MINUTES OF MEETING OF MAYOR AND CITY COUNCIL HELD JUNE 17, 2020

The Mayor and Council of the City of Goldsboro, North Carolina, recessed from a Regular Meeting on June 15, 2020 to meet on June 17, 2020 at 10:00 a.m. in the Large Conference Room located on the second floor of the City Hall Addition, 200 North Center Street Goldsboro, NC with attendance as follows:

Present: Mayor Chuck Allen, Presiding
Mayor Pro Tem Bill Broadaway
Councilmember Antonio Williams (arrived at 10:01 a.m.)
Councilmember Brandi Matthews
Councilmember Taj Polack
Councilmember David Ham
Councilmember Gene Aycock
Timothy Salmon, City Manager
Ron Lawrence, Attorney
Melissa Capps, City Clerk
Catherine Gwynn, Finance Director

Call to Order. The meeting was called to order by Mayor Allen at 2:00 p.m.

Budget Discussion
Water/Sewer Rates, Late Fee and Service Penalty effective FY20-21. Resolution Adopted. The City of Goldsboro's current water and sanitary sewer rate structure was adopted effective January 1, 1987, after a comprehensive study was performed by Arthur Young and Associates. This past fiscal year, the City engaged the firm Stantec to perform a utility rate study to analyze operational costs and capital needs and to benchmark our utility rates to assist the staff in making decisions about the operations of the Utility Fund.

The recommended Fiscal Year 2020-21 Budget recommends an increase of seventeen and one-half percent (17.5%) for water and sewer rates. It is recommended that these rates be effective with the August 1, 2020 billing. The city bills in arrears so this will cover usage during July.

The Late Fee charged on utility accounts past due and the Service Penalty, implemented in July 1991 to recover the cost of providing additional services for utility customers with two bills past due, will remain the same for Fiscal Year 20-21. It is recommended that the water reconnection fee of $10.00 remain the same and be charged before water service is restored to the customer who was disconnected due to nonpayment.

Councilmember Matthews stated with the increase on page 3 of the big book, it talks about a Case Farms violation, I would like some clarity on that and if that violation charge and what we are responsible for has anything to do with us raising rates.

Ms. Catherine Gwynn, Finance Director stated the Case Farm violations has to do with the testing of the sewer. They are expected to bring online their new sewer system; regardless of us changing the rates, we know that violation is going to go down, because they will be able to treat their own sewer. So we had already taken that into account, the fact that our revenues were going to go down, that was not necessarily the driving force of the rate increase. The rate increase is based on the fact that we have a lot of, millions of dollars of deferred maintenance and personnel that we are trying to deal with.

Councilmember Matthews stated so the violation was on their part, not our part is what you are saying.

Ms. Gwynn stated yes ma'am. We have to treat it, so they have to help offset the costs; now they will treat their own.

Councilmember Williams stated so you believe that we did not raise these rates because of that.

Ms. Gwynn replied, no sir, based on the Santec Utility Rate Study, they looked at our cost of service to produce water, to treat sewer that is what they are trying to cover. We have not been doing that, we have not raised rates in many years, we are not keeping up with the costs. If you look at the CIP list, and you look at the hundreds of millions of dollars that in the next 10 years needs to be done and we keep pushing off, that is what we are trying to address.

Mr. Salmon stated I would also add in my notes there is $22.3 million in outstanding debt in past work that has been done, that helps cover this cost.

Councilmember Polack stated one of my constituents is opposed to it, which I'm sure others are, is there a lower, I know we have calculated the jobs and equipment and infrastructure, the lowest is 17.5% is definitely the lowest as opposed to 25% . Mayor Allen stated I think we agreed. Ms. Gwynn replied yes sir.

