

**CITY OF NEW BERN  
BOARD OF ALDERMEN WORK SESSION  
MAY 02, 2023 & MAY 03, 2023 – 1:00 P.M.  
(Recessed to May 09, 2023 at 4 p.m.)  
CITY HALL COURTROOM  
300 POLLOCK STREET**

Mayor Odham opened the meeting. Prayer by Alderman Hazel Royal.

**Roll Call:** Mayor Jeffrey Odham; Aldermen Hazel Royal, Robert Aster, Johnnie Ray Kinsey, Barbara Best, and Robert Brinson. Absent: Alderman Rick Prill. A quorum was present.

**Also in Attendance:** Foster Hughes, City Manager; Brenda Blanco, City Clerk; Kim Ostrom, Director of Finance; and Tanya Harms, Senior Accountant.

**1. Discussion and Review of Fiscal Year 2023-24 Budget.**

Mr. Hughes said the Board had expressed goals for Fiscal Year 2024 that included the continuation of outstanding essential services to citizens and customers, implementation of the second phase of the salary study, updating the land-use ordinance, future citywide planning, and enhancements to technology and communication. The proposed budget also includes a cost-of-living (“COLA”) adjustment and merit increase. The budget requests were summarized by fund and totaled \$150,434,665. Two additional positions are recommended for next year’s budget: an Administrative Assistant for Human Resources and a Heavy Equipment Mechanic for the garage. Mr. Hughes also reviewed capital expenses, noting departments submitted requests totaling around \$11.6 million, but only \$8.2 million is recommended. He reviewed the recommended purchases by department.

Schedule of Fees and Charges

The Schedule of Fees and Charges was reviewed with each change identified. Jessica Rhue, Director of Development Services, provided details on the proposed changes for that department. Currently, Development Services is losing money by not charging adequate fees, and the department also needs to remove fees that it can no longer charge or fees that have not been assessed in years. George Chiles, Director of Public Works, explained the minimal increases proposed for solid waste and refuse. The solid waste authority has not raised rates in 10 years but is considering a tipping fee increase of \$2 per ton. Thus, staff will recommend a solid waste rate increase at the Board’s second meeting in May. The anticipated residential increase will be an additional \$4.07 per month effective July 1<sup>st</sup>. This represents the contractual obligations with GFL, the anticipated tipping fee increase, and the associated shared services that are provided through other City departments. Mr. Hughes noted the changes

reflected in red under Section 10 are inaccurate based on the information provided by Mr. Chiles. Even with the rate increase, Mr. Chiles said New Bern will be significantly lower than surrounding municipalities. Solid waste operates as an enterprise fund and must be self-supporting.

#### Enterprise Funds

Charlie Bauschard, Director of Public Utilities, announced no changes are proposed in the electric utility rate. He shared a PowerPoint to review the estimated \$20.4 million County Line Road Substation Project, which was originally estimated at \$10 million. In the event the City is unable to obtain a grant to fund the project, he suggested revenue bonds be considered. The cost of transformers is still very high, and delivery takes 24 to 36 months. The Kale Road/AMI debt will be paid off December 01, 2024. Rate schedules for street-lighting were reviewed, including potential options for new developments. Mr. Hughes said the City budgets \$750,000 a year for this expense.

Mr. Bauschard reviewed the power supply through NCEMPA, pointing out rates are forecast outside of the City's budget cycle. NCEMPA is currently forecasting a 5-10% increase over one to two years. For New Bern, this will equate to a power supply increase of about \$1.8 to \$3.6 million. It is rumored that Duke is projecting a 20% increase this year, but that will need to be approved by the Commission.

(Alderman Kinsey momentarily stepped out of the room at 2:11 p.m.)

A brief discussion took place about redesigning the City's rates, potential rate increases, and possibly paying off debt to lower rates. Debt service rolls off in 2025, which runs \$3.2 million annually per Mr. Bauschard. Mrs. Ostrom expanded to note \$2.5 million for the AMI expansion will roll off by May 2026, and the \$1.69 million balance for phase 2 of AMI will roll off in December 2024.

(Alderman Kinsey returned to the room at 2:20 p.m.)

Mayor Odham asked for the debt payoff schedule to be distributed to the Board. With the days' cash on hand falling below the benchmark and the anticipated increase in costs, Mrs. Ostrom said she felt very uncomfortable paying off debt early, especially going into hurricane season.

Jordan Hughes, City Engineer, reviewed Water Resources' budgetary challenges for next fiscal year. The growth in operational costs is outpacing revenue growth. The department is also facing shortages in labor and materials for construction projects. Ongoing and planned capital projects were highlighted. Water and sewer customer and revenue trends were reviewed for the last 12 years. Over the last 4 years, water revenue has increased about 10.79%, but expenses have increased by 26.29%. With respect to sewer, revenue increased 7.76% and expenses increased 24.17%. The Water Fund's cash on hand exceeds the

minimal benchmark of 240 days; however, the Sewer Fund's cash on hand is below the minimal benchmark of 175 days. Mayor Odham asked for a refresher on the logic for establishing policies for days' of cash on hand. The City Engineer said he would provide the methodology from 2015 that was used to establish the policies so the Director of Finance could distribute it to the Board. One of the top priorities was emergency operations.

