

The Washington City Council met in a regular session on Monday, May 14, 2007 at the Municipal Building at 4:30 p.m. Present were: Judy Jennette, Mayor; Ed Gibson, Councilman; Richard Brooks, Councilman; Archie Jennings, Councilman; Mickey Gahagan, Councilman; Darwin Woolard, Mayor Pro tem; James Smith, City Manager; Franz Holscher, City Attorney; and Rita A. Thompson, City Clerk.

Also present were: Carol Williams, Finance Director; Jimmy Davis, Fire Chief; Gerald Galloway, Interim Police Chief; Bobby Roberson, Community Development Planning Director; Keith Hardt, Electric Director; Allen Lewis, Public Works Director; Susan Hodges, Human Resources Director; Joe Toler, Interim, DWOW Director; and Mike Voss, of the Washington Daily News.

Mayor Jennette called the meeting to order and thanked everyone for coming.

Councilman Gibson delivered the invocation.

#### **AMENDMENTS TO AGENDA**

Mayor Jennette asked that I.C. be removed, I.B. be moved to VI.A.6., IV. be moved to the end of the City Manager's Agenda, VI.B.6 be removed, and add item VIII.A. Public Hearing on Proposed FY 2007-2008 Budget.

Councilman Gibson asked that item I.H. be moved to VI.A.7.

On motion of Councilman Jennings, seconded by Mayor Pro tem Woolard, Council unanimously approved the agenda, as amended.

#### **CONSENT AGENDA**

On motion of Councilman Gahagan, seconded by Mayor Pro tem Woolard, Council unanimously approved the Consent Agenda, as follows:

- A. **REMOVED Adopt Resolution** – To establish just compensation for the property located along Keysville Road, containing approximately 18.5 acres of property in the amount of \$64,000
- B. **Award** – Administrative contract in an amount not to exceed \$16,537 to complete the Riverfront Nature Park Project
- C. **Grant** – Temporary Easement for Sawyer's Land Development, Inc.
- D. **Accept** – Friends of Brown Library Donation and **Adopt** Budget Ordinance Amendment for \$2,879

#### **AN ORDINANCE TO AMEND THE BUDGET ORDINANCE OF THE CITY OF WASHINGTON, N.C. FOR THE FISCAL YEAR 2006-2007**

**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 \$2,879 in the account Contributions Library, account number 10-40-3611-8402.

Section 2. The account number 10-40-6110-7400, Capital Outlay, Library portion of the General Fund appropriations budget be increased in the amount of \$2,879 to provide funds for purchase of copier.

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 14<sup>th</sup> day of May, 2007.

s/Judy Jennette  
**JUDY JENNETTE**  
**MAYOR**

ATTEST:

s/Rita A. Thompson  
**RITA A. THOMPSON, CMC**  
**CITY CLERK**

- E. Adopt – Budget Ordinance Amendment for Events and Facilities Dept. (\$636)

**AN ORDINANCE TO AMEND THE BUDGET ORDINANCE  
OF THE CITY OF WASHINGTON, N.C.  
FOR THE FISCAL YEAR 2006-2007**

**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 \$636 in the account Recreation Skateboard Park Concession, account number 10-40-3612-4803.

Section 2. The account number 10-40-6121-4801, Concession Purchase-Skateboard, Events & Facilities portion of the General Fund appropriations budget be increased in the amount of \$636 to provide funds for t-shirt purchase for resale.

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 14<sup>th</sup> day of May, 2007.

s/Judy Jennette  
**JUDY JENNETTE**  
**MAYOR**

ATTEST:

s/Rita A. Thompson  
**RITA A. THOMPSON, CMC**  
**CITY CLERK**

- F. Information Only – Contracts for Water Treatment Chemicals
- G. Declare Surplus and Authorize the sale of vehicle #512 a 1993 Ford 1/2 T pickup S/N #2FTEF15N8PCA51893 through electronic auction using GovDeals

**REPORT – ON SECOND FIRE STATION FUNDING**

Fire Chief Jimmy Davis, gave a report on the Second Fire Station funding. Due to some changes there is a total of \$68,129 credited to the project. There were additional expenditures of \$24,347 which gives the project to date a current credit of \$43,592. Most of this is from the fact that we didn't have to do the de-watering of the site, and the rapid impact compaction. Construction is on schedule, footings to be poured this week.

**ACCEPT – BIDS FOR CITY REAL PROPERTY AUCTIONED ON  
APRIL 28, 2007**

Council discussed their disappointment in the sale of the surplus property. The total offered bid price is \$85,000 for all the real properties of which 10% or \$8,500 was collected the day of the auction. The fee for the auction is 10% or \$8,500 taken out at closing. The total net profit to the City after expenses will be \$76,500.00. City Council had hoped to get \$122,000 towards this fiscal year's budget.

Council discussed not accepting the bids and go by the upset bid process. If this route was taken, there is no guarantee of this all happening by June 30<sup>th</sup>, or that any other people would come in and bid.

Councilman Jennings moved to reject the bids and fall back to an alternate strategy. Councilman Gahagan seconded the motion.

Vote taken as follows:

AYES: Councilman Jennings  
Councilman Gibson

NAYS: Councilman Gahagan  
Councilman Brooks  
Mayor Pro tem Woolard

Councilman Jennings suggested we reject them selectively. Mayor Pro tem Woolard stated he doesn't know how that will help us with some of the odd properties. The City Attorney was asked to check and see if you can "pick and choose," and report at the Committee of the Whole meeting.

Councilman Jennings moved to postpone action on this motion until the next budget meeting on Monday, 21, 2007. Councilman Gahagan seconded the motion.

Vote taken as follows:

AYES: Councilman Jennings

NAYS: Councilman Gahagan  
Councilman Brooks  
Mayor Pro tem Woolard  
Councilman Gibson

There were further discussions.

On motion of Mayor Pro tem Woolard, seconded by Councilman Brooks, Council accepted the bids I move that City Council accept the bids for the real property auctioned by Country Boy's Auction and Realty Company on the following parcels of real property on April 28, 2007 at 10:00 a.m.: 706 E. 5<sup>th</sup> Street, tax ID #01027451, \$3,700.00; 1016 E. 5<sup>th</sup> Street, tax ID # 01000899, \$3,900.00; 228 West 5<sup>th</sup> Street, tax ID #01032794, \$500.00; 201 East 7<sup>th</sup> Street,

tax ID #01026191 and 609 North Bonner Street, tax ID #01026951 were sold together for \$7,000.00; 416 Gladden Street, tax ID# 01017699, \$2,600.00; 106-114 Harding Street, tax ID # 01012424, \$1,300.00; 111 Harding Street, tax ID #01024938, \$3,000.00; 200-230 East ML King Jr. Drive, tax ID #15014126 and 244 East ML King Jr. Drive, tax ID #15014127 were sold together for \$58,000.00; 609-613 North Respass Street, tax ID # 01018954, \$500.00; 615 North Respass Street, tax ID # 0108953, \$1,100.00; 329 Van Norden Street, tax ID # 01014074, \$800.00; 807 Willow Street, tax ID # 15006011, 809 Willow Street, tax ID#15006012, and 811 Willow Street, tax ID #15006013 were sold together for \$2,600.00.

