost for telephone service, and Chief Summers replied most of this is for air cards in the mobile data computers. Capt. Jones said the department is considering cradle points in the police cars instead of the actual computers, which allows the officers who share cars to share the air card. This will reduce the cost some.

The increase in furniture and equipment reflects a request for \$15,000 to replace furniture in the detectives' division. The furniture in that office only accommodates four officers, and that division is being increased to six officers. Alderman Bengel asked if the Harris Radio replacement in other supplies and materials (account 74910) was referring to replacement of the new system that was purchased in approximately 2011. The Chief confirmed this and stated the plan is to replace five radios a year so as not to have a major expense at once, and he explained the new radios would communicate with the state, whereas the current radios cannot.

Alderwoman Harris questioned the proposed budget of \$15,000 for special investigations, after pointing out the request detail sheet reflects no funds were requested. Chief Summers stated it was originally included in Police Special Revenue, but in order to have a balanced budget for Police Special Revenue the charges must be moved to the general fund. He explained this in further detail.

Alderman Bengel asked about the Animal Control Officer ("ACO") and whether it is included in the Police budget. Chief Summers noted that position is included in personnel. Alderman Bengel expressed surprise that there was not a request for additional staff, noting she knew one person could not handle all the calls that are received. Alderman Odham asked how the City handles off-hour calls. Chief Summers said on-duty officers handle the off-hour calls and do the best they can, and the City also has some support from the County. Alderman Bengel suggested the addition of another ACO be placed in the "parking lot" for later consideration. Chief Aster also asked about the Director of Communications position, and Chief Summers noted the department no longer has that position as it is now a lieutenant's position, which offers the department more flexibility. Chief Aster questioned how a police officer could

perform the duties of the Director, which in his mind needed to be a full-time position. Chief stated it was the Board's desire that the department reduce the amount of civilian employees. That job is an area the department decided could be performed by a sworn position.

Tasers are good for only five years, so some of those are being replaced each year. Mrs. Culler explained bodycams were part of the initial request, but since state legislation is still pending regarding body-worn cameras, replacement tasers were included in their place. Alderman Aster stated he did not want to cut anything that would protect officers. Mrs. Culler explained the department had requested to transition from a 45-caliber gun to a 9 mm, which would be an initial outlay of cost to replace those weapons. Captain Bob Jones explained the request was made for capacity reasons, and today's 9 mm guns are much better than those from years ago. Mr. Stephens pointed out replacing the guns would also have an associated cost of replacing ammunition as well. The total cost to buy 100 new guns would be \$33,600, which includes an offset for trading in the current guns.

(Alderman Kinsey briefly left the room at 4:51 p.m.)

The annual replacement of 10 vehicles was briefly discussed in some detail. The goal is to replace front-line police cruisers every seven years or 70,000 miles.

(Alderman Kinsey returned at 4:54 p.m.)

The department's budget includes a request for a new canine, special camera, and a speed/message board, all of which are reflected in other capital equipment.

Emergency 911 Support (page 127)

This budget funds two positions. Alderman Bengel asked the City Manager if he had computed potential savings if 911 services were consolidated. While there will be cost savings, the City will still need to dispatch. Alderman Bengel expressed a desire to make the consolidation a goal and priority. Mr. Stephens reported Havelock and New Bern are interested in consolidation, but he would need the Board's assistance in "shaking the political sides". A study has been performed at least four times on the impact of consolidating these services, but unless the County is in agreement, the City is spinning its wheels. An agreement for consolidation would need to meet the approval of all parties, as well as comply with accreditation requirements. Most counties that move to a consolidated 911 system have a 911 Board that consists of the Police Chiefs, EMS representatives, Sheriffs, and volunteers to establish policies, etc. Chief Summers noted only a third of the calls received are 911 calls; the remaining two-thirds are administrative calls that would need to go to a communications center. New Bern's PD's Communications Center handles approximately