Recommended fee increases were reviewed, which are not included in the proposed budget. As required by statute, a system development fee analysis has been performed and is available on the City's website. A public hearing will be held on the suggested increases, and the Board will vote on the matter at a future meeting within the next two months. Even with the increases, New Bern's customers will pay lower rates than they paid in 2011. To balance the proposed budget until the increases can be considered by the Board, transfers from the water and sewer fund balances are included in the proposed budget.

Alderman Royal made a motion to take at least a 10-minute break, seconded by Alderman Kinsey. The motion carried unanimously 6-0, time being 2:51 p.m. The meeting resumed at 3:06 p.m.

The City Manager reviewed the enterprise funds in some detail, starting with the Water Fund. Alderman Aster inquired about the \$10,000 reflected on page 157 for community engagement. The City Engineer explained this is a new line item to cover costs associated with job fairs to recruit staff, a booth at MumFest, etc. This is a unique line item created to capture those costs instead of pulling the expenses from various other lines such as office supplies.

Alderman Brinson asked for clarification as to whether the proposed budget reflects the wage increases recommended by the salary study. The Manager confirmed the salary lines include the first and second phases of the salary study, merit, and COLA increases. Alderman Kinsey asked about raises for the Governing Board, and Mr. Hughes stated that could be discussed when the Governing Board's budget is reviewed in detail.

Mayor Odham questioned the equitable allocations listed on page 168, noting some vast differences from previous years. Mrs. Ostrom said the cost allocation plan was evaluated overall and updated accordingly. As a result, enterprise funds were charged for their specific contracts instead of running them through Information Technology ("IT") in the General Fund. Additionally, SSAccounting, Customer and Payment Services ("CAPS"), and the Utility Business Office ("UBO") were transferred to Electric. The UBO is comprised of metering and billing, and CAPS involves customer service and payment services at the Fort Totten office. Enterprise funds function as a business and should be self-supportive. The General Fund is a very different funding source. Alderman Aster asked for an explanation of the bad debt expense on page 170. At Mrs. Ostrom's request, Jordan Hughes explained \$200,000 was budgeted a couple of

years ago and he asked it to be removed in FY2024 since he was unclear what it represents. Mayor Odham asked where bad debt is captured in the budget if this is not it. Mrs. Ostrom said she would have to look into that.

The City Manager next reviewed the sewer and electric budgets. Mayor Odham asked if the 2023 actuals on page 175 were annualized or year to date. Mrs. Ostrom confirmed the actuals were year to date as of a couple of days prior to the meeting. He also questioned if the sewer revenue was actually trending down, as he had anticipated an increase based on the chart previously shared by the City Engineer. Jordan Hughes explained the proposed budget does not include the anticipated rate increases but is based on a revenue projection model and currently incorporates transfers from the enterprise fund balances.

(Alderman Kinsey momentarily left the room at 3:43 p.m., returning at 3:46 p.m.)

The electric fund was reviewed beginning on page 199. Mr. Bauschard did not plan to have any new debt service and only budgeted for existing debt.

Mayor Odham felt the 2023 actuals were pointless to have in the budget if the data is old, and he suggested the figures not be shown. Alderman Aster countered it was beneficial to see the actuals in the event a department had overspent its budget.

Noting S&M Contracts increased by 59666.7%, Alderman Aster said it would be helpful to see what is being grouped together in a line item. Mrs. Ostrom said the budget notebook would be three times larger if staff did that. However, staff could start noting that information in the department's highlights.

Mr. Hughes reviewed the solid waste budget. As stated earlier by Mr. Chiles, an anticipated increase is expected from GFL and the landfill.

After the Municipal Service District's ("MSD") budget was reviewed, Mayor Odham commented there was clearly no time to establish an MSD Advisory Committee before the budget is adopted. He asked what the Manager planned with that regard. Mr. Hughes said upon Alderman Prill's return, he would schedule a meeting with all MSD property owners their input on what they envision for the committee. A variety of projects such as beautification and enhancements will also be discussed at the meeting. Currently, the MSD has a fund balance of \$1.6 million, and there is a need to lower that balance. The MSD's debt service totals \$641,163. In light of its fund balance, the Mayor recommended paying off the debt and suggested Mr. Hughes obtain input from the owners as to that recommendation. The current MSD tax rate and revenue neutral tax rate were reviewed (see PowerPoint slide). Mr. Hughes said there is no reason to raise the rate above the revenue neutral calculation.

The Redevelopment Commission ("RDC") usually makes a recommendation as to what funds they would like allocated to their budget, after which the Board is presented with a budget amendment. So far, the RDC has not requested funding for the upcoming budget. The Executive Director's salary has been funded in Development Services' budget. Mayor Odham asked if the American Rescue Plan ("ARP") funds that the Board allocated at its recent meeting would be reflected in the budget. Mrs. Ostrom responded no, stating the ARP funds are in the General Fund. The Mayor then questioned the impact of the Board's action on Tuesday, and Mr. Hughes reminded Mrs. Ostrom the Board allocated \$547,000 in Ward 3 ARP funds to be used for public housing. Mrs. Ostrom apologized, stating she did not think the motion was approved. She said the funds could be used to establish a project fund under the RDC's budget or it could be set up as a grant for the Commission. If set up as a grant, the City would pay the project expenses and maintain control of the money. Mr. Hughes felt it would be easier to handle the funds in the same manner as the monies that were designated for the wellness center.

