

**CITY OF NEW BERN
BOARD OF ALDERMEN MEETING
MAY 23, 2023 – 6:00 P.M.
CITY HALL COURTROOM
300 POLLOCK STREET**

- 1. Meeting opened by Mayor Jeffrey Odham. Prayer by Alderman Royal. Pledge of Allegiance.**

- 2. Roll Call.**

Present: Mayor Jeffrey Odham, Alderman Rick Prill, Alderman Hazel Royal, Alderman Robert Aster, Alderman Johnnie Ray Kinsey (arrived at 6:17 p.m.), Alderman Barbara Best, and Alderman Robert Brinson. Absent: None. A quorum was present.

Also Present: Foster Hughes, City Manager; Marvin Williams, Assistant City Manager; Jaimee Bullock-Mosley, Assistant City Attorney; and Brenda Blanco, City Clerk.

Mayor Odham called Rev. Robert Johnson to the podium to read and present the proclamation that was adopted by the Board at its May 09, 2023 meeting. Rev. Johnson received a standing ovation and applause, after which he expressed gratitude for the proclamation.

- 3. Approve Agenda**

Alderman Royal made a motion to approve the agenda, seconded by Alderman Best. The motion carried unanimously 6-0.

Consent Agenda

- 4. Consider Approving a Proclamation for National Salvation Army Week.**

Victor Taylor requested a proclamation recognizing Salvation Army Week. This is observed annually during the week following Mother's Day.

- 5. Consider Adopting a Resolution Calling for a Public Hearing on the System Development Fee Analysis.**

Prior to adopting updates to the water and sewer system development fee analysis, a public hearing is required pursuant to Chapter 162A, Article 8 of the NC General Statutes. The analysis has been posted on the City's webpage to solicit and allow public comment. The 45-day online review period will be complete on June 03, 2023, and any comments received will be presented to the Governing Board during a public hearing on June 13, 2023.

6. Approve Minutes.

Draft minutes from the May 09, 2023 regular meeting were provided for review and approval.

Alderman Best made a motion to approve Items 4-6 of the Consent Agenda, seconded by Alderman Brinson. Upon a roll-call vote, the motion carried unanimously 6-0. Of note, Alderman Kinsey had not yet arrived to the meeting.

7. Conduct a Public Hearing on the Proposed Budget for Fiscal Year 2023-2024.

The proposed budget for Fiscal 2023-2024 was previously presented to the Governing Board, and the Board adopted a resolution on May 09, 2023 calling for a public hearing to receive comments. This hearing was advertised as required by statute.

Mayor Odham opened the public hearing, and the following came forward to speak:

- Lisa Hubbell of 2100 Rail Court expressed opposition to the proposed tax rate of \$0.4159. Since some property values have skyrocketed because of an inflated real estate market, there are some property owners who will pay much more in taxes. Four handouts were distributed by Mrs. Hubbell analyzing the impact of the valuation on various areas in New Bern. Following the revaluation, her neighborhood has seen an average increase of 78% in property value. That means at the proposed tax rate, her combined neighborhood will pay more than an additional \$20,000 in taxes. She asked the Board to set a tax rate that taxpayers can manage until the next revaluation and also suggested each department tighten its belt.
- Jody Sherman of 204 Eighth Street referenced the differences in ad valorem taxes from 2021 to 2023 in comparison to those from 2023 to 2024. She questioned why the increases from 2021 to 2023 are less than \$1 million, while the increase from 2023 to 2024 is \$3 million. In response, Mayor Odham explained 70-80% of the budget represents personnel costs. Last year, the City completed a salary study that revealed overall the City's salaries were 10-12% below the market average. The Board responded by implementing a salary increase for half of the recommended amount with a good faith effort to implement the remaining half on July 1st. This is why an increase is seen. Ms. Sherman countered that the personnel expenses have nothing to do with ad valorem taxes, but instead with assessment of properties. Mayor Odham explained personnel costs are an expense, the taxes are a revenue, and the State of North Carolina requires the City to adopt a balanced budget. To cover all the expenses, the City must increase revenues accordingly. Ms. Sherman observed other revenues had not been increased anywhere near those of ad valorem taxes. Mr. Hughes noted ad valorem taxes are the largest revenue, and sales tax is

the second largest outside of the City's fees and charges for utilities. He explained how sales tax revenue is projected.

