

**City of New Bern  
Board of Aldermen Budget Work Session  
May 14, 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 (arrived at 2:45 p.m.), Alderman Robert Aster, Alderman Johnnie Ray Kinsey (arrived at 1:07 p.m.), Alderman Barbara Best (arrived at 1:16 p.m.), and Alderman Jeffrey Odham. Absent: None. 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.

Alderman Bengel made a motion to allow public comment at this time, seconded by Alderman Odham. The motion carried unanimously.

Mayor Outlaw opened the public hearing, and the following spoke:

Ken Kirkman, President of Carolina Colours Homeowners Association, spoke on behalf of 50-60 residents who planned to attend, but instead chose him as the spokesperson. Mr. Kirkman spoke in favor of adding additional staff to the Thurman Road fire substation, noting a concern about the response time for adequate equipment to arrive in that region. He also voiced concern that the construction on Highway 70 will be a gigantic mess that will last for three years and may impede the ability to respond. However, once construction is complete, it may be beneficial to reevaluate the need for additional staff.

Juliana Borges of 4413 Cobblestone Alley, a second grader, stated she learned about city government at school this year. She also noted as a Girl Scout, she has learned about the need to raise her voice for matters that are of concern. As a resident of Carolina Colours, she expressed fear for her safety due to the lack of firemen at the Thurman Road station. She also communicated concern about how city taxes are being spent, noting there is no price tag that can be placed on the safety of citizens. Juliana displayed a poster made and signed by her classmates asking the City to protect their school and community.

Lori Lozier of 3606 Seafoam Court made a plea for the City to staff the Thurman Road station with six on-duty firemen. She said the City is not living up to the Fire Department's mission to provide continual protection from fire and life-threatening emergencies and referenced the recent fire and full loss of a home in Taberna. She felt the residents of Carolina Colours provided substantial revenue and resources for the City, and Ms. Lozier expressed a lack of security for homes in that area could subtract from future growth.

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(Alderman Kinsey briefly stepped out of the room at 1:17 p.m.)

Alderman Aster presented Julianna with an official city lapel pin.

The Board chose to leave the public hearing open through today's discussion.

1. Continued Discussion of Recommended FY 2018-19 Budget.

At each Board member's seat was a static spreadsheet of the items previously placed in the "parking lot" list. Mr. Stephens explained the interactive list and noted Mr. Sabatelli would update it as the Board expressed its desire for certain items.

(Alderman Kinsey reentered the room at 1:20 p.m.)

Mr. Stephens also explained the spreadsheet is created to reflect the impact certain expenditures will have and the amount of revenue that would need to be generated to fund those items.

Alderman Bengel noted she has spoken with Police Chief Toussaint Summers and discovered the City still has two animal control vehicles, so \$40,000 for an additional vehicle is not needed. With respect to the Animal Control Officer ("ACO"), the tethering ordinance adopted by the previous Board has increased the amount of calls received. Alderman Bengel reviewed the status given to her on the number of calls, and she suggested the addition of at least a part-time position. Mayor Outlaw questioned the County's involvement and whether there is a contract entity that could respond when a police officer is dispatched after hours to respond to animal issues. Alderman Bengel stated part of the problem is the County does not have enough ACOs either, and there is not a holding facility large enough for all of the animals. She stated there is a big issue with feral cats, which Alderman Best reiterated. If most of the calls are received after hours, Alderman Best questioned whether a part-time position should cover the daytime hours and a full-time officer work at night. In response, Alderman Bengel noted her stats did not indicate whether most calls were in the day or evening. However, a part-time person could at least perform animal welfare checks and cover the hours the full-time ACO is out or on vacation.

Alderman Odham noted additional staff would address some of the issues, but there is still no place to take the feral cats. Alderman Aster suggested the cats be captured, spayed or neutered, and then released. This would eventually address the issue, and it is actually a suggested practice by the Humane Society. Alderman Best questioned whether anyone knew of a veterinarian who would be willing to offer in-kind services. Alderman Aster noted the Human Society utilizes veterinarians who perform the service at a discount.