Councilmember Williams read a statement. I have spent an extremely time reviewing the budget and to be honest, I have great concerns. There has been information I have requested, and to be honest it has been challenging to obtain and when I finally receive the information I believe it to be incomplete. During the budget process I requested to review documents from departments asking for information involving public tax dollars, should not be difficult for me or anyone else to review. First I am a citizen, second I am an elected councilman. Our budget is of great importance and something I do not take lightly. As the budgeting process began, I believe our constituents should have the opportunity to address where they would like to see their tax dollars being used. Many responded by social media with great ideas. We also had members from the community address the budget on Monday, June 15th and send us emails. The citizens have researched and pointed out issues within departments' budgets. Their voices should be considered. I asked about Friends of Seymour and why were these monies coming from the Mayor and Council budget in fiscal year 20-21. In our large binder the amount was $61,500. I was quickly corrected by Mayor Allen that total was $80,000. The conflicting amount was a concern. I also asked who are Friends of Seymour and the mayor responded and stated the group should do better to inform us of what Friends of Seymour is involved in. At the next meeting I inquired about Friends of Seymour and Mayor Allen admitted that he was a board member and Bill Broadway was a member as well. Why didn't the mayor and councilmember disclose that at the time of the discussion that they were part of the Friends of Seymour. Later we learned that City Manager Timothy Salmon is also on the board. It is unclear who are all board members. I have never reviewed any minutes, or had a monthly or yearly report submitted in the last 4 ½ years I have served on this board nor was I asked to participate until yesterday, via Zoom. It is still unclear who board members are, there were over 30 individuals on Zoom. I reviewed the Friends of Seymour contract and from what I understand, it has not been revised since 2014. A lot has changed since then. I understand the Mayor, Councilmember Broadaway and city manager our on the Finance Committee. Seymour Johnson Air Force Base (SJAFB) is important. We have a Military Affairs Committee that informs us on how things are going at SJAFB. I support our base. In this tight budget times, it is tough for me to justify to my constituents an $80,000 allocation for a group that some members of our council are just learning about. Can you all legally vote on account 1991 line item 1 as it would appear to be a conflict of interest since you also sit on the financial committee. The question is for Mr. Lawrence, our attorney. I really do appreciate being able to attend the Zoom meeting yesterday to learn a little more about this group. We have cut the budget for a lot of our outside agencies that we give funds to and I do not think it would be fair to not look at cutting that budget. We need to make room in our budget for the forensic audit and due to the information in our budget and the things brought to our attention I do not see how we can avoid not doing it. If you look at the budget and the amendments we have a lot of departments with poor accounting practices. That is another reason to do this. To my knowledge, we have not had a forensic audit in the last 40 years, a lot has happened. I think it's time. For me to make informed decisions are require as much information as possible. I took an oath to the citizens in the state of North Carolina and I take this oath seriously again I appreciate the hard work of Ms. Gwynn and her department, for that reason I have stated I cannot in good conscious approve this budget without an allocation in the budget for a forensic audit. Thank you.

Councilmember Matthews stated just so we are clear, these fees and this violation has nothing to do with why we are increasing the water and sewer rate.

Ms. Gwynn stated no ma'am. We are looking at the whole picture, they recommended a 56% increase in order for us to cover our cost. The violation when they bring their new system online, they will be able to treat and reduce violation which reduces our costs. If it doesn't have to be treated, the costs go down. The rate of increase is based on the cost of service.

Councilmember Williams asked the attorney pertaining to Friends of Seymour and board members who are on the finance committee, how can they vote on it.

Attorney Lawrence stated he would need time to research.

Councilmember Matthews stated right now we are talking about a motion for the water and sewer only. Mayor Allen stated right.

Councilmember Ham made a motion to adopt the budget as presented and recommended by Finance Director and City Manager. The motion was seconded by Mayor Pro Tem Broadaway. Mayor Allen, Mayor Pro Tem Broadaway, Councilmembers Ham and Aycock voted in favor of the motion. Councilmembers Williams, Polack and Matthews voted against the motion. The motion passed 4:3.

Budget Ordinance for Fiscal Year 2020-21. Ordinance Adopted. G.S. §159-13 requires that the governing board adopt a budget ordinance prior to July 1 to make appropriations and levy the taxes for the budget year. In specific, the Budget Ordinance establishes the property tax rate and any special taxes which may be levied during a fiscal year, such as the Special Downtown Municipal District Tax. The intention of a city to issue licenses upon businesses, trades and professions is also described within the contents of this document.

The major emphasis of a Budget Ordinance is to identify by fund the estimated revenues a municipality anticipates to collect during a fiscal year and to delineate by fund, department, and activity how these monies shall be appropriated. The Budget Ordinance may also describe any special authorizations granted to the Budget Officer.

Passage of the Budget Ordinance is an annual occurrence. No budget for the fiscal year can be implemented without the formal adoption of the provisions of this document. The Budget Ordinance reflects the decisions made by the City Council during its budget reviews and discussion. The Budget Ordinance assures compliance with all pertinent State Fiscal laws. It must show an exact balance between revenues and expenditures. If circumstances do not warrant the adoption of this document by the prescribed date, an interim budget must be approved by the governing body. The specific authorizations granted to the Budget Officer are the same as were delegated in Fiscal Year 2019-20 that relate to the reallocation of departmental appropriations, interdepartmental transfers, and inter-fund loans and transfers. Also, the Finance Director and Assistant Finance Director are authorized to sign all pre-audit certifications for budgetary appropriations as required by G.S. 159-28.

Council met with staff on several occasions to discuss the FY2020-21 recommended budget. During those sessions, Council discussed increases to water and sewer rates by 17.5%, implementation of a $1 per month per customer recycling surcharge, and changes to planning fees. The property tax rate will remain the same as the FY2019-20 budget.

