

**City of New Bern
Board of Aldermen Special Meeting
April 11, 2018 – 12:00 noon
City Hall Courtroom
300 Pollock Street**

Mayor Outlaw opened the meeting with prayer. The Pledge of allegiance was recited, followed by a roll call.

Board Members in Attendance: Mayor Dana Outlaw; Aldermen Sabrina Bengel, Jameesha Harris, Robert Aster, Johnnie Ray Kinsey, Barbara Best, and Jeffrey Odham. Absent: None. A quorum was present.

Also in Attendance: Mark Stephens, City Manager; Kristen Culler, Assistant City Manager; Michael Scott Davis, City Attorney; and Brenda Blanco, City Clerk.

1. Discussion of Redevelopment Commission.

Mr. Stephens noted there were previous discussions regarding an opportunity for redevelopment in New Bern. The School of Government recently made a presentation before the Board of Aldermen to review the tools available to assist with redevelopment, one of which is a Redevelopment Commission. Since that presentation, Attorney Davis has prepared a draft ordinance for the creation of such a Commission.

Attorney Davis reviewed the draft ordinance and explained the hope was to determine some of the elements of the Commission with the goal of adopting the ordinance at a meeting in May. He sought direction from the Board with respect to the number of members and term limits. There must be at least five members and no more than nine; members must be citizens of New Bern and can be elected officials, if desired. The constitution allows individuals to serve in one elected office and one appointed office or two appointed offices. However, serving as an ex officio does not count as an appointed office. Attorney Davis explained ex-officio members and his recommendation to have non-voting participants referenced as a liaison or something similar. This will avoid the confusion or perception as to how many voting members are on the Commission. The liaison can contribute to discussions and participate in a greater capacity than a regular citizen, but they cannot vote. Several Board members favored having nine members, and Mayor Outlaw suggested members be removed if they have two unexcused absences. Attorney Davis will research whether this provision can be placed in the Commission's bylaws.

Alderman Bengel stated it was her understanding there are two ways to set up a Redevelopment Commission: it could be independent or empowered by the Board of Aldermen. Attorney Davis confirmed the Governing Board could set up the

of Aldermen. Attorney Davis confirmed the Governing Board could set up the Commission and serve as its commissioners. In the alternative, the Board could appoint the members and relinquish control, although the Board would ultimately approve the plan proposed by the Commission. On an initial straw-poll vote, the Mayor and Aldermen Bengel and Aster expressed a desire to proceed with establishing a Redevelopment Commission. The other aldermen indicated at this point they needed more information. Mayor Outlaw voiced a sense that some of the aldermen wanted a commission as long as the primary aldermen for the delineated areas would be members of the Commission. Alderman Bengel noted a good portion of her ward would fall within the delineated area, but she wanted the stakeholders to be the members with her acting as a liaison.

Attorney Davis explained while the Planning Board would be responsible for creating the boundaries, the Governing Board could recommend the area and give a lot of guidance to the boards and commissions that are involved in the process. Alderman Best questioned why a Redevelopment Commission is needed when money has already been spent on a Transformation Plan (“Plan”) that identifies boundaries. She expressed a desire to “go with” the Plan and noted it allows for the City to team up with the Housing Authority and the Rental Assistance Demonstration (“RAD”) program. Alderman Bengel responded the issue is the City does not have the power to do some of the things a Redevelopment Commission could, such as apply for grants and specify properties be sold and restricted for the purpose of constructing homes. A discussion ensued about the benefit of acting under the Plan versus establishing a Redevelopment Commission.

Attorney Davis confirmed the city cannot put stipulations on city-owned property that it sells, but it could attach stipulations to property it gifts to nonprofits. Alderman Odham then asked if the City partnered with a nonprofit to build affordable housing on the City’s buildable properties whether the nonprofit could be required to build a house within a certain time frame. Attorney Davis replied yes and noted the City does that regularly with land donations to Habitat for Humanity. Attorney Davis explained the reversion agreement that requires Habitat to build a home within three years and transfer it to a low-income owner; otherwise, ownership of the property reverts back to the City. Alderwoman Harris asked if an Urban Redevelopment Authority is more favorable in the eyes of grant givers versus a nonprofit. Attorney Davis said that was a great question, but he did not know the answer.