Alderman Bengel stated she would be willing to make a motion to at least add funds for a part-time position, but in the meantime talk to a nonprofit such as the Humane Society to see if City funding could instead be used to pay them to provide some coverage or assist with the situation. Mr. Stephens remarked this was a great idea, but the City would need to speak with the Humane Society. As for the budget, he simply needed to know a dollar amount the Board was willing to fund so he could plug that in. Alderman Odham suggested the Board authorize a dollar amount and not designate whether the funds were to be used for a part-time or full-time position. This would allow staff to determine the best route to pursue. The consensus of the Board was to add \$25,000 to the budget to address ACO needs and remove the \$40,000 for an animal control vehicle. Mayor Outlaw suggested in the next couple of weeks that an ad hoc group look at the issue of feral cats, grant writing, partnering with others, etc. Alderman Odham noted Craven County just hired an additional person, and the City may be able to rely on them for some data.

With respect to the telecommunicator positions, Alderman Kinsey questioned the need to hire more telecommunicators if consolidation of 911 services is still being considered. Mr. Stephens noted at this point, consolidation is up to the County and whether they are amenable with moving forward. Stephens noted the topic has been discussed three or four times in the past. With elections approaching, Alderman Aster recommended the issue be readdressed with the County after its new Board takes seat. Until then, Alderman Aster suggested the possibility of paying an administrative staff or telephone operators to handle administrative calls. Mr. Stephens responded it would require a change in operating procedures and explained this in some detail. Alderman Bengel announced she visited the center last week and described her understanding of how calls are received and answered. Alderman Odham asked if data is available for after-hour calls, and Mrs. Culler replied that information could be obtained. She also noted Chief Summers has been listening to the discussion and is on his way to the meeting. This topic was put on hold until his arrival.

Alderman Best asked if the additional six positions for a Fire Specialist I would all be stationed at Thurman Road, and Fire Chief Bobby Boyd confirmed they would. Alderman Aster asked if the positions were approved whether any supplemental funding would be needed to accommodate the additional staff. Chief Boyd replied the only accommodations would be rearranging the sleep quarters, etc. Alderman Odham stated there has been a lot of discussion about the two-in two-out policy, which he has read through and explained it to his understanding. As the City operates now, four men are not dressed and ready according to Chief Boyd, as the Engineer is not dressed. Chief Boyd explained the tactical process of responding and how much time is involved. Alderman Odham expressed concern that if the City proceeded with adding six new firefighters, the public may assume a false sense of security that this will help battle fires quicker when it is really for the safety of the firemen. Chief Boyd stated additional personnel could probably make a difference of one to two minutes in response time. Alderman Odham expressed a desire to make sure the public understands if the City moves forward with adding personnel,

it will still take an exorbitant amount of time to respond. Alderman Best asked whether hiring six additional people would put the City in compliance with the two-in two-out policy, and Chief Boyd replied yes but it is a gray area, which he explained. Alderman Odham, noting construction of Highway 70 will not start this year, asked whether the addition of three staff members would give the department a little more confidence and make an impact. Chief Boyd answered by saying he would take three staff members if that is all he could get, but he felt that was a matter of splitting hairs and expressed a need for 12 more positions. Alderman Odham noted there is a lot that comes into play with each call for assistance and noted the circumstances that heavily impacted the last two major fires in the Thurman Road area. He also explained it is very easy to add items to the budget, but the challenge is having the revenue to pay for them. Mayor Outlaw questioned adding staff to the Thurman Road station when the other end of town has the same issue, but the issue is not being addressed for that area. Chief Boyd confirmed the Elizabeth Avenue station also has some issues, but the Taberna station was deemed higher on the priority list because of the upcoming Highway 70 project. Alderman Aster stated adding staff does not help the second in, but will allow suppression operations to begin until the second due arrives.

Alderman Bengel stated she is concerned about the amount of money that must be spent, but voiced the utmost respect for Chief Boyd and pointed out he is charged with the safety of New Bern's citizens. Therefore, when Chief Boyd asks for something, the Board has to sit up and listen and make cuts in other departments. For that reason, she stated she would have to support his request. The area near the Thurman Road station is building up even more and is greatly affected by traffic. Although steps were not taken when Pleasant Hill was annexed, she said the City will have to address that area as well.

