
The Washington City Council in a regular session on Monday, April 11, 2016 at 5:30pm in the City Council Chambers at the Municipal Building. Present were: Mac Hodges, Mayor; Virginia Finnerty, Mayor Pro tem; Doug Mercer, Councilmember; Richard Brooks, Councilmember; Larry Beeman; Councilmember and William Pitt, Councilmember. Also present: Bobby Roberson, City Manager; Franz Holscher, City Attorney and Cynthia S. Bennett, City Clerk.

Mayor Hodges called the meeting to order and Councilmember Mercer delivered the invocation.

APPROVAL OF MINUTES:

By motion of Councilmember Pitt, seconded by Councilmember Brooks, Council approved the minutes of March 28, 2016 as presented.

APPROVAL/AMENDMENTS TO AGENDA

Mayor Hodges reviewed the requested amendments to the agenda:

- Consent Item D: removed from Consent for discussion immediately following Consent Agenda
- Moved Scheduled Public Appearance – Mickey Cochran (parking update) to speak during the discussion of Old Business Item A.

By motion of Councilmember Pitt, seconded by Councilmember Brooks, Council approved the agenda as amended.

CONSENT AGENDA:

By motion of Councilmember Pitt, seconded by Councilmember Brooks Council approved the consent agenda as amended.

A. Adopt – Legal Expense Budget Ordinance Amendment

**AN ORDINANCE TO AMEND THE BUDGET ORDINANCE
OF THE CITY OF WASHINGTON, N.C.
FOR THE FISCAL YEAR 2015-2016**

BE IT ORDAINED by the City Council of the City of Washington, North Carolina:

Section 1. That the Estimated Revenues in the General Fund be increased in the amount of \$58,900 in the account Fund Balance Appropriated, account number 10-00-3991-9910.

Section 2. That the following account numbers in the City Council and Legal departments of the General Fund appropriations budget be increased or decreased in the amounts indicated for anticipated legal expense:

10-00-4110-1100	Telephone	\$ (100)
10-00-4110-1400	Employee Development	(3,000)
10-00-4150-0400	Professional Services	<u>62,000</u>
	Total	\$58,900

Section 3. All ordinances or parts of ordinances in conflict herewith are hereby repealed.

Section 4. This ordinance shall become effective upon its adoption.

Adopted this the 11th day of April, 2016.

Attest:

**s/Cynthia S. Bennett,
City Clerk**

**s/Jay MacDonald Hodges,
Mayor**

**B. Adopt – Police Station Capital Project Fund Budget Ordinance Amendment
AN ORDINANCE TO AMEND THE CAPITAL PROJECT ORDINANCE FOR
THE POLICE STATION
CITY OF WASHINGTON, N.C.
FOR THE FISCAL YEAR 2015-2016**

BE IT ORDAINED by the City Council of the City of Washington, North Carolina:

Section 1. That the Estimated Revenues in the Police Station Capital Project be increased in the amount of \$35,000 in the account Interest Earned, account number 64-10-3831-0000

Section 2. That the following accounts be increased or decreased in the Police Station Capital Project Fund:

64-10-4310-7100	Land	\$480,000
64-10-4310-9990	Contingency	(445,000)
	Total	35,000

Section 3. All ordinances or parts of ordinances in conflict herewith are hereby repealed.

Section 4. This ordinance shall become effective upon its adoption.

Adopted this the 11th day of April, 2016.

Attest:

**s/Cynthia S. Bennett,
City Clerk**

**s/Jay MacDonald Hodges,
Mayor**

**C. Adopt – Budget Ordinance Amendment for the Downtown Development Project
AN ORDINANCE TO AMEND THE BUDGET ORDINANCE
OF THE CITY OF WASHINGTON, N.C.
FOR THE FISCAL YEAR 2015-2016**

BE IT ORDAINED by the City Council of the City of Washington, North Carolina:

Section 1. That the Estimated Revenues in the General Fund be increased in the amount of \$6,876 in the account Fund Balance Appropriated, account number 10-00-3991-9910.

Section 2. That the following account numbers in the Miscellaneous department of the General Fund appropriations budget be increased in the amounts indicated for the Down Town Development project:

10-00-4400-6200	Transfer to Capital Project Fund	\$ 6,876
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Section 3. All ordinances or parts of ordinances in conflict herewith are hereby repealed.

Section 4. This ordinance shall become effective upon its adoption.

Adopted this the 11th day of April, 2016.

Attest:

**s/Cynthia S. Bennett,
City Clerk**

**s/Jay MacDonald Hodges,
Mayor**

D. *Item Removed from Consent for Discussion - Approve – Purchase Order >\$20,000*

ITEM D FROM CONSENT AGENDA: APPROVE – PURCHASE ORDER >\$20,000

Councilmember Mercer expressed concern over the purchase order regarding tree trimming. Items of concern: why was this PO coded to the 7400 account, was there more than

one bid, why are we spending more money on tree trimming – we already have two crews. Interim Electric Director, Jeff Clark explained the Hwy 32 project is under the 7400 account and the request is for five miles (from Five Points on Hwy 32 to Beaufort Co. Community College on Hwy 264) of right-of-way clearing including tree trimming, tree removal and stump removal. This request has nothing to do with the other funds set aside for tree trimming. Mr. Clark explained he tried to get additional bids from Cutler and LeClair but they wouldn't bid as the project was too large for them. Wayne's Tree Service is the only one that could do the entire project. Mr. Clark explained he understood this project is not "equipment purchases" but that's how the 7400 fund shows up in the financial software system.