The Metropolitan Planning Organization, E911, and Police Special Revenue budgets were briefly reviewed. Noting a travel and training budget of \$22,000, Alderman Aster questioned how many E911 employees would utilize those funds.

(Alderman Kinsey momentarily stepped out of the room at 4:28 p.m.)

Mrs. Ostrom referred him to the travel details listed on page 16 and reviewed some of the training. There are 12 telecommunicators, not including the supervisors.

(Alderman Kinsey returned to the room at 4:30 p.m.)

Alderman Royal questioned whether the training was mandated, and Police Chief Patrick Gallagher confirmed some of the training is mandatory.

(Alderman Kinsey left the meeting at 4:31 p.m.)

Chief Gallagher provided a brief explanation about asset forfeiture dollars and how those funds are used in drug investigative cases.

Mrs. Ostrom reviewed the Employee Benefits Fund, noting this category covers workers compensation, health, and dental coverage for active and retired employees.

(Alderman Royal left the meeting at 4:40 p.m. A quorum of four remained.)

### General Fund

- Governing Board – Mayor Odham asked if the amount budgeted for health insurance represented coverage for the full Board or just those who selected coverage. He questioned whether Aldermen Aster and Best's coverage was reflected under Governing Board or in a line item for retirees. Mrs. Ostrom said funds are budgeted for the entire Board in case everyone elects coverage, and she felt the retiree coverage was distributed to the Governing Board's budget since each department shared in the expense based on the number of employees for each. At Mr. Hughes' request, Ms. Blanco reviewed the Board's annual compensation as follows: Mayor \$16,143.10, Mayor Pro-Tem \$11,975.88, and Aldermen \$11,098.88. The Mayor Pro-Tem is selected annually and receives a slight increase of \$877.00 for fulfilling that role. The budget includes a significant increase for replacement of the Board's laptops. A discussion ensued about the preference of iPads over laptops. Funding remains in the budget for Allies for Cherry Point's Tomorrow at \$14,200 and \$12,500 for Highway 17 Association. Alderman Aster questioned how the funds for the Highway 17 Association were used, and Ms. Blanco said the Association lobbies and advocates for the extension of the highway from Bridgeton to Jacksonville, which will have a positive economic impact on New Bern. Alderman Aster was interested in knowing whether Craven County still supports the Association.
- Administration – Funding in Professional Services is used to pay for appraisals, grant-related expenses, etc. Other Contractual Services include the cost of the New Bern Alerts program.
- Legal – An increase was not requested for FY2023.
- Special Appropriations – The New Bern-Craven County Public Library requested an increase from their annual allocation of \$75,000 to \$90,000. Mayor Odham and Aldermen Aster, Best, and Brinson were not in favor of the \$15,000 increase and directed to staff to keep the budget at the contractual obligation of \$75,000. Mayor Odham asked for the discretionary spending policy to be circulated to the Board members.
- Community Development – Increased from \$25,000 to \$100,000 in case the Governing Board wants to pursue any future planning.
- PEG – Capital funding is budgeted to replace the video server. Live broadcasting is budgeted at \$29,000, government programming for a variety of topics \$6,000, and \$4,200 for ROKU livestreaming.

Noting the elevator project will soon be complete, Mayor Odham expressed concern with how things will be structured internally to handle the annex. If changes are not made, there will be two points of ingress and egress which means safety concerns with the public's ability to access the elevator and go straight into the building. Mr. Hughes revealed security cameras would be in place and monitored by staff. A video monitor will direct people as they enter the annex as there will be no one stationed in the annex. The City Clerk's office will probably be moved to the suite near the Manager and

Assistant City Manager's offices to allow for a better flow to the main entrance. Mr. Hughes anticipated a ribbon cutting to take place in June.

Alderman Aster announced FEMA has obligated funds for the BP building. The State of North Carolina, the City's consultant, and Alderman Aster felt a change in scope of work should be submitted as quickly as possible, if that is the desired action. The Board needs to discuss how it wants to proceed with that funding. Mayor Odham pointed out the BP building fell under Public Works and suggested the topic be discussed under that department's budget.

Alderman Aster made a motion to recess until tomorrow (Wednesday) at 1:00 p.m., seconded by Alderman Best. The motion carried unanimously 6-0, time being 5:10 p.m. Of note, Aldermen Kinsey and Royal had left the meeting, thus technically yielding a vote in the affirmative.

### **May 03, 2023**

The meeting resumed on Wednesday, May 03, 2023 with Mayor Odham calling the meeting to order at 1:00 p.m.

**Roll Call:** Mayor Jeffrey Odham; Aldermen Hazel Royal, Robert Aster, Johnnie Ray Kinsey, Barbara Best, and Robert Brinson. Absent: Alderman Rick Prill. A quorum was present.

**Also in Attendance:** Foster Hughes, City Manager; Brenda Blanco, City Clerk; Kim Ostrom, Director of Finance; and Tanya Harms, Senior Accountant.