Alderman Odham asked if the Board would be looking at where to make cuts in other departments, pointing out today's discussion of the "parking lot" list is looking at things to add to the budget. He asked if the plan is to increase revenue to pay for the additional items. Alderman Bengel responded it is the job of the City Manager and his team to take the items the Board wants added and report back to the Board what needs to take place in order to balance the budget. She stated she did not feel it was the Board's job to remove items from the budget. Mayor Outlaw stated he did not see anything that could be cut from this budget. Mr. Stephens stated the amount placed in contingency would not be enough to cover the additional items desired. However, adjustments in revenue would make this possible. Otherwise, services will need to be cut. Alderman Best said some of the Board had discussed the possibility of increasing the motor vehicle fee from \$5 to \$15, and she questioned whether that additional revenue would be of assistance. Mr. Stephens asked J.R. Sabatelli, Director of Finance, to manipulate the working spreadsheet to show the impact of a \$10 increase in the motor vehicle fee. The result was an additional \$248,000 in revenue.

Alderman Aster asked if the Board should look at the items they want left on the list and take out the ones they are not interested in pursuing at this time. Alderman Bengel noted some of the items on the list are those that had previously been considered for funding through a loan. Alderman Best asked what impact would result from increasing the sanitation rate. Mr. Stephens explained any amount above \$1.89 would be restricted for sanitation use. Mr. Sabatelli explained cost recovery and how \$280,000 would go back in the general fund.

(Alderman Bengel momentarily left the room at 2:15 p.m.)

Instead of increasing ad valorem taxes, Aldermen Best stated she would rather see the motor vehicle tax and sanitation rate increased. Mr. Stephens explained the benefits of putting sanitation in an enterprise fund, one of which is capturing all of the expenses within that operation. In an enterprise fund, the rate can be increased to accommodate for the cost of service as well as capital needs.

Alderman Aster asked if the upcoming retirements for Fire Department staff were taken into consideration when estimating the cost of hiring additional fire specialists. For the purpose of providing cost estimates, Mr. Sabatelli stated the retirements were not factored in, but would yield some additional savings.

(Alderman Bengel returned at 2:18 p.m.)

Alderman Aster asked about an elevator for City Hall, which is reflected on the "parking lot" list. Alderman Bengel announced the disability working group has been formed. By law, a plan must exist for the building since it is not handicap accessible. The City's current plan is 30 years old, and Mr. Stephens confirmed the plan should be updated. He also pointed out the building is handicap accessible, although the means are not the most ideal. The City has the ability to get someone upstairs or where they need to be within the building. The cost of \$1.25 million represents an estimate for an old plan to build an addition to City Hall for an elevator shaft. Although less costly options may be available, they will still be significant in cost. Mr. Stephens pointed out the items on the "parking lot" list are the items the Board asked to place on the list, as well as items staff recognized as projects or expenditures that have been pushed down the road, or those that have been previously approved and will need to be funded. As far as the community center, Alderman Best said she did not see a dire need for it at this time as there are more pressing issues in Ward 5. However, she does hope the Board will consider a center in the future. For now, the resurfacing of Oaks Road/National Avenue is a priority.

Alderman Bengel stated she stepped out a few minutes earlier to take a call from Alderwoman Harris, who apologized for not being here and noted she was still working with a client. Alderman Bengel acknowledged it is difficult for people to sometimes pay their taxes, but noted the City has put off too many projects. She expressed a desire to proceed with citywide mass paving. She felt it important to move forward with meeting the infrastructure needs. Although it would require a tax

increase, it would allow the City to get these items done and make it possible to consider other items in future budgets. Alderman Aster asked if the Board should identify which items on the “parking lot” list should be considered for financing. Alderman Bengel stated her financing priorities would include the Trent Road expansion, Oaks Road resurfacing, Old Airport Road expansion, a new fire station, citywide mass paving, and the City Hall elevator. Alderman Aster stated he did not think the City was ready for a new station, to which Alderman Bengel replied she understood the City was not ready for that, but it could have the funds on hand when needed. However, she was amenable to removing it from the financing list.