Councilman Jennings voted no. –Motion carried by majority vote.

**AUTHORIZE – THE MAYOR TO ENTER INTO A PUBLIC  
FACILITIES AGREEMENT WITH CARVER MACHINE WORKS,  
INC. AND BEAUFORT COUNTY**

On motion of Councilman Gahagan, seconded by Mayor Pro tem Woolard, Council unanimously agreed to indemnify Carver Machine Works, Inc. and authorized the Mayor to execute the Public Facilities Agreement in the amount of \$250,000.

**LEGALLY BINDING COMMITMENT**

Beaufort County \_\_\_\_\_ *Local Government*

AND

Carver Machine Works \_\_\_\_\_ *Company*

**PUBLIC FACILITIES AGREEMENT**

THIS PUBLIC FACILITIES AGREEMENT (the "Agreement") is entered into as of the 23<sup>rd</sup> day of May, 2007, by and between Carver Machine Works, a company organized in the State of North Carolina and authorized to transact business within the State of North Carolina (hereinafter referred to as the "Company") and Beaufort County North Carolina (hereinafter referred to as the "Applicant"). This Agreement will not become effective until all conditions placed upon the Applicant's funding approval are satisfied and funds are released by the Department of Commerce (hereinafter, the "DOC") pursuant to an approved Industrial Development Fund (hereinafter "IDF") grant with the Applicant.

**WITNESSETH**

WHEREAS, the Applicant has applied for an IDF grant from the DOC in the amount of two hundred fifty thousand dollars (\$ 250,000 ), to be used to help finance wastewater improvements to serve a 50,000 square foot facility to be constructed by the Company (the "Project");

WHEREAS, the Project is intended to directly create new jobs;

WHEREAS, the Applicant and the Company agree that the Project meets the eligibility requirements for an IDF grant;

NOW, THEREFORE, in consideration of the representations, promises and covenants and other good and valuable consideration described herein, the receipt and sufficiency of which are hereby acknowledged by the Company and the Applicant (together, the "Parties," and individually, a "Party"), the Parties agree to the following terms and conditions:

**I. AGREEMENTS, COVENANTS, AND CERTIFICATIONS**

- A. The Company shall perform and abide by all commitments identified in the Applicant's IDF grant application dated May 23<sup>rd</sup>, 2007 (the "Application"), including the Company's Project Narrative, and Employment Commitment (collectively, the "Commitments"). The Company's representations and warranties (including, without limitation, its financial representations) in the Application, and its Commitments, are deemed by the Parties to be material to this Agreement, are affirmed hereby, and are incorporated herein by reference, as if set out in full. Each representation and warranty shall be true, accurate and complete as of the date of execution and delivery of this Agreement, and as of the date of any disbursement of its IDF grant funds. The Parties agree that any conflict between the provisions of this Agreement and any Commitments or representations made in the Application or as part of the application process shall be resolved in favor of this Agreement.
- B. The Company shall make good faith efforts to construct a 50,000 square foot facility at 129 Christian Service Camp Road just outside of the City of Washington's ETJ in Beaufort County, North Carolina (the "Facility") by not later than January 1, 2009, as described in the Application. The Company shall commence project activities only following execution of the agreement between the Company and the Applicant (the "Project Grant Agreement") and satisfaction of any other conditions placed on the grant by the DOC. The Company certifies that the Facility's operations are eligible activities under the IDF statute and regulations.
- C. The Company shall maintain operations at the Facility, shall retain the base level of 65 full-time employees that the Company currently employs in North Carolina, shall employ 50 additional full-time people in new jobs by not later than May, 2009 (2) years from the date of the first disbursement of the IDF grant (the "Job Creation End Date") and shall maintain these employment levels until the DOC notifies the Applicant that the grant is closed.
- D. The Company, Beaufort County and the City of Washington agree that the company fails to create and maintain 50 jobs prior to the Job Creation End Date, Beaufort County and the City of Washington will reimburse DOC \$5,000 for each job not created. Beaufort County and the City of Washington's liability under this Agreement shall not exceed the dollar amount of the grant made by the DOC. Beaufort County and the City of Washington hereby indemnify the Company and will not require any payback from the Company in the event that the jobs are not created.
- E. If unforeseen calamity, an Act of God or financial disaster is the cause of a failure to perform obligations under this Agreement, the Company and the Applicant may appeal to DOC for an extraordinary modification of its obligations hereunder. Any modification shall be at the discretion of the Secretary of the DOC, and the Secretary's decision shall be final and not subject to review or appeal.
- F. Each Party shall keep and maintain books, records, and other documents relating directly to the receipt and disbursement of IDF grant funds and fulfillment of this Agreement. The Company shall make all such records available to Applicant and the DOC upon request.
- G. The Company shall provide evidence of having employed one (1) new employee for each \$5,000 sought by the Applicant, including, without limitation, copies of current filed Employer's Quarterly Tax and Wage Report (Form NCUI 101), as well as copies of such reports for the period prior to the date the IDF grant is awarded. The Company shall provide to DOC and the Applicant such additional documentation as may be requested, to verify creation and/or retention of the jobs specified in this Agreement, the

attainment of required wage levels, and any other performance criteria specified herein, and for compliance with the statute and regulations governing the IDF program.

- H. Each Party agrees that any duly authorized representative of the Applicant, the DOC or the State of North Carolina, shall, at all reasonable times, have access to and the right to inspect, copy, audit, and examine all of the books, records, and other documents relating to the grant and the fulfillment of this Agreement, through the period ending three (3) years following the DOC's issuance of notice to the Applicant that the grant has been closed.
- I. Notwithstanding anything herein to the contrary, the Parties acknowledge and agree that any conflict between the provisions, requirements, duties, or obligations of this Agreement and the Project Grant Agreement shall be resolved in favor of the IDF Grant Agreement. To the extent that any provision of this Agreement or the Project Grant Agreement is determined to be in contradiction of, or in conflict with any law or regulation of the State, the State law or regulation, including without limitation G.S. § 14313-437.01 and 04 NCAC 011.0101-0801, shall control, and are incorporated herein by reference.
- J. The Company certifies that it is not in default on the terms of any loan or grant made by the DOC, the State of North Carolina or any unit of government. This certification is a continuing certification and the Company has a continuing obligation to notify the DOC at any time that this certification is no longer true.
- K. The Company certifies that the project will not result in the abandonment of another manufacturing facility operated by the Company in North Carolina, and that, but for the DOC's assistance, this project would not be undertaken.
- L. The Company certifies that all statements, representations, and warranties made by or on behalf of the Company, and any materials furnished by or on behalf of the Company in connection with the Application, are true, accurate and complete in all material respects, and do not contain any material misstatement of fact or omit to state a material fact or any fact necessary to make the statements contained herein or therein not materially misleading, to the best knowledge and belief of the Company. No change has occurred in the Company's financial condition or prospects from that set forth in its financial statements delivered to the DOC, and no legal action is pending or, to the best of the Company's knowledge, threatened, that relates to the activity contemplated by this Agreement or that could materially affect the Company's performance under this Agreement.
- M. The Company has read and understands North Carolina's laws regarding the treatment of public records and confidential information, and their application to economic development projects, including without limitation, those provisions set forth in Exhibit A.