- Rebecca Tindall, who refused to provide her address but noted she did not live in the City of New Bern, said she was informed last year that cameras for City Hall would be in the budget. She asked if funding was included for this. Mr. Hughes said funding was provided and several of the cameras have been installed in City Hall. Cameras are also being installed in the new annex.
- Bob Kent of 205 Eighth Street revealed Lisa Hubbell had visited his home to discuss the increase in ad valorem taxes. He asked when citizens could expect an answer to the questions raised by her.

(Alderman Kinsey arrived at 6:17 p.m.)

Mayor Odham stated the Board typically deliberates after the public hearing is closed, but may not have answers until a later meeting. The Board will vote on the budget at its next meeting.

- Emanuel Luiz of 723 Lake Tyler Drive said, as a point of clarification, his understanding is the Board is considering a 4-cent tax increase with an overall general 6-cent tax decrease. He felt the best course of action is to eliminate the tax increase and utilize savings.

Alderman Best made a motion to close the public hearing, seconded by Alderman Brinson. The motion carried unanimously 7-0.

While a revenue-neutral tax rate would be his choice, Mayor Odham said the City is like everyone else and is not immune to inflation. Noting the proposed budget includes the second implementation of the salary study as well as a cost-of-living adjustment ("COLA") and merit increase, he asked the City Manager for the impact of the merit and COLA. Mr. Hughes responded the COLA and merit would equate to \$1.2 million for the full year and the full implementation of the salary study is \$2.4 million. If the merit and COLA are delayed until the end of the year when sales tax revenue is better known, the tax rate could be lowered to \$0.4030. One cent parallels to about \$471,000.

Noting she previously expressed a desire to see what the county intended to do with its tax rate, Alderman Best announced Craven County has indicated it will adopt a revenue-neutral tax rate, and she felt the City should do the same. Remarking additional increases in rates for water, sewer, and solid waste will be passed on to citizens, she felt it was necessary for the City to keep the tax rate neutral, but was open to raising taxes later in 2024 if necessary. She suggested funds be pulled from fund balance to balance the budget. Mayor Odham pointed out Craven County is receiving \$8.5 million in the opioid settlement which means it has an additional revenue stream. The county is adding 17 employees. The Mayor agreed the fund balance is healthy, but expressed concern about hurricane season. He noted Hurricane Florence caused the City to dip below the State's required fund balance of 8%. Mayor Odham said he did agree a little with Alderman Best about tightening the belt and pulling more from fund balance;

however, he felt it would be hard to do that if the budget moves forward with the COLA and merit. As a point of clarification, Mr. Hughes noted fund balance was at 50% as of the last audit, which includes both restricted and unrestricted fund balance. The unrestricted fund balance is about 37%. Restricted fund balance represents ARPA funds, grant funds, etc., including funding for Stanley White Recreation Center ("SWRC"). The Mayor said an option is to finance SWRC to provide some cash flow. Alderman Best noted the City is still waiting to receive around \$3.5 million from FEMA, and Mr. Hughes commented it was probably a little more than that and an update could be provided at the next Board meeting.

Alderman Brinson concurred with the revenue neutral tax rate and suggested pushing off the COLA and merit increases. He was concerned that citizens could not afford all rate increases in one year.

Alderman Prill said he hoped Ms. Hubbell has or will attend the Craven County Commissioner's meeting to voice her comments about the assessed property values. Having been in a City Manager position for 30 years, he took a different approach and felt trying to keep the tax rate at a constant level year after year is a mistake. Municipalities incur cost increases just like all households. Adjustments must be made to the income stream to address those issues. Inflation is very high right now, and to arbitrarily talk about a revenue-neutral tax rate is doing nothing more than kicking the can down the road. A year from now when the Board is going through the budget process again, chances are the same individuals on the Board who are arguing for a revenue-neutral tax rate will again argue to hold the line on the tax rate and not increase it. This will cause the organization to slip a little further behind again and again. For example, previous Boards have allowed employees' compensation to fall behind the market. Kicking the can down the road means this Board had to bite the bullet to try to bring staff up to a compensation level that is competitive with other municipal entities with which the City competes. He does not believe in kicking the can down the road. While he is not sure the proposed tax rate is the answer, he and Alderman Brinson will meet the City Manager this week to discuss other possibilities and the potential of backing off some on the proposed tax increase. While he was not in favor of a revenue-neutral rate, he would favor an incremental tax rate.