By motion of Mayor Pro tem Finnerty, seconded by Councilmember Brooks, Council approved the \$53,400 purchase order to Wayne Woolard for right-of-way clearing for the Hwy. 32 project.

COMMENTS FROM THE PUBLIC:

Peggy Rivers discussed parking on 10th Street. She noted the proposal presented by the City Manager was a good compromise. She commented that prohibiting parking in front of Mr. Cochran's house is ok as long as it doesn't interfere with parking at the homes of other residents located on this street.

Amber Rascoe discussed parking on 10th Street. She noted parking is not a safety issue as Mr. Cochran had mentioned. Ms. Rascoe explained the request is only because Mr. Cochran is upset with his neighbors. She continued by saying if parking was a safety issue the City of Washington would've already addressed the issue. She is opposed to the parking limitations, but is ok with prohibited parking in front of Mr. Cochran's house only.

SCHEDULED PUBLIC APPEARANCES:

MICKEY COCHRAN – PARKING UPDATE – *moved to Old Business Item A*

CORRESPONDENCE AND SPECIAL REPORTS:

MEMO – HAVENS GARDENS – PLAY TOGETHER CONSTRUCTION GRANT

Kristi Roberson, Parks and Recreation Director explained the Havens Gardens Inclusive Playground is scheduled to begin site work soon. The installation and site prep crew is expected to arrive in Washington between April 8 and April 15. There will be two crews working simultaneously between the Washington and Williamston playground projects. The parking lot, bathrooms and fishing area will remain open during the construction process. Completion should be in 4-5 weeks.

MEMO – FY 2017 BUDGET QUESTIONS/SCHEDULE

Please provide questions concerning the City Manager's recommended FY 2017 budget to the City Clerk by April 19th. Budget workshops are scheduled the week of April 25th, advance questions allow staff to address in order to facilitate an efficient review and preparation of the City's budget during the workshop sessions.

Budget Schedule 2016-2017

Scheduled Week Of	Status	Budget Task
11/30/15	Complete	CIP template distributed to Management Team
01/04/16	Complete	Budget Packets Distributed to Management Team
01/04/16	Complete	Outside Agency Budget Requests Distributed
01/11/16	Complete	CIP worksheets due back to Finance
01/11/16	Complete	CIP review with Manager
01/25/16	Complete	Revenue Estimate- Finance
01/25/16	Complete	Budget Planning session with Council
01/25/16	Complete	Outside Agency Budget Requests Submitted
02/08/16	Complete	Outside Agency Presentation to Council
02/15/16	Complete	Continuation Budgets submitted to Finance
02/15/16	Complete	Expansion Budgets submitted to Finance
02/22/16	Complete	CIP review with Council
03/07/16	Complete	Budget Compiled by Finance
03/07/16	Complete	Budget Review with Manager- General Fund
03/14/16	Complete	Budget Review with Manager- Electric Fund
03/14/16	Complete	Budget Review with Manager- Public Works
04/11/16		Manager's Recommended Budget Presented to Council
04/11/16		Budget Available for Public Viewing at City Clerk's Office, Library, and Web Site
04/18/16		Council Budget Questions/Clarification to City Manager
04/25/16	Scheduled entire week	Council Budget Workshops
04/25/16		Advertise Public Hearing for Budget
05/09/16		Public Hearing- Budget
05/23/16		Budget Adopted
05/23/16		Budget Posted to Web Site

City Manager, Bobby Roberson explained the budget workshops start on April 25th after the regular agenda items are discussed, then nightly at 5:30pm (April 26th – 28th). The public is allowed to attend the workshops, but comments will not be taken. The budget public hearing will be scheduled for May 9th and comments are welcome at that time.

REPORTS FROM BOARDS, COMMISSIONS AND COMMITTEES: NONE

APPOINTMENTS: NONE

Councilmember Mercer discussed the vacancy on the Board of Adjustment and asked if the vacancy had been advertised. If the vacancy has been advertised, do we just not have any applications? Cynthia Bennett, City Clerk advised that the vacant board positions have been advertised in the newspaper, City of Washington website and Cable 9. Councilmember Mercer encouraged the council members to go out and find applicants for the Board of Adjustment as well as other boards and commissions with vacant positions.

OLD BUSINESS:

**ADOPT/AMEND – ORDINANCE TO AMEND CHAPTER 18, SECTION 123 –
DESIGNATED PROHIBITED PARKING AREAS**

BACKGROUND AND FINDINGS: This request is to prohibit parking on the south side of East 10th Street 140 feet west of Telfair Street. There have been concerns expressed to Council about vehicles parking in front of homes near the intersection.

*Mayor Hodges noted that comments would be limited to five minutes for this item.



Mickey Cochran 317 E. 10th Street, appeared before Council to ask for a no parking zone on East 10th Street from Nicholson to Telfair Street. Mr. Cochran again reviewed that his neighbors are parking their vehicles in front of his home, which prohibits parking for his visitors. Mr. Cochran reviewed that the City Manager held a meeting on April 7th for the property owners in this location and approximately 18 people were at the meeting.