Mayor Outlaw pointed out Chief Summers was now in attendance and could provide information on the telecommunicators. Chief Summers clarified there are three main numbers used to contact the Police Department: 672-4100 (administration), 633-2020 (all non-emergent calls), and 911 (emergent calls). Calls for the Chief, police officers, requests for reports, etc. are received on the administrative line. The 90,000 calls Chief Summers referenced earlier were the total of all calls to 2020 and 911. Chief Summers felt non-emergent calls needed to be handled by telecommunicators, and he explained in small agencies there is a need for someone to be trained to handle any type of call. He said calls tend to be increasing, which is a good thing as that means there are more calls for suspicious persons, suspicious activities, etc. Alderman Bengel said Chief Summers indicated last week that adding a telecommunicator will reduce overtime. Chief Summers confirmed it would reduce overtime by one-third, assuming there are no vacancies. Alderman Kinsey asked whether the City’s calls are up or down and whether the City or County receives more calls, and Chief Summers responded the City by far receives more calls. Alderman Kinsey asked for a copy of that data. Alderman Aster asked if the County’s 911 center answers non-emergent calls, and Chief Summers replied yes.

At Alderman Bengel’s request, Chief Summers explained the need for an Animal Control Officer to be someone who is trained. Alderman Bengel asked if there is an opportunity to outsource this, and Chief Summers responded not to his knowledge. He explained every time the department has reached out to the Humane Society, they indicate they are stretched to their capacity. Alderman Odham asked about the possibility of providing them with funding, and Chief stated that scenario has not been approached with them. Alderman Odham noted he was in favor of leaving \$25,000 in the budget and letting staff figure out the best way to proceed.

With respect to telecommunicators, Chief Summers noted the division has lost four positions since his arrival. Mayor Outlaw commented he did not think communications could realistically merge in the next two to three years. He questioned whether it was possible to develop a plan that did not require the addition of two or three telecommunicators, but instead the addition of one telecommunicator during high peak times. Alderman Kinsey asked if it is possible to reroute the calls. Chief Summers explained if New Bern’s 911 center is busy, the calls will reroute to the County which will pick them up and then reroute them back to the City as quickly as possible. Chief Summers shared the busiest time is probably between 2 p.m.

and 12 midnight or 1 a.m. Alderman Aster asked about the communications' director position, and the Chief described a time period in which civilian positions were being reduced. He felt it better for the department to have a sworn officer and explained the flexibility provided by a having a sworn officer in that position. If needed, he can pull that position to respond to a situation that may arise.

Noting how difficult these decisions are, Alderman Bengel said it may be helpful to go back to the City's mission, which is to serve and protect the citizens. Alderman Aster asked how much is spent in overtime by the telecommunications division. Mr. Sabatelli stated the Police Department's overtime budget is \$225,000. Mr. Stephens asked Mr. Sabatelli to have payroll forward overtime information for just the telecommunications division.

Alderman Best asked for information on the riverwalk project, and Mr. Stephens provided additional information on what is needed for completion of the project. Alderman Odham suggested the Board start at the top of the "parking lot" list and go through each item one at the time. The list was reviewed as follows:

- Fire Specialists – Aldermen Bengel, Aster, Best and Odham were in favor of funding 6 positions; Mayor Outlaw and Alderman Kinsey expressed agreement with funding 3 specialists
- Telecommunicators – Mayor Outlaw and Alderman Odham were not in favor of funding additional positions; Aldermen Best, Kinsey, Aster, and Bengel were in favor of funding 2 positions
- Animal Control Officer – Mayor Outlaw and Aldermen Bengel, Aster, Kinsey, Best, and Odham were in favor of funding \$25,000

(Alderwoman Harris arrived at 2:45 p.m.)

- Animal Control vehicle – Everyone was in agreement to element this.
- Cemetery preservation increase: In light of the small cost of \$5,000, Mr. Stephens indicated a willingness to absorb this from contingency and place the expense in a line item. Alderman Bengel voiced the possibility of some funding availability from the Questors and Collison Memorial. Alderman Bengel pointed out there has been little to no attention paid to Greenwood Cemetery, and it will need some attention in the next year or so. Alderman Aster asked about the need to consider increasing the cemetery fees. Mr. Stephens noted Foster Hughes, Director of Parks and Recreation, is researching this, but increases may not have a huge impact on revenue. Alderman Aster asked if the City is passing along the actual cost to open and close graves, and Mr. Stephens stated he would evaluate this. Mayor Outlaw and Aldermen Bengel, Aster, Kinsey, Best, and Odham were in favor of taking funding from another line time; Alderwoman Harris was opposed.

- Ward 5 community center – The center was pulled from the list at the request of Alderman Best. Alderman Bengel suggested this be put on a future loan list, and Mr. Stephens noted it is already on the list of projects to possibly be financed.