Alderman Aster asked about the cost of merit increases only, and Tanya Harms, Senior Accountant, said the impact to the General Fund would be about \$400,000 and the impact of the COLA would be \$576,000. Noting the Board has recently had conversations about how far behind New Bern's salaries are in comparison to other benchmark cities, Alderman Aster asked if New Bern's salaries would again be behind if the merit was postponed until January and the COLA incorporated in July. Mr. Hughes said other municipalities were polled, and New Bern is proposing the lowest COLA in comparison with others. Even with the COLA, New Bern's employees will still be behind. Alderman Aster expressed concerns about delaying increases, falling behind in the market, losing employees, and having to train new employees. All employees have been expecting a COLA and the merit, although Alderman Aster said he would be okay with delaying the merit.

Alderman Kinsey said the maintenance of the City is expensive. He questioned the operating costs and whether the City will let streets and services suffer. While it is a touchy situation, he asked if citizens were willing to step up to the plate and “do the right thing and pay your way.” A call must be made as to whether to lose employees, have bad streets, and lose services.

Alderman Best said she did not have a problem with the 2% merit but did have a problem with both the COLA and merit as that represents a 5% increase across the Board. She stated a 5% increase for a high-salaried employee is a lot of money in comparison to 5% for a lower-salaried employee. Alderman Aster pointed out the merit increase is not across the Board. Mr. Hughes also commented that the merit is tied to an employee’s evaluation and the amount of increase is based on their performance. If an employee is just showing up and not going above and beyond, their merit would be 0%. Alderman Best said if someone is just showing up for work then the department has a problem and needs to fill the job with someone who will do the work. She felt employees should get something for showing up and doing their jobs, but she did not think it was fair for higher-salaried employees to get the same increases as the lower-paid employees.

Alderman Brinson asked to be reminded of how much the Board increased the paving budget, and Mr. Hughes responded \$200,000. The original request of \$400,000 was increased to \$600,000. Mayor Odham stated he has never voted for a tax increase and does not intend to do so now. His philosophy is to grow the base and not the rate. He proposed delaying the COLA and merit until December to see what sales tax revenue looks like at that point.

At Alderman Royal’s request, Mr. Hughes reiterated the proposed COLA is 3% and is paid across the board. The merit increase is based on job performance and is anywhere from 0-2%.

Mayor Odham said his direction would be to implement the revenue-neutral tax rate and “find a way to make it happen”, and Alderman Best agreed stating she wanted to see what the sales tax revenue would yield. Alderman Aster said the City either has to make more money or cut services, and he asked what services the Board wanted to cut. Alderman Brinson said a recommendation has already been made to cut the COLA and merit increases, and Alderman Aster responded that is not a service.

Mr. Hughes said what he heard from the Board is to cut the COLA and merit, go to a revenue-neutral tax rate, and use fund balance to balance the rest of the budget. Alderman Prill told the Manager that he had heard from three members of the Board, but not four. He then stated he was not in agreement with the proposed tax rate of 41 cents or the revenue-neutral rate and stated he did not yet have enough information to give direction. He asked to be “penciled in” for a tax rate increase, although he did not know what that meant at this point. He noted his scheduled meeting with the Manager and the need for that conversation to take place.

Alderman Aster voiced real concern about employees and felt the Board was opening a can of worms and would start losing employees again. Mayor Odham said that is a valid concern and announced Rocky Mount's starting police salary is now \$60,000. However, he felt there was value to living in New Bern and working for the City of New Bern versus some of the competitive cities. Alderman Aster countered there is also a value to making \$20,000 a year more. As a reminder, Alderman Brinson noted the City recently passed a 13th holiday and not all benefits are reflected in the budget.