As required by G.S. §159-11, the Budget Officer submitted to the governing board a balanced recommended budget with the required components on June 1, 2020. The filing of the recommended budget was also properly advertised in the Goldsboro-News Argus on May 30, 2020, and a paper copy of the budget delivered to the City Clerk as well as made available online on the City's website. Further, the Council will conduct a public hearing on June 15, 2020 at the 7:00 pm meeting. Finally, there has been at least 10 days between the presentation of the recommended budget (June 1st) and the tentative adoption of the budget ordinance (June 17th).

Summary of FY2020-21 Budget

General Fund	$ 42,425,220
General Fund Capital Reserve	1,000
Stormwater Fund	1,775,600
Community Development	800
Utility Fund	18,402,385
Downtown Goldsboro Special District Fund	97,898
Occupancy Tax Fund	1,199,844
Total All Funds FY2019-20	$ 63,902,747

Based on instruction provided by the Council on June 1st, 9th and 15th, changes were made as requested and a summary is provided. A published copy of the final adopted Budget Ordinance for FY2020-21 will be produced incorporating all changes as adopted by the Council.

Council discussed the following items:

- Forensic Audit
- Friends of Seymour
- Budget amendments
- Herman Park Center Debt Payment

Attorney Lawrence asked for clarification on the previous motion made by Councilmember Ham. The City Clerk, Ms. Capps read back the motion made:

Councilmember Ham made a motion to adopt the budget as presented and recommended by Finance Director and City Manager. The motion was seconded by Mayor Pro Tem Broadaway. Mayor Allen, Mayor Pro Tem Broadaway, Councilmembers Ham and Aycock voted in favor of the motion. Councilmembers Williams, Polack and Matthews voted against the motion. The motion passed 4:3.

Councilmember Ham clarified his motion was to adopt the following entitled Resolution establishing the Water and Sewer Rate Schedule incorporating a seventeen and one-half percent (17.5%) water and sewer rate increase effective with the August 1, 2020 billing. The motion was seconded by Mayor Pro Tem Broadaway. Mayor Allen, Mayor Pro Tem Broadaway, Councilmembers Ham and Aycock voted in favor of the motion. Councilmembers Williams, Polack and Matthews voted against the motion. The motion passed 4:3.

RESOLUTION NO. 2020-42 "RESOLUTION AMENDING THE WATER RATE AND SANITARY SEWER RATE, THE MONTHLY MINIMUM CHARGE, THE LATE FEE AND UTILITY SERVICE PENALTY FOR THE CITY OF GOLDSBORO"

Council moved back to the overall budget.

Councilmember Aycock made a motion to adopt the following entitled Budget Ordinance for the Fiscal Year 2020-21. The motion was seconded by Councilmember Ham.

Councilmember Matthews asked for some clarity, I have an extreme issue with Friends of Seymour and this is in no way in support of the base, our airmen and women and their families. I agree whole heartedly we should support them.

Councilmember Matthews shared concerns regarding Councilmembers serving on the Friends of Seymour and voting on the budget that includes Friends of Seymour. Councilmember Matthews asked is it a conflict of interest.

Councilmember Matthews also shared concerns with passing the budget today.

Mayor Allen shared information regarding the contract with Friends of Seymour.

Councilmember Matthews and the Mayor discussed the contract, the Roosevelt Group and wind farms.

Mr. Salmon asked if you look in your big book, on page 23 it will say $80,000 for consultant fees of which $61,500 is for Friends of Seymour. The other $18,500 is used for other consultants, of which in past has been used for the Mercer Group for the city manager search, etc…

Discussion continued regarding lobbying fees paid to the Roosevelt Group.

Mayor Allen called for a vote on the motion previously made.

Councilmember Aycock made a motion to adopt the following entitled Budget Ordinance for the Fiscal Year 2020-21. The motion was seconded by Councilmember Ham. Mayor Allen, Mayor Pro Tem Broadaway, Councilmembers Ham and Aycock voted in favor of the motion. Councilmembers Williams, Polack and Matthews voted against the motion. The motion passed 4:3.

ORDINANCE NO. 2020-16 ANNUAL BUDGET ORDINANCE FISCAL YEAR 2020-2021

Councilmember Williams stated he was disappointed in Council.

Councilmember Matthews stated it is real disappointing.

Mayor Allen hit the gavel. Councilmember Matthews stated I was not done talking. Mayor Allen stated I'm sorry go ahead and talk. No one spoke and the meeting adjourned at 10:38 a.m.

Chuck Allen

Chuck Allen, Mayor

Melissa Capps

Melissa Capps, MMC
City Clerk