

**City of New Bern
Board of Aldermen Budget Work Session
May 4, 2021 & May 5, 2021 – 5:30 P.M. Daily
West New Bern Recreation Center
1225 Pinetree Drive**

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, Alderman Barbara Best, and Alderman Jeffrey Odham. Absent: None. A quorum was present.

Also in Attendance: Mark Stephens, City Manager; Scott Davis, City Attorney; Brenda Blanco, City Clerk; and Mary Hogan, Director of Finance.

Mr. Davis announced a closed session was needed pursuant to NCGS 143-318.11(a)(3) to maintain attorney-client privilege. Alderman Bengel made a motion to go into closed session pursuant to NCGS 143-318.11(a)(3), seconded by Alderman Kinsey. The motion carried unanimously 7-0, time being 5:31 p.m.

After returning to open session at 5:40 p.m., Mr. Davis sought approval to file a public nuisance lawsuit against Gazem Almurisi, Gazem Inc., and Fahmii Abdhu Ali Ahmed, owners and operators of Five Points Mini Mart, with the objective of requiring the owners to implement conditions to improve the public safety of the area. This is the highest crime location in the City of New Bern, according to Mr. Davis.

Alderman Odham made a motion to file the public nuisance lawsuit as described by Mr. Davis, seconded by Alderwoman Harris. Upon a roll-call vote, the motion carried unanimously 7-0. After the vote, Mr. Davis left the meeting.

1. Discussion of Recommended FY 2021-22 Budget:

a) Opening Comments from City Manager

Page 7 of the budget notebook was updated by Finance and Human Resources to correct some of the numbers, and the Board was distributed a new page to replace the original page in the book.

Noting the budget provided for a 1.4% COLA and up to a 2.1% merit increase, Mayor Outlaw asked for clarification that a highly productive employee may receive up to a 3.5% total increase. Mr. Stephens stated in the past, the number of employees that received the maximum increase was approximately 20. Mayor Outlaw asked questions about the distribution of the increases. Mr. Stephens explained that employees are reviewed individually and also explained how

Finance had budgeted for the increases. At Alderman Bengel's request, Mr. Stephens confirmed the City still operates on a pay grade schedule and employees who are at their maximum salary would receive their increase as a one-time bonus.

Alderman Aster stated the City's most valuable assets are its employees. With times such as these and the salaries paid by other cities, he said he had planned to ask for a 2.5% increase for employees. In further support of his intentions, Alderman Aster announced Craven County was giving its employees a 2% increase and a merit raise. He emphasized the cost of items is increasing, and employees are the ones working through the night during storms, etc. While his suggestion was for a 2.5% cost-of-living adjustment ("COLA"), he stated he would settle for 2.0%. After additional discussion, Mr. Stephens said only 20-40 of the City's 480 employees would receive the max of the total merit increase. Alderwoman Harris asked if COVID funds could be used to provide a one-time bonus. Mrs. Hogan said the American Rescue Plan ("ARP") Funds could be used to provide bonuses. Alderwoman Harris suggested a one-time bonus of \$500 be given to employees in addition to the increases to show that the Board understands and is appreciative of their work. She felt the City needed to take care of its front line, which is its employees, before doing anything else with the ARP funds.

Alderman Aster asked what the difference would be between a 1.4% to 2% COLA increase. Mrs. Hogan said the difference to the General Fund would be about \$125,000 and for the enterprise funds it would equate to \$50,000 to \$60,000, for a combined total under \$200,000. Mayor Outlaw pointed out the City had made sure that no employees were furloughed during COVID, and he felt it was important for employees to know they have a job and the City has the funds to keep them employed. He felt the 1.4% COLA and 2.1% merit were reasonable amounts, although he initially felt more than 20-40 employees would qualify for the 2.1% maximum merit. At Alderwoman Harris' request, Mrs. Hogan confirmed the budget was based on all employees receiving the max of 3.5% for both merit and COLA. Alderman Aster reiterated the value of City employees and commented that the employees were doing things the Board would not want to do, such as chasing someone who has a gun pointed at them or climbing into holes filled with sewer or climbing a powerline during electrical storms. He felt the City needed to take care of its employees and stop losing them to other employment. As a former Department Head, he knows there is nothing worse than hiring and training an employee to only have them move to another city, such as Wilson, making \$8,000 more each year.

The budget provides for a salary study to be performed, which the City attempts to do every five years. Mr. Stephens cautioned that the last salary study moved everyone's bands up, although the hope is that this study will not result in salary adjustments.

Alderwoman Harris said while she understands the City has been able to keep its staff employed, the Board does not know the employees' personal situations.