Alderman Royal said she would support the second implementation of the salary increase and agreed with delaying the COLA and merit. Alderman Aster said the Manager could do what he wanted, but not to mess with employees and their salaries. Mayor Odham told the Manager he had enough direction, but opened the floor for Alderman Kinsey to voice his opinion, if desired. Alderman Kinsey said he was for the COLA and did not want to lose employees.

Mayor Odham said he would review his budget book and send the Manager a list of items he feels could be cut, and the Manager can do as he sees fit with the list. Alderman Best asked about the decision to refurbish or buy firetrucks. The Manager said the budget currently provides approximately \$1.2 million to buy a new firetruck and refurbish two others. A quote to purchase two trucks came in around \$1.9 million. The plan is to keep the current budget numbers in place and come back before the Board later in the year with a budget amendment. These expenses will be financed, although fund balance will be used to pay the deposit on the new trucks.

While he did not want to bring this up, Alderman Aster said he had to mention the City has spent a lot of money on CAT A and CAT D work. The City is waiting for closeouts to be submitted so it can be reimbursed. There is one basin with a value of \$900,000 that needs to be closed out, and he is not sure how many others need to be closed out. He said the City needs to get someone to start closing out the project worksheets to generate some funds. There's a lot of money sitting out there. Mr. Hughes said a FEMA update would be given at the next meeting.

Alderman Best asked about the Board's final decision on how to direct the Manager. Mayor Odham said he heard direction from four of the Board members to revisit the budget: he, Alderman Brinson, Alderman Royal, and Alderman Best. Alderman Aster's direction was to "do what you want to do as long as you don't mess with the employees' salaries". Alderman Best said the Board was going to implement the second phase of the salary study and that she was for employees and wanted them to get the 3% COLA and 2% merit, but she felt the City should wait to see what tax revenues are like. After such a giant leap forward, the Board is stepping off on the wrong foot according to Alderman Aster. Employees had already questioned if COLA and merit raises would be cut off with implementation of the salary study and they were told no. Alderman Best said she is not suggesting it be cut out, but that the City wait on implementation. Alderman Aster

said he could wait on the merit, but he wanted to see the COLA take effect. Inflation is at 8.5%, and employees have to buy groceries too. Alderman Best said she could really go off on the deep end considering the Board did not want to give itself a raise and she considers Board members as employees too.

Mayor Odham said this discussion has highlighted the need for a strategic plan to look at things broadly. For example, New Bern has 27 parks. An average city this size has 7 or 8. There are things that people enjoy, but they come at a cost. These are areas that need to be looked at, as parks require maintenance and upkeep. All of that is factored into the budget. Do citizens feel 27 parks are worth a tax increase? The last two Boards have discussed a fire station on the west end of the city. While that is a need, there is also a cost to that. Based on the new projections, the cost will be another 3 cents on the tax rate to man and operate another fire station. That means there will be future discussion about a tax rate increase.

8. Consider Adopting a Resolution Closing Specific Streets for Downtown Street Cafes and Entertainment.

Lynne Harakal, Executive Director of Swiss Bear, requested to close the 200 block and a portion of the 300 block of Middle Street and the 300 block of Pollock Street from 6 p.m. until 10:45 p.m. every Friday between May 26th and June 30th and in the month of September 2023, for a total of 11 dates. Alderman Brinson asked if the event would include food trucks, and Kari Warren, Director of Parks and Recreation, responded no. Alderman Best asked if area businesses signed a petition in support of the closures, and Mrs. Warren said businesses were notified and responded by email. The majority were in favor, four expressed opposition, and not all responded. Mrs. Harakal said she has not received comments in response to letters that were mailed to residents in the affected area.

Mayor Odham noted the number of dates requested is considerably less than what was requested last year. Additionally, the start time has been delayed from 5 p.m. to 6 p.m. Alderman Prill noted the closure of Middle Street was modified to just half of the block instead of the full block. This will leave 20 parking spaces open on the 300 block of Middle Street, per Mrs. Harakal. Entertainment will include games and possibly music.

Alderman Royal asked for a status update on developing a policy for street closures. Mr. Hughes explained the current policy is for Parks and Recreation to vet any requests and then present the requests to the Governing Board.

(Alderman Best momentarily stepped out of the room at 7:11 p.m.)