## **II. ENFORCEMENT**

- A. If the Company has failed to create the full number of jobs required by Section I-C of this Agreement by the Job Creation End Date, then the Company will not be required to pay to the Applicant any amount calculated in the manner set out in Section I-D of this Agreement. Beaufort County and the City of Washington agree to indemnify the Company for job creation and will not attempt to recover any amount from the Company if payback is required.
- B. This Agreement constitutes a legally enforceable contract and is made under and shall be governed and construed in accordance with the laws of the State of North Carolina.

- C. The place of this Agreement, its situs and forum, shall be Wake County, North Carolina, where all matters, whether sounding in contract or tort, relating to its validity, construction, interpretation and enforcement, shall be determined.
- D. Failure of DOC at any time to require performance of any term or provision of this Agreement shall in no manner affect the rights of the DOC at a later date to enforce the same or to enforce any future compliance with or performance of any of the terms or provisions hereof. No waiver of DOC of any condition or the breach of any term, provision or representation contained in this Agreement, whether by conduct or otherwise, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such condition or of the breach of that or any other term, provision or representation.
- E. The parties agree that the State of North Carolina Department of Commerce is a third party beneficiary of this Agreement and may, at its option, enforce the terms of this Agreement or appear as a party in any litigation concerning it.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed under Seal as of the date first above written.

Beaufort County (Applica  
Carver Machine Works (Company)

s/Jay McRoy  
**CHAIRMAN  
COUNTY COMMISSIONER**

ATTEST

s/Sharon C. Singleton  
**CLERK OF BOARD**

s/Lindary Craig  
**PRESIDENT**

ATTEST

s/Stuart Asley  
**STUART ASLEY  
SECRETARY**

s/Judy Jennette  
**JUDY JENNETTE  
MAYOR**

ATTEST

s/Rita A. Thompson  
**RITA A. THOMPSON, CMC  
CITY CLERK**

**REPORT – EVANS SEAFOOD PROPERTY REDEVELOPMENT  
PLANNING MEETING**

Lee Padrick, Facilitator, Lee Padrick, Chief Planner-NC Division of Community Assistance presented a Executive Summary of the Planning Session on the Former Evans Seafood Property.

The property is approximately .5 acres and is the site of the former Evans Seafood Company. It has been owned by the City since the late 1990's. There have been two plans developed for downtown development that include the property: the Downtown Washington Strategic Plan and Implementation Projects (Allison Platt, 1996) and the Downtown Washington Revitalization Strategy (W.K. Dickson, 2005).

The Washington City Council listed the following as appropriate uses of the property:

- Green space
- Retail
- Hotel
- Residential

After listing the advantages and disadvantages for each use, the Council decided that a hotel was the most appropriate use of the property. The Council was asked what thoughts they had about preservation of the adjacent open space. Their thoughts were to use either a conservation easement or some other form of legal process to preserve the adjacent properties as open/green space in perpetuity. They also were asked to define "waterfront access," and all agreed that "waterfront access" should include the viewscape, as well as physical access.

A suggestion was made that the property should be "squared off" to provide better development opportunities. Also, the idea of combining the Evans Seafood site with the two lots immediately to the west would be the preferred alternative, but the owner of the Maola property did not appear to be interested in selling at this time.

The Council discussed Water Street and the appropriate street width. Any redevelopment should consider the widening of Water Street along the McQuay and Maola properties.

The Council agreed that any attempt to sell the property for private development should include a purchase price of at least \$600,000, the recent appraised value of the ½ acre site. There was some discussion about how squaring the lot could possibly add value to the site.

The Council also outlined the criteria that should be considered before selling the lot.

These criteria are:

- A performance bond and/or providing a letter of credit to show the developer has the money to complete any proposed development project
- Participation in improving and maintaining adjacent green space
- Mitigation for any loss of waterfront access
- A timeline and/or benchmarks must be met as the project moves forward
- The City can dictate the appropriate use of the property

Other considerations that could be considered are to tie any development proposal to the two adjacent properties to the west (Maola and McQuay) and to consider putting any revenues from the sale of the property into a trust to fund the library.

Mayor Jennette stated that Council agreed that it would probably be better if we looked at all three of these properties together, not just the Evans property. The Maola and MaQuay buildings are a key part of making that the best it can be for the City. Since the Dickson Plan and Renaissance Plan talk about public-

private partnership, that we might try to use this as a bargaining chip to try to get those other two property owners to come on board with the City and develop that whole corner.

Councilman Jennings agreed and added that we should exhaust all possible means to explore the unification of these properties with a mixed use end in mind. The properties are more valuable together than independently used.

The City Manager has suggested we have our own study done to see if a hotel would work on that spot. For approximately \$15,000 we would have to budget for in the upcoming year 07-08. Councilman Jennings stated the study should be 'project' specific, not 'site' specific.

Councilman Gahagan questioned why we would spend taxpayer money on something that a developer should do before they become interested in a project. Councilman Gahagan asked Councilman Jennings did he do a feasibility study when he looked at the project a few years ago? Councilman Jennings stated it didn't look good. It came down to 60 rooms would just barely work if you managed as efficiently as possible. You have to consider whether marketing improvements have outstripped construction cost increases. A study would tell us whether it has to be there or somewhere else, what percentage could be committed to commercial portion of that venture, green space, etc.

Councilman Gahagan stated that area is the area we need to focus on. Somehow, we could give a developer an incentive somehow to put this deal together after the feasibility comes back.

It was agreed that the Mayor, City Manager, Councilman Gibson, and Councilman Jennings will meet with the property owners of Maola and McQuay Building.

Mayor Jennette stated we will have a proposal to look at the June meeting. She also asked the Manager to check and see what some other cities have done in similar situation. Mr. Smith stated you need to look at the entire corridor of non-residential properties and coming all the way down to the corner. Look at traffic impact, mixed uses, and all the elements that would go into making that area a successful combination.

Mr. Padrick stated that he will change the Evans Report to reflect the conversations tonight:

- 1) A subcommittee composed of Councilman Gibson, Councilman Jennings, the Mayor, and City Manager will meet with the owners of Maola and McQuay
- 2) The City Manager will explore the possibility of a Feasibility Study for a hotel for those three properties

Mayor Jennette stated we will talk about this at the Committee of the Whole in two weeks.

Councilman Gibson stated that we do more studying than we do taking action on issues like this. Councilman Jennings stated that we voted to accept proposals. Councilman Gibson stated that we need to make up our minds to do something rather than have somebody study it. He stated the other two properties could wait.

