

**CITY OF NEW BERN  
BOARD OF ALDERMEN WORK SESSION  
JUNE 15, 2021 – 6:00 P.M.  
WEST NEW BERN RECREATION CENTER  
1225 PINETREE DRIVE**

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, Alderman Sabrina Bengel, Alderwoman Jameesha Harris, Alderman Robert Aster, Alderman Johnnie Ray Kinsey, Alderman Barbara Best, and Alderman Jeffrey Odham. Absent: None. A quorum was present.

**Also in Attendance:** Foster Hughes, Interim City Manager; Brenda Blanco, City Clerk; and Mary Hogan, Director of Finance.

Mayor Outlaw announced that Mayor Chuck Allen of Goldsboro resigned today due to health issues. He briefly reflected upon Mayor Allen's leadership, particularly in the Metro Mayors Coalition.

After expressing a desire to see where everyone stood after reviewing the information circulated in the agenda package, Mayor Outlaw said he wanted to make sure the general and enterprise funds equitably paid for expenditures from the appropriate fund. He favored pursuing sidewalk maintenance, proper equipment, attention to stormwater drainage and cemeteries, kiosks for customer convenience and ease in making payments, and protection from cyberattacks.

Alderwoman Harris asked to hold her comments until the desires of the Board could be ascertained. Alderman Bengel voiced a need to address cyber issues, drainage, sidewalks and maintenance, bike paths, etc. She stated the biggest task before the Board would be prioritizing the projects that could fit within a designated budget.

Alderman Aster expressed interest in water and sewer infrastructure and roadway improvements. Alderman Kinsey reserved comments, stating he wanted to see how things would develop during the conversation. Alderman Best expressed a need to dive deeper into the American Rescue Plan ("ARP") funding to pursue available grants outside of the City's allotted funds of \$6.7 million. She too voiced a need to prioritize the list of projects, although she felt stormwater was a big need. At the request of Alderman Odham, Mary Hogan, Director of Finance, confirmed the City's allotment was \$6.7 million, half of which was received in late May with the other half to be received in May of 2022. Alderman Odham noted the ARP program was very detailed and restricted. He pointed out the City's Engineer, Jordan Hughes, had identified \$6.9 in water and sewer improvements, which did not include the Greater Duffyfield area. That in itself, however, would take care of the ARP funding. The MetroNet project is \$2 to \$3

million. In his mind, the ARP funding was already allocated. In reviewing the 5-year capital improvement plan (“CIP”), general fund requests total \$21 million. He cautioned the Board not to over-extend the City’s credit and potentially put a new board in a position that it would not have any borrowing capacity or could not cover the cost of a natural disaster.

Mayor Outlaw asked Mrs. Hogan if the general fund is ever involved in items for the enterprise funds. The general fund can never borrow or use the enterprise funds, according to Mrs. Hogan. However, the general fund can contribute to the enterprise funds. While she did not recommend that, the general fund can loan funds to enterprise funds if the loan is structured like a bank loan and charges interest.

Alderman Kinsey asked how much the City would pay MetroNet, and it was clarified that the City would not pay MetroNet, but would have costs associated with the project. Mrs. Hogan replied the costs would eventually be recouped through pole attachment fees.

### **1. Presentation on American Rescue Plan (“ARP”) Funding.**

Seth Robertson, Vice President and Director of Funding and Asset Management with WithersRavenel, provided a PowerPoint presentation to review in some depth eligible and noneligible expenditures. From an infrastructure standpoint, only water, sewer and broadband investments are permissible. Funding for broadband should focus on not-for-profit broadband providers and should improve service to unserved or underserved populations. The PowerPoint slides outlined other allowable expenditures, such as employee compensation and addressing cybersecurity for water.

Additionally, Mr. Robertson’s presentation reviewed the timeline for use of the funds. He noted all funds must be obligated by December 31, 2024, and expended by December 31, 2026. Items not eligible under the program today may become eligible in the future. He was hopeful that clarity would be provided in the next six to eight weeks. The State has already started to receive its funding, which will total \$5.6 billion. It is unknown how the State plans to use the funds at this time, although they are also restricted to the same uses as the City. Mr. Robertson suggested it may be in the City’s interest to use its funding for items the State will not cover and then tap into the State funding for items the State designates as eligible. It also may be advisable to use the City’s funding to match State grants.

