

**CITY OF NEW BERN
BOARD OF ALDERMEN WORK SESSION
FEBRUARY 27, 2023 – 1:00 P.M.
CITY HALL COURTROOM
300 POLLOCK STREET**

Mayor Odham opened the meeting. Prayer by Alderman Royal. The Pledge of Allegiance was recited, followed by a roll call.

Roll Call: Mayor Jeffrey Odham; Aldermen Rick Prill, Hazel Royal, Robert Aster, Johnnie Ray Kinsey (arrived at 1:01 p.m.), Barbara Best, and Robert Brinson. Absent: None. A quorum was present.

Also in Attendance: Foster Hughes, City Manager; Marvin Williams, Assistant City Manager; and Brenda Blanco, City Clerk.

1. Discussion of Municipal Service District (“MSD”)

a) MSD Advisory Board

Municipal Service Districts were established in 1973 under NCGS §160A-535 for certain purposes, which Mr. Hughes reviewed. A map of New Bern’s current district was displayed, and it was noted the area was last adjusted in 2014. The district is comprised of 30% residential and 70% commercial. Nonprofits in the district do not contribute to the MSD tax. There are more than 74 MSDs in North Carolina, and a comparison of their tax rates was shared.

MSDs can be managed with or without an advisory board, or management can be contracted out to Main Street programs or downtown development entities. Mr. Hughes reviewed Wilmington, Morrisville, and Sanford’s advisory committees. After receiving suggestions from area citizens, Mr. Hughes recommended an advisory committee be established with 30% comprised of residential property owners, 70% commercial owners, and Ex-Officio members to include the City Manager, Director of Finance, and Swiss Bear’s Executive Director. The ratio of residential and commercial owners is reflective of the district’s compilation. Mr. Hughes also recommended a three-year term for the committee members. Alderman Best indicated her support for an advisory committee since it would be comprised of citizens who pay the MSD tax. Alderman Royal asked if those in Ward 1 had provided input on who they would like to fill the Ex-Officio seats, and Mr. Hughes responded no, but he hoped to set up a meeting with those in the area.

Alderman Aster spoke with a previous City Manager, Bill Hartman, about the prior process for the MSD. Mr. Hartman advised Swiss Bear handled everything with respect to the MSD, and Alderman Aster questioned when that changed and

why not handle it the way it was operated in the past. For example, if Public Works had a proposed project, the information would be submitted to Swiss Bear which then presented it to their Board members, followed by holding “town hall-type” meetings with the MSD taxpayers, and finally presenting recommendations to the Board of Aldermen. Alderman Aster questioned who would appoint members to an advisory committee and expressed concern about the difficulty of Aldermen outside of Ward 1 having to make the appointments. It was his suggestion that Swiss Bear be designated to handle the MSD. Mr. Hughes said there is documentation that meetings were once held at Swiss Bear’s office, but there is no historical documentation to support Swiss Bear was given the lead. While the organization may have taken charge of the MSD, there is no resolution to support that.

Alderman Brinson asked what other municipalities utilize Main Street programs to manage their MSDs. Mr. Hughes replied Statesville, Salisbury, Burlington, and Kinston all utilize a Main Street program or downtown economic development group. Mayor Odham questioned whether residents would feel Swiss Bear is more commercially driven than residentially. Alderman Prill said he would expect push back and concern from residential property owners and that he has been told past requests from MSD residents to join Swiss Bear have been denied. Mayor Odham pointed out and felt it needed to be clear to residents that the role of the group would solely be an advisory committee, and the Board of Alderman may not always follow the recommendations of the committee. Alderman Best suggested Swiss Bear make a presentation to the Board as to what they deem necessary for an advisory committee. She felt the taxpayers who are part of the MSD should be a part of the committee and have a voice. Alderman Royal fully agreed that residents and stakeholders should comprise the committee, and she too felt based on feedback received that there would be a lot of push back should Swiss Bear be in charge. Out of the three management options detailed earlier in the conversation, the Board favored either an advisory board or contracting out to a Main Street program or downtown development organization. Since Swiss Bear is New Bern’s Main Street association, Mayor Odham suggested they be given an opportunity to compose and present a proposal on how they would proceed if given the opportunity to lead the MSD. He also requested staff provide a massaged proposal for an advisory committee that model’s Wilmington’s. Alderman Royal asked if citizens would also be given an opportunity to make a proposal, and Mayor Odham expressed hesitancy stating he felt some who are not in the MSD area or those with comments about a social district may want to offer feedback. He noted there is always an opportunity for citizens to speak under Request and Petition of Citizens.