Mayor Jennette stated that at the Planning Session, Council felt that all three properties would work better together. Councilman Gibson stated the focus

was what to do with the Evans property and it seems the consensus was that a hotel should be there instead of a retail business.

Councilman Gahagan stated we meet every week and we can go ahead and move forward.

**AWARD – ADMINISTRATIVE CONTRACT IN AN AMOUNT NOT TO EXCEED \$16,537 TO COMPLETE THE RIVERFRONT NATURE PARK PROJECT**

Bobby Roberson stated that the City of Washington applied for a CAMA grant in the amount of \$100,000 with an in-kind match to be completed by the Public Works Department in the amount of \$12,500 and a cash contribution of \$12,500 for a total of \$125,000. An amount of \$16,537 has been set aside for professional services to complete the design and construction of the Riverfront Nature Park.

Mr. Roberson stated that the thought process is to get people off the bridge on Highway 17 fishing. This would be an alternate site and safer environment.

Questions were asked about who would maintain it day in and day out. Mayor Jennette suggested talking to the Miracle Mile since they are the ones who have pushed for this.

On motion of Mayor Pro tem Woolard, seconded by Councilman Jennings, Council unanimously accepted the recommendation of the planning staff and awarded the Administrative Contract in an amount not to exceed \$16,537.00 to complete the Riverfront Nature Park Project and authorized the City Manager to sign the contract with Rivers & Associates.

**APPROVE – AMENDMENT TO CITY MANAGER'S EMPLOYMENT CONTRACT**

Councilman Gibson asked Mr. Smith to explain the amendment to his employment contract.

Mr. Smith stated that his first contract included his wife on health insurance and it was amended to delete her and include his son instead. This amendment is asking that the disability policy the City pays for be substituted for that amount (\$3600) to be put in his retirement fund.

On motion of Mayor Pro tem Woolard, seconded by Councilman Brooks, Council unanimously approved the proposed amendment to the City Manager's Employment Agreement.

**STATE OF NORTH CAROLINA  
COUNTY OF BEAUFORT**

**AMENDMENT TO EMPLOYMENT AGREEMENT**

**THIS SECOND AMENDMENT TO EMPLOYMENT AGREEMENT** ("Second Amendment") is made and entered into as of the 7<sup>th</sup> day of May, 2007 by and between **THE CITY OF WASHINGTON**, a North Carolina municipal corporation organized and existing under the provisions of Chapter 160A of the North Carolina General Statutes, ("Employer") and **JAMES C. SMITH**, of 110 S. Reed Drive, Washington, North Carolina, 27889, ("Employee").

**WITNESSETH:**

**WHEREAS**, the parties hereto entered into a certain Employment Agreement (“Agreement”) dated December 12, 2005 and an Amendment to Employment Agreement dated November 1, 2006 (“Amendment”), copies of the same being attached hereto as Exhibits A and B, respectively, and incorporated herein; and

**WHEREAS**, Employer and Employee now desire to amend said Agreement and Amendment with regard to certain benefits.

**NOW, THEREFORE**, for and in consideration of the mutual promises and the continued employment pursuant to the Agreement and Amendment, the parties hereto agree as follows:

- A. Section 4: Health, Disability and Life Insurance Benefits, paragraph B shall be voided and deleted from prospective application, effective as of May 7, 2007.
- B. Section 7: Retirement shall be amended to add paragraph 3 as follows:
  - 1. By mutual consent, Employer’s obligation “to put into force and to make required premium payments for long term disability coverage for the Employee with a benefit of \$4,700 per month and a 90-day waiting period until the age of sixty-six (66)” as stated in Section 4, paragraph B of the Agreement was voided and deleted from prospective application, effective as of May 7, 2007. Thereafter (from and after May 7, 2007), Employer shall annually contribute and amount equal to the then current, collective premium payments that would be required for said long term disability coverage as of May 7, 2007 into Employee’s ICMA or other appropriate retirement account established by or for Employee.

**IN TESTIMONY WHEREOF**, the City of Washington has caused this Second Amendment to be executed by its Mayor and attested by its City Clerk, all by proper municipal authority duly given, and the Employee has executed this Second Amendment as the day, month and year first above written.

**CITY OF WASHINGTON**

s/Judy Jennette  
**JUDY JENNETTE**  
**MAYOR**

ATTEST

s/Rita A. Thompson  
**RITA A. THOMPSON, CMC**  
**CITY CLERK**

s/James C. Smith  
**JAMES C. SMITH**  
**CITY MANAGER**

**ADOPT – RESOLUTION OF SUPPORT FOR THE  
PAMLICOBOAT SHOW**

Joey Toler, Interim DWOW Director, stated that they are starting the second season of Saturday Market this Saturday.

On motion of Councilman Gahagan, seconded by Councilman Gibson, Council unanimously adopted the Resolution of Support for the Pamlico Boat Show.

**RESOLUTION OF SUPPORT FOR PAMLICO BOAT SHOW**

**WHEREAS**, the City Council of Washington, NC is strongly supportive of the efforts of Downtown Washington on the Waterfront, Inc. (DWOW) to plan and present the 2008 Pamlico Boat Show; and,

**WHEREAS**, This event, scheduled for April 24-27, 2008 on the Washington waterfront, has tremendous potential for positive impact on the economic revitalization of our downtown, and our county and region; and,

**WHEREAS**, the Council has endorsed DWOW's scope and vision for this inaugural event, and efforts by DWOW to appeal to local, regional, and state agencies and foundations to gain financial support for the 2008 Pamlico Boat Show.

**NOW THEREFORE BE IT RESOLVED** that I, Judy M. Jennette, MAYOR of the CITY OF WASHINGTON and the Washington City Council offer this resolution in support of the Pamlico Boat Show.

Adopted this 14<sup>th</sup> day of May, 2007.

s/Judy Jennette  
**JUDY JENNETTE**  
**MAYOR**

ATTEST:

s/Rita A. Thompson  
**RITA A. THOMPSON, CMC**  
**CITY CLERK**

Mr. Toler stated that some positions on the Executive Committee are coming open and six board positions coming open. A nominating committee is being assembled for the Executive Committee position. Councilman Gahagan volunteered to serve on the Nominating Committee.

**INFORMATION ONLY – FUND RAISER FOR FIRE  
DEPARTMENT**

Fire Chief Jimmy Davis stated that the Fire Department has had fundraisers like this in the past to raise money to purchase vehicles, rescue boat, etc. This fundraiser is for family portraits also. This is only information for the Council.

**SECOND READING – CONSIDERATION OF ZONING CHANGE  
OF 23.68 ACRES OF PROPERTY LOCATED ON THE SOUTH  
SIDE OF DAN TAYLOR ROAD OFF MARKET STREET EXT.  
FROM RA-20 (RESIDENTIAL) TO R-15S (RESIDENTIAL)**

Mr. Smith stated this has been approved by the Planning Board after a public hearing. The subdivision contains the basic plan for how the land is to be developed. The Planning Board made a recommendation to the City Council to rezone the property. A final subdivision plan will go back to city staff and the Planning Board.

