

**City of New Bern
Board of Aldermen Budget Work Session
April 30, 2019 & May 1, 2019 – 1:00 P.M. Daily
City Hall Courtroom
300 Pollock Street**

Mayor Outlaw opened the meeting with prayer at 1:01 p.m. The Pledge of allegiance was recited, followed by a roll call.

Board Members in Attendance: Mayor Dana Outlaw; Alderman Sabrina Bengel, Alderwoman Jameesha Harris (arrived at 1:09 p.m.), Alderman Robert Aster, Alderman Johnnie Ray Kinsey (arrived at 1:49 p.m.), and Alderman Jeffrey Odham. Absent: Alderman Barbara Best. A quorum was present.

Also in Attendance: Mark Stephens, City Manager; Brenda Blanco, City Clerk; and Joseph R. Sabatelli, Director of Finance.

1. Discussion of Recommended FY 2019-20 Budget:

A brief discussion ensued about the review process to be followed during this meeting. It was noted the Departments Heads previously reviewed the highlights of their budget at the retreat earlier in the year. A question was posed about lack of funding in the budget for an elevator at City Hall. If an elevator is pursued next year, Mr. Stephens explained a project fund would be established and the cost would not necessarily appear in the recommended budget. He stated that could be discussed under Public Works' budget or at any point in the workshop.

2. Opening comments from City Manager

Mr. Stephens pointed out the Board was presented with a balanced budget.

(Alderman Bengel very briefly stepped out of the room at 1:06 p.m., returning at 1:06 p.m. The meeting ceased for lack of a quorum and resumed upon her return.)

Highlights of the budget were reviewed, which included:

- Funding for employee raises;
- A revenue-neutral tax rate increase for stormwater;
- Funding for the wholesale electric rate increase; a retail electric rate increase was not passed on to customers;
- Departmental requests were \$5 million over revenue projections; requests were incorporated to the extent possible; and
- Revenue projections were slightly down; although sales tax revenue increased, ad valorem taxes decreased because of damages to property from Hurricane Florence.

3. General Fund *(unless otherwise noted)*

a) General Government:

Governing Board *(page 8)*

No significant changes other than travel and training. Funding was provided to replace the Board's aging iPads. The travel and training request included some detail for each Board member.

(Alderwoman Harris arrived at 1:09 p.m.)

(Alderwoman Harris momentarily stepped out of the room at 1:12 p.m.)

Mr. Stephens described the use of advertising funds and its unpredictability. The need to continue membership with the Eastern Carolina Council of Government was questioned.

General Administration *(page 19)*

Questions were answered about the position summary, dues and subscriptions and service and maintenance contract.

(Alderwoman Harris returned to the room at 1:21 p.m.)

Legal *(page 26)*

An increase was not requested for the upcoming year.

Elections *(page 28)*

Elections will not be held in the upcoming year, so there is no budget for this.

Special Appropriations *(page 30)*

In part, this includes a \$1,000 in discretionary funds for all Board members, as well as an appropriation for the public library and funds for community development.

PEG *(page 32)*

This budget decreased and is, in essence, revenue neutral. The use of the PEG channel versus social media was discussed.

Information Technology *(page 34)*

Personnel remains the same. The budget is slightly less due to lower projected maintenance costs and infrastructure changes. The need for additional electronic peripherals has grown.

Interfund Transfers & Transfer Supports *(page 174)*

This provides \$50,000 for the Grants Fund, \$10,000 for Public-Private Partnerships, \$25,000 to the Metropolitan Planning Organization ("MPO") and \$35,000 to the

Solid Waste Fund. Alderman Bengel asked that in the future detail be listed at the bottom of the page.

Contingency (page 175)

Mr. Stephens explained the use of contingency funds.

Municipal Service District Fund [Other Funds] (page 415)

This fund has a self-imposed tax rate, and monies are used for projects within the Downtown District. The decrease is reflective of an anticipated decrease in tax values due to Hurricane Florence.

b) Development Services

Development Services (page 43)

This budget is relatively flat, and the department is fully staffed. Notably, \$45,000 is allocated for demolition of blighted properties, \$30,000 as seed money for the Redevelopment Commission, and \$50,000 to pursue a community-rating system. The future of developing a fund for the Redevelopment Commission was briefly discussed.

(Alderman Kinsey arrived at 1:49 p.m.)

A brief discussion ensued on how staff handles neglected and blighted homes.

Community Development Fund [Other Funds] (page 363)

This fund was not reviewed in detail.

Public-Private Partnerships Fund [Other Funds] (page 429)

This fund was not reviewed in detail.

MPO Plan Grant [Other Funds] (page 403)

This fund was not reviewed in detail.

c) Finance

Accounting (page 57)

This budget includes Finance Administration and Accounting. It is relatively flat.

Purchasing/Warehouse (page 63)

Personnel is increased, but temporary help services is reduced. A long-time temporary employee has been hired into a permanent position. Kale Road's rent has decreased because of the debt service decreasing.