90,000 calls a year. Alderman Aster said he would love to see the administrative calls removed from the Communications Center, as that is a big burden on the telecommunicators. Captain Jones noted a lot of departments have front-desk staff to handle non-emergency calls and the communications centers handle the 911 calls, while other departments operate as New Bern does with all calls going to the center. Chief Summers pointed out there is no real cost savings with consolidation because there would still be a need to pay someone to answer the administrative calls. When asked, Chief Summers noted he requested two additional telecommunicators, but they were cut from the budget. Alderman Odham pointed out if a call is not answered by our Communications Center, it rolls to Craven County. It was suggested the addition of two telecommunicators be placed in the “parking lot” for later consideration. The entry level salary for a telecommunicator is \$32,000 a year per person plus benefits, for a total estimate of \$45,000. Alderman Aster asked for a copy of the “justification” for the position (personnel request form).

E911 Emergency Telephone System [Other Funds] (page 327)

Revenue and expenditures were briefly reviewed by Chief Summers. Notably, E911 funds come from a tax that is placed on cellphones. E911 funds cannot be used for salaries, but can be used for the expenses detailed on page 331, which include travel and training. Miscellaneous other services (account 72890) reimburses the city for services needed to keep the 911 system operating. Mr. Stephens briefly reviewed the list of what the funds can be used for. Chief pointed out if there is a consolidation of 911 services, E911 funding would be given to the consolidated Communications Center, although the City would still have equipment that it would have to pay for. Capt. Jones pointed out the City and County are each other’s backup sites.

Alderman Aster asked if the air cards could be paid for with E911 funding, and Chief Summers replied no. The funds must be used for costs associated the calls dispatched within that room. Therefore, office chairs are covered since the telecommunicators must sit in a chair. The air cards are not covered because they are not within the communications room, but are in the officer’s car.

Parking (page 116)

This budget is new based on the addition of parking enforcement. The Police Department will hire four part-time people who will be on the ground after July 4th to enforce parking. The budget provides for the purchase of software and a vehicle. Alderman Bengel pointed out the MSD will contribute up to \$34,000 toward the parking enforcement, which Mr. Sabatelli expanded upon to note the contribution will be up to \$34,000 of actual costs. Alderman Bengel questioned why the budget contained an item for fuel, as she thought an electric car was being purchased. Chief Summers said the fuel line is an oversight, and Mr. Sabatelli stated it was his error as he did not realize the vehicle would be electric. This \$1,200 expense will be removed from the budget.

Police Special Revenue Fund [Other Funds] (page 373)

This is basically used to investigate and mitigate drug crimes.

(Aldermen Odham and Kinsey briefly left the room at 5:24 p.m.)

Chief Summers noted the City has not been getting a return from its federal partners; seized money is being kept by the federal government.

Equitable Sharing US Dept. of Justice [Other Funds] (page 339)

This is also used for investigating and mitigating crimes and special investigations.

Alderwoman Harris asked if the Police Department budgets funds for Badge, Faith and Community, and Chief Summers commented that event is solely funded by the churches.

Alderman Aster asked Chief Summers if there was anything requested but cut from the budget that Chief Summers felt he could not live without, especially funding needed for officer safety. Chief Summers responded no. Alderman Bengel commented when she took office as an alderman in 2009, the department's budget was \$12 million, and the Board had an issue with that and found it difficult to justify that amount. Therefore, the Board took steps to bring the budget down. The budget is now over \$11 million and almost back up to where it was.

(Alderman Odham returned to the meeting at 5:26 p.m.)

Chief Summers pointed out most of the budget is reflective of salaries. Alderman Bengel called attention to the fact ad valorem taxes are around \$14 million, which is almost the full amount of the Police Department's budget.

(Alderman Kinsey returned to the meeting at 5:28 p.m.)

A brief discussion was held as to whether to continue with the meeting or pick up tomorrow with the discussion of Public Works. Mrs. Blanco noted the meeting could be recessed until tomorrow, if desired. The consensus was to push through with a review of Public Works' budget, but take up with Parks and Recreation tomorrow.

h) Public Works

Administration (page 133)

Matt Montanye, Director of Public Works, reviewed the budget details noting Travel and Training is increased to provide for him the opportunity to attend a

couple of conferences. Two computer replacements are requested for administrative staff.