### **General Fund (continued)**

A review of the General Fund continued as follows:

- Governing Board – Mr. Hughes revisited the Governing Board's budget to point out Dues and Subscriptions provide for the reinstatement of membership with the Eastern Carolina Council of Government ("ECCOG") at a cost of \$8,000. In the past, there were a lot of issues with ECCOG, and the City pulled its membership. Since that time, the organization's new Executive Director has worked hard to turn the program around. Alderman Kinsey felt the COG was more beneficial to smaller rural towns, and Alderman Aster asked for the Manager's opinion. Mr. Hughes felt there could be some benefit to membership in the form of working with other local governments and taking advantage of training opportunities. No one expressed opposition to rejoining.

Since Alderman Kinsey missed the previous day's discussion about the Governing Board's salary, Mayor Odham brought up the topic to allow him an opportunity to provide input. Ms. Blanco restated the Board's current compensation and confirmed the amount includes local travel to Board meetings but does not include out-of-town travel and training. Alderman

Kinsey expressed a desire to increase the Governing Board's compensation to an amount equal to the pay received by Craven County's elected officials. Referencing the current economy and noting the cost of everything had risen, Alderman Best stated she was in favor of an increase. Alderman Royal inquired as to the County officials' compensation, and Mayor Odham and Alderman Aster responded it was "a lot." Mr. Hughes said staff was working to get that information and the topic could be revisited when the data was available.

- Information Technology – Capital expenses were reviewed, and the estimate for phone service was discussed. A large increase was noted in power supply upgrades for the servers at City Hall. GIS will be moving back to Development Services where it is a better fit.
- Finance – Mrs. Ostrom explained Miscellaneous Other Services was realigned with Other Professional Services to better account for the services being provided; thus, the 76% increase in Other Professional Services. Staffing for the Purchasing Division is allocated through shared services.
- American Rescue Plan – Funding for designated projects were itemized beginning on page 66. Almost all the funding has been allocated. Most of the projects are still ongoing but should be completed by the end of next fiscal year. A list of the projects was distributed to the Board. Mayor Odham requested a list that included the account numbers so it could be cross-referenced with the budget. Alderman Royal asked if a study had been performed to determine which intersections should be four-way stops. Mr. Hughes responded no and explained the course of action has historically been complaint driven.
- Human Resources ("HR") – Employee appreciation lunches are budgeted in HR. Funding is sought for the addition of an Administrative Assistant. Community engagement is budgeted at \$1,000 for job fairs, etc.
- Police – The replacement of 10 police cruisers is requested at a cost of \$621,520. After learning the department budgets to replace 10 vehicles a year and confirming that proceeds from the sale of used vehicles is put in fund balance, Alderman Brinson suggested tracking the capital recovery versus putting the proceeds back in the General Fund. Current year General Fund revenue from the sale of fixed assets totals \$212,000, per Mrs. Ostrom. Alderman Brinson said he would argue that revenue should be put back into capital outlay versus sitting in the General Fund. Mrs. Ostrom did not feel the City received enough revenue to set it aside, but Mr. Hughes said staff could analyze it. Mayor Odham had requested the previous City Manager provide the Board with a list of items that are sold on GovDeals so the Board could track the inflow and outflow. Alderman Brinson also suggested tracking the revenue from the sale of surplus real property and possibly using that to pay for projects versus putting the money in the General Fund. Considering the City has a healthy fund balance, maybe these revenues are something the Board can look at.



With respect to recruitment and retention, Mayor Odham asked if the take-home vehicle policy is still being reviewed. Mr. Hughes said data is still being collected with the intent of reviewing the policy and utilizing a circumference boundary. All funded positions in the PD have been budgeted.

Revisiting the question raised earlier about compensation for Craven County's elected officials, Mr. Hughes directed the Board to an email circulated by Ms. Blanco. Information gathered last May revealed the Chairman of the Board's annual compensation was \$15,202.72 and the Commissioners' compensation was \$13,718.38. Each receives a monthly travel stipend of \$550.00. According to the County Manager, the officials receive a COLA each year if the County approves one.

Alderman Kinsey made a motion for the Board to be paid the same as the County Commissioners, seconded by Alderman Best. Alderman Royal asked if the motion included the travel, and Alderman Kinsey stated his motion was for the travel and salary. Alderman Best then questioned Alderman Kinsey as to whether he intended for the Board to receive the \$550.00 monthly travel allowance, and Alderman Kinsey said no and that he was only asking for the salary. Alderman Best further confirmed with Alderman Kinsey that he desired for the Board's travel to remain at \$250.00 per month. Alderman Royal then asked for clarification that the motion sought an increase to \$13,718.38 for the Aldermen, and Aldermen Kinsey and Best both confirmed that was the intent of their motion and second. Before confirming, Alderman Best confirmed with the City Clerk that the \$13,718.38 amount did not include the Commissioners' travel compensation. Upon a roll-call vote, the motion failed 3-3 with Aldermen Royal, Kinsey, and Best voting in favor of the motion and Alderman Aster, Mayor Odham, and Alderman Brinson voting against it. Mayor Odham advised Alderman Kinsey that the topic could be revisited when Alderman Prill returns at the next meeting. Alderman Best said she did not think the Aldermen should surpass the Mayor's salary.