Councilmember Mercer noted there is a viable solution on the table, but we have to do what is best for all of our citizens. Mayor Pro tem Finnerty said the problem is only with Mr. Cochran's property and we should only prohibit the parking at that location. Mr. Roberson explained that the residents in attendance at the meeting last week were (by consensus) in agreement with the proposal.

A motion was made by Councilmember Brooks and seconded by Councilmember Beeman to adopt an ordinance to amend Chapter 18, Section 123, Designated prohibited parking areas, in reference to no parking, beginning at Telfair Street 140 feet west along the south side of East 10 Street, as outlined in the ordinance, with an effective date of April 12, 2016. Voting for the motion: Brooks and Beeman; voting against: Mercer, Finnerty & Pitt. Motion failed 2-3.

PUBLIC HEARING 6:00PM– ZONING: NONE

PUBLIC HEARING 6:00PM - OTHER:
ADOPT/AWARD – ORDINANCE TO CONDEMN AS UNSAFE THE STRUCTURE
LOCATED AT 809 WEST 9TH STREET AND AWARD THE DEMOLITION
CONTRACT

John Rodman, Director of Community & Cultural Services provided the following background information. *The governing body of the City may adopt and enforce ordinances relating to residential buildings or structures that fail to meet minimum standards of maintenance, sanitation, and safety. The minimum standards address conditions that are dangerous and injurious to public health, safety and welfare and identify circumstances under which a public necessity exists for the repair, closing or demolition of such buildings or structures. If after a notice and hearing the Code Official determines that the property has not been properly maintained and failed to meet minimum standards an order is issued to require the owner to demolish and remove the building or structure.*

Previous Legislative Action:

Notice of Complaint and Hearing - October 8, 2015

Hearing Held - October 23, 2015

Order to Remedy Defective Condition - October 26, 2015

Received Bids - January 11, 2016

Demolition Bids Submitted:

St. Clair Trucking \$5,000

Tyco Land Developing \$5,900

Mayor Hodges opened the public hearing. Dot Moate inquired about the procedure for determining which houses are destroyed/condemned. She stated there are dozens of houses in the city that are in bad shape.

John Rodman noted that staff has a priority list that includes substandard houses and those houses are rated in a matter of importance. Currently there are 45 houses on the substandard houses list.

There being no additional comments, Mayor Hodges closed the public hearing.

By motion of Councilmember Pitt, seconded by Councilmember Beeman, Council adopted the ordinance condemning the structure located at 809 West 9th Street as unsafe and to demolish & remove the structure - as well as award the demolition contract to the lowest responsible bidder, St. Clair Trucking Inc., in the amount of \$5,000.

**AN ORDINANCE FINDING THAT THE BUILDING DESCRIBED HEREIN IN THE
CITY OF WASHINGTON IS CONDEMNED AS UNSAFE AND DIRECTING THAT IT BE
DEMOLISHED**

WHEREAS, the City Council of the City of Washington finds that the structure having an address of 809 West 9th Street, Washington, North Carolina and being owned by James Williams and Spouse, Bertha Dudley and Spouse, Roberta Carson and Spouse, James Langley and Spouse, and Barbara Jane Staton and Spouse, is condemned as, among other things, unsafe pursuant to North Carolina General Statute § 160A-426 and that all applicable statutory provisions have been complied with as a condition of the adoption of this Ordinance.

WHEREAS, the structure located on said property should be demolished and removed as directed by the Senior Building Official for, among other things, the reasons stated by the Senior Building Official in his October 26, 2015 Order to Remedy Defective Condition and Findings of Fact that was served on the property owner(s).

WHEREAS, the owner(s) of the structure have been given a reasonable opportunity to bring the structure into compliance with the applicable standards of the City Code as well as State statute in accordance with North Carolina General Statute § 160A-426 as well as pursuant to the Order issued by the Senior Building Official in said Notice of Decision.

WHEREAS, said owner (s) have failed to comply with said Order.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Washington as follows.

Section 1. The Senior Building Official is hereby authorized and directed to proceed to demolish and remove the above described structure located at 809 West 9th Street in accordance with applicable provisions of the City Code and North Carolina General Statute § 160A-426 *et seq.*

Section 2. The cost of the demolition and removal of the structure shall constitute a lien against the real property upon which the cost was incurred as provided in North Carolina General Statute § 160A-432.

Section 3. This Ordinance shall be recorded in the Office of the Register of Deeds of Beaufort County, North Carolina.

This Ordinance shall become effective on this date of adoption April 11, 2016.

Attest:

s/Cynthia S. Bennett
City Clerk

s/Jay MacDonald Hodges
Mayor

**ADOPT/AWARD – ORDINANCE TO CONDEMN AS UNSAFE THE STRUCTURE
LOCATED AT 811 VAN NORDEN STREET AND AWARD THE DEMOLITION
CONTRACT**

John Rodman, Director of Community & Cultural Services provided the following background information. *The governing body of the City may adopt and enforce ordinances relating to residential buildings or structures that fail to meet minimum standards of maintenance, sanitation, and safety. The minimum standards address conditions that are dangerous and injurious to public health, safety and welfare and identify circumstances under which a public necessity exists for the repair, closing or demolition of such buildings or structures. If after a notice and hearing the Code Official determines that the property has not been properly maintained and failed to meet minimum standards an order is issued to require the owner to demolish and remove the building or structure.*

Previous Legislative Action:

Notice of Complaint and Hearing - January 11, 2016

Hearing Held - January 26, 2016

Order to Remedy Defective Condition - January 26, 2016

Received Bids - April 1, 2016

Demolition Bids Submitted:

Taylor's Hauling and Grading, LLC \$3,900

Dudley's Landscaping \$3950

Tyco Land Development \$4,800

St. Clair Trucking, Inc \$4,900

Armstrong Inc. \$7,500

Mayor Hodges opened the public hearing. There being no comments from the public, Mayor Hodges closed the public hearing.