Enterprise Funds (unless otherwise noted)

b) Water Fund

- **Water Operating Fund** (page 158)
- **Interfund Transfers** (page 172)
- **Water Capital Reserve Fund** [Other Funds] (page 275)

c) Sewer Fund

- **Sewer Operating Fund** (page 181)
- **Interfund Transfers** (page 194)
- **Sewer Capital Reserve Fund** [Other Funds] (page 277)
- **Sewer Debt Service Reserve Fund** [Other Funds] (page 279)

Jordan Hughes, City Engineer, cautioned that the dollar will not do as much as it has in previous years. The department is starting to see some trickle-down issues due to supply and demand and that will continue to be an issue in FY22. Growth and development are doing quite well, but utility locates are becoming an issue and are at a capacity level. No staffing increases are sought, as well as no increase in rates. Mr. Hughes stated any increase in budgeted amounts is typically due to the cost of services going up. He did not review the Water and Sewer budgets in detail, but answered questions from the Board.

Alderman Kinsey asked about handling water and sewer issues in-house versus hiring outside contractors. Mr. Hughes felt the City had a very capable workforce that could handle issues, as well as a good fleet of equipment. The water and sewer crews address a little under 2,000 service orders each month. A copy of the city's infrastructure plans from 1891 was recently found in City Hall, indicating some of the water and sewer infrastructure is 130 years old, which is one of the oldest systems in the state. A discussion also took place about the potential infrastructure costs associated with changes in broadband, etc. Charles Bauschard, Director of Public Utilities, provided information with respect to potential cost exposure associated with services provided by MetroNet. At this time, however, he stated there are no solid estimates. Mayor Outlaw stated he did not want to "give the farm away", but felt the City had no choice but to move forward with MetroNet due to the issues with Suddenlink.

Alderman Bengel asked where the City stood with respect to capacity. Mr. Hughes felt the City was currently in good shape. The water plant should be good for several more years, although the sewer system is aging. With debt coming off in the next few years, the City has a good plan for about 10 years or so.

d) Electric Fund

- **Department of Public Utilities - Electric** (page 204)
- **Utility Business Office** (page 220)
- **Customer and Payment Services** (page 224)

- **Interfund Transfers** (page 230)
- **Rate Stabilization Fund [Other Funds]** (page 281)

Electric personnel resources are at capacity, according to Mr. Bauschard. If growth continues, the level of service will not remain the same if future personnel does not increase to coincide with that growth. Revenue bonds were used to purchase the AML system, and that debt will roll off in 2026.

Alderwoman Harris asked if there were any items Electric may need, but had not asked for funding. Mr. Bauschard said his concerns were capacity and the staffing struggle to acquire and maintain employees with a competitive salary. In the next five years, four of the City's seven journeymen will retire. Mr. Bauschard stated the city's pay scale was within the market's range, but there needed to be more flexibility with respect to where employees fall within the scale. Mr. Stephens explained the value of the benefits offered to City employees, stating if those are considered, the comparison with other employers is more comparable. Participation in the state retirement system is mandatory, although the 401k program could be made optional. Most private sector employers do not offer pension plans.

e) Solid Waste Fund (page 238)

- **Interfund Transfers** (page 244)

George Chiles, Interim Public Works Director, stated the proposed budget for solid waste reflected an increase in contractual obligations with GFL. An annual rate increase will be incurred in the next fiscal year, which is the last year under the current contract. The contract is to be rebid next fiscal year. Two capital purchases were requested: a route truck, the purchase of which is rotated every two years; and a stump shear.

Alderman Odham felt it was an opportune time to have conversations with Craven County about the City taking over the recycling service for the City's customers. He suggested the topic be researched to see if there are any associated benefits.

(Public Works {item "m"} was reviewed next; out of sequence.)

m) Public Works

- **Administration** (page 127)
- **Insurance** (page 130)
- **Garage** (page 131)
- **Public Buildings** (page 135)
- **Streets** (page 139)
- **Stormwater** (page 144)

Alderman Kinsey asked about stormwater needs and questioned how five employees could keep 66 miles of ditches clean. Mr. Chiles felt staff and citizens

would be in a better position to maintain the ditches once the FEMA work is completed. Additional discussion ensued about the status of work being performed through the Category A and Category D projects and additional steps the City may be able to take to address the stormwater issues. Alderwoman Harris suggested grant funds and additional staff be considered to combat the issues.

(Alderman Kinsey momentarily stepped out of the room at 7:13 p.m.)

Once the budget is approved, Mayor Outlaw stated he would like the Board to have a workshop to discuss stormwater.