Alderman Bengel expressed some agreement with the points made earlier by Alderman Best, but commented the City has had engineers and a Development Services department for 30 years, but nothing has changed in the community. Alderman Best responded the Board has the power to make those changes, and it is time they start making improvements to the Duffyfield and Five Points areas.

Once the boundary is set for the redevelopment area, Mayor Outlaw asked if that boundary is set in stone. The rule of thumb is bite off what you think you can chew and then grow the area as you can per Attorney Davis.

The Board invited Theresa Lee and Mickey Miller to speak about the CNI Transformation Plan and share some of their experiences. Mrs. Lee noted New Bern is ranked 34th in housing. She shared some history about Neuse River Community Development Corporation (“NRCDC”) and how they purchased houses, moved them to the Duffyfield area for rehabilitation, and then sold them to low to low-to-moderate income citizens with the stipulation that the homeowner undergo homeownership counseling. NRCDC provided the buyers with \$1,000 toward closing costs. The last house NRCDC rehabbed was in 2008. It took approximately three years to sell that house because of the slump in the economy and housing market. Mrs. Lee was pleased to report all of the purchasers of NRCDC homes are still owners of those homes. While the process of rehabbing homes is difficult, it can be done with the assistance of partnerships according to Mrs. Lee. She suggested people take a look at TightLine Designs, which is an architecture firm that seeks to provide affordable housing solutions. Many of their homes are very similar to the homes in New Bern and are a perfect model for what is possible.

Mrs. Lee pointed out there are several financing options, including tax credits and historic tax credits. She talked about the \$1-down program previously offered by the Department of Housing and Urban Development (“HUD”). While that program is no longer available, HUD offers similar programs and there are banks that make foreclosed properties available to nonprofits. Notably, the City has an affordable housing clause in its ordinance. Mrs. Lee stated she believed the Choice Neighborhoods Initiative (“CNI”) does a great job talking about housing, and the footprint of the Plan is great. The Plan was incorporated into the Five Points, Duffyfield, and Gateway Plans, which are the areas of interest. It was Mrs. Lee’s suggestion that someone from the NC Housing Coalition and NC Community Development Initiative be invited to New Bern to look at housing. Mrs. Lee endorsed mixed-income housing versus separating people into “projects”.

If a Redevelopment Commission is formed, it has to remain focused and not go astray according to Mrs. Lee. She also felt the CNI Plan addressed the total housing picture and covered 95% of what needs to be addressed. Alderman Odham asked Mrs. Lee what she felt would be more effective: a dedicated staff within the City organization to focus on housing versus a Redevelopment Commission. Mrs. Lee responded both, but noted a staff member has to be on the Redevelopment Commission if one is formed, as only staff would have a lot of the knowledge needed and information on City ordinances and regulations. She felt a dedicated, paid person would be needed on the Commission.

Alderman Best reiterated Mrs. Lee felt the CNI Plan was a great plan, and Mrs. Lee again confirmed that. Alderman Best noted she read if the City has a great plan in place then it qualifies for a CNI grant that awards up to \$20-30 million. Mrs. Lee said there is an implementation grant available, but to keep in mind it requires a buy-in from the City in the form of monetary contributions, not just in-kind services. Because of the required monetary investment, she felt that is why the

City did not pursue the Plan, as it was during the time of rebounding from the dip in the economy.

In light of her experience, Alderman Aster asked Mrs. Lee for her recommendation. In response, she recommended getting all of the aforesaid entities here, bringing organizations together that support affordable housing and let them have a conversation, and to have a dedicated person oversee the process. If a Redevelopment Commission is formed, Mrs. Lee felt it had to have a paid director.

Alderman Odham asked if the City was successful in its previous housing ventures and about its involvement and financial commitment. Mrs. Lee responded the City and NRCDC were successful and had many partnerships. She explained how the City provided upfront funding and NRCDC repaid the City once the houses were sold. The City also paid a portion of Mrs. Lee's salary.