Insurance (page 139)

This budget contains no personnel as any work pertaining to insurance is handled through Public Works Administration. While insurance is actually going through the renewal process now, an increase in premium is not expected. However, a 2.5% increase has been provided in the event there is a slight increase. Alderman Bengel asked if the City bids out the insurance and asked whether Jeff Quinn of SIA Group acts as a consultant, noting local agents state they never get a chance to bid on the City's insurance. Mr. Montanye explained while we bid the insurance, the consultant services are not bid out. The consultant fee and insurance premiums are all rolled together. While she does not have an issue with SIA, Alderman Bengel questioned whether the City is following an equitable process. Mr. Stephens said staff could look at the contract and consider opportunities to bid it out.

Garage (page 141)

Garage costs are allocated out to all departments, which is why each departmental budget reflects central garage charges. The major difference in this year's budget is it reflects debt financing for relocation of the city garage. The garage division also pays the vehicle liability insurance, which has increased from \$145,000 to \$160,000. Vehicle insurance is shown in this budget instead of the insurance division since the garage budget is allocated throughout the City.

Public Buildings (page 144)

This division has no capital requests this year. An increase is reflected in capital debt service to cover the purchase of a vehicle and a new generator for city hall. The operating budget indicates an almost \$100,000 decrease, which can be misleading as the current budget reflects the money received from FEMA for the repair of the roof at city hall. Utilities for the firemen's museum has been reduced from \$12,000 to \$8,000. This is a result of the museum moving to its current location and no longer occupying two buildings. Cleaning services have increased because the contracts for floor buffing and waxing has been moved to this account. Alderman Odham pointed out the tile at the West New Bern Recreation Center had been replaced and looks great, but often the cost of maintaining the VCT floors is not captured. There are many other options that may have higher up-front costs, but are virtually maintenance free. He suggested staff look at that going forward.

Alderman Kinsey questioned whether grass mowing would be improved this year. Mr. Montanye responded the mowing of all the parks and city buildings falls under Parks and Recreation. A lot of that was placed under a contract. The Street Division manages the weeded lots and right-of-way mowing.

Money for repairing the clock tower was removed from the budget, since plans are to handle that repair during the current fiscal year. A budget amendment will be presented to the Board on May 22, 2018. Alderman Bengel inquired about a new chair lift for city hall, and Mrs. Culler replied any leftover funds this budget year will be combined in an attempt to make that purchase. If the purchase amount exceeds \$5,000, Mr. Stephens noted it would be considered a capital item and would require the Board's approval.

Streets (page 151)

Mr. Montanye noted this is the largest division in Public Works' budget. The major difference in this budget is for debt services repayment. Debt payments will increase from \$100,302 this year to \$401,780 in Fiscal Year 2018-19. This is due to approximately \$100,000 in purchases that have been made for a street sweeper, backhoe, some milling attachments, and control boards for stop lights; \$200,000 reflects the \$1.5 million in stormwater improvements approved by the Board this past year. Expenses for personnel services stay roughly the same and operating is actually fairly close, although it looks off due to the large \$2 million paving project. Operating expenses include \$800,000 for street resurfacing, \$430,000 for street lighting, \$85,000 for sidewalk and curbing improvements, \$26,000 for the annual radio communication contract. Capital improvement purchases allow for the procurement of flat-bed truck, a service truck and an asphalt patch truck.

Alderman Bengel questioned the motor vehicle account (75210), noting it did not add up to the items listed on page 151. Mr. Stephens said the service truck at a cost of \$38,000 was cut from the budget, but was not removed from page 151. Mr. Montanye reflected upon the \$20,000 increase in electricity for street lights (72320) and related it to the increase of additional lights that are added throughout the year. All of the street lights now being installed are LED. Mr. Stephens noted he had staff analyze the cost for a largescale switch out of the metal high-pressure sodium lights with LED lights and the payout would take six or seven years. Replacement involves the whole light head, not just the bulbs. At some point, the City will start to see a significant cost reduction in electricity with implementation of LED lights. Mr. Montanye also noted city buildings are being converted to LED as well.