After the presentation, a question-and-answer session followed. While noting the State is not involved in several of the allowable expenses, such as water, sewer and stormwater infrastructure, Alderman Odham questioned the possibility of local governments petitioning the State to use the same calculation as the federal government to disburse the State’s funding to the local governments to manage. This would eliminate all the funding going to metropolitan areas and rural areas being omitted. Alderman Odham stated the City should be talking to its state legislatures, and Alderwoman Harris suggested this may be something with which Old North Strategies could assist.

## **2. Discussion of MetroNet.**

Charlie Bauschard, Director of Public Utilities, provided a general overview of the MetroNet project. MetroNet is a private company with legal rights to use the city's public rights of way to construct a fiber-to-the-premise system. The City of New Bern will not own, construct, or operate any part of the system. Based on preliminary drawings, it looks as if the company will be able to offer service to residents of New Bern city limits, Trent Woods, River Bend, Bridgeton, James City, Brices Creek and Havelock. MetroNet will potentially touch every public easement and private parcel in the city. The city's utilities also have exposure beyond the city limits to every area in which the city provides utility service. The project duration is anticipated to take two to three years. This will be a massive volume of construction that will involve overhead and underground crews with 55% of the system overhead and 45% underground. October of 2021 should reveal the initial construction activity, and the first customers should be connected in March or April of 2022.

The project will have a large impact on the City's public utilities. Staff wants to work at and support MetroNet's pace and will continue to collaborate with other NC communities that are undergoing MetroNet installation. Frequent meetings are held with MetroNet to stay atop of their plans. Internally, staff is developing cost assessments, reviewing staffing levels and equipment needs, etc. The impact on the City's operations is an example of the cost of doing business. Staff will need to inventory every pole assembly, engineer the attachments, construct the pole so that it will accept the attachment, and perform quality control. Public Works will need to administer and manage easements, perform damage repairs on stormwater infrastructure and in rights of ways, and administer and manage claims for damages.

The estimated expenses for this project are not budgeted by Public Utilities. The first expenses may begin to trickle in during July. Mr. Bauschard estimated the minimum cash flow for the duration of the project to be \$3 million annually. Revenues are forecasted at about \$170,000 annually and \$284,000 per year per project. The City can charge fees for pole attachment permits, engineering fees, etc. He estimated reimbursements would be around \$4.4 million. The City will also need to be financially prepared to make repairs to damaged infrastructure. Increased staffing levels were projected at four positions for Electric, three for Water and Sewer, and one in Public Works. Vehicles and equipment are being reviewed for needs.

After his presentation, the Board posed several questions. Alderwoman Harris inquired as to why damage repairs would be performed by the City instead of MetroNet. Mr. Bauschard explained the benefits of the City repairing its own infrastructure. Alderman Aster inquired about the speed of the current internet provider. Mr. Bauschard stated he was working to determine that and had reached out to the NC State Broadband office and some others. Alderman Odham asked for a best guess with respect to the estimated cost for out-of-pocket expenses. Mr. Bauschard felt the number would be between \$750,000 to \$1 million plus staffing at around \$600,000. He stated utility

staffing could likely be absorbed through the fees charged. Discussion took place about the possibility of using the ARP funds on this project. Mr. Bauschard noted the ARP funding could only be used for work within the city limits and would not cover, for example, the work performed near Havelock. He felt it was wise to table a decision on the ARP funding at this point and announced his plan to present to the Board in July an ordinance to establish a project fund and a request to increase staffing levels. Alderman Aster suggested a meeting with legislatures to see if the City could obtain some of the State's broadband funding.

Mr. Bauschard announced MetroNet would be back on August 24<sup>th</sup> to give a presentation to the Board. The presentation will likely focus on marketing and customer service plans.

### **3. Discuss Capital Improvement Plan and Potential Financing Options.**

Mrs. Hogan restated some of the information provided in March by Ted Cole with Davenport Public Finance. Page 5 of his executive summary indicated the City could finance \$6,690,000 through a 15-year bond at 4% interest without a tax increase. Mrs. Hogan stated she ran additional numbers for a 20-year financing at 3% interest and found that would allow for \$8,750,000 in projects. Mrs. Hogan reviewed the capital financing requests received from the Board. She felt the first step was to prioritize the items. A list of projects that were budgeted for FY21-22 was also provided. The general fund projects totaled \$5,331,004 and will be paid through financing.

Alderwoman Harris asked if the Board was in favor of raising taxes. Without raising taxes, she felt the sidewalk improvements were important and suggested focus be placed on Martin Marietta Park and a skatepark. The development of Martin Marietta Park would generate revenue that could be used to fund additional projects. Alderwoman Harris said she also supported the two partial fire stations as opposed to one large new one.