Mrs. Miller took position at the podium and said the Choice Neighborhood Plan is not one person's plan or the city's plan, but the plan of over 400 people from the community who came together. The Plan speaks for itself and is a blueprint that encompasses people, neighborhoods and housing – all things that will make the greater Five Points the community it can be. She pointed out the Plan is not set in stone and that there has to be a commitment. A Redevelopment Commission is not an "end all, be all"; it is just a tool that was recommended in the Plan as a logical next step. Notably, the Plan was formed after meeting over a period of approximately two years. Alderman Odham asked about the thought process and reasoning that lead to the Plan's recommendation to have an Urban Redevelopment Authority ("URA") and the anticipated benefits of such. Mrs. Miller responded a URA allows a designated group of people to look at the needs of the neighborhood, it allows the City by appointment to put the right people in the room with all of their talents and experience to carry out the research and plans, and it gives structure to carry on. One of the logical conclusions that came from the Plan was the responsibility could not be just on the City or the Housing Authority, but had to be a community effort.

Alderwoman Harris asked for some clarification on Five Points versus the Greater Five Points area. Alderman Bengel responded Five Points is just the corridor, and the Greater Five Points area includes Duffyfield. Mrs. Miller said when the grant application was submitted to put this plan together, they had to draw a boundary and that boundary included the communities that were in the greatest need. That does not mean the boundary cannot change; they just had to establish one to move forward.

Alderwoman Harris asked about the vision: is it to fix up houses or take several adjoining lots and do something with those? She noted before she is able to agree to a Redevelopment Commission, she needed to know what the vision entails. While the Plan represents a vision, she questioned if it was "the vision". Alderman Bengel said the City finally has a plan and it needs to take the next step, even if it only accomplishes one thing. Some of the steps in the study have already taken

place, such as the transformation of Craven Terrace. Alderman Aster felt nothing would get done without creating a Commission under the direction of a City staffer and without a Commission to move toward obtaining grants.

Alderman Odham asked for the valuation of the Plan and whether it had been determined how many millions of dollars it would take to complete everything in it. Mrs. Miller reiterated the plan is a blueprint; you start small, build on your successes, and go for bigger grant money and move forward. Alderman Odham noted one of the first bullet points in the Plan is that a URA does not guarantee state or federal money. Even with the best plan, if you do not have the money to implement it nothing will happen. Alderman Odham noted he too questioned the vision and noted \$400,000 has already been paid for the CNI Plan. He asked how the vision will be reached and noted creating a Commission will not create a revenue stream. Mrs. Miller said there are a lot of resources available, but you have to have the right staff and the right people in the community to get those resources. Alderman Bengel suggested a Google search be performed for redevelopment commissions in North Carolina and one would see all the small towns and bigger cities who have a commission. These governments are using a commission as their tool, and they are obviously seeing value. She said the time is now to do something and take the first step, and she is bound and determined the City will start investing money in the Greater Five Points neighborhood to make it whole. At some time, the City will start to get some tax base from that area. Alderman Bengel felt it was necessary to have a partnership with the Housing Authority and suggested the City Attorney look into whether a commission could fall under the Housing Authority.

Alderman Best pointed out page 140 of the Plan gives a list of financing resources. She said the City already has staff on board in different departments who would be an instrumental tool in starting work on the Plan that is place, even if it means hiring more staff. She said she felt the City could get the Plan rolling. Alderwoman Harris questioned if the City is not giving employees raises, how it hire more staff to work on the Plan.

Mayor Outlaw said a Redevelopment Commission is needed, and if it does not work it could be terminated. The boundaries can be changed, the composition of the commission can be tweaked, etc. He said there was a need to create excitement in the community by moving forward. Alderman Bengel said the city has been beating this issue for years, and it is embarrassing to know New Bern is number 34 in housing. Alderwoman Harris pointed out the School of Government said it would take years, and she said no one wants it to take years. Instead of pursuing a Commission, she suggested take the money and do something in the community now. She asked whether it was necessary to have a URA in order to budget money to do something in the community, and Mr. Stephens responded no.

Mr. Stephens noted when he took the position of Interim City Manager in December 2013, one of his first tasks was to go to Washington DC with members

of the CNI. The group learned a lot that day. He asked everyone to look at the sub-bullet points on page 2 of the executive summary and pointed out some of those that have already been addressed:

- community safety – safety is improved in Craven Terrace with additional cameras and a reduction in crime;
- invest in children - Boys & Girls Club in New Bern helps get kids ready for kindergarten and offers a teen center in what was once a nightclub that required a lot of attention from the Police;
- realize economic potential with careerwise and workforce readiness – the Volt Center is underway and will provide workforce training;
- vacant land reuse - properties have been turned over to Habitat for Humanity;
- expand housing opportunities - Craven Terrace has undergone a renovation, redevelopment of Trent Court is anticipated, and Andy Shiff is developing affordable senior housing;
- improve neighborhood connections – a road diet for First Street will soon be implemented and will include sidewalks down First Street to connect the Volt Center to the community; sidewalk improvements and handicap accessibility ramps have been installed in other areas; the riverwalk has been expanded; CARTS did a study on public transportation; and
- community wellness – the City’s new Parks and Recreation Director is looking at opportunities to ensure the City is utilizing its facilities to their fullest.