(Alderman Kinsey returned to the room at 7:23 p.m.)

Alderman Odham questioned the difference referenced on page 125 of \$1,000,000 for street resurfacing versus \$400,000 on page 126. Mr. Stephens stated the budget highlights on page 125 was not updated to reflect the recommended amount. Staff requested \$1,000,000, but only \$400,000 was recommended. Commenting on the condition of some of the existing sidewalks, Alderman Aster expressed a need to spend the sidewalk funding on repairs versus constructing new ones. Alderwoman Harris respectfully disagreed, while Alderman Best concurred that the City needed to address the existing sidewalks in need of repair and cleaning. Alderman Aster further expressed a desire to reschedule the workshop to discuss funding of capital improvement projects, noting the condition and disrepair of many streets.

(Alderwoman Harris momentarily stepped out of the room at 7:35 p.m.)

Mr. Chiles pointed out the budget includes a request for funding of a paving machine, which will allow staff to address some issues and improve the ride quality on some streets.

(Alderwoman Harris returned to the room at 7:40 p.m.)

Alderman Bengel voiced the need for security cameras to be installed at City Hall.

General Fund (unless otherwise noted)

f) General Government:

- **Governing Board** (page 46)
- **General Administration** (page 49)
- **Legal** (page 54)
- **Elections** (page 56)
- **Special Appropriations** (page 58)
- **PEG** (page 60)
- **Information Technology** (page 62)
- **Interfund Transfers** (page 149)
- **Municipal Service District Fund [Other Funds]** (page 247)

- **Grants Fund [Other Funds] (page 259)**

Mr. Stephens stated there were no significant changes in Governing Board or General Administration. Legal increased by \$25,000 to recognize the Assistant City Attorney. Funding for elections is budgeted at \$40,000, which may increase if there is a need for a runoff. Staff does not usually budget for a runoff since it is unknown as to whether there will be one. The PEG provides for enhancement of audio and video equipment to assist with Zoom meetings.

(Alderman Best momentarily stepped out of the room at 7:55 p.m.)

Alderman Odham expressed concern about the City's social media sites and suggested the Board review its practice with respect to the allowance of public comments. Craven County, for example, does not permit comments and is a platform to only provide the public with information.

(Alderman Best returned to the room at 7:58 p.m.)

Alderman Aster said he occasionally receives a notification through Facebook stating that he has received a message on the New Bern Board of Aldermen's page. He asked if that was an official page for the City of New Bern. Colleen Roberts, Public Information Officer, confirmed it was not one of the City's official pages. Alderman Aster asked that the page be removed. Alderman Bengel stated it was created about four years ago by her and Alderwoman Harris, after which the City Attorney advised against it.

Alderman Aster made a motion for a 5-minute break, seconded by Alderwoman Harris. The motion carried unanimously 7-0, time being 8:00 p.m. The meeting resumed at 8:13 p.m.

(Development Services' budget was covered next, out of sequence. The remainder of General Administration's budget was discussed after item "g" - Finance, as noted below.)

I) Development Services

-
- **Development Services (page 119)**
- **Community Development Fund [Other Funds] (page 250)**
- **Redevelopment Fund [Other Funds] (page 252)**
- **MPO Plan Grant [Other Funds] (page 254)**
- **Public-Private Partnerships Fund [Other Funds] (page 273)**

Two additional full-time positions are requested, as well as two replacement vehicles, and audio-visual upgrades to the conference room, per Amanda Ohlensehlen, Community and Economic Development Manager. A discussion took place about the implementation of the resiliency plan. Grant funds will be sought to address staffing needs to carry out the plan.

Alderman Odham suggested the MPO Administrator make a presentation at a future Board meeting to provide an update.

Alderman Bengel questioned funding for the Redevelopment Commission, noting potential upcoming expenses and a future need for staff. Mr. Stephens stated the Commission could draft a budget based on their plans and submit it to the Board. The potential need for a budget was discussed in slight length, with comparison being made to the MSD Fund which also generates its revenues. Mrs. Ohlensehlen noted the current budget recommended \$20,000 for the Commission, and she commented that a request for a full budget may be premature at this time. Mrs. Hogan confirmed she had some concerns about how the Commission's budget is set up. Alderman Odham felt it would be cleaner to show the Commission's budget separate versus incorporating it in Development Services' budget.

Alderwoman Harris voiced a need for Development Services to add a Diversity Officer to track data and ensure that there is equity.