Mr. Roberson passed out a comparison of the RA-20 (Residential Agricultural) and R-15S (Residential) zoning districts. Density is the number of units per acre.

Mayor Jennette pointed out that the it was recommended that we do away with as much RA-20 as possible. Mr. Roberson stated that single wide and

double mobile homes were allowed as a special use permit in the RA-20, and since that time, has been amended and are only allowed in a RMH mobile Home Park, or grandfathered in.

Mr. Roberson pointed out that if water and sewer are available, then both scenarios, the minimum lot size is 10,000 square feet, so either zone is 10,000 square feet. The difference would be in the minimum lot width, RA-20S is 100 feet and R15S is 80 square feet. He had received several calls about the minimum size width of a house would only be 30 feet. He clarified this to Council by saying, if you are using RA-20 district which the minimum lot width is 100, and you look at R-15S it is 80 feet, so in the RA-20 district, the minimum side yard would be 15 feet, both sides being a total of 30 feet. You subtract 30 from 100, the minimum lot width that you can play with the house is 70 feet. In the R15S, it would be 80 feet ( $10 + 10 = 20 - 80 = 60$  lot width.)

Councilman Jennings asked if it is a normal process for the preliminary sketch plan to come before Council before a rezoning is done? Mr. Roberson answered no, not typically. Mr. Roberson stated that when it went to the sketch plan, the question was asked could density increase if in fact he got water and sewer and he did. Density can increase but not lot size. There is only one zoning class that has extremely high density which is Residential Mobile Home or R6 classifications. The RA20 and 15S would be considered to be low density requirements even though some measure it as high density. There is no distance from the city's core to determine it. Rural has been zoned as RA20 until you see the growth pattern.

Mr. Smith pointed out that the City also has to go under the new Pamlico-Tar River regulations that will have a significant impact on density.

Councilman Jennings stated that the Planning Board failed the developer and the public. There have been a series of delays and then what happened with the public has demonstrated that they felt like they were short of the process, that this process was off track.

On motion of Councilman Gahagan, seconded by Councilman Gibson, Council accepted the recommendation of the Planning Board and approved the rezoning change of the property, located on Dan Taylor Road containing 23.68 acres, from RA-20 (Residential Agricultural) to R-15S (Residential); and by approving the zoning petition the City Council has found the zoning change to be consistent with the adopted Comprehensive Plan by allowing low to medium residential development that has water and sewer available; is not detrimental to the public health, safety and welfare of its citizens; and prohibits the expansion of mobile home parks, located to the south and north of the tract, which promotes high density development. Councilman Jennings voted no. –Motion carried by majority vote.

**PUBLIC HEARING - CONSIDER – A ZONING CHANGE FOR THE  
PROPERTY LOCATED AT 209 WEST 15<sup>TH</sup> STREET FROM R-9S  
(RESIDENTIAL) TO O AND I (OFFICE AND INSTITUTIONAL)**

Ms. Dot Moate stated that the Planning Board determined that all the property zoned adjacent to 209 West 15<sup>th</sup> Street is currently R9S and going into the middle of a block and zone one lot would be inconsistent with surrounding land uses and would not be in compliance with the comprehensive Plan and could be classified as spot zoning. Seven property owners came forward against the petition. The Planning Board unanimously voted to not recommend the zoning change.

Mayor Jennette stated this is a public hearing.

Ms. Georgie Claggett, an adjoining property owner, requested that the property not be rezoned.

Ms. Jean Becker, 1307 Summit Avenue, stated she is new in the community and was pleased to find a house in a neighborhood that was very nice and affordable. Just about everybody in that area bought those houses expecting to spend the rest of their lives in those houses and asked that the request be denied.

Mayor Jennette closed the public hearing.

On motion of Councilman Gibson, seconded by Councilman Jennings, Council unanimously accepted the recommendation of the Planning Board and denied the zoning change for the property located at 209 West 15<sup>th</sup> Street; to change the zoning classification from R-9S (Residential) to O&I (Office and Institutional) based on the following conclusions: (1) the zoning change would not be consistent with the Comprehensive Plan, which is recommending medium density residential usage for this area; (2) the existing zoning pattern for this area is R-9S and by placing one (1) small lot in an Office and Institutional classification would constitute "spot zoning;" (3) Changing the property into an Office and Institutional would increase traffic demand on a major thoroughfare which is at capacity, and would not be in the best public interest at this time; and (4) By not approving the zoning request would not deny the property owner reasonable use of the subject property.

#### **PUBLIC HEARING ON PROPOSED 2007-2008 BUDGET**

Mr. Doug Mercer presented the following prepared statement for the Council:

"For the record, my name is Douglas Mercer and I reside at 105 Lawson Road in the Smallwood subdivision.

I appreciate the opportunity to present some observations regarding the proposed budget and to make some suggestions as to ways I think you should carefully consider to reduce it. I will give specific comments as we go.

My first observation is that the Manager's note in his message that there is a 3% cost of living adjustment included in the proposal, however when you look at the individual budget areas salaries are increased anywhere from 3% (Municipal. Bldg.) to over 10% (911 & Fire). If the increase is 3%, I assume this proposed number should be approximately 3% except where an area is losing staff.

The General Fund includes a transfer from the Electric Fund in the amount of \$1,031,754. This transfer should not be made; this money should be left in the Electric Fund to establish a fund reserve or should be returned to the utility customers in a rate reduction. However I cannot see a rate reduction, as I will explain later.

If this transfer is not made, then the General Fund needs to be reduced by at least the same amount. I would like to suggest some ways, which I think, would accomplish at least a portion of this recovery. Please note the attached sheet showing salary increases. If we provide an across the board flat salary increase of \$50/month or \$600 per year, the average salary increase is 1.78%. Freeze (a) 401K contributions, (b) job maturity rises, and (c) merit rises for one year. This will provide \$498,000 in reduced cost in the proposed budget.

Now shift with me to the E-911 area. At your February meeting with the County Commissioners it was the consensus of everyone, that the 911 service was a requirement for the County and the City wanted to get out of the business. 911 currently have six (6) employees with salary requirements of approximately

\$260,000. According to discussions at last weeks work shop, there will continue to be a need to have phone-answering capability at the Police Depart. Keep four of the present staff; losing two people, this should save approximately \$90,000.

Next, let's look at the DWOW. Your contribution in this budget year was \$55,000. The proposed budget increases this to \$100,000. You are now, I believe, are housing DWOW on the third floor of City Hall, with no rent. Two or three years ago, I thought that the Council had agreed that DWOW should become self-supporting, now we are suggesting increasing this donation. Now before someone says this comes back, the DWOW return to the City in Admin charges only \$74,000. Drop this back to \$55,000 with the goal to completely eliminate in next year's budget. Also charge them a reasonable rent or at least utility charges. This could save about \$50,000.