Alderman Bengel asked how much is received in Powell Bill funds, and Mr. Sabatelli replied the current fiscal year funding was approximately \$874,381. Alderman Bengel asked about the reduction in funds in account number 72552, noting the detail sheet shows \$1,250,000 was requested in Powell Bill related street maintenance. Mr. Montanye stated he was previously asked to try to budget \$1 million annually for paving. Last year's paving budget was \$700,000. Better pricing is obtained for larger contracts, so a larger project costing \$975,000 was pursued; of that, \$700,000 will be paid from last year's budget and the remaining \$250,000 was placed in FY2018-19's budget. The additional \$250,000 was added to the standard request of \$1 million. With the proposed

budget of \$800,000, \$250,000 of that will be spent to wrap up the larger project, leaving just over \$500,000 for paving in the upcoming fiscal year. The funding for Old Airport Road was discussed during the Manager's budget presentation, at which time he provided options for funding (motor vehicle tax increase, etc.). Funding for that project is currently not in the budget as the funding mechanism needs to be determined.

Alderman Aster asked about the funding for Old Airport Road, and Mr. Montanye explained the NC Department of Transportation ("DOT") must officially abandon a portion of the road after which the City has to officially accept it. At that point, DOT will cut the City a check within 90 days. Alderman Odham asked whether DOT could also cut a check for Trent Road as they have not yet paid for the small section that was not resurfaced. Mr. Montanye noted he and Mr. Stephens were discussing that last week, and he is looking into the matter.

Solid Waste (page 160)

This division represents commercial and residential trash which is handled through Waste Industries, as well as leaf and limb services that is handled through Public Works' Leaf and Limb Division. Alderman Bengel questioned what the expected revenues would be if the Board made this an enterprise fund. According to Mr. Stephens, if an enterprise fund were created to include sanitation and leaf and limb it would be an amount equivalent to the division's expenditures, which would be \$3.118 million based on the proposed budget. He explained the benefit to the general fund would be approximately \$280,000, and noted that is based on a sanitation rate of \$14.75. Mr. Stephens then handed out a comparison of what other benchmark cities are charging. The city is currently charging \$11.75, which means it is subsidizing this service. The comparisons were discussed, and it was noted by Alderman Aster that New Bern is lowest of the benchmarks listed on the handout. Alderman Aster asked what needed to happen to make the program fund itself. Mr. Stephens explained two options. The first is leave it in the general fund and either continue to subsidize the costs or leave it in the general fund and raise the rate. The other option is to pull it from the general fund and make it an enterprise fund where it is fully self-sustainable and easier to manage as far as the budget is concerned.

(Alderman Kinsey left the meeting at 6:05 p.m.)

Mr. Stephens explained the impact of the latter option when the contract is bid out again, which is not for another four years. He recommended five-year planning and explained how that would work. He further noted the cost to subsidize this annually is \$280,000. Alderman Bengel asked that this be on the "parking lot" list.

Alderman Bengel made a motion to recess until 1 pm tomorrow to continue talking about Stormwater (item i) and Parks and Recreation (item j), second by Alderman Aster. The motion carried unanimously, time being 6:09 p.m. Of note, Alderman Kinsey had left the meeting, thus technically yielding an affirmative vote.


The attached documents are incorporated herewith and are hereby made a part of these minutes.

NOTE: For additional details and information on the Board of Aldermen meetings, please visit the City of New Bern's website at www.newbern-nc.org. Video and audio recordings of the meeting have been archived.

Minutes approved: May 22, 2018

A handwritten signature in black ink, appearing to read 'Dana E. Outlaw', written over a horizontal line.

Dana E. Outlaw, Mayor

A handwritten signature in black ink, appearing to read 'Brenda E. Blanco', written over a horizontal line.
Brenda E. Blanco, City Clerk