In the last four years, the City *has* been doing something, and Mr. Stephens said he did not want it to seem as if nothing has been done; the City *has* been putting the CNI Plan to work.

Alderman Bengel said she would like to move forward with creating a Redevelopment Commission with nine members, none of which are aldermen as she preferred aldermen be liaisons rather than a member or voting member, and members of the commission are preferred to have staggered terms. If the Board moves forward, Attorney Davis said staff would move forward with publishing a notice in April, and in May present a resolution before the Board to form a Commission. Mayor Outlaw asked the Board by a show of their right hands to indicate if they were in favor of Alderman Bengel’s suggestions. Aldermen Bengel and Aster and Mayor Outlaw raised their hands in support. The Mayor asked for the others’ input with respect to their ideas and what they wanted to see happen.

Alderman Bengel asked who was in favor of moving forward with a Redevelopment Commission. She, Alderman Aster, and the Mayor said they would agree to move forward with a commission. Alderwoman Harris said she would also agree to move forward based on certain stipulations: she wanted to be a part of the process (i.e. participate in the commission) at least as a liaison, and she did not necessarily agree with the Plan being “*the* vision”. Alderwoman Harris also stated she was not in favor of paying a director; if someone has a passion, they will volunteer.

Alderman Best noted there is a lot of progress as the City Manager pointed out, but she wants to see rehabilitation and new neighborhood housing. Alderman Best said residents of Trent Court have a roof over their head and amenities, but there are people who are living in dilapidated homes that have no proper electricity, and that needs to be addressed. Alderwoman Harris noted there are many citizens with a lack of education, addicted to drugs, and struggling.

(Alderwoman Harris briefly left the room at 1:33 p.m. Alderman Bengel briefly left the room at 1:34 p.m.)

Alderman Aster asked Alderman Best if she did not want to move forward with a Redevelopment Commission, how she envisioned the Plan being fulfilled. Alderman Best stated the City had all of the resources to proceed: department heads, the Governing Board, money, the Manager, and City Attorney. Alderman Aster asked if the Governing Board could place stipulations on the sale of city-owned property. Attorney Davis responded a Redevelopment Commission can set stipulations or the Governing Board could go through a third party such as NRCDC to accomplish the same thing.

Alderman Aster asked what action could be taken if a Commission is established and it does not “do its job”. Attorney Davis replied the Commission could be dissolved or the Governing Board could terminate the members and appointment themselves. There are a couple of tools a Redevelopment Commission would have that a Governing Board would not have: one is to sell property to a private owner or developer with conditions, such as use the property for low-income housing, and the other is the Commission can make loans.

(Alderwoman Harris and Alderman Bengel returned to the meeting at 1:36 p.m.)

Alderman Odham said his concern is the planning grant was received and then everyone was counting on what would happen after the implementation grant. Most everyone he spoke with said the City would have slim to no chance of getting the implementation grant because it was not big enough. Alderman Odham stated in his opinion, a lot of false hope was spread, knowing the City had slim to no chance of getting the implementation grant. He also expressed concern that there is too much focus on developing a Redevelopment Commission, and he asked how much Community Development Block Grant (“CDBG”) money is spent in this area. Jeff Ruggieri, Director of Development Services, responded the budget has fluctuated between \$215-226,000 in the last few years. That money is spent on sidewalks, weatherization and urgent repairs such as new windows, new roofs, etc. Paint Your Heart Out has a big impact and touches over 100 homes. The only limitation with CDBG funding is the stipulation money can only be spent on owner-occupied housing. Duffyfield has a lot of housing that is not owner-occupied. Mr. Ruggieri went on to say the language about a Redevelopment Commission was put in the Plan very specifically as a way to make sure things are implemented. He felt a new position was not needed for the Commission and that the City’s current staff could handle the Commission. Mr. Ruggieri stated the

Commission needs to consist of a group that is familiar with the area, knows how to finance and prioritize things, etc. A commission's first task should be to go through the Plan and prioritize things. Mr. Ruggieri thought the existing Plan was a quality plan, and he thought having a Commission would speed up the process of making things happen.