Alderman Prill asked for confirmation that the sale of the Talbots lot had been finalized and the proceeds placed in the MSD Fund. Mr. Hughes confirmed both and announced the MSD Fund’s balance currently totaled \$1,670,675. Alderman Prill was concerned about the lack of purpose for the funds on hand and the need to comply with state statutes. Considering the balance and with the

impending revaluation, Alderman Prill suggested there would be a need to consider reducing the MSD tax rate. Additionally, without identifying projects to be undertaken, there may be a reason to reduce the rate even further. Mayor Odham said it may be important to have examples of projects that have been undertaken such as James Reed Lane, conversion to underground utilities, and sidewalk improvements. Mr. Hughes recounted other purchases such as banners, trashcans, and the lot at the corner of South Front and Hancock Streets.

b) Downtown Advisory Council

Alderman Brinson began this discussion by reading the following statement:

“My original idea for a downtown advisory council was to have a standing committee to which we as a board could refer topics for new ideas, discussions of issues, etc. This committee is based on the idea that for downtown issues we need all voices at the table – retail business, bar/restaurant business, hospitality business, and residents – to develop a wholistic and representative plan for whatever issue we give them.

I have come around to the reasoning that having a standing committee is probably not a good idea in that on any given topic we may not have the expertise or the right persons appointed to that committee. So therefore, I wish to continue the board’s historical practice of standing up a committee for a specific topic using the parking committee as an example. We stood that committee up with a stated purpose and appointed people to the committee. Once that committee decided on its recommendations, the committee was disbanded. The recommendations passed to Swiss Bear for final details and presentation to the Board of Aldermen. Therefore, I would like to continue this practice.

Having stated that, I do think that this idea for a downtown advisory committee was not big enough. While downtown seems to be the site where we have the biggest discussions about the future of New Bern, the rest of New Bern needs us to also focus on them. I truly believe that New Bern is on the edge of exponential growth. When I started looking at the statistics with my appointment to the New Bern Metropolitan Planning Organization, I was surprised to find out that New Bern is considered a mid-sized town, not the small town in which I grew up and still have in my head that we are. New Bern has just over 31,000 residents and the MPO has just under 50,000 residents. The folks at the chamber of commerce will tell you that 50,000 is the magic number. Once we sustain growth over that number then the big box stores start looking at expanding to that area.

And I think we are poised to get there quickly. We know that developers have plans on the shelf for more than 2,000 more homes both along US 70 south of the city and between Hwys. 55 and US 17 West of the city along the current and future 43 connector. I have already stated to you that I do not think the City of

New Bern is properly staffed or structured to properly oversee this growth. We have continued to have problems with ingress/egress for neighborhoods and developments. We continue to have residents complain about shoddy developers. Don't get me wrong, we do have several excellent ones out there that put up a great product, but we do not have the tools or the staff to enforce or monitor the troublesome ones. Neither do we have the ordinances or the planning to tie these neighborhoods together. I'm not talking about electrical, water and sewer. I'm talking about stormwater, bikeways, and traffic management.

But why are we seeing this tremendous growth? Many will look at retirees and the discovery of our southern charm and lifestyle in a post COVID world. However, in my opinion, that only explains part of the picture.

FRC-East the largest technical employer east of 95 at almost 4,000 civilian employees is poised to grow over the next 10 years as the F-22s are fielded. In broad terms, the Air Force is looking to off-load the depot level work of the Marine force and FRC-East has the military construction money and the space to expand at Cherry Point. While in the initial stages, they have also started the initiative to move their helicopter depot work to the Global Transpark in Kinston. Now if I was a potential FRC-East employee, I would live in New Bern because with the completion of I-42, I would be 30 minutes from either site and could take promotions without having to move. In some of the military communities, they are already calling US70/I-42 from Goldsboro to Kinston to Cherry Point as the NC Aerospace Corridor. Craven County is also part of this in the Naval Tech Bridge initiative where Craven County is marrying universities and local contractors, both existing and start-ups, to meet military immediate needs. FRC-East and Tech Bridge represent recession proof growth because they are tied to the defense industry.