- Emergency 911 Support – This budget funds the annual salary and fringe benefits for a GIS Technician.
- Parking – Currently, three part-time positions are budgeted for downtown parking control. Mr. Hughes reviewed statistical data from enforcement efforts. In response to a question from Alderman Aster, Mr. Hughes confirmed the numbers reflect the total budget for the division and does not consider roughly \$34,000 that is contributed by the MSD. The recommended budget of \$41,000 on page 86 is offset by the \$34,000 contribution, and the difference comes out of the General Fund. Mayor Odham did not think the General Fund should subsidize this division since profit from the parking leases is put in the MSD Fund. He thought that had been the practice and questioned when it changed. Mrs. Ostrom noted while the MSD receives all revenue from parking leases, the Police

Department receives approximately \$30,000 annually from parking tickets. Based on the new lease rates, she estimated the MSD would collect \$60,300 in lease revenue. Mayor Odham suggested staff start thinking about the kiosks and where that revenue will go when the project is implemented.

- Fire –The tower truck proposed for refurbishment at a cost of \$350,000 is a 2002 model. Noting the truck is 21-22 years old, Alderman Aster questioned if it was worth spending \$350,000 to refurbish the truck or if it would be best to buy a new truck. Fire Chief Bobby Boyd confirmed the motor, drivetrain and chassis would remain the same, but everything else would be refurbished on the vehicle. The time to refurbish the truck would be 8-10 months, and the time to secure a new truck would be 2-4 years. While Chief Boyd was trying to be a good steward of funding, he agreed the decision about whether to spend the money for a refurbishment or pay \$900,000 for a new vehicle was a fine line.

(Alderman Kinsey momentarily stepped out of the room at 2:36 p.m.)

A discussion ensued about the cost of quints and engines, the assigned location for a new apparatus, and purchase of two instead of refurbishing one and buying one. Alderman Aster suggested a good solution may be to seek bids and then compare the prices. Chief Boyd noted the City would get a better discount if it purchased two. After some in depth discussion, Mayor Odham and Alderman Brinson expressed a preference to purchase versus refurbishing. Alderman Brinson pointed out the new vehicle would be on hand when a station is built in the West New Bern area, and Mayor Odham pointed out a new truck would be financed while funds would be pulled out of the budget to refurbish the older truck. Chief Boyd will obtain a ballpark price for a new apparatus but would not be able to obtain a good estimate until the specs are determined.

(Alderman Kinsey returned to the room at 2:42 p.m.)

Alderman Aster suggested bids be sought for two trucks, but word the Request for Proposal so only one could be purchased if that is the ultimate decision. For budgetary purposes, Alderman Aster suggested placeholders of \$350,000 for the refurbishment and \$800,000 for a new unit remain in the budget. A budget ordinance amendment can be considered if different direction is given when the quotes are received. Noting the fire truck would be financed, Mayor Odham questioned the \$1.2 million on page 99 that is recommended for motor vehicles. Mr. Hughes stated the figure represented \$800,000 for a fire truck, \$350,000 for the refurbishment, and \$50,000 for a paint job. Mayor Odham questioned the impact this budgeted amount will have on the recommended tax rate and balancing of the budget. Mrs. Ostrom noted the budget accounts for \$800,000 in revenue from loan proceeds. The Board was referred to the

blue handout in front of the budget notebook that referenced General Fund loan proceeds of \$2,666,020.

- Parks & Recreation (“P&R”) – In partnership with Craven County, the budget includes funding for the construction of a proposed skate park at Seth West Parrot Park. Temporary help is budgeted at \$15,000 to assist with covering events, and funding is provided for additional cameras in parks. Alderman Royal asked how the County intended to partner on the skate park, and Mr. Hughes said the City and County would each contribute \$150,000 towards the \$300,000 project. Alderman Best asked whether P&R was fully staffed, noting those employees work a lot of hours and on weekends. Mr. Hughes stated there are one to two positions open in administration, facilities, and Parks & Grounds, and stated the need to work a lot of hours and on weekends is why funding is requested for temporary help. In the past, temporary help has been used to mow cemeteries and city properties. This year, some of the mowing will be contracted out. As a result, the line for temporary help services has been reduced by half with the amount removed now reflected under Other Professional Services. On page 113, the cost of chemicals was moved to a new line item for aquatics to better reflect where the chemicals are utilized.

The Mayor pointed out the request for \$2,500 for community engagement and Water Resources’ request for \$10,000 would cover a lot of knickknacks; that is food for thought when the Board gives direction as to the budget requests.

- Development Services – Other Professional Services is estimated at \$249,000 for the rewriting of ordinances. Alderman Kinsey inquired about the department’s travel and training for the last few years, and Mr. Hughes confirmed the requested amount is the single biggest increase by department. Another highlight is the substantial cost to upgrade the permitting software. Mayor Odham thought the department was moving to Munis, but Mr. Hughes explained that would not happen as there are certain elements of Munis that were promised which the company cannot deliver. The Mayor then questioned if anyone had contacted Munis to negotiate the cost knowing the City anticipated all departments would be on that software. He further asked for a meeting to be set up with the Munis representative to have this discussion, as the City was sold a bill of goods that it is not getting. Telephone expenses include cellphones and internet service for tablets. GIS is requesting to replace a vehicle.
- Public Works – Capital requests totaling \$970,000 were listed on page 130 and included \$250,000 for sidewalk improvements. Aldermen Aster and Brinson noted the current year’s budget provided for an asphalt roller, and they questioned the need for another. If it were in the current budget but not yet purchased, Mayor Odham asked if it could be ordered before June 30<sup>th</sup>. Community engagement was budgeted at \$300 to cover the department’s participation in New Bern 101. An estimated savings of \$150,000 is projected by turning the garage storage building into a diesel