Alderman Aster recommended that Human Resources be reviewed next, out of sequence.

h) Human Resources *(page 77)*

- **Employees' Benefit Insurance Fund** [Other Funds] *(page 283)*

Sonya Hayes, Director of Human Resources, confirmed the department's budget included \$38,500 for other professional services to pay for a salary survey. She reaffirmed the need to perform the study every five years. The last survey revealed \$600,000 in compression-related issues that had to be addressed.

g) Finance

- **Accounting** *(page 69)*

- **Purchasing/Warehouse** *(page 73)*

Mary Hogan, Director of Finance, explained Accounting's total budget for next year would increase by 5%. The FEMA/Grants Accountant position was added in the current year and was recently filled. The cost for tax collections increased slightly. The Warehouse Division is seeking a new vehicle and security cameras at their facility.

The budget for the Customer and Payment Services Division ("CAPS") represents an overall decrease. (This division was discussed out of sequence; it is listed under Electric Utilities and referenced as page 224).

Alderman Aster asked if the new FEMA/Grants Accountant was currently recorded as Direct Administrative Costs ("DAC"). Mrs. Hogan confirmed that is

currently the case, and in the future FEMA/Grants Accountant's time would be split and tracked appropriately.

A physical inventory count is currently taken twice a year, with a large count conducted in June. Mrs. Hogan stated the inventories reveal little to no discrepancies. Staff is working to implement a professional inventory system that utilizes barcodes. Additionally, an asset inventory will be taken in each department.

(General Administration's budget was then picked up where it left off at Information Technology.)

- **Information Technology** (page 62)
- **Interfund Transfers** (page 149)
- **Municipal Service District Fund** [Other Funds] (page 247)
- **Grants Fund** [Other Funds] (page 259)

One additional position will be added in Information Technology. Several capital items were approved, as noted on page 62. Temporary help is budgeted at \$20,000 for additional assistance through a state contract to aid with items staff may lack in expertise. The MSD and Grant funds were very briefly reviewed as well.

h) Police (page 82)

- **Emergency 911 Support** (page 89)
- **Parking** (page 92)
- **E911 Emergency Telephone System** [Other Funds] (page 265)
- **Police Special Revenue Fund** [Other Funds] (page 267)
- **Equitable Sharing US Dept. of Justice** [Other Funds] (page 269)
- **Equitable Sharing US Dept. of Treasury** [Other Funds] (page 271)

Police Chief Patrick Gallagher reviewed the department's budget. Funds are requested for body-worn cameras, which is seen by the officers as a need and is desired by the public. Funds are also provided for replacement vehicles. One additional full-time position was sought, which would be a Sergeant to oversee the creation of a new team, bringing the total teams to five. Alderman Aster asked whether the new team would be assigned to cover the battleground area, and Chief Gallagher stated it would not be assigned to that area.

Mayor Outlaw stated if the body-worn cameras are not activated when a gun or taser is pulled, they are not worth the expenditure. Chief Gallagher stated policy would be implemented to require that the officers activate their cameras the moment they go into route on a call for service. Mayor Outlaw and Alderman Aster suggested pricing being obtained for the units that would automatically activate with the use of a gun or taser, and Chief Gallagher agreed to obtain a cost estimate. At this time, the 60 cameras will only be deployed to officers who

are on patrol. Alderman Odham asked that a lot of due diligence be performed to ensure that the right decision is made about the product to be purchased. Alderwoman Harris concurred with the Mayor and Alderman Odham's comments. Because of the expense, Chief Gallagher stated most departments do not have the cameras that are bluetooth activated when a firearm is pulled.

Noting the consolidation of 911 was a topic that had been brought up numerous times, Alderman Odham asked Chief Gallagher to have this on his radar to explore in the future.

(Alderwoman Harris momentarily stepped out of the room at 9:19 p.m.)

Alderman Odham commended Craven County for making the decision to recommend the County provide School Resource Officers at every school.

(Alderwoman Harris returned to the room at 9:21 p.m.)

i) Fire (page 95)

Fire Chief Bobby Boyd reviewed some of the accomplishments and achievements of the department before reviewing its budget requests. Mayor Outlaw suggested a smaller vehicle could be used to respond to some situations versus a quint apparatus. This suggestion was briefly explored. Chief Boyd felt the smaller vehicle would be a good addition, but not a replacement for sending a quint. The need for a station to service the west end of the City was also discussed, and a detailed discussion took place about the requested positions that were not included in the recommended budget.