Attorney Davis said there are multiple public hearings involved with creating a Redevelopment Commission, defining the areas and putting together the plan. The Governing Board would appoint the members of the Commission, and an alderman could sit on the Commission. If desired, the Board could choose to mandate that the aldermen who sit in specific wards are a part of the Commission as ex officio members. However, Attorney Davis recommended those appointed to serve on the Commission be individuals who can devote time to it. The Commission could be made up of nine members with three aldermen serving in liaison positions. Liaisons would not have voting rights.

Alderman Odham said he wanted to see at least a majority of the aldermen who represent the affected wards be supportive of a Redevelopment Commission before he supports it.

Alderman Bengel reiterated her desire for a Redevelopment Commission with nine members, aldermen serving as liaisons, and members having staggered terms. By a show of hands, Alderman Bengel, Alderwoman Harris, Alderman Aster, Mayor Outlaw, and Alderman Odham were in favor; Aldermen Best and Kinsey were not in favor. Alderman Davis said he will prepare the draft document for an upcoming agenda. Mr. Davis suggested once the Commission is created, consideration be given to retaining a consultant to ensure the desires of the Board are figured out as to the role of Commission.

Alderman Bengel suggested the aldermen schedule one-on-one meetings with Mr. Ruggieri to gain from his experience and knowledge.

Alderman Aster made a motion to take a five-minute break, seconded by Alderman Bengel. The motion carried unanimously 7-0, time being 1:50 p.m. The meeting resumed at 1:58 p.m.

(Attorney Davis left the meeting during the break. Aldermen Bengel and Best were not in the room when the meeting resumed at 1:58; they re-entered at 1:59 p.m.)

2. Discussion of Utility Deposits.

J.R. Sabatelli shared a PowerPoint presentation to review the history of the city's current deposit policy. Notably, unlimited payment arrangements were previously allowed as well as an unlimited credit ceiling for customers. Policies were not being enforced, but they are now. The City moved away from being a "yes culture" with respect to payment arrangements. Mr. Sabatelli reviewed the previous deposit method as well as the current method. The deposit calculation is currently

based on the two highest bills during the last 18 months for the subject property. A summary of the deposit criteria is mailed to customers annually. As of February 27, 2018, 85% of the City's customers do not require deposits. Payment arrangements have dropped 69.5% from 2014 to 2017. In 2014, 14,413 arrangements were made as compared to 4,396 in 2017. Each payment arrangement takes staff approximately 20 minutes to complete.

(Mayor Outlaw left at 2:45 pm for another appointment. Alderman Bengel took over the meeting as Mayor Pro-Tem.)

Currently, there is roughly \$6,000 in funds available through the round-up program. Funding for a prepayment program is part of the FY19 budget request. One of the highlights of the program is a deposit will be not be charged for customers who utilize pre-pay. There are also no late penalties or delinquent fees for those on the pre-pay program.

Alderman Aster and Mayor Pro-Tem Bengel described examples of deposits that were implemented in specific situations. Alderman Aster recommended a plan be initiated to help customers when extreme weather conditions are encountered. Mayor Pro-Tem Bengel pointed out she was not happy with the statement we are not a "yes culture" anymore and stated the City should always try to find a way to say yes to a customer, even if it is referring them to someone else. Alderwoman Harris opposed the average of the two highest bills being the method for calculating a deposit, and Alderman Best felt looking at a previous tenant's consumption was not a good way to assess a deposit. Mr. Sabatelli replied the deposit can be reassessed six months after a customer has service at a property to base the deposit on that customer's consumption. However, he felt the best method was to base the deposit on the property's consumption history. Some members of the Board voiced a desire for a standard, flat-rate deposit for everyone.

(Alderman Best briefly left the meeting at 3:05 pm, returning at 3:08 p.m.)

Mayor Pro-Tem Bengel asked how many of the people who pay a deposit actually default, thus requiring the City to tap into that deposit. Renita Tripp, Senior Customer Service Representative, announced the City writes off an average of approximately \$15,000 a month.