Mayor Outlaw pointed out the additional items in the “parking lot” are all capital in nature:

- Playground equipment – Mrs. Culler explained Mr. Hughes requested this expenditure after evaluating playground equipment for possible repair or replacement over the next 1-3 years. The Board can choose to spend as much or as little as desired, or none. It was noted Pierce Park needs to be closed. Those in favor of funding this through financing sources were Mayor Outlaw and Aldermen Bengel, Harris, Aster, Kinsey, Best; Alderman Odham was opposed and noted there may be grant opportunities for this type of expenditure.
- Oaks Road resurfacing (George Street, National Avenue and Oaks Road) – The Mayor and all six aldermen expressed they were in favor of this project.
- Trent Road Expansion – Mr. Stephens recommended at this point the City fund only the engineering design of the project. Alderman Odham voiced favor with removing this item from the list, stating it appears to be covered. Upon polling, the Mayor and all six aldermen stated they were not in favor of funding this.
- Trent Road Developer – Mr. Stephens said this project has been budgeted, but a method and means for payment will need to be secured. Since it involves infrastructure, the project will be paid for over time, and Mr. Stephens felt it needed to be financed. Those in favor of this were Mayor Outlaw and Aldermen Harris, Aster, Kinsey, Best, and Odham; Alderman Bengel was opposed.
- Old Airport Road expansion – The Mayor and all six aldermen expressed favor for this project.
- Riverwalk Completion – Alderman Kinsey was in favor of this project; Mayor Outlaw and Aldermen Bengel, Harris, Aster, Best, and Odham were opposed.
- New fire station – Alderman Bengel was in favor of this project; Mayor Outlaw and Aldermen Harris, Aster, Kinsey, Best, and Odham were opposed at this time.
- Union Point permanent stage – Alderman Aster asked where the summer concert series would be held, and Mr. Stephens stated the current stage would be utilized. Alderman Aster asked about its condition, and Mr. Stephens stated it is in terrible condition and the plans were to replace it. Mrs. Culler stated the current stage would require \$5,000-10,000 in repairs, so it was felt best to put those funds toward a new permanent stage. Mayor Outlaw asked if the new stage could be built in time for the concert series. Alderman Bengel suggested a mobile stage be purchased instead so it could be used for other events such as the New Year’s Eve event. A discussion ensued about the possibility of renting a stage. Mr. Stephens stated if events will continually be held on the stage, his recommendation is to improve upon



what is currently in place instead of renting a stage. Alderman Bengel asked about utilizing the gazebo, and Mr. Stephens was not sure if logistically that would work with the equipment. He also cited the benefits of being closer to the restrooms and parking.

Alderwoman Harris asked how long it would take for a stage to be built and if it would be available for the current concert series. Mr. Stephens suggested renting a stage for the first concert and start tearing down the existing stage. Alderman Bengel again suggested a mobile stage and stated it could be used throughout the community by Duffest, etc. Mr. Stephens reiterated the current stage is in terrible condition and in a flood-prone area. A permanent stage could be built with a brick, curtained wall and removable shelter. The cost to repair the current stage is \$10,000, and the cost of a new stage would be about \$40,000. The current stage is built of wood and cannot withstand the park's flood waters.

Those in favor of funding a permanent stage were Aldermen Harris, Aster and Odham; opposed were Mayor Outlaw and Aldermen Bengel, Kinsey, and Best

Alderman Odham stated if a new stage is not pursued, he did not want to spend \$10,000 on the current stage and recommended it be torn down. Alderman Bengel concurred. Alderwoman Harris pointed out the concert series is free to the public, and the City needs to make sure the stage is secure. The concert series is not a benefit to Ward 1, but to the entire city. If the series continues in the future, the City will need a permanent stage that can last for years. Since this is the first year of the concert series, Alderman Bengel suggested staff determine the cost of a stage rental, rent the stage, seek sponsors to help raise funds for the cost of a permanent stage, determine the appropriate location for the stage, and address parking. Alderman Harris said while the plan has been to seek public-private partnerships, the City will have to front money for the series.

Mr. Stephens looked up the cost of stage rentals and announced the cost is approximately \$1,000. Alderman Bengel announced another sponsorship has been received for the concert series in the amount of \$5,000, which Alderwoman Harris pointed out will be used toward the cost of the entertainment. It was suggested \$7,000 be placed in Parks and Recreation's operating budget for rental of a stage and that the current stage be torn down. Mayor Outlaw and Aldermen Bengel, Harris, Aster, Kinsey, and Best were in favor of this suggestion; Alderman Odham was opposed.