The Turnage Theater is to receive a \$100,000 donation, a \$20,000 tax incentive and a façade grant, at least part of this should be considered for a reduction. If they are going to get a tax incentive and a façade grant, reduce the donation by a similar amount.

Now that I have mentioned Admin charges, I wish I had a better understanding of how they are determined. Water and sewer pay different rates but I assume they have about the same number of customers and employees. So why the difference?

I have also noted that the Electric fund makes a payment in lieu of taxes but the Water and Sewer fund do not. I have heard this is because if the Electric Department, were a private company, it would have to pay taxes, but isn't this argument also true for these two other Departments.

I would suggest a careful review of all capital items. Why are we replacing a police car with only 62,000 miles? I don't know what AMR meters (Electric Meter fund) are, but do we need to buy 1920 at a cost of \$111,000. Could this be spread over two or more years?

Why do we transfer \$100,000 out of the Electric fund to Economic Development? Why doesn't it come from General Fund like other donations?

If we are leasing the Civic Center to the TDA for operations, why do we continue to have a salaried person assigned to the Center?

The Boat Docks show an inflow of \$23,000. Why aren't the fees increased enough to cover the operating cost of the docks. How many part-time employees do we have working the docks? Are this many needed?

How many part time workers do we have in total? Can this number be reduced? What is the total number of full time Employees that we have?

Why did the entire Administrative cost jump so significantly, when part of the General Fund accounts are projected to decrease next year? I made the assumption that Admin charges are to cover the cost of Finance (and it subgroups). Human Resources, the Managers office, etc.

If a 6% increase in Sewer rates is not adequate to cover the cost of operations, why don't the rates increase by 7% and not require a transfer from the General Fund.

The same rationale applies to the Water Fund, if a 5% increase will not cover cost, raise the rate by 6% and not require a transfer from the General Fund.

Now an observation, only three departments reduced their cost by elimination of personnel. Why wasn't this done in more areas? Can the Staff be cut from 237 to 225 by contracting some work to outside contractors, ex. part of power line maintenance and construction. Can the County Water Department read electric meters outside of City limits cheaper than doing it in-house?"

Mr. Smith invited Mr. Mercer to come visit him in the office in order to give him actual numbers.

Mr. Mercer stated that he appeared before Council last January and disagreed with the rate. He stated that the City is using a markup of 33%. He stated that he don't want to see Council come up in six or nine months and ask for another rate increase. He stated we have the highest electric rates.

Ms. Dawn Benthall, of the Pink Petal, stated she is here to talk about the budget and one organization that she feels like does not need financing for 2007-08 is DWOW. I do not believe that they need an increase. They will have their boat show...why are we having to finance this non-profit group? What have they accomplished in three years? There is also a conflict of interest and why is Dot Moate President of DWOW and also in charge of the Planning Board? There are some serious issues here that need to be addressed with DWOW. If you are going to continue to fund them, then they need to be audited yearly. They need to follow the guidelines like any other city funded organization. There's just too much going on that is not accounted for. Who is running what? Who is running DWOW? Do we really know, or do you all really know? It should be public information. I realize that they just stated there is three openings and six other openings. If you are going to fund DWOW, then you need to appoint the people who are going to be in those offices and if you do appoint them and if they are to benefit from something that is going on with our community, such as developing, if they are going to benefit from having a job from DWOW, it needs to be public notification, because it is taxpayers' dollars. I pay a business permit every year. I've been down on Main Street for six years. I haven't seen a thing that they have done and I am here to tell you that you need to be finding out what is going on, why are you financing them again, and I do not feel like they need an increase. What is the extra \$45,000 for...to help market their Boat Show, I mean, what's going on here? Somebody needs to be accountable. That's all I have to say.

Mayor Jennette explained that the increase is the County's share they have been given. The County will fund that portion that the City has been giving to EDC, it's an exchange of money.

Ms. Benthall said she understands that, but what have they done? She stated that there is some major conflicts of interest of who is on the board and it is very sub-servant and she thinks it needs to be brought to a head. Find out why they are on that board and what are they doing within our community. What have they not done in our community and they promised us to do. Why do we continue to let some people in that group run our community and they are not doing anything. She stated that she shouldn't have to get up here and say this. I feel like it should be common knowledge what is going on. This should not be some type of secret, but it almost seems that way.

Mayor Jennette asked what are the issues? Ms. Benthall stated that she doesn't feel like DWOW should be funded. They haven't done anything for three years and we keep sinking money into something and what is the benefit? Mayor Jennette asked what does she think they need to be doing that they are not doing? Ms Benthall stated that they took away the alley project they were working on as the Downtown Merchants Association, and not anything has been done. They took away the architectural idea of the planter and nothing has been done. Another thing, with \$30,000 allotted to pay for an alleyway study, we could have gone to another town and take pictures of the alleyways and whatever we

decided we liked, we could have used that. Mayor Jennette stated that you would still have to have architectural drawings done. Ms. Benthall stated you have a budget. Mayor Jennette stated we appropriated money for that budget. Contracts have been let and the work will begin this spring. Ms. Benthall stated that work had already begun last year on them. Mayor Jennette stated that it has to go through the Historic Commission and all the alleyways have to have some consistency in the way they are done. The paving, lighting, electrical work has to be consistent in each alleyway so it looks like it fits in the Historic District. Ms. Benthall agreed on that, but she still disagrees on how things are being handled.

Mayor Jennette stated she is entitled to her opinion. Mayor Jennette stated that if DWOW or anybody else did it, she would still insist it be done the right way.

Councilman Jennings suggested the City Attorney check into the question of the Council appointing the board for a 501(c)(3). Mr. Holscher stated he would have to look at their corporate documents.

Ms. Sandra Davis stated that whenever she hears an accountability issue, things not being accounted for, I get concerned and upset. She wanted to hear a response, she was making some very crucial issues and I haven't been following the DWOW issues, and I was getting frustrated because I wanted to hear a response.

Mr. Don Stroud, President of the Washington Area Historic Foundation, stated that his organization has spent over \$100,000 in trying to stabilize the Demille Building that housed the City Council Chambers. It is an extremely historic building of great architectural significance. The City Council chambers is one of the few in the State that is intact. Its in bad shape, but intact. DWOW wanted to use the building. When they looked at their proposal, they wanted to turn it into offices and they cringed at the idea of destroying the second floor. The first floor is gutted. They didn't renew the lease. They had a proposal to put the original doors on it but his group does not want to spend anymore money on it if DWOW or whomever is going to want to gut it and sling celetex and paneling all over the place...that is one thing DWOW is doing.

Mayor Jennette stated they are asking the County to turn the building back over to the City in order the City can get grants and get the building restored. Mr. Stroud stated that if the City does that, they will step back up to the plate and do whatever it takes to restore the building, but they want the second floor to remain historically intact.

Mayor Jennette stated that when Steve Rader asked if she would be in favor of him pursuing grants to renovate that building, certainly they are in favor but it is in the County's hands.