machine shop. Mayor Odham noted the significant increase for streetlights, questioned \$400,000 for street resurfacing and whether that was taking a step back, and asked much the City receives in Powell Bill funds. Mrs. Ostrom explained the increase in streetlights relates to the utility bill correction that was discussed at the last meeting. The budget also includes some rate adjustments and the addition of 60 streetlights that were not being billed to the City. This increased the streetlight budget by approximately \$20,000. Per Mr. Chiles, the estimated Powell Bill revenue of \$990,000 covers not only maintenance and repairs, but also street sweeping and other services. Noting streets are in desperate need of maintenance and repaving and the fact that \$400,000 will not go far, Alderman Aster suggested putting a hold on new sidewalks this year and increasing the paving budget. Mr. Chiles pointed out a new street survey is budgeted for FY24, as indicated by the \$20,000 increase in Miscellaneous Other Services. He also explained the \$30,000 budgeted for sidewalks would cover in-house concrete repairs, and the \$250,000 under capital outlay is for new sidewalks or large areas that need to be mitigated. While discussing sidewalks on Garden Street and moving funds from sidewalks to paving, Alderman Brinson noted consideration will soon be given to the formation of a Bike and Pedestrian Committee that will be tasked, in part, with prioritizing sidewalks.

Alderman Aster made a motion to move \$200,000 out of sidewalks and into paving, seconded by Alderman Kinsey. Upon a roll-call vote, the motion carried unanimously 6-0.

- Stormwater – Temporary help services is increased significantly. Funding is budgeted under land rentals for the Norfolk Railroad crossing agreement, an annual fee which Mr. Chiles briefly explained.

### Tax Rate

The impact of the tax revaluation was reviewed with a PowerPoint slide, a hard copy of which Alderman Royal requested the Board receive. The recommended tax rate to balance the budget was \$0.4359 per \$100 in assessment. That included a COLA of 3%, a merit of up to 2%, and implementation of the remainder of the salary study. Sales tax revenue was reviewed; growth was budgeted conservatively at \$11.9 million. The current year's sales tax was budgeted at \$10 million.

Mayor Odham explained the current tax rate is \$0.4822. For taxpayers to pay roughly the same tax amount as last year, the tax rate would need to be \$0.3734 (the revenue neutral amount). The recommendation of a \$0.4359 rate to balance the budget is 6 cents more per \$100. That equates to a \$3 million increase in tax revenue. It is not yet known what the County is going to do with respect to its rate, and Alderman Best wanted to wait to see what action it would take. Mr. Hughes said one of the last desires is to balance the budget utilizing fund balance.

Alderman Aster suggested it was time to ask the City Manager to cut \$900,000 from the budget so the tax rate could be decreased to a 4-cent increase. He suggested community involvement could be cut and noted there was almost \$500,000 in travel and training. Mayor Odham noted the City's population has not grown much, yet personnel has grown roughly by 15 positions in the last 9 years.

Alderman Best agreed with Alderman Aster that maybe things need to be scaled back. Alderman Aster said citizens have to take into consideration the inflation, and the City has to go up on its salaries or it will start losing employees again. Expenses have gone up for the City just like it has for homeowners, and the City is suffering the same as citizens. There are only two options per Alderman Aster: raise the tax rate a little or cut services. Mayor Odham inquired about the General Fund balance, and Mrs. Ostrom replied she would have to calculate that figure. The Mayor said the Board needed to see that number by percentage and dollar amount, and he felt the pencil needed to be sharpened to make adjustments in the budget. Mrs. Ostrom said the City would have to increase the tax rate at some point or it cannot sustain as expenses continue to increase. Alderman Aster said he would rather give employees raises and cut out-of-town training, and the Mayor felt it would be easy to cut the travel and training budget.

Alderman Aster asked when the FEMA topic could be discussed, and Mr. Hughes suggested a workshop be scheduled. Noting there are still topics on this agenda that need to be covered, the Mayor suggested this meeting could be recessed until Tuesday to start prior to the regular meeting.

Mrs. Ostrom indicated Finance staff was listening to this meeting and calculated a rough estimate of the General Fund balance at \$27.2 million, which is a very healthy fund balance. This equates to around 50%.

Alderman Aster made a motion to recess this meeting until 4 p.m. on Tuesday, May 09, 2023, seconded by Alderman Kinsey. The motion carried unanimously 6-0, time being 4:01 p.m.

### **May 09, 2023**

The meeting resumed on Tuesday, May 09, 2023 with Mayor Odham calling the meeting to order at 4:00 p.m.

**Roll Call:** Mayor Jeffrey Odham; Aldermen Rick Prill, Hazel Royal, Robert Aster, Johnnie Ray Kinsey, Barbara Best, and Robert Brinson. Absent: None. A quorum was present.

**Also in Attendance:** Foster Hughes, City Manager; Marvin Williams, Assistant City Manager; Brenda Blanco, City Clerk; Kim Ostrom, Director of Finance; and Tanya Harms, Senior Accountant.