By motion of Councilmember Pitt, seconded by Councilmember Beeman, Council adopted the ordinance condemning the structure located at 811 Van Norden Street as unsafe and to demolish/remove the structure as well as award the demolition contract to the lowest responsible bidder, Taylor's Hauling and Grading, LLC., in the amount of \$3,900.

**AN ORDINANCE FINDING THAT THE BUILDING DESCRIBED HEREIN IN THE
CITY OF WASHINGTON IS CONDEMNED AS UNSAFE AND DIRECTING THAT IT BE
DEMOLISHED**

WHEREAS, the City Council of the City of Washington finds that the structure having an address of 811 Van Norden Street, Washington, North Carolina and being owned by the unknown heirs of Bessie Baily Jones Vest, the unknown heirs of Robert Lee Bailey, Roger Bailey and Spouse, Robert

B. Wade and Spouse, Robert Lee Bailey II and Spouse, and Carl C. Bailey and Spouse is condemned as, among other things, unsafe pursuant to North Carolina General Statute § 160A-426 and that all applicable statutory provisions have been complied with as a condition of the adoption of this Ordinance.

WHEREAS, the structure located on said property should be demolished and removed as directed by the Senior Building Official for, among other things, the reasons stated by the Senior Building Official in his January 26, 2016 Order to Remedy Defective Condition and Findings of Fact that was served on the property owner(s).

WHEREAS, the owner(s) of the structure have been given a reasonable opportunity to bring the structure into compliance with the applicable standards of the City Code as well as State statute in accordance with North Carolina General Statute § 160A-426 as well as pursuant to the Order issued by the Senior Building Official in said Notice of Decision.

WHEREAS, said owner (s) have failed to comply with said Order.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Washington as follows.

Section 1. The Senior Building Official is hereby authorized and directed to proceed to demolish and remove the above described structure located at 811 Van Norden Street in accordance with applicable provisions of the City Code and North Carolina General Statute § 160A-426 *et seq.*

Section 2. The cost of the demolition and removal of the structure shall constitute a lien against the real property upon which the cost was incurred as provided in North Carolina General Statute § 160A-432.

Section 3. This Ordinance shall be recorded in the Office of the Register of Deeds of Beaufort County, North Carolina.

This Ordinance shall become effective on this date of adoption April 11, 2016.

Attest:

s/Cynthia S. Bennett,
City Clerk

s/Jay MacDonald Hodges,
Mayor

NEW BUSINESS:

ADOPT/APPOINT – RESOLUTION ON EMS SERVICES AND APPOINT TWO CITY COUNCIL MEMBERS TO EMS OVERSIGHT COMMITTEE

BACKGROUND AND FINDINGS: Certain members of the city staff along with the Mayor were asked to attend a meeting with the EMS Oversight Committee to discuss implications by the city to turn over EMS responsibilities to the county within 90 days, effective July 01, 2016. A discussion was held and it was recommended that a 15 month waiting period be created whereby the city would do nothing with regards to its EMS service delivery. In addition, a committee would be appointed consisting of the city and county managers, the city's mayor, two city councilpersons and two county commissioners to come to a proposed agreeable conclusion on EMS contract services by the City of Washington. Council passed a motion to turn over EMS services to the county, effective July 01, 2016.

Councilmember Mercer noted that if the Mayor is not going to appoint the members to the subcommittee, then he (Mercer) would like to be excused from voting. Mayor Hodges excused Councilmember Mercer from voting on the appointment of the subcommittee members.

Councilmember Mercer explained the resolution needs to be adopted first and then appoint the subcommittee members. He added suggested language to the resolution as follows in order to give some latitude on the date. Add after July 1, 2017, **or such other date as may be approved by City Council and County Commissioners**

By motion of Councilmember Mercer, seconded by Councilmember Beeman, Council adopted the resolution extending the date until July 1, 2017, or such other date as may be approved by City Council and County Commissioners to turn over to Beaufort County and other contracts for EMS services to the County.

By motion of Councilmember Beeman, seconded by Mayor Pro tem Finnerty, Council appointed Councilperson Mercer and Councilperson Brooks to serve on a joint committee to come to an agreeable conclusion on EMS contract services for the city with the county. Voting for the motion: Brooks, Beeman & Finnerty; Opposed: Pitt. Motion carried 3-1.