Mr. Stroud stated that the Historic Foundation has agreed to supply up to \$1600 for the carriage on the cannon and have not heard anything. Mayor Jennette stated she has contacted the man at the museum and he is ready to get started.

Councilman Jennings stated that the Demille Building would be the perfect place to house the cannon.

Mr. Gary Tomosulo stated that he, too, thinks you should fund DWOW if you want another three and one-half years of nothing being done and self serving individuals working on DWOW, then you should fund them. Unfortunately, for the last three years you have given (you and the County) DWOW approximately \$361,000. I haven't seen anything done with that money...that's a lot of money. If their claim to fame is their Farmer's Market, for that kind of money I could have fed all of Washington with food for a couple of years. I don't think they have any

great accomplishments if anything, DWOW is going to bust and that's because it became a developer's organization with profiteers and unfortunately that was not what the Main Street Program was supposed to be. I was one of the founders of DWOW and he believed in the Main Street Program. Unfortunately, profiteers took over, people that don't really care about downtown. They care about their pockets and that's all they care about. I challenge DWOW. In three and one-half year they have brought no business to downtown, no development to downtown. They stopped development. Look at the beautiful bathroom we have on the waterfront. We have lost grants where we had to give money back. Unfortunately, because of Fred Fletcher in The George project, because he was on the board they were so close to him they did not tell you they weren't going to do The George Project. Somebody on City Council should have been told that the George Project was not going to be done and we were going to lose \$750,000. When we got the \$1 million grant, we asked for \$500 to give to the other property owners and merchants in the downtown area but because you believed his song and dance, you gave them \$750,000 and us \$250,000, which we paid the administrative cost out of if I am correct. DWOW doesn't deserve more money if anything. I believe all funding for DWOW should stop immediately. You need to ask the prior executive board to resign. You need a complete audit of DWOW. I don't know if an audit has been done since they have been there. I would like to know how much money in four year they have raised. Have they even raised enough to pay one year's salary of the Director? I think not. You know why, because they think they have a personally piggybank with the City of Washington. They just come and ask for money and you guys keep giving them money because you try to believe in the Main Street Program. They are self serving and are about themselves. Unfortunately there are some very good people who got suckered into this. There are a few individuals who have ruined this organization and the concept of the Main Street Program. They talk about a Boat Show. I believe in the Boat Show, I think we need a boat Show. But are you serious about a Boat Show. How do you hire somebody as a marketing director and pay them \$40,000 that has no experience in doing a boat show. How do you do that? They chose not to hire a professional. Is that because the person worked for Fred Fletcher? To be honest, look at the marketing they did for the Moss Landing. I wouldn't be bragging about that and she wouldn't get my job. It's terrible, it's a sin. Stevie Wonder could see what's going on. I can't understand why the other people can't. They talk about development, they want to do something downtown. Who approached Bill Litchfield on DWOW? Anyone talk to him? The only one that responded to me was Jim Smith and that is his job but it should be DWOW's job. DWOW should be bringing businesses downtown. Merchants are starving. DWOW thinks we have a parking problem. We don't have a parking problem...when you can pull up in front of a store on Main Street, that is not a parking problem. We have a parking issue right now because of the construction at the Turnage Theater. I wish we did. I need foot traffic. I need people to come downtown, not just the probation property. Where are DWOW's priorities? Merchants are starving. They make \$5.00 or \$10.00 a day. We are going to give them \$100,000? Then add insult to injury and have a user's tax for the merchant's down there when we can find money to give to a group that doesn't care. I challenge the group. You gave them three years. I'll take over what they are doing. You give me the \$100,000. . .I guarantee you in one year I will do more than they did in three years. I will give you invoices. They have their own agenda. The Alley project – did DWOW ever approach John Vogt and ask John if he had any money for that ally project? John had money. Did anybody call Triangle Bricks and see if they would donate the bricks? While the contractor was doing the Turnage Theater, Challis Ingalls, we might could have gotten a better price. Everybody that receives City funds, no matter who they are, owe a responsibility to the public. If we can do something for \$50,000 instead of \$75,000, they need to do it. They have not made money, they have wasted money. They will complain about a project, but not their own. DWOW complained when the Fowle Building went up, Fred Fletcher complained about signs. They were never going to do the George. He can't prove it but that what he feels in his heart. Several members don't live in

Beaufort County, don't own property or have a business. Why are they telling us what to do in Beaufort County? I've asked the President to ask that person to step now and was told no, he walks on water and is the greatest person. I have asked DWOW. This is nothing personal. I have no vendetta against DWOW. You say the water is under the bridge, now the water is over the bridge. The latest thing they did with this boat show really ticked me off. Because if that boat show is important to Washington they should have hired a professional, and someone who knows how to market for board. I asked DWOW to come to Music in the Streets to sell food for them. They said they couldn't because the next day is Saturday Market. Saturday Market doesn't need to be the day after his event. We need more events on different weekends, not all on the same weekends. If they get rained out, all his merchants lose money. If there is something going on the following week, they have a chance to make some money back. They don't think about that. They think if they go to Music in the Streets, they will stay in a hotel and go to the Saturday Market the next day. Give me a break, are you really serious? Most of the people on DWOW don't know anything about downtown. My recommendation to the City Council is to take complete charge of DWOW. We voted you in. I feel sorry because you were duped by a group. You gave your power to a group that don't deserve it. Take back the power. You need to choose who is going to be on the Executive Board, not the profiteers and the developers of this town. It needs to be the City Council. If not, stop all funding and let them do on their own immediately. We promised them three years and he commended the board for doing a good job on getting over on the County about that \$55,00 because the County was not going to fund DWOW this year, unlike how generous you are. I appreciate it and don't want to sound too negative but as far as he is concern you need to do it all over and you need to be in charge, and he is only talking about Executive Board Members. Every organization that supplies board members should stay there. That's how I feel and I appreciate your time. Thank you very much.

Mr. Scott Sheppard stated that in all respect to his friend, he appreciates his energy and passion for his purpose. It's so unfortunate that a speech can get the type of applause that it does when you stand up and address this Council and make a lot of slanderous allegations about an organization that he firmly believes there is a personal vendetta as it relates to certain members along Main Street that are included within the downtown merchants association. As one of the original Charter members of DWOW as it relates as to how those board positions are appointed, Gary was one of the signatures on the original Article of Incorporation along with Mayor Stewart Rumley and Patricia Rawls. He agreed with some of the comments that were made as far as it relates to some poor decisions that have occurred in the last seven to ten days and he thinks DWOW will continue to suffer as it relates to the court of public opinion. He is deeply concerned about when he hears comments about "my" Music in the Streets. Music on the Streets is one of the most profitable events that helped create a funding mechanism for the merchants association which was the original idea of Fred Fletcher, the same one who just had darts thrown at him. Are some of those darts deserving, yes, he has thrown some himself. But you can't sit here and completely absolve yourself of things that have occurred on Main Street and not recognize the facts and history of where we are today. Some other comments that may or may not relate to budget are about the boat show. It's not "their" Boat Show, it is Washington's North Carolina Pamlico Boat Show that will create foot traffic and dollars along all of Main Street. He hears comments about vested interest...Gary owns two properties and he is not giving them away rent free. He hopes Gary makes a profit but this whole notion about developers and business owners on DWOW profiting, he hopes all the merchants who serve in a volunteer capacity are profiting off their businesses and their business plans on Main Street. There is nothing wrong with private enterprise. They pay utility bills, storm water collection bills, etc. Why is profit such a bad word in this community? Mr. Sheppard stated that DWOW just recently started their Friends Campaign and they presented their original packet. He responded to that by making a private contribution because he does agree with some of the comments