- Lawson Creek Park field lights – The Mayor and all six aldermen expressed opposition to this project.
- Citywide mass paving – Alderman Odham asked where this expenditure would put the City, as a survey came back indicating the City is ahead of most municipalities. Mr. Stephens said Matt Montanye, Director of Public Works,

was in attendance and prepared to discuss the results of the report today, which identifies approximately \$4.5 million is needed for maintenance and surfacing.

(Alderman Aster momentarily left the room at 3:18 p.m.)

Mr. Montanye shared a PowerPoint presentation that provided an overview of the results of the latest study. The study was completed in January 2018, but the results were just recently received. The City maintains 183 miles of streets.

(Alderman Aster returned to the room at 3:23 p.m.)

The need for roughly \$4.5 million does not include resurfacing all of Oaks Road, but provides for some resurfacing and some maintenance such as patching. The high, medium and low priorities were identified and the cost of each. Moving forward, a 15-year paving cycle would require \$3,045,693 per year and a 30-year paving cycle would require \$1,522,846 per year at today's prices. The Board was provided a hard copy of the presentation.

Mayor Outlaw asked for the total debt service on what the Board has approved thus far. Mr. Sabatelli responded the amount is \$3.1 million with an annual debt service of about \$277,000 on a 15-year loan. There is no debt coming off in the next couple of years, according to Mr. Sabatelli.

In an effort to get the City caught up, Alderman Odham stated he was in favor of approving \$4 million instead of \$2.5 million for citywide paving. The Mayor and all six aldermen were in favor of this.

- City Hall elevator – Alderman Bengel stated she is not sure she would be in favor of an alteration to the interior of the building as she did not want to obstruct the interior fabric of the staircase in this iconic building. There were previous plans that proposed an exterior shaft that would be near the Mayor's bathroom. At Alderman Odham's request, Mr. Stephens described the discussions that were held with Craven County about a parking deck near the Register of Deeds' office. Prior to providing this detail, he noted there is an old plan that was prepared in the late 1980's that included an addition to the building, which is the basis for the estimated cost of \$1.25 million for the project. Discussions with the County proposed a combined-use City/County facility to house the County's Tax and potentially Register of Deeds' offices with a connection to City Hall to provide handicap accessibility. This was one of the proposals discussed as a result of the Development Finance Initiative. The County put a stay on the proposal until they could perform a space analysis.

Alderdwoman Harris asked about the cost of a seat lift. Mr. Stephens expressed issues with a seat lift because of the configuration of the stairs and limitations such as stair height, weight capacity, etc. He also pointed out the exterior steps make it difficult to get into the building, which is why some of the plans were focused on an exterior application. Mrs. Culler noted the City is in compliance with ADA regulations because the regulations provide an exception for historic government buildings that have a work around.

(Alderman Kinsey briefly left the room at 3:42 p.m.)

Alderman Bengel said accessibility is something that would have to be addressed sooner rather than later. She briefly reported on the "Save Our Structure" grant, noting an inquiry is underway as to whether government structures are eligible. Alderman Bengel voiced she was amenable to removing the elevator from the "parking lot" list at this time.

The projects left on the list totaled \$7,100,000, which would yield an annual debt payment of \$634,029 per the working spreadsheet. Mr. Stephens explained potential sources for additional revenue, starting with the motor vehicle tax. Utilizing the working spreadsheet, he showed the impact of various increases in revenue sources. Alderman Best stated she had a problem with raising taxes, but noted New Bern's motor vehicle license tax is much less than other cities. Alderdwoman Harris stated she was not in favor of raising ad valorem taxes nor the motor vehicle license tax, and she asked about the potential for raising the sanitation rate to make it whole. Mayor Outlaw noted an increase in ad valorem taxes would be quasi proportional to all citizens, but an increase in the motor vehicle license tax would be disproportional and regressive. He stated he was not in favor of raising the motor vehicle license tax. The spreadsheet was manipulated for various scenarios to see the outcomes.

(Alderman Kinsey returned to the room at 3:51 p.m.)