Mrs. Ostrom reviewed reductions in the proposed budget that were made in response to the Board's comments last week. A list of those changes was distributed along with a new, proposed budget notebook. In part, the reductions are associated with travel and training, community engagement, iPads for the Governing Board instead of laptops, elimination of the skate park, and maintaining the library funding at \$75,000 instead of the requested \$90,000. A transfer of \$297,537 will be taken from fund balance. As a member of the library's Board of Trustees, Alderman Prill advocated on behalf of the request for an additional \$15,000 in funding. It was noted that the \$75,000 funding is contractual in nature and dates to a longstanding agreement.

Mayor Odham asked for the dollar amount set aside in the General Fund for COLA and merit increases. After some research, Mrs. Ostrom reported the COLA was approximately \$730,000 and the merit approximately \$485,000 for a total of \$1.2 million. This includes the cost of benefits. For the enterprise funds, the COLA is \$385,000 and the merit is approximately \$255,000 for a total of \$640,000. These figures do not include the implementation of the second phase of the salary study.

The Board received handouts providing information requested previously during the budget workshop: comparison of elected officials' salaries from neighboring governments, vehicle sales data from FY22 and FY23, real property sales data from FY22 and FY23, special appropriation balances for each official, the discretionary spending policy, debt service schedules, cash reserve policies, and ARP funding project allocations and balances by ward. Since the City selected the standard deduction, there is no longer a deadline by which the ARP funds must be spent.

## **2. Update on ARP Projects.**

Mr. Chiles provided an update on numerous ARP projects (see attached list with status information).

Alderman Royal asked to review the concept plans for the sidewalks in Pembroke. She inquired about the plan for street resurfacing in the Duffyfield community. Mr. Chiles stated Public Works has been addressing the subgrade that has been washed out after rain events. The asphalt contractors are performing a walk-through, and a start date should be known shortly after the quotes are received.

With respect to the Trent Road bank stabilization, Alderman Aster thought it had been determined that was not a City problem since it is on private property. Mr. Chiles explained the volume and velocity of water from City rights-of-way and properties is causing bank erosion that places the sediment at the head of the pipes. Failure to address this will cause ongoing issues with erosion and sediment upstream.

Alderman Best sought an update on the McCotter House, and Mr. Hughes said the project is in the hands of the RDC. The McCotter House has been

demolished to make room for a health and wellness clinic, and the Mayor recently asked the Commission about a timeline for a groundbreaking. The RDC received some pledged partnerships, but the partners want to see a facility in place and the RDC wants to wait for a written agreement from each partner before it builds the facility. Noting the RDC has had funding for almost a year, the Mayor said he suggested that the Commission build the structure. Hopefully, it will move forward with construction. Notably, the RDC has been told it cannot operate a health clinic, just as it cannot own and rent properties. The must find a partner to operate the facility.

Alderman Royal requested a status update on the moving of the Tisdale house and the Stanley White Recreation Center. Mr. Hughes noted that topic is on the agenda for the Board's 6 p.m. meeting, and he preferred to answer questions then.

### **3. Discussion of 408 Hancock Street and Property at the Corner of Pinetree Drive and Laura Lane.**

Mr. Hughes said there is currently a short-term rental in place with a nonprofit for old Firemen's Museum at 408 Hancock Street. He reviewed the various uses of the property in recent years. Several others have expressed interest in the property, and the Board was asked to provide direction. Noting the property was previously marketed for sale, Alderman Prill was aware of at least one entity's interest in the property and asked why the City did not sell it. Mr. Hughes said his understanding is there has traditionally been an issue with the lack of dedicated parking. A certain amount of parking is required depending on the intended use. Now that the Board has been made aware that others have expressed interest in the property, Mayor Odham suggested the Board marinate on the topic and possibly discuss it at a future workshop.

For many years, the City has owned a wooded lot at the corner of Laura Lane across from the aquatic center and Knights of Columbus. It is 3.24 acres in size and has a tax value of \$210,000. The City does not really have a need for it, and the property would be prime for commercial development. According to Ms. Blanco, the City purchased the property in 1998 from Pine Tree OB/GYN for \$45,000. After discussion, each Board member noted they were in favor of directing the Manager to obtain an appraisal of the property. After knowing the property's value, the Board can then decide how to proceed.

Going back to budgetary discussions under Item 1, Alderman Aster asked about the BP property, the cost to replace the building, and the potential for a change in the scope of work. Mr. Hughes said previous discussion has centered around building a Public Works facility and recent discussion focused on the possibility of building a grounds maintenance facility for Parks and Recreation or using the FEMA funding to build an amphitheater at Martin Marietta Park ("MMP"). Alderman Aster noted the federal funding of around \$955,000 must be used for the community, and he was in favor of

pursing an amphitheater. The City would receive a revenue stream from a theater. Mr. Hughes reviewed how amphitheaters are typically operated by a third party. To pursue the project, planning would be necessary and special appropriation funding could be used to cover the planning expenses.