Then take into account the highly successful initiatives that Craven County Business Development and C1A is having with the Craven County Industrial Park. Last year alone, they developed or expanded for 200 more jobs. With the current industrial park reaching capacity, the county is already discussing expanding to another park. Where do you think those folks are going to live? On the tour of Bosch ("B/S/H") during their recent 25th anniversary, one of the employees remarked that it was difficult to expand or to bring on another shift if they needed to for the lack of workforce housing in New Bern. This is everything that is being discussed. I don't think we have even touched the surface of what I-42 and having an interstate connection will mean to us.

Suffice it to say that all of this is interrelated and in a supporting cycle - growth in housing, growth in industry, growth in commercial companies, growth in jobs. And I haven't even touched on what are the concerns of the supporting industries like healthcare and transportation. So, what I am proposing is, as we are talking about long-term planning for the city of New Bern, we need an advisory council.

That New Bern Advisory Council should have business leaders, industry leaders, developers, residents, and staff (and maybe even some county staff) to inform the planning efforts of their concerns and ideas going forward. Therefore, I would like to further this discussion during the planning discussion we are having later today because while I think a bottom-up planning review is important and efficient to leveraging the planning efforts our staff has already made, I think we as a board should also be taking a higher level view to make sure those efforts incorporate our stakeholder concerns and what our stakeholders say we need. Given that vision and perspective, we are not going to get what we need, what the city needs, solely from staff effort.”

After concluding his statement, Alderman Brinson said he felt a planning advisory council was needed more than a downtown advisory council. Alderman Prill said the concept brought up by Alderman Brinson was an important one, but he would like to see representatives from the City’s largest employers meet periodically to discuss concerns they have and for that information to be relayed to the City so the City has an understanding as to the issues large employers face. Mayor Odham suggested inviting Jeff Wood, Craven County Director of Economic Development who oversees Craven 100 Alliance (“C1A”), to make a presentation at one of the Board’s meetings.

When discussing Item 3 on the agenda, Alderman Brinson suggested a plan would not be complete without having convened the types of individuals he referenced. This would allow them an opportunity to express concerns and provide feedback.

2. Discussion of Extraterritorial Jurisdiction (“ETJ”)

Jessica Rhue, Director of Development Services, explained ETJs have been in existence since 1959. Eliminating or modifying an ETJ is a relatively simple process. A public hearing would be held on reversing the ordinance that established the ETJ. Currently, New Bern has nine distinct ETJ areas: Briarwood Lane, Bridgepointe, Rocky Run Road, Trent Creek South, Trent Creek Road, Township 2, US 70/Bosch, US 70/Greenbrier, and Duck Creek. The City could reach out three miles from its municipal limits to establish an ETJ, although none of the current ETJs extend that far. By maintaining an ETJ, the City is responsible for providing services relative to all land-use codes, which includes permits for and oversight of planning, subdivisions, inspections, zoning, minimum housing, and floodplain management. Mrs. Rhue also expected the City was providing fire inspections to commercial buildings within the ETJ. These are services that staff provides to noncity residents. It may be a good planning practice to continue providing these services in some ETJ areas if the City envisions the areas may become part of the City’s boundary in the future. Although, some areas may no longer be worth the resources that are spent to maintain control of the planning in those areas.

Alderman Aster was curious as to whether there were any ETJs across the bridge aside from Bridgepointe. He wondered if the longstanding agreement not to annex James City also prohibited ETJs.

If the City were to eliminate an ETJ, the services the City currently provides would default to Craven County. The County is not required to provide zoning or subdivision regulations, but must provide inspections. There is confusion among some ETJ residents who do not understand that they are not inside the City limits, do not pay City taxes, and do not know that their community parks are County parks.

Noting an ETJ provides the City with major control over areas that may eventually become a part of the City, it is desirable to have some control over what happens in those areas per Alderman Prill. However, balancing that with the level of service provided to nontaxpayers at taxpayer cost, he questioned whether the Manager and Mrs. Rhue felt the ETJs have sufficient value to the City and should be maintained. Mrs. Rhue said there are probably areas that are providing value, but some realistically will never be pulled into the municipal limits. When changing the boundaries, you want to look at where there is access to utilities that the City can provide, the condition of existing infrastructure (particularly roads), and the cost of workload to staff. She also cautioned about properties that are in flood zones, noting the more property the City has in flood zones the more its community ranking is hurt.