RESOLUTION – EMS SERVICES

WHEREAS, the City Council of the City of Washington during its regular scheduled meeting, held on March 28, 2016, instructed the City Manager to inform the County Manager the city would no longer be providing Emergency Management Services (EMS) within their jurisdiction, and;

WHEREAS, the city was engaged in other EMS service contracts with other jurisdiction and would be placing those entities on notice, as well, that henceforth the city would no longer be providing EMS services, and;

WHEREAS, the termination date for EMS services by the city and contract agencies had been set for July 01, 2016 by the City Council of the City of Washington, and;

WHEREAS, the city was requested to be in attendance at an EMS Oversight Committee meeting on Friday, April 01, 2016 to discuss the implications by the city to turn over EMS responsibilities to the county within 90 days effective July 01, 2016, and;

WHEREAS, a discussion was held by the EMS Oversight Committee and a motion was made to allow a 15 month waiting period in which the city would do nothing with its regards to its EMS services, and;

WHEREAS, a committee would be established consisting of the city and county managers, the city's mayor, two city council members and two county commissioners to come to a proposed agreeable conclusion on EMS contract services by the City of Washington, and;

NOW, THEREFORE BE IT RESOLVED that the revised date for the City of Washington to turn over EMS services provided by the city and under contract with the county is July 01, 2017 or such other dates as may be approved by City Council and County Commissioners and two (2) members of City Council are to serve on the committee with the county are as follows: City Councilperson Doug Mercer and City Councilperson Richard Brooks.

ADOPTED this the 11th day of April, 2016

Attest:

s/Cynthia S. Bennett,
City Clerk

s/Jay MacDonald Hodges,
Mayor

PRESENTATION – CITY MANAGER'S RECOMMENDED FY 2016-2017 BUDGET

The City Manager presented the list of brainstorming ideas from the Council retreat held on April 9, 2016.

The top five priorities addressed at the retreat are as follows:

- New Police Station
- Decide where we want to be in 20 years
- Drainage throughout town
- Improve downtown area and keep it clean.
- Address aging infrastructure

Washington City Council: Retreat Brainstorming 4.9.16					
What are the most important issues/needs/opportunities facing the City of Washington over the next 3-5+ years ?					
Total Points	Item #	Item	Individual points		
Listed by Points in Descending Order					
24	4	Police station	3	9	7 5
18	2	Decide where we want to be 20 years from now; and how to get there	9	8	1
16	12	Drainage throughout town	7	4	5
13	7	Improve and enhance downtown area; clean up and keep it clean; improve appearance	8	5	
12	13	Move forward with pool; make (funding) secure	3	9	
11	26	Address aging infrastructure citywide but especially downtown	5	6	
10	9	Infrastructure of City buildings; upkeep; remove if necessary	6	4	
10	32	City Council set a positive tone so it carries over to employees	3	7	
9	1	Define a vision for the City; tourism destination; in order to keep City as it is but better; to enhance City	9		
9	10	Streetscape and wayfinding implementation	9		
8	3	Jobs	8		
8	5	Parks and recreation; plan for BB Park; participation; Havens Garden	8		
8	6	Once vision is set, energize citizens for buy-in	8		
8	14	As we grow, have a vision for new roads, streets, etc.; 15th Street bypass	7	1	
8	25	Continue to seek an investor to build a hotel downtown	6	2	
7	11	Define what would make us a great destination and implement	7		
7	34	Move Senior Center to Susiegray McConnell Complex and/or find way for more parking at current center	2	2	3
6	27	Expand vision for growth citywide to include some overlooked areas	6		
6	29	Continue to promote growth at the airport via facilities, etc.	6		
5	16	Schedule annual retreats to keep on-track	5		
5	20	Keep City finances in best shape they can be in	1	4	
4	17	Look at maximizing services at best possible cost; consider, e.g. outsourcing	4		
4	33	Improve appearance of backs of downtown buildings used for murals, etc.	4		
3	15	Improve relationship with County Commissioners	2	1	
3	31	Add an interactive water feature to children's park on waterfront	3		
2	18	Encourage City board members to be present and participate; not be absent	2		
1	21	Promote growth via voluntary annexation by offering superior services	1		
0	8	Keep City moving forward with adequate funding			
0	19	Affordability to live in City and still maintain fees, finances, etc.			
0	22	For City to be known as a top employer; a desired place to work			
0	23	Build on our parks and recreation by expanding into soccer complex			
0	24	Grocery store—Bridg St. and 3rd St.—downtown			
0	28	Facilitate fuel on the waterfront (for boats)			
0	30	Safer exhaust emissions on garbage trucks; safety hazard			
225					

Changes in the budget:

- All City lights moved from Public Works Dept. to Electric Dept.
- All tree trimming within the City moved to Electric Dept.
- Airport subsidy moved to Economic Development
- Reduction of Civic Center subsidy by \$5,000 (reduced from \$40,000 to \$35,000)
- Civic Center moved to Economic Development
- One staff addition - Public Works Dept. to be funding by doing away with the Retail Strategies Agreement as well as the Façade Improvement Grant Program and use those funds to put into a position to work solely inside the Central Business District.
- General Fund Administration charge added to TDA and Civic Center
- Excluded Dectron unit for pool – which was an allocation of \$300,000+
- Cemetery subsidy was funded by an additional \$1.00 from the Electric Fund
- Vehicle Replacement Fund contribution at one full year included in budget
- Included 1% cost of living
- Included merit increase
- Health insurance had no increase
- Included 2 cent allocation for Police Dept.
- Increased water fees by 0.5%
- Increased sewer rates by 2%
- Increased Capital Fund Improvement by approximately \$257,000