Alderman Aster made a motion to ask the City Manager to add back to the Fire Department's budget an office assistant and a training captain, seconded by Alderman Bengel. Discussion continued after the motion about the financial impact, and Alderman Aster called the question. Alderwoman Harris asked to hold off on the motion until the Board could discuss the proposed capital projects and their funding. Upon a roll-call vote, the motion carried 4-3 with Mayor Outlaw and Aldermen Best and Odham voting against it. Following the vote, Alderwoman Harris cautioned that the final budget had not been approved.

To balance the budget, Mr. Stephens asked the Board where the funding should come from to cover the two additional positions, which were estimated at more than \$170,000; fund balance or a reduction in other departments' funds? Mayor Outlaw and Alderman Bengel suggested fund balance be used.

(Alderman Kinsey momentarily stepped out of the room at 10:06 p.m.)

j) Parks and Recreation

- Administration (page 105)

- **Parks & Grounds** (page 109)
- **Facilities** (page 114)

Foster Hughes, Director of Parks and Recreation, noted his budget requests continued to focus on facility upgrades and parks.

(Alderman Kinsey returned to the room at 10:10 p.m.)

Alderman Odham inquired about shelters at the cemeteries, which was briefly discussed. He also proposed that the fee schedule be amended to reflect an equitable rate with City residents receiving a 50% discount. After pointing out that the maintenance of the cemeteries and parks are borne by the City's taxpayers, he elaborated to suggest possibly doubling the current rates, with in-City residents only charged half of the new rates.

Alderwoman Harris expressed a desire to push forward with an amphitheater at Martin Marietta Park. Alderman Bengel suggested sponsorship be sought for the scoreboards. She asked about security cameras at Don Miller Park, and Mr. Hughes noted those were being purchased in the current fiscal year. She also asked about leftover FEMA funds. Mr. Hughes said he had reached out to the consultant and would have information later about the funds remaining from Lawson Creek and Union Point Parks.

2. Public Comment on Proposed Budget.

No one was in attendance to speak. Mr. Stephens announced an official public hearing is scheduled for the May 11, 2021 meeting. Adoption of the budget is anticipated to take place at the May 25, 2021 meeting.

A brief discussion ensued about the COLA and merit. Alderman Bengel stated she agreed with the proposed merit and COLA amounts, as well as a one-time bonus using the ARP funds.

3. Adjourn.

Alderman Kinsey made a motion to adjourn, seconded by Alderman Odham at 10:26 p.m. Alderman Best stated she wanted an opportunity to also voice her thoughts. She stated she agreed with Alderman Aster that the City's employees are its best assets, and she too favored a 2% COLA increase and a bonus. Following her comments, Mayor Outlaw said it seemed as if additional conversation was needed prior to adjournment. Alderman Odham called the question with respect to the motion to adjourn. When Mayor Outlaw asked for a show of hands as to who wished to adjourn, Aldermen Kinsey and Odham raised their hands. Alderwoman Harris felt the Board needed to give Alderman Best an opportunity to speak. Alderman Odham expressed a willingness to retract his second on the motion to adjourn, if the Board was desirous of making a motion with respect to the COLA. Alderman Kinsey then withdrew his motion to adjourn at 10:29 p.m.

Mayor Outlaw reiterated the recommended budget provided for a COLA of 1.4% and merit increases from 0% up to 2.1%. Mr. Stephens explained how the COLA and merit increases would work, clarifying that only about 20-40 employees would receive the maximum merit of 2.1%. Alderwoman Harris said she did not understand why every year the Board bickered over salaries, and she stated the Board must make sure it takes care of its employees as it would not be able to function without them. She stated a 1.4% increase was "chump change" and ridiculous. Alderman Odham said the problem with the COLA is those employees who do not "show up" or are on a performance improvement plan would receive the increase. Alderman Aster and Alderwoman Harris said the employees who do not "show up" needed to be fired. Alderwoman Harris felt a policy change was needed to address those scenarios and to make increases equitable.

Alderman Best made a motion to increase the current COLA from 1.4% to 2% for FY 21-22, seconded by Alderman Aster. The motion failed 2-5 with Mayor Outlaw and Aldermen Bengel, Harris, Kinsey, and Odham voting against it. Alderwoman Harris explained the only reason she voted against the motion was because there was a need for a better understanding on how to make the increases more equitable.

Alderman Aster made a motion to adjourn, seconded by Alderman Odham. The motion carried unanimously 7-0, time being 10:37 p.m. The meeting was concluded and adjourned on the May 4, 2021, eliminating the need to meet again on May 5, 2021.


The recommended budget for FY2021-22 is attached hereto and 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.newbernnc.gov. Video and audio recordings of the meeting have been archived.

Minutes approved: May 25, 2021



Dana E. Outlaw, Mayor



Brenda E. Blanco, City Clerk