A citizen was in attendance, and the Board elected to allow her to speak on the topic. Nancy Patch of 1819 Greensboro Street said she has lived all over the country and has never seen utility bills like New Bern's. She described her recent situation with two high bills due to inclement weather. She or her husband went to the Utility Business Office ("UBO") to make a payment arrangement on two bills that totaled \$1,700. An additional \$300 in late fees was added to their bill. They took money from her husband's 401k to pay this. Mrs. Patch stated they have excellent credit and were not required to pay a deposit at the time of establishing utility service. However, after this incident, they were required to pay a \$1300-

1400 deposit. With no way to pay the deposit, they again pulled money from her husband's 401k. On their second visit to the UBO, they were informed incorrect information was given to them by previous staff. Mrs. Patch said southern hospitality does not exist in the UBO and what she has heard described by Mr. Sabatelli today is not what really happens.

Alderman Kinsey expressed concern that customers go to the UBO to pay bills around 4:45 p.m. and cannot get into the building. Mr. Sabatelli stated the office is open until 5 pm, but the doors are locked at 4:45 p.m. and staff stands at the door to allow people access in to make payments. Alderman Best said she has had complaints about people not being able to get in as well. Mr. Stephens noted he would check on this.

(Alderman Odham left the meeting at 3:19 p.m.)

Alderman Aster pointed out there is a charge of \$4.95 to pay a utility bill online. Mr. Sabatelli said that charge is from a third party and is not a fee the City has implemented.

(Alderman Kinsey left the meeting at 3:20 p.m.)

Mayor Pro-Tem Bengel asked that the city's "culture" statement be reviewed and it find a way to make things happen for customers, even if it is through referrals to assistance programs. Her second point was related to Mrs. Patch's comments and complaint. A couple months ago when the Board asked Mr. Sabatelli about deposits, he responded that the City would work with customers. Mayor Pro-Tem Bengel pointed out that obviously has not happened. Alderwoman Harris commented the City is saying one thing, but doing another. Mr. Sabatelli stated he would make contact with Mrs. Patch.

Mr. Stephens suggested a policy be considered where unforeseen circumstances would allow for staff to make some adjustments. Ninety-nine percent of customers who were complaining after recent high bills and imposed deposits are customers who had poor payment history, bad checks, etc. Mr. Stephens said he, Mr. Sabatelli, and Mrs. Culler would research other locations for extreme weather-type policies. He also pointed out the risk associated with the City not collecting an appropriate deposit. A benefit of the pay-as-you-go program is it will eliminate the need for a deposit. Alderwoman Harris voiced concern that this program could not be utilized by everyone since it requires the use of a computer. Mr. Stephens announced pre-payments could also be made in the office.

Concern was expressed about customers not getting out of the hole due to delinquent and late fees, not being able to make payment arrangements over the phone, not having a program to help people who need extensions with extreme bills, etc. Mayor Pro-Tem Bengel expressed a desire to personally work with Mr. Sabatelli on a program for low-income customers.

Alderwoman Harris inquired as to why payment arrangements could not be made over the phone, noting this puts a burden on customers to take time off of work and lose pay, etc. Mr. Sabatelli said there are security concerns involved, and Alderwoman Harris suggested a password be implemented. The new CIS system may provide for more progressive changes in that regard, according to Mr. Sabatelli.

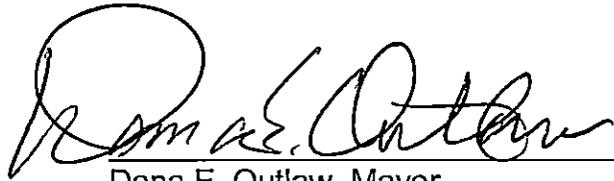
Adjourn

Alderman Aster made a motion to adjourn, seconded by Alderwoman Harris. The motion carried, time being 3:35 p.m.

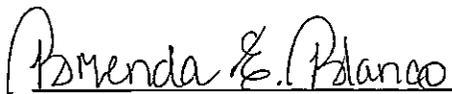
The attached documents are incorporated herewith and are hereby made a part of these minutes.

NOTE: For additional details and information on the Board of Aldermen meetings, please visit the City of New Bern's website at www.newbern-nc.org. Video and audio recordings of the meeting have been archived.

Minutes approved: May 8, 2018



Dana E. Outlaw, Mayor



Brenda E. Blanco, City Clerk