Utility Business Office – Electric Fund (page 311)

Personnel includes an uptick for overtime expenses. Funds are provided for a van that will serve as a mobile shop for meter technicians in the field. The budget provides for credit card fees to be absorbed by the City. In the future, there will be

a need to determine if the City desires to absorb those fees under the impending new system.

d) Fire (page 69)

This, too, is a relatively flat budget. There is additional debt service attributed to capital items purchased in the previous year's budget. Staff positions were increased in the current year, which is evident by the increase of personnel costs. A project fund for a new fire station will be created at the appropriate time. Noting it takes a year to order and manufacture, Alderman Aster suggested funds be included for the purchase of a new fire truck to replace the oldest engine or quint.

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

Mr. Sabatelli stated it was conceivable to finance a new engine or quint for longer than five years, although it would require approval from the Local Government Commission. Bobby Boyd, Fire Chief, voiced a concern about the amount of time it takes to get parts and repair an apparatus. When asked about the need for an engine or quint, Chief Boyd stated the department currently needed an engine.

(Alderman Kinsey returned to the room at 2:15 p.m.)

Chief Boyd stated three apparatuses would need to be replaced in the next five years. Alderman Odham asked if the Board could be provided with a net present valuation on all of the Fire Department's fleet, and the Board expressed consensus to proceed with obtaining this information.

e) Human Resources (page 79)

Debt service increased for the Munis software. Personnel and operating expenses are relatively the same.

Employees' Benefit Insurance Fund [Other Funds] (page 377)

This fund was not reviewed in detail.

f) Police (page 111)

Funds are requested for the replacement of 10 vehicles and associated equipment. This includes an additional vehicle for Animal Control ("AC"), the need of which was discussed. Alderman Odham suggested if an AC vehicle is purchased, that the number of cruisers to be purchased be reduced by two vehicles. The budget provides \$465,640 for vehicle purchases and a fleet camera system, and the Board expressed consensus that Chief Summers have the flexibility to determine which vehicles to purchase as long as he stayed within that amount. As a result, Mr. Stephens noted the budget would be reduced by \$57,191, the amount requested for a new AC vehicle.

Emergency 911 Support (page 126)

This budget is rather nil.

Parking (page 130)

This budget is reduced from last year, mainly due to capital outlay. Revenue generated from parking fines goes into the General Fund. The Municipal Service District's contribution for the parking employees is reduced by those fines.

E911 Emergency Telephone System [Other Funds] (page 369)

This is for supplies and materials for Public Safety Answering Point ("PSAP"). State 911 distributions are received to cover a portion of this budget.

Equitable Sharing US Dept. of Justice [Other Funds] (page 383)

This money is spent primarily toward special investigations.

Equitable Sharing US Dept. of Treasury [Other Funds] (page 391)

This budget is zeroed out for FY2019-20.

Police Special Revenue Fund [Other Funds] (page 421)

These funds are used mainly to investigate drug activity.

g) Parks and Recreation

Administration (page 89)

The slight uptick is primarily due to moving a position from Facilities. Funds are provided to update the Master Plan and to provide new programs and special events.

(Mayor Outlaw stepped out at 2:41 p.m., returning at 2:41 p.m. Mayor Pro Tem Odham presided over the meeting.)

Income from any of the special events is placed in the General Fund, according to Mr. Stephens. With respect to facilitating the concert series, the City will front the cost for a new stage until FEMA compensates the City for the loss of the previous stage.

Parks & Grounds (page 95)

This budget decreased slightly due to a reduction in capital outlay. Funds are provided for the replacement of two quad-cab dump-bed trucks and a pick-up truck. The intent for next year is to incorporate additional preservation projects for the cemeteries.

(Alderman Aster stepped out of the room momentarily at 2:47 p.m., returning at 2:49 p.m.)

Alderwoman Harris expressed a potential need for an additional dog park that would be free to use.

Facilities (page 101)

Two full-time positions were moved to Administration. Some of the reduction in the budget can be attributed to the fact that Stanley White Recreation Center is currently out of operation.

Alderwoman Harris made a motion to take a five-minute break, seconded by Alderman Bengel. The motion carried unanimously 6-0, time being 2:55 p.m.

The meeting resumed at 3:04 p.m.

h) Public Works

Administration (page 135)

A position from the Streets Division has been moved to Administration. Operating expenses represent a small decrease.

Insurance (page 142)

This covers the liability and property insurance. The budget remains flat.

Garage (page 145)

The budget increased, which is in part due to the position of Heavy Equipment Manager being moved from the Streets Division to the Garage. The new facility is operable and working out well. The old garage facility may be utilized by Craven Community College for another workforce development program.

Public Buildings (page 151)

The budget includes \$130,000 for the purchase of a 100-ft. boom lift. The Mayor expressed concern about the size of the lift and the possibility of being too large for all tasks. Mr. Stephens stated the City currently owns a small scissor lift. The 100-ft. boom would be used for changing lights at ballfields, decorating at Christmas and for the New Year's Eve event, etc.