**City Manager's Budget Message
Fiscal Year 2016-2017**

To: The Honorable Mayor and Members of City Council

Date: April 11, 2016

This annual budget is balanced and submitted in compliance with the North Carolina General Statutes 159 and the Local Government Budget and Fiscal Control Act. Implementation strategies were created by the proposed budget appropriations for projects selected by City Council. In addition, the adopted Mission Statement provided an overview for the city staff to be mindful of in developing the budget for City Council consideration. Three (3) general sections are contained in this budget. Financial documentation and narrative descriptions of the programs and services are contained in this section. The narrative portions of this section are provided in an attempt to help explain the purpose and function of the various departments and

programs in order to better educate the reader about city services. Financial summaries, as well as line item details, are also given for the reader to review. The second section is a fee manual that describes the user fees in an attempt to recover some or all of the cost of services direct beneficiaries of the services, rather than the taxpayers. The third section contains information on the fifteen (15) General Fund and five (5) Enterprise Fund expansions proposed by departments and outside agencies. These are new and different program activities that expand the current level of services to the City of Washington citizens and taxpayers or requests from outside agencies for funding above the level provided to them by the City in the previous fiscal years.

GOALS

Our budget is a document containing projects and services paid for by tax dollars and other revenue sources to provide those essential public services granted by the enabling legislation in North Carolina for public purposes. Those services directed by City Council during the budget process and included in the recommended budget where possible are:

- Minimize short-term financing for capital projects and instead use a “pay as you go” financing when appropriate, and;
- Create an environment for the organization where efforts to “spend down” during the fiscal year are discouraged by management, and;
- Provide for analysis of general government cost centers to identify where tax dollars are being spent for what services, and;
- Continue to rely on financial plans and recognized systems in the preparation of the budget, and;
- Provide conservative estimates for revenues and expenditures to avoid performance expectations that are unrealistic, and;
- General fund dollars and enterprise funds are to be reviewed to determine if adjustments are needed to be made in order to more appropriately recover the cost associated with individual programs or services and thus reduce the need of general fund dollars for those operations.

The financial team for the city prepared this budget to meet these goals where ever possible. The propose FY 2016/17 budget maintains all City programs and services as directed by City Council.

However, the tax rate is recommended to increase by 2.0 cents per \$100 valuation. This is a 4% increase in the tax rate and moves the tax rate from 50 cents to 52 cents per \$100. The increase in the tax rate will be dedicated towards a new Police Station. The recommended 2.0 cent tax increase is equivalent to an additional \$20.00 in taxes on a home valued at \$100,000. The recommended budget also increases certain fees in the general fund and rates in the enterprise funds based on the review requested by City Council. On the annual budget process, it is imperative.

OVERVIEW OF THE BUDGET

The fiscal year for all municipalities in North Carolina begins on July 1st and ends on June 30th. The budget is divided into two separate categories, one for revenues collected and the other for services delivered.

- **General Fund**-this fund is typical government fund, where all taxes and some “user” fees and intergovernmental transfers are used to provide basic governmental services, such as: garbage collection, street maintenance, fire and police protection, parks and recreation, library services, land use controls (zoning, subdivision, historic preservation) and administration.
- **Enterprise Funds**-these funds are separate “self-supporting” dollars, commonly including all utility services and other functions where taxes are not generally used in its operations. The enterprise funds for the city are as follows:
 - Airport
 - Cemetery
 - Electric
 - Sewer
 - Solid Waste
 - Storm Water Management Fund
 - Water
- **Trust Funds**-these funds are primarily received from interest proceeds from investments maintained by the City for specific purposes, such as Cemetery and Library operations.
- **Grant Funds**-these dollars are restricted in their use and are typically used for ongoing projects. These projects are usually funded by grants from outside agencies and are short term operating expenditures. A budget ordinance is adopted for grant projects and are considered “active” until the close-out documentation is completed.
- **Special Revenue Funds**-these funds are restricted in purpose and designated by City Council and include such funds as a capital reserve fund.
- **Capital Project Funds**-these funds are similar to grant funds in that they are restricted for specific uses. They are normally used for specific capital improvement projects and the completion date can span over several budget years.
- **Internal Service Funds**-these funds are utilized by the City in managing services across the entire organization. An example of this fund is the City’s self-insured workers’ compensation program.

GENERAL FUND

The recommended General Fund budget for FY 16/17 is \$15,104,301. This amount \$192,515 or 1.3% is higher than last year. The reason for the increase is primarily associated with: the \$171,854 funding for a new Police Station, and \$73,799 to fund a COLA for our employees.

REVENUES

The recommended budget increased the ad valorem tax rate by \$.02 to \$.52 for each \$100 of assessed property valuation. The tax increase is to be used solely for the land acquisition and construction of a new Police Station. After one year the Police Station Capital Project Fund will have a balance of \$1.1 million and the \$.02 will service \$2.2 million of additional debt, at 15 years market interest rates. The proposed tax rate continues to include \$0.0198 designated for the Public Safety Capital Reserve Fund to service the debt of Fire Station #2.

Ad valorem taxes are projected to be 3% higher than the prior year due to the recommended tax increase for the proposed new Police Station.