With respect to Oaks Road and National Avenue, Alderman Best said she wanted to see that project completed this year. Mr. Stephens said an option is to take the \$700,000 budgeted for resurfacing and tackle nothing but Oaks Road this year. That would mean no other streets are resurfaced. Alderman Best pointed out the City has always charged \$5 for the motor vehicle license tax. That was the rate before she started working for the City, and in the 20 years she worked in the tax office, the rate was never raised. Alderman Bengel stated she was amenable to increasing the motor vehicle license fee in order to get the roads fixed and improve the City's infrastructure. Mayor Outlaw and Alderdwoman Harris stated they would not vote in favor increasing the motor vehicle tax.

Alderman Bengel noted she had identified about \$15,000 in savings in the MSD Fund.

Alderman Bengel asked how others felt about lowering the fund balance to 30% and using some of those monies to pay for projects. Alderman Odham pointed out that would be a one-time thing. Mr. Stephens cautioned decisions are being made based on a good

economy. If a “2008 economy” were to occur, the City would have to take some measures. Therefore, it is important to strategically think long-term. Mr. Sabatelli pointed out problems with using fund balance for recurring expenses, noting it is not a recommended practice.

(Alderman Kinsey left the meeting at 4:13 p.m.)

Alderman Bengel called attention to the fact that salary adjustments had not been addressed. Alderman Odham noted the net dollar amount budgeted for increases would be enough to pay for the desired new employees. Alderman Harris said she would rather take care of the current employees. Alderman Odham said as a point of clarification, changing the sanitation rate is essentially raising taxes. Alderman Bengel said she was not aware the City was still subsidizing sanitation, as she thought the last increase made it whole. She remarked the City does not subsidize other services such as water. Mr. Sabatelli explained the sanitation discount for the elderly and how the discount would have to be funded through a direction contribution from the General Fund at approximately \$25,000 a year. Mrs. Culler confirmed growth and revenue growth were included in the recommended budget.

Mayor Outlaw questioned how the salary adjustments would be distributed. Alderman Aster asked how the City Manager would handle raises this year using the same amount of money that is in the budget and doing away with the quartile system. Mr. Stephens said he and Mrs. Culler have not had time to look at other systems, but if the Board is amenable, he is amenable to this year’s increase being performance based. A limit of “x” amount of funds could be applied per department with the Department Heads evaluating the performance of their employees and deciding how to distribute their allotment of funds. Alderwoman Harris said she would be comfortable with that, but she wanted all employees to get a raise. She further discussed a cost-of-living adjustment (“COLA”) versus merit increase. Alderman Bengel asked Mr. Sabatelli what would equate to 1% of the City’s salaries, and Mr. Sabatelli replied \$230,000. Alderman Bengel asked if all employees could get a 1% COLA and the additional budgeted amount be used for merit increases, noting this might be an easier way. This also allows for everyone to get something and while there will be others who get more based on their performance. Mr. Stephens said those who have been written up or are not performing well should not get an increase. Alderman Harris responded those just doing their jobs deserve something, and those going above and beyond should get a merit. She favored the idea of everyone receiving a 1% increase with deserving employees getting an additional merit. Alderman Aster asked about the Department Heads’ input and whether they would rather see the 1% COLA across the board with a small merit increase to the most valuable employees. Mrs. Culler announced the budgeted funds would equal a total of 1.8% for everyone if the budgeted funds were spread out to all employees.

Alderwoman Harris pointed out the Board had previously taken action to bring identified employees up to the salaries recommended in a recent study, and she questioned whether the quartile system was still needed. Mr. Stephens again reviewed the point of the quartile system, which was to bring new employees to the midpoint as quickly as

possible. This kept the City from losing employees to other cities that offered higher starting salaries, especially after the City had invested so much in their training and education. Alderman Bengel then asked of the \$400,000 that is budgeted for raises how much of that comes from the enterprise funds. Mr. Sabatelli stated \$271,000 was from the General Fund and \$131,000 from water, sewer and electric.