Streets (page 157)

The decline in personnel services is attributed to the transfer of three positions to other divisions. Notably, operating expenses include \$500,000 for resurfacing and street improvements, \$450,000 for street lighting, and \$85,000 for sidewalk and curbing projects.

Stormwater Maintenance (page 163)

The stormwater utility was eliminated, and Stormwater Maintenance was placed in the Public Works budget, as previously directed by the Board. Any funds remaining in the stormwater fund as of June 30, 2019 will be transferred to the General Fund. According to Mr. Sabatelli, those funds may only be spent on stormwater-related activities. Given the fact that so much money is budgeted in stormwater and the fee has been eliminated, any restricted funds will be eaten up next fiscal year. This transition of funds will be revealed in the City's annual audit.

Stormwater Fund (page 329)

This fund was not reviewed in detail.

Solid Waste Fund (page 343)

Both the residential and commercial refuse contracts expire on June 30, 2022. The County's recycling decision will not impact the City's budget, unless the City decides to offer services that differ from the monthly service that will be offered by the County. In preparation of next year's budget, Alderman Odham suggested staff research the cost to provide this service internally. Alderman Aster also suggested staff research the cost of pursuing a municipal contract independent of the County. These options were discussed. Mr. Stephens said staff would approach Waste Industries about maintaining the service of and providing a quote for the 17-gallon totes for the next year and a half for City customers, and then, if desired, rebid the recycle with the trash service at the end of that timeframe.

4. Water Fund

Water Operating Fund (page 177)

The divisions of Water Resources Admin, Water Treatment and Water Distribution, were briefly reviewed, as well as debt service, shared services, interfund transfers, and contingency.

Water Capital Reserve Fund [Other Funds] (page 449)

This fund was not reviewed in detail.

5. Sewer Fund

Sewer Operating Fund (page 223)

The primary source of revenue is from services provided to the City's customer base. Highlights from Sewer Treatment and Sewer Collection System Maintenance were reviewed. The goal is to rehabilitate two sanitary sewer lift stations each year, and the cost to do so is reflected in Sewer Collection System Maintenance. Also briefly reviewed were debt services, shared services, interfund transfers, and contingency were all briefly reviewed.

Sewer Capital Reserve Fund [Other Funds] (page 439)

This fund was not reviewed in detail.

Sewer Debt Service Reserve Fund [Other Funds] (page 445)

This fund was not reviewed in detail.

(Alderwoman Harris momentarily stepped out of the room at 3:53 p.m.)

6. Electric Fund

Department of Public Utilities - Electric (page 259)

A wholesale electric rate increase was passed down this year and was absorbed into the budget. Mr. Stephens announced another rate increase is projected to happen around January 2020.

(Alderwoman Harris returned to the room at 3:56 p.m.)

In looking at a resiliency plan, Alderman Bengel stated she would like to look at the possibility of placing utilities underground. Mr. Stephens cautioned this would be very expensive, but he would certainly be in favor of obtaining any grant funds that may be available to cover the expense.

Highlights of the Electric divisions were reviewed, including proposed capital purchases. The increase in Administration's salary is due in part to the Director's position being vacant for some time, as well as other vacancies and a reclassification. Also briefly reviewed were debt service, shared services, interfund transfers, and contingency.

Rate Stabilization Fund [Other Funds] (page 435)

This fund was not reviewed in detail.

In summary, the Board expressed a desire for cost information on an elevator for City Hall and the addition of a fire truck. Alderman Bengel also asked for information on the amount of insurance funds expected for the repair of City Hall, as she would like to begin a project to improve City Hall. Considering the age of the building, Alderman Aster suggested City Hall be evaluated for additional smoke detectors and fire monitoring. Alderman Bengel reiterated a previous concern regarding the need for security cameras at City Hall. Should available funds be identified, Alderwoman Harris expressed a desire for an employee appreciation event, noting the employees' hard work and dedication during Hurricane Florence.

7. Public Comment on Above Sections.

Mayor Outlaw opened the floor for public comment. However, no one from the public was in attendance.

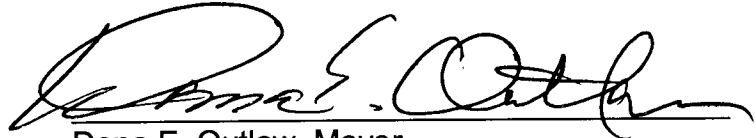
8. Adjourn.

Alderman Kinsey made a motion to recess. The motion failed for lack of a second. Alderman Aster made a motion to adjourn and not convene on May 1st since the discussion of business had been concluded, seconded by Alderwoman Harris. The motion carried unanimously, time being 4:18 p.m.


The Recommended Budget for FY2019-20 is attached hereto and made a part of these minutes.

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

Minutes approved: May 14, 2019



Dana E. Outlaw, Mayor



Brenda E. Blanco, City Clerk