Alderman Aster felt the ETJ was more beneficial when the City was forcing annexations, which it no longer does. However, since the County has no zoning, an ETJ could protect the city limits in some way. His biggest concern was that maybe his side of the river needed ETJ areas. While he had been in favor of eliminating ETJs, he now wondered if it would be beneficial to have them in the area across the bridge. Alderman Aster suggested the City Attorney look into whether an ETJ could be in place on 70 East and whether the contractor agreement for Duck Creek could be dropped. Alderman Brinson was not an advocate of eliminating any ETJs on his side of the City, noting Rocky Run and Trent Creek Road are within three miles of River Bend. As far as US 70/Greenbrier and the US 70/Bosch area, the City knows there are plans to develop those areas. According to Mrs. Rhue, areas of ETJ are based on population: 10,000 and less can extend 1 mile, 20,000 and less can extend 2 miles, and 30,000 or more can extend 3 miles.

Alderman Aster commented the ETJ does not create a problem except for once every year or so. Alderman Brinson reminded everyone about the recent demolition of structures in the Sandy Point ETJ; potential issues are not limited to just zoning. Mr. Hughes said he would rather spend the City's funds on demolishing dilapidated structures within the city limits than those in an ETJ. Mayor Odham felt the focus needed to be on areas of future growth, and he did not feel Bridgeton was such as an area. However, Wards 3 and 6 do present a

lot of opportunity. Alderman Best inquired about the ability to impose more than permit fees on ETJ properties, which staff and some of the Board agreed was a good question. In her opinion, she did not feel the ETJs should be dissolved since the City has been serving them for so long.

3. Planning Discussion:

a) Goals and Objectives

Staff is currently working off the 2018 goals and objectives. Mr. Hughes reviewed the responses from a survey distributed to the Board in January seeking the Board's desired goals and objectives (see attached list). The aim is to complete an updated list of goals and objectives that can be implemented over the next three years.

Mayor Odham asked how many of the suggested projects could realistically be accomplished in the Board's three-year tenure. Mr. Hughes said there was a good possibility that a majority of the goals could be accomplished since staff has already been working on many of them. Mayor Odham suggested the Board consider a retreat to discuss the projects.

Alderman Best had great concerns about the Duffyfield canal and felt some of the debris was missed during the FEMA cleanout project. Mr. Hughes felt that concern could be better addressed by George Chiles, Director of Public Works. He further stated in most cases debris was not missed. Instead, some of the debris did not qualify for the project.

In reviewing the list, Mayor Odham noted Public Works has a list that prioritizes streets by those in most need of repair. With respect to sidewalks, Alderman Aster commented he would rather repair those that exist versus installing new ones. Alderman Brinson noted there is a Bike and Pedestrian Plan, and he suggested it be similarly prioritized. With no disrespect, Alderman Best commented she could not imagine a Metropolitan Planning Organization ("MPO") pedestrian plan for Duffyfield and stated having one would take a lot of work. Mayor Odham said it was a very thorough plan that implemented information from the Choice Neighborhood Initiative ("CNI") plan.

Alderman Royal was in favor of a retreat and suggested each alderman select five items from the list. Mayor Odham asked staff to rank the items and the Board could assume the task to prioritize. Mr. Hughes said the goal would be to have a retreat date by the first meeting in March.

b) Strategic Planning

Four departments have a strategic plan: Fire, GIS, Parks and Recreation, and Police. The Police Department's plan has not been approved by the Governing

Board. Mr. Hughes said it was important for the Board to focus on how to move the City forward. Staff is looking into a consultant who can help with this.

c) Comprehensive Plans

The Coastal Area Management Act requires New Bern to have a comprehensive plan since the City is in one of North Carolina's 20 coastal counties. Since 2021, this has further been required by Chapter 160D of the state statutes.

(Alderman Best momentarily stepped out of the room at 2:39 p.m.)

Creating a new comprehensive plan is timely, extensive, and expensive. Builders cannot be required to build pursuant to a plan but can be required to build pursuant to an ordinance. Ordinances are enforceable. It is important for the City to decide what it wants in a plan versus what it wants to make law. Mrs. Rhue suggested the City pay more attention to what is being developed or redeveloped in floodplain areas.