Mayor Outlaw asked for thoughts on the last proposal to the working spreadsheet. Alderman Odham said he was opposed to the last proposal as he was not in favor of the \$5 increase to the motor vehicle license tax, nor moving sanitation to an enterprise fund. He stated if everything was taken out of the proposal except the additional firemen and telecommunicators, \$25,000 for ACO, and if the trash fee were made whole the City would have the revenue to cover these by applying the \$200,000 in contingency. Mayor Outlaw said he was in favor of the 3 firemen positions, but opposed the increase in the motor vehicle license tax. Alderman Aster said he was in favor of 6 firefighters, but would not want to increase the motor vehicle license tax. However, he felt a one-time \$5 annual fee was not bad, although it only yielded \$125,000 in additional revenue.

Mr. Stephens suggested staff go back and review the budget to see what additional funds they can find based on debt that can be taken out this year and through operationally trimming the budget. "Debt that can be taken out" was explained as all of the projects the Board approved less the \$4 million for citywide mass paving. At Mr. Stephens' request, Mr. Sabatelli reviewed the list of items the Board has approved at this point: 6 firemen, 2 telecommunicators, \$25,000 for ACO, \$5,000 for cemetery preservation, Oaks Road resurfacing, Trent Road Developer, Old Airport Road expansion, and \$7,000 for the Union Point Park stage. These projects amount to \$232,180 in estimated annual debt service, \$456,460 in recurring cash items, and \$2,179,500 in one-time funds. Mr. Stephens stated this would not require an increase in ad valorem taxes or the motor vehicle license tax, but the sanitation rate would go up to \$14.75. Mr. Sabatelli explained the impact on the general fund by making sanitation an enterprise fund. Mayor Outlaw said at this time he would rather have a 25% fund balance than a 38% balance in order to move the City forward, and Alderman Bengel agreed. Alderman Aster said the only thing that concerned him was the approach of hurricane season. Alderman Harris said she did not want to get in the habit of considering budget amendments throughout the year, as that defeats the purpose of finding the funds now.

If the general fund balance dropped to 25%, Mr. Sabatelli stated that would leave approximately \$4 million to spend in cash. Mr. Sabatelli cautioned that a major hurricane would instantly exhaust \$1.25 million, thus dropping the fund balance below 25%. It would take a while to be reimbursed that money. Alderwoman Harris asked where the fund balance would stand if \$2 million was utilized for citywide paving and approximately \$150,000 for care of the parks. In response, Mr. Stephens asked if the Board were amenable to staff bringing back a balanced budget based on a 30% fund balance, moving sanitation to an enterprise fund, and making provisions for the approved projects. Mayor Outlaw asked about the amount of fund balance preferred by financial institutions and bond rating agencies, and Mr. Sabatelli suggested the City stay around 25% and noted the Local Government Commission requires 8%. Mayor Outlaw asked for a history of

fund balance over the last three years, and Mr. Sabatelli responded he did not have that on hand.

Based on the decisions made at this meeting, Mr. Stephens said he had all confidence that he, Mrs. Culler and Mr. Sabatelli could finalize a budget within a day or two. He could then share that information with everyone and if there is an amenable response, a public hearing can be held on May 22, 2018 with approval of the budget scheduled for the first meeting in June.

Alderman Odham expressed concern with how much time the Board had spent on this budget, noting staff did a good job of trimming the departmental requests and presenting to the Board a balanced budget. Essentially all of the time spent on the budget boils down to the addition of six firemen and a couple of telecommunicators. The public complains about firemen, but there is little heard about telecommunicators. Alderman Odham said he was concerned for next year and the following years' budgets. Alderman Harris asked if the telecommunicators could be taken out since the Board is not hearing any complaints. Mr. Stephens said the budget is currently about \$208,000 short based on the Board's approved list of items. Based on information furnished by Chief Summers, Mr. Stephens reported approximately \$60,000 is spent annually on overtime for telecommunicators. The addition of one position would possibly cut the overtime by a third, which would yield \$20,000 toward the additional position.

(Alderman Best left at 4:53 p.m.)

2. Conduct a Public Hearing on the Proposed Budget for Fiscal Year 2018-19.

Alderman Bengel made a motion to continue the public hearing on the proposed budget for Fiscal Year 2018-19 until May 22, 2018, seconded by Alderman Odham. The motion carried unanimously. Aldermen Kinsey and Best had left the meeting, thus both technically yielding an affirmative vote.

3. Adjourn.

Alderman Odham made a motion to adjourn, seconded by Alderman Aster, time being 4:56 p.m.


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](http://www.newbern-nc.org). Video and audio recordings of the meeting have been archived.

Minutes approved: June 12, 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