The real question has been whether staff polls the various businesses. Mr. Hughes felt that task did not need to be performed by staff. Mayor Odham said he felt there was a difference of opinion with some feeling it is unfair for streets to be closed so restaurants can expand their business and increase their revenue. He confirmed with Mrs. Mosley that current ordinances do not allow retail

businesses to put their merchandise outside for sale. Ordinances only allow food to be served outside. That is something the Board could look into to address the question of fairness.

(Alderman Best returned to the room at 7:13 p.m.)

Mayor Odham encouraged Swiss Bear to improve on the entertainment activities and invite food trucks. Mrs. Harakal said she could reach out to food trucks and suggested they be limited to “grab-and-go” trucks that offer items such as hot dogs and pizza.

(Alderman Aster momentarily stepped out of the room at 7:15 p.m.)

Alderman Brinson made a motion to adopt a resolution closing specific streets for downtown street cafes and entertainment with the caveat that they be allowed to solicit food truck vendors in addition to the cafes, seconded by Alderman Prill. Upon a roll-call vote, the motion carried unanimously 7-0. Of note, Alderman Aster had momentarily stepped out of the room, thus technically yielding a vote in the affirmative.

9. Consider Adopting a Resolution Authorizing the Execution of a Contract with T.A. Loving Company for the Stanley White Recreation Center Project.

Bids for the Stanley White Recreation Center project were received and opened on April 25, 2023. The lowest bid was submitted by T.A. Loving Company, and CPL Architects and Engineers, PC has vetted the contractor and is finalizing a contract. The draft contract indicates the project is to be completed 15 months from the date of commencement of work. Mr. Hughes introduced Chris Vulcano, an architect with CPL Architecture.

(Alderman Aster returned to the room at 7:16 p.m.)

Mr. Vulcano briefly discussed the project, terms of the contract, and answered questions presented by the Board.

Alderman Brinson noted the contract indicates an option not to pursue the Stanley White history wall or landscaping. Mr. Hughes explained the City will contract with a design firm that specializes in features such as design walls, and City staff will be perform the landscaping to save money.

Alderman Royal commented citizens are extremely ready to see the project take form. At her request, Mr. Vulcano restated the anticipated timeline. The Board’s action at the last meeting was just to move forward with the contractor; this action is to execute a standard AIA contract.

Alderman Royal made a motion to adopt a resolution authorizing the execution of a contract with T.A. Loving Company for the Stanley White Recreation Center

Project, seconded by Alderman Best. Upon a roll-call vote, the motion carried unanimously 7-0.

10. Consider Adopting a Resolution Authorizing the City Manager to Negotiate and Execute a Contract with Moffat & Nichol for Resilience Design and Permitting Consulting Services.

A Request for Qualifications was issued for resilience design permitting and consulting services for the NCLWF 2021-416 Innovative Stormwater grant project. Three qualified responses were received on April 03, 2023 and evaluated. From the submissions, Moffatt & Nichol received the highest score. The proposed resolution authorizes the City Manager to negotiate and enter into a contract with this firm for the services needed.

Alderman Best made a motion to adopt a resolution authorizing the City Manager to negotiate and execute a contract with Moffat & Nichol for resilience design and permitting consulting services, seconded by Alderman Brinson. Upon a roll-call vote, the motion carried unanimously 7-0.

11. Consider Adopting a Resolution Approving a Lease Agreement with the Area Day Reporting Program for Youth for 500 Fort Totten Drive.

The Area Day Reporting Program for Youth requested renewal of its lease for the property at 500 Fort Totten Drive. The lease is for a 12-month period beginning July 1, 2023, at a rate of \$1.00 a year. The lessee is responsible for maintenance and repair of the interior and exterior of the premises and is required to maintain hazard and general liability insurance. George Chiles, Director of Public Works, noted the term of the lease has not changed from prior years.

Alderman Brinson explained Area Day Reporting essentially takes in students who have been suspended from school. A teaching assistant helps them with their schoolwork to ensure they do not fall behind. The program is a worthwhile cause.

Alderman Best made a motion to adopt a resolution approving a lease agreement with the Area Day Reporting Program for Youth for 500 Fort Totten Drive, seconded by Alderman Kinsey. Upon a roll-call vote, the motion carried unanimously 7-0.