(Alderman Best returned to the room at 2:45 p.m.)

d) City Ordinances

For some reason, every land use ordinance for the City has been put into Appendix A. This type of ordinance gets updated about every 10 years, although it appears New Bern has not had a comprehensive rewrite of its ordinances. Because of that, the ordinances are very disjointed. Some topics are discussed in two areas and may not always be in sync. This invites legal problems. Both the City Attorney and Assistant City Attorney think an overwrite of the ordinances is long overdue. It will take about a year for a complete rewrite. Mrs. Rhue's estimated cost of the project was around \$250,000, and the timeline was projected at two years. Mayor Odham cautioned about overregulating and driving developers away, although acknowledged there is an opportunity to strengthen the ordinances. Mr. Hughes said the estimated cost for the rewrite would be included in Development Services' budget request.

Alderman Aster made a motion for a 10-minute recess, seconded by Alderman Best. The motion carried unanimously, time being 2:54 p.m. The meeting resumed at 3:04 p.m.

4. Financial Update

Kim Ostrom, Director of Finance, provided an overview of the City's revenue and expenses to date. She felt the City's revenues were where they should be at this point, but noted some of the data is skewed due to a reporting lag.

(Alderman Aster returned to the room at 3:06 p.m.)

The City currently has 44 active grants, which were briefly highlighted by department. FEMA funding for the Stanley White Recreation Center ("SWRC") was not included in the grant overview.

The update also looked at debt as of the City's June 30, 2022 audit. The elevator project was included in the debt data, but the SWRC project was not. Three loans will be paid off during this fiscal year totaling just under \$3.7 million (detailed on slide 37 of the PowerPoint). Future borrowing needs were reviewed for the current and 2023-24 fiscal years. The need to finance a wastewater treatment plant in 2028 at an estimate of \$25 million to \$30 million was also mentioned, along with other upcoming borrowing needs.

Staff is currently working on the budget for Fiscal Year 2023-24 which will be presented to the Board on April 25, 2023. The public hearing will be held on May 23rd with the adoption of the budget and updated fee schedule anticipated on June 13th. Alderman Aster asked for this year's budget to include a list from departments that highlight significant increases in operating expenses.

Since this is a revaluation year, state statute requires the revenue neutral property tax be calculated and published. In January, Craven County projected New Bern's tax base at \$4,422,540,000, which represented approximately a 24% increase in the tax valuation. Alderman Brinson noted the County recently announced a 36% increase but has now indicated a 42% increase. Mayor Odham asked Mrs. Ostrom to recalculate the projected tax base using the actual increase that the County will officially announce tomorrow and to update the last slide shared in her presentation. Mayor Odham felt it important to say that the Board could set the City's tax rate to a revenue-neutral level, but that does not get to the aggregate level of the taxpayer. Based on the revaluation, Mayor Odham said citizens will most likely see a tax increase or decrease regardless of the City's tax rate.

5. Discussion of Days Inn Property.

Mr. Hughes solicited recommendations for the Days Inn property, including whether to act on the property or hold off considering the current market. Mayor Odham expressed a desire to see the property developed, noting it is a cornerstone in the Five Points area. The property is currently not in the central business district, and the City cannot entertain a public-private partnership according to Mr. Hughes. However, the City could possibly look at extending the central business district. Mayor Odham thought the City could partner with a developer, even though it could not sell the property through the "dog and pony show" option. He asked Mr. Hughes to seek clarification from the City Attorney. Mr. Hughes indicated he had sought clarification, and the only options are to sell it through the upset bid process or give the property to the Redevelopment

Commission to develop or sell with imposed restrictions since it falls within their boundary.

Alderman Kinsey suggested the City consider constructing an office building to relocate its staff. Mr. Hughes said some of the offices are busting at the seams, and staff is monitoring its office space.

The central business district currently encompasses Hancock, Middle, a portion of South Front, and a portion of Broad Streets, which is only a quarter of the MSD. Alderman Royal asked whether the back parking lot was owned by Tap That. In reply, Mr. Hughes said it was owned by the City and designated as parking with the condition that it could be sold or developed at any time.

The majority of the Board was in favor of directing staff to obtain an appraisal on the Days Inn property.

6. Adjourn.

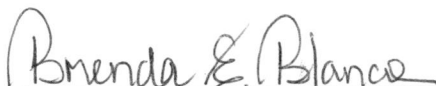
Alderman Aster made a motion to adjourn, seconded by Alderman Royal. The motion carried unanimously 7-0, time being 3:50 p.m.

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.newbernnc.gov. Video and audio recordings of the meeting have been archived.

Minutes approved: March 14, 2023



Jeffrey T. Odham, Mayor

Brenda E. Blanco, City Clerk