While she was in favor of an amphitheater, Alderman Best did not feel a theater should take precedence over some of the City's other issues and projects. She felt the FEMA funding should be used for Parks and Recreation or Public Works' needs. Alderman Kinsey suggested building a structure at 925 Broad Street with retail on the bottom and all City employees on the upper levels. Alderman Aster pointed out the FEMA funds could not be used to develop property for rent or sale. Alderman Kinsey then stated that he was referring to selling current city facilities to pay for the new structure. Mayor Odham noted there are a lot of city offices that could not be relocated or sold. Only Human Resources, possibly Parks and Recreation, Development Services, and Finance could move to 925 Broad Street.

Mayor Odham suggested staff present the Board with options on how the FEMA funding could be utilized. Mr. Hughes suggested the Board let him or the City Clerk know if they have other thoughts and staff will research with the consultant what options are available. Alderman Aster stated an amphitheater would easily qualify for the funds. The Mayor commented that it is easy to find projects, but not as easy to find projects that will produce revenue. An amphitheater, however, would offset costs. Alderman Aster noted the consultant has advised the City should move on the scope of work as quickly as possible, and the Mayor asked if this is something that could be put before the Board on its next agenda. Alderman Aster confirmed the funds have been obligated by FEMA. Alderman Best asked someone to define change in scope of work, and Alderman Aster explained that means the facility would not be built back in its current location and the City would recommend to FEMA that the obligated funding be utilized for the community in another way. Alderman Prill inquired as to whether the plans for MMP ever included an amphitheater. Mr. Hughes said the 2018 plans did include an amphitheater at a rough estimate of \$750,000 to \$1 million.

Alderman Royal asked to revisit the topic of a raise for the Board, noting the last vote was deadlocked and Alderman Prill was not present for the discussion. Aldermen work overtime and during storms just like employees. It is a demanding position. For Alderman Prill's benefit, Mayor Odham recapped the previous discussion in which Alderman Kinsey made a motion to raise the aldermen's salary to an amount equal to that of the county commissioners. After reviewing the current salary for both city and county officials, Mayor Odham noted the vote failed with a tie of 3 to 3. Alderman Prill said even though he missed the discussion, in his experience with local government some community officials do not receive compensation aside from reimbursement of expenses, while others are compensated. Given the fact there is a longstanding precedence in place where New Bern officials receive compensation, he did not have a problem establishing a policy that would allow for annual increases so this discussion can be avoided each year during budget deliberations. Personally, he did not have a problem with the Board receiving the same standard increase that the Manager



considers for employees, or an amount that is less than that such as 75% or 50% of the standard COLA. Officials could choose not to accept the increase. Alderman Prill stated he was comfortable with taking a vote to establish a policy for the Board to have an annual increase but would need for there to be a determination as to what that annual increase would be for any given year. This would allow the City Manager to know how much to budget annually. Mr. Hughes noted the Board has historically opted not to receive COLAs, but the county does apply the annual COLA to its board. The Mayor recalled and confirmed with the City Clerk that previous Managers have included in the proposed budget a COLA for the Board, but the Board has always voted to remove it.

Stating it was a matter of respect and that he did not want anyone holding him hostage, Alderman Kinsey disagreed with Alderman Prill's suggestion to establish a policy and determine a fixed amount or basis for an annual increase. Alderman Kinsey said he was looking to do what was right for the Governing Board and to move it forward together as a team. He stated there will always be the "haves and the have nots", and that everyone has a way of doing things that please them, but they do not think or care about anyone else.

Alderman Best agreed with Alderman Prill's suggestion to establish a policy. Alderman Kinsey said there was no need for the Board to vote on that, as Alderman Best already knew the deal. He also stated a policy did not need to be in place since the Board itself makes the rules and could vote on a raise each year.

Alderman Kinsey made a motion to get the same pay that the county commissioners get (i.e., \$13,718), not asking for the \$500 they get each month (i.e., \$550 travel stipend), seconded by Alderman Best. Alderman Brinson pointed out that was a 24% increase to the Board's current salary. Alderman Royal asked if it had been more than 20 years since the Board had an increase, and the City Clerk indicated she would have to research that information. If it has been 20 years, a \$2,000 raise would equate to approximately 1% per year. Alderman Brinson commented that he had only been an alderman for 8 months. In response, Alderman Best said he did not have to take the increase. Mayor Odham noted insurance is offered to the Board, but not all participate. Mr. Hughes announced the average cost to provide insurance is approximately \$1,000 a month per recipient. Upon a roll-call vote, the motion failed 3-4 with Alderman Prill, Alderman Aster, Alderman Brinson, and Mayor Odham voting against it. Alderman Prill stated he was not comfortable with using the county commissioners as a standard for the increase.

#### **4. Adjourn.**

Alderman Aster made a motion to adjourn, seconded by Alderman Kinsey. The motion carried unanimously 6-0, time being 5:36 p.m.

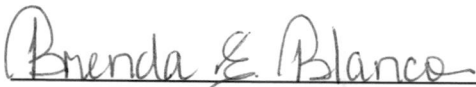
The attached documents are incorporated herewith and are hereby made a part of these minutes.

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](http://www.newbernnc.gov). Video and audio recordings of the meeting have been archived.

Minutes approved: June 13, 2023

A handwritten signature in dark ink, appearing to read 'Jeffrey T. Odham', written over a horizontal line.

Jeffrey T. Odham, Mayor

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

Brenda E. Blanco, City Clerk