12. Appointment(s).

No appointments were made.

13. Attorney's Report.

The City Attorney had nothing to report.

14. City Manager's Report.

Mr. Hughes reported on the following:

- The annual Footloose on the Neuse concert series returns Friday night.
- The aquatic center and splash pad will open this weekend.
- The Tisdale House is scheduled to be moved tomorrow at 7:30 p.m. Pictures were shared showing the house off the foundation and on steel beams in preparation of the move.
- A meeting with Municipal Service District property owners will be held tomorrow evening. Mayor Odham suggested an additional meeting a week or two later so there is an opportunity to provide feedback.
- Just prior to the start of this meeting, an email was received from the NC League of Municipalities regarding Senate Bill 675 for land use clarification and changes. The bill proposes statewide elimination of extra-territorial jurisdictions ("ETJs"). Mayor Odham suggested the Board review the brief that was distributed by the Manager. If the Manager receives support from four or more Board members, then a letter can be sent expressing the City's opposition to the bill. Upon a straw poll, Mayor Odham, Alderman Brinson, Alderman Kinsey, Alderman Aster, and Alderman Royal indicated they were opposed. With a strong number in opposition, Mr. Hughes indicated staff would get a letter out first thing in the morning.

15. New Business.

Alderman Royal

An update was sought on the street resurfacing in Duffyfield. Citizens are asking officials for a status daily. Mr. Chiles said staff is moving forward, but does not have a mobilization date yet. When it does, an announcement will be made on social media. In the meantime, Public Works crews are scheduled to start some fine grading ahead of the contractor. Alderman Best asked why it is taking so long if the project is being outsourced, and Mr. Chiles stated it is a matter of capacity issues within the Department of Public Works and with the contractors. When asked by Alderman Best to expand further, Mr. Chiles stated Public Works has a lot of ongoing ARPA and FEMA projects and is short on staff. Mayor Odham commented the Board would appreciate anything Mr. Chiles could do to expedite this project, even if it means putting ARPA or other projects on hold.

Alderman Aster

After receiving the appraisal for the Days Inn property, Alderman Aster is ready to give the Manager direction to put it on the market. Proceeds from the sale could be used to help this year's budget. Mayor Odham said he was not opposed to that, but announced he had a conversation earlier in the day with the Manager and City Attorney at which time the Attorney recommended the City could potentially expand its central business district. That would allow the City to put restrictions on the property. The Attorney will investigate the process and report back to the Board. Mayor Odham said he would vote with Alderman Aster to sell the property if he felt the City could receive the appraised value, but doubted it would. Alderman Aster countered one would never know until a for-sale sign is

placed. Alderman Royal said she would like to hear the voice of the Five Points business corridor before putting up a for-sale sign. She wanted to see something that would benefit that community. Mrs. Mosley explained the advantage of imposing restrictions. Alderman Best was in favor of selling the property, but wanted the City to play a part in the sale by imposing restrictions. She also wanted to see that area revitalized in a way that included retail, maybe housing, and in a manner that is an economic driver for the City.

Alderman Brinson

A Memorial Day observance is scheduled for Monday at 11 a.m. at New Bern National Cemetery.

A Ward 6 town hall meeting is scheduled for June 08, 2023 from 6 p.m. to 7 p.m. at Bites on a Board, 2025 South Glenburnie Road.

Mayor Odham

The third annual Mayor Morgan golf tournament is taking place Saturday morning at Fairfield Harbour beginning at 8 a.m. There is still time to sign up to play.

The second annual Commissioner Johnny Sampson Day breakfast takes place Saturday, May 27th, from 10 a.m. to 12 noon at the Omega Center.

16. Closed Session.

A closed session was not needed.


17. Adjourn.

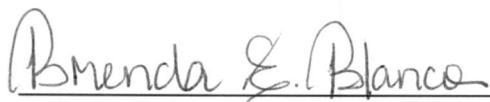
Alderman Aster made a motion to adjourn, seconded by Alderman Kinsey. The motion carried unanimously 7-0, time being 7:47 p.m.

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: June 13, 2023



Jeffrey T. Odham, Mayor

Brenda E. Blanco, City Clerk