Other Taxes and Licenses as a whole are projected to increase by approximately 4%. Sales tax revenues are projected to increase due to tax reform changes at the State level and local occupancy tax revenues are also trending upward. However the occupancy tax revenue is a pass through that goes to the Tourism Development Authority, minus a 3% administrative fee from the city, and given the fact that the continued loss of the privilege license tax proceeds keeps this revenue category generally flat.

Unrestricted Intergovernmental revenues are projected to increase by 8%, largely due to the utility franchise tax.

Permit and Fee Revenues are projected to be flat due to the continued slow recover of residential and commercial industries in Washington.

Restricted Intergovernmental revenues are projected to decrease by 13% largely due to the \$100,000 for the library contribution from the county that never materialized. However the revenue line item in this category is projected to be lower except revenue from the EMS contract, one with Beaufort County and the other Washington Park.

Sales and Services revenues are projected to increase 5% due to EMS collections.

Investment earning are projected to decrease by 8% due to the continued low interest rates in the investment market.

Miscellaneous revenues are projected to decrease by 19% based on FY16/17 current needs.

Transfers from revenues have a slight increase. It was the desire of City Council to again reduce the amount of the Electric Fund transfer this year, however due to substantial recurring loss of revenue from other sources, this transfer is recommended to increase to meet our obligations.

Administrative charges are recommended to increase by \$140,925. These charges are allocated to other funds in order to help pay for their share of resources use in the General Fund. Each Fund is assessed base on a specific metric that attempts to most accurately reflect its burden on the General Fund. The main driver for the projected increase is the sales and services of the Electric Fund. In addition, an administrative charge to the TDA and Civic Center has been introduced this year to recover our administrative support cost.

The recommended budget appropriates zero dollars in General Fund Balance or zero dollars of General Fund expenditures.

EXPENDITURES

Administrative Cost Centers-Expenditures in these cost centers have increase by \$217,386. The majority of the increases is due to capital expenses for \$63,296 contingency, \$73,779 COLA, and \$73,080 Municipal Building capital and maintenance. We collectively have to make a decision, this year on the future of the Municipal Building.

Other Cost Centers-Expenditures in these cost centers have increased. Both the Airport and Cemetery Funds will be increased to meet the anticipated expenses for operation and maintenance.

Public Safety Cost Centers-Expenditures have increased by \$241,534 or 3.6%. The largest increase in this category is related to \$370,181 Fire Department contribution to the vehicle replacement fund.

Cultural and Leisure Cost Center-Expenditures decreased over all by \$14,634 or .06%. The main driver of this decrease is associated with moving the Civic Center subsidy, maintenance, and insurance to Economic Development.

Outside Agencies-The funding for all outside agencies was held flat in the recommended budget. The City Council followed their past recommendations by reducing the amounts for each agency by 10% with the exception of the Zion Shelter.

ENTERPRISE FUNDS

Airport Fund-The airport recommended budget is \$692,902 whereas last year budget was \$506,589 and includes the following significant items:

- *A transfer will be made from the General Fund in the amount of \$118,656 whereas last year had no transfer from the General Fund to operate.*
- *Airport subsidy has been moved to Economic Development*

Cemetery Fund-The Cemetery Fund recommended budget is \$307,428 which is \$36,136 less than the previous year and includes the following significant items:

- *The cemetery subsidy has been funded with a \$1/account from the Electric Fund which introduces a "pay as you go" concept. Thus, no new bank financing would be required.*
- *A fee schedule change has been recommended to increase the cemetery lot fee by 5% and the payment will be made to the cemetery fund instead of the perpetual care fund.*

Electric Fund-The recommended budget is \$34,824,386 as opposed to \$38,123,992 last year which is less than \$3,229,606 or 8.7% less than the prior year.

- *No wholesale rate increase for this year, however a 6% reduction in residential, small general service, and church rates did occur last year and has continued in this budget cycle.*
- *An Electric transfer to the General Fund did occur and increased to \$908,723, whereas, last year the amount was \$654,281, which represents a \$254,442 increase over last year.*
- *Load management will reflect a change in the fee schedule for the up-coming years.*
- *City street lights has appeared in the Public Works budget but has now been transferred over to the Electric Fund.*
- *Tree trimming activities have been consolidated into the Electric Fund and will reflect an increase in funding.*

Water Fund-The Water Fund Budget is \$3,158,780 for this year as opposed to last year which was \$3,150,629 and represents an \$8,151 increase in this year budget.

- We are recommending a 0.5% increase in the water rates to more accurately reflect the operating and maintenance cost for our system. This small percentage should narrow the gap on our expenses.

Sewer Fund-The Sewer Fund budget is \$3,269,132 for this year whereas last year we had an approved amount for \$3,146,891. Thus, the amount increased in this budget is \$122,241.

- A 2% increase is recommended to provide for the operation and maintenance for the sewer system.
- Sewer bonds were paid off last year and the only remaining expense is the State Revolving Loan debt program. Debt service is down to \$297,212/yr.
- Storm Water Management Fund recommended budget is \$894,003 for this year. Last year appropriation was \$772,761. This represents an increase of \$121,242. We completed the rate study and our recommendation is to increase the residential property by an additional \$.50 for all residential customers and a 50% increase in the commercial charge. Currently, our revenue is only paying down the debt service on the loan of \$500,751.

Establishing the increase will allow the city to continue small storm water projects throughout the city.