Alderman Aster said he too was in favor of an amphitheater at Martin Marietta Park, but wondered why the City could not issue a Request for Proposals ("RFP") to seek naming rights for the theater. Mr. Hughes said the City started to issue an RFP for the amphitheater, but pulled it when COVID struck because it was not the right climate for such an investment. Mayor Outlaw said when the park was first established, he took several who were not aware of the project to see the site. When roads are put in and things start to take shape, that's when people can see the vision and are willing to invest. Noting nonresidents use the parks, Alderman Bengel felt it was unfair for the City's taxpayers to fund amenities that are used by others.

Mr. Hughes felt staff could get an RFP out for the amphitheater within a month and stated a conceptual plan was already available. Alderman Bengel suggested the RFP include an opportunity for not only sponsoring the amphitheater, but also the skatepark and other areas. Alderman Best said she could not see the City putting \$1 million in an amphitheater when there are grant funds available for park development and amenities.

She felt the money could better serve the citizens by addressing drainage and stormwater. This led to a detailed discussion on stormwater.

Mayor Outlaw asked if anyone wanted to see staff lower the canal by one foot. If not, he suggested opening the valves and going back to the way things used to be done. He also suggested a consultation with NC State. George Chiles, Interim Director of Public Works, said there was additional stormwater work currently scheduled for the Duffyfield area. Supplementary pumps will be coming online within the next year to assist with the Biddle Street area. Mr. Chiles pointed out the canal was owned by NC Railroad. He cautioned about drawing down water levels and described the impact that would have on wetlands.

Alderman Best voiced a desire for the new fire stations and more sidewalk maintenance and improvements. She stated she was not in favor of putting LED lights on the bridge and felt the skatepark could be put off. Alderman Bengel noted she too was not in favor of the bridge lighting.

Referencing Alderman Aster's desire for street improvements, Alderman Odham asked what streets needed to be addressed. Alderman Aster said the streets in Taberna were terrible, as well as others in the city. The current street-grading system was done four years ago and was based off just the integrity of the asphalt, not ride quality. Next year, ride quality will be included in the assessment.

(Alderwoman Harris momentarily stepped out of the room at 8:35 p.m.)

Alderman Aster questioned how much money the Board would want to secure through a bond. Alderman Bengel stated she did not want to raise taxes. Mr. Hughes said the amount would depend on the projects that were of interest to the Board and would not include any items that would be covered by a grant, items that were already included in the budget, or items for which the Board may designate ARP funding.

Alderman Bengel provided an update on the City Hall renovations, noting other issues were discovered during the process that will necessitate additional fixes and upgrades will need to be made. Mr. Hughes stated additional information about the needs at City Hall would be brought before the Board at a future date. If the City is fortunate enough to get FEMA funds for point tucking, additional funds would still be needed to complete the job.

(Alderwoman Harris returned to the room at 8:38 p.m.)

Alderman Aster reiterated the need to have additional fire stations because of construction and growth in Ward 4 and voiced favor for the development of an amphitheater at Martin Marietta Park. Alderwoman Harris said she spoke with someone who may negotiate the sponsorship of the amphitheater.

Alderwoman Harris said even though there is a lot the City wants to do, she was an avid supporter of providing a bonus for the employees and felt that was important. Alderman Best said she was in favor of that as well, but thought Mr. Robertson said that could not be done with the ARP funds. Mrs. Hogan said the guidance had changed slightly and now requires the employee must be considered essential, required to come to work, and work face to face with the public. Mrs. Hogan said that probably covered most employees, but possibly not all. Alderwoman Harris suggested the few that were not covered could be paid the bonus through city funds.

Alderman Best asked what had been concluded from the evening's discussion. Mr. Hughes responded it was an informational work session, and staff had been given some direction on information to gather for future meetings.

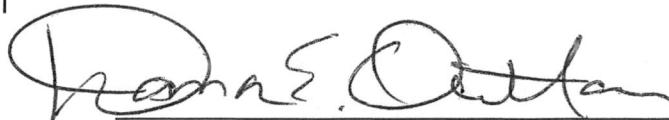
#### 4. Adjourn.

Alderwoman Harris made a motion to adjourn, seconded by Alderman Aster. The motion carried unanimously 7-0, time being 8:45 p.m.

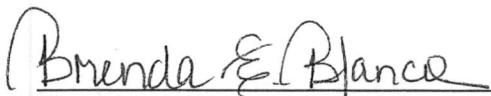
The attached documents are incorporated herewith and are hereby made a part of these minutes.

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: July 13, 2021



Dana E. Outlaw, Mayor



Brenda E. Blanco, City Clerk