Solid Waste Fund-The Solid Waste Fund is budgeted at \$1,279,800 whereas last year the budgeted amount was \$1,300,300 which represents a decrease in the amount of \$20,500. The dollar a month increase from last year appears to have closed the gap. In addition, a position was eliminated because of retirement.

SUMMARY

During this budget process, the important message we are sending to our citizens and local businesses is the city staff appreciates them and we try every day to achieve our mission objective by providing municipal services at a reasonable price. In every organization there are challenges and for us, because we represent a very diverse work group, it has become even more important for us to maintain our skill levels along with our compensation plan. It is important that our salary compensation plan be updated and we need to begin that discussion on how to implement the plan this fiscal year. In addition, we need to seek funding to implement the plan successfully. Thus, our revenues must be increased or our service levels need to be reduced.

Matt Rauschenbach, our Chief Financial Officer, and Tammy Swindell, our new Assistant Finance Director, along with the Finance team did an excellent job this year in providing a functional document. We have changed the budget model this year for City Council to review, comment and make revisions, if necessary.

Once again our department managers did an outstanding job in analyzing and compiling the budget for this year and have completed their assignment in a timely manner. Our staff has seen three (3) department managers retire and replaced, and one organization structure change in Parks and Recreation. However, we have continued to provide those municipal services at the same level, as in the past, even though changes have occurred. Our work force are dedicated individuals and function well in difficult times. They continue to provide those necessary services at a reasonable cost. Therefore, I am very proud to be a part of their team and submit to you on their behalf a balanced budget.

APPROVE – BUILDING REUSE GRANT – 418 NORTH BROWN STREET

BACKGROUND AND FINDINGS: Metropolitan Housing and Community Development Corporation, Inc., proposes to start a call center that would provide 40 full time jobs complete with employee major medical health insurance. Metropolitan would be responsible through a contract with the call center. We further propose that a section of the building would be renovated to house the call operations center for the purpose herein described. The long range plan would be to create other jobs to enhance utilization. It will be the mission of Metropolitan contract Services to provide clients with top quality call center services 12 hours a day. Our plan will include business to business and business to customer services including both inbound and outbound calls. We will provide a wide range of call center services to include; generating sales leads, set appointments, market research and seminar and conference invitations.

PREVIOUS LEGISLATIVE ACTION

Metropolitan has worked with the City before on a number of projects that have all been successful including one that closed out for approximately \$500,000 in recent years. MHCDC purposes that the City of Washington to match the \$25,000 and we would take care of the \$475,000 match.

Councilmember Mercer noted that even though Rev. Moore was not present, the item is included in the agenda and it should be acted on it tonight.

By motion of Councilmember Mercer, seconded by Councilmember Beeman, Council authorized the City Manager to write a letter of support for submission of the grant application by Metropolitan. (Building re-use grant for 418 North Brown Street Washington in the amount of \$500,000 from the department of commerce in conjunction with the City of Washington.)

APPROVE – APPLICATION FOR COMMUNITY DEVELOPMENT BLOCK GRANT

BACKGROUND AND FINDINGS: Previously the City of Washington has allowed the local non-profit the ability to partner with and use the Community Development Block Grant as a way to write down the cost of the land, infrastructure and paving of the total project needs. Metropolitan Housing & Community Development Corporation currently is in procession of the Certificate of Need that is only granted by the State of North Carolina. MHCDC intends to use the facility to support those who receive Medicaid or the poorest of the poor. In order to make this facility cash flow, the non-profit needs to

find as much grant money as possible to write the total cost.

PREVIOUS LEGISLATIVE ACTION

The City of Washington has a rich history of working with and partnering with MHCDC to develop many housing facilities in and around the City of Washington. The Community Development Block Grant has allowed both the lower income City residents and the local non-profit to offer affordable housing to its clients. The Division of Commerce has a program that allows for the partnership to be a blessing to both parties.

By motion of Councilmember Mercer, seconded by Councilmember Beeman, Council authorized the City Manager to write a letter of support for submission of the grant application by Metropolitan. (*Community Development Block Grant for \$250,000 in support of the Water and Sewer infrastructure Grant to extend the Water and Sewer lines to the property. MHCDC would also like to pave the streets to the property.*)

ANY OTHER ITEMS FROM CITY MANAGER: NONE

**ANY OTHER BUSINESS FROM THE MAYOR OR OTHER MEMBERS OF COUNCIL:
NONE**

Mayor Hodges made the following reassignments of Council liaisons:

- Mayor Pro tem Finnerty will be the TDA liaison.
- Mayor Hodges will be the Dock Advisory Board liaison.

**CLOSED SESSION: UNDER NCGS § 143-318.11(A)(3) ATTORNEY/CLIENT
PRIVILEGE AND (A)(6) PERSONNEL**

By motion of Councilmember Pitt, seconded by Councilmember Brooks, Council entered into closed session under NCGS § 143-318.11 (A)(3) Attorney/Client Privilege and (A)(6) Personnel at 6:20pm.

By motion of Councilmember Beeman, seconded by Councilmember Brooks, Council agreed to come out of closed session at 7:45pm.

ADJOURN

By motion of Councilmember Pitt, seconded by Councilmember Beeman, Council adjourned the meeting at 7:45pm until Monday, April 25, 2016 at 5:30pm in the Council Chambers at the Municipal Building.

**Cynthia S. Bennett, MMC
City Clerk**