Dawn made and his friend, Gary made, that DWOW needs to create a mechanism from the private sector to wean themselves off, but this organization is only three years old. Swiss Bear in New Bern is in its 25<sup>th</sup> year so we need to give this organization more time. He doesn't necessarily see burdening \$35,000 to the EDC and helping this organization get this Pamlico Boat Show off the ground. It unfortunately when accusations are made that aren't much more beyond what you are going to read tomorrow in Sound Off. Some are unsubstantiated. It's a wonderful thing we have this thing called a public hearing where you can stand up here and be recognized, but when you put those type of thought processes in people's moods, it is very damaging for the long term betterment of our community.

Ms. Dot Moate stated that this is a discussion about the budget and she would like to ask the Council to set aside some time for DWOW to present to the Council and to the public everything they have done the last three years. They have an audit every year and will be glad to turn over any information. Everything they have done has been above board. Some of the comments that have been made tonight come down to personal issues; some people can't separate personal issues from the fact that DWOW is an organization that really is encouraged and we encourage participation from the downtown merchants. Two merchants sit on their board, and everything is above board, nothing to hide. From her perspective, a good 90% of what has been said here tonight are fabrications, innuendos, hearsays and regular old Washington, North Carolina rumors because they are not in fact the truth.

Councilman Jennings stated he served on the Downtown Development Commission in the six years prior to the formation of its successor, DWOW. He can state for the record that the intent of DWOW was to create an umbrella organization of all the stakeholders in the downtown area, the Downtown Merchants being one of those; in fact, a chief stakeholder. He, for one, is disappointed in this process, and there is still a risk and animosity between those two groups. Dot's suggestion is a good one. Just as Council stepped in and created some workable platform for the Recreation Department at a point of crisis, he thinks we are at the same point with this situation. The merchants deserve a sit-down with DWOW and DWOW deserves a sit-down with the merchants. He can't imagine how either one of those groups can be at their most effective with the pre-occupation of this conflict. He stated we need to have a meeting and need to sort this out to move forward.

Ms. Moate stated both organizations have met on one occasion and they constantly send notices to all their members. The two members should participate in their committees but they do not participate and attend which is the way information is supposed to get back to the merchants. Joe Toler has been attending the Downtown Merchants meeting and they try to connect that way. They are open for call, comments, etc and they have not had any. A lot of this has come as a real surprise to her except for the fact that some of the merchants downtown do not like some of our board members, for whatever their reasons. Members of the executive board were elected by the board of twenty-eight last year and election is coming up and will probably change. They are proceeding according to their rules. Nothing in the rules says how you can remove anyone. Just because they don't live in the county or own property, etc. Councilman Jennings stated that part of their rules needs to look at that.

Ms. Moate stated this is a good thing, but does not need to be at a Council meeting. Councilman Jennings stated that they are asking Council to step in and create some accountability. Ms. Moate stated they have been accountable.

Ms. Moate will help in setting up a joint meeting.

Councilman Gibson stated that the two boards need to sit down and talk.

Mayor Jennette stated that the DWOW meeting should be open since they are 90% public funded. Also, she asked about the Boat Show and what is being referred to tonight. Ms. Moate stated that the Executive Committee made a decision to separate the Boat Show from the Promotions Committee and have it separate and warranted concentration. She is assuming that is what they are talking about. Classic World Events has been hired and they in turn, hired someone. Four agencies came and submitted their documents and Classic World Events picked two people they felt they could work with and save DWOW money. One of those individuals is whom they have a personality problem with.

Councilman Jennings commented that decision like that takes everybody in this room out of the mix in terms of making those decisions and we have to live with the results. When you start loaning out decision ability, then you are giving away the opportunity to control the public accountability.

Mr. Smith stated that everybody that has an opportunity to participate, should participate.

Ms. Moate stated that she and Gary Tomasulo started with the Downtown Merchants about the same time. There was riff then, there's riff now, disagreements have not slacked off as it relates to almost any organization who wants to do whatever. Its hard to describe because it always ends up being more personal. Some people have more money than others, some flaunt it they say, some do it for personal gain. She stated she is not here for any personal gain. She just wants to improve her home town, downtown, make the merchants happy, make them rich and money in their pocket but you can't do it if you don't work together. They might not like the way she operates, but she doesn't like the way a lot of people operate but if they can work together and talk about it. The information tonight has not been presented to her or her board.

Mayor Jennette closed the public hearing and stated they would set up a meeting and have the DWOW board there.

**COMMENTS FROM THE PUBLIC: (IMMEDIATELY FOLLOWING PUBLIC HEARINGS)**

Mr. Eric Green, a filmmaker, appeared before Council to talk about the green space at the Evans Seafood Property and offer a different approach. He referred to Sunday in the Park in Greenville and it seems that a lot of the engines drive foot traffic you are talking about. He suggested that events be created first to draw people to a hotel instead of putting the hotel up first. Greenville draws thousands of people on the weekend for every week of the year. He doesn't know the answer to the elements. He plans to make some low budget films here. He passed out a handout on communities that have downtown events on vibrant riverfronts. He proposed concerts, outdoor dramas, etc. weekly instead of monthly. The events would be more for free than a charge. There could be money out there to build a stage. If you build a hotel too much in the green space, how much would be left?

Mr. Stuart Everson, who has been involved in Blackbeard and the Last Showboat, stated that Sunday in the Park has been in Greenville for the last 34 years. He would love to see something...a bandstand, musicians, etc. He encouraged Council to find some way to raise money and encouraged Council to have something on the water.

Mr. Smith stated that he does respect what Gary Tomasulo does with Music in the Streets and with his energy, he makes it happen with a mix of music and activities. He commented that the talented people who perform at Music in the Streets is not in a central place too hear each performer; some are louder than others and disturbs the others.

Mayor Jennette asked what Greenville budget for it. Mr. Everson answered around \$15,000. He gets paid a salary and works at Parks & Recreation part-time.

Mr. Zane Buckman commented on his rezoning request passed by Council tonight. He stated that we need to change our process, that other towns have processes that work. His design never changed but one time, (had to put a second entrance in) yet when he went to the Planning Board, he as given a list of things to do and the list kept growing. Developers want to know what the guidelines and rules are and don't mind abiding by them. He stated he does not live in the City but he was an investor in The George. He stated that it was a great vision and Council needs to take a hard look at the viability of these entities. It has caused the taxpayers a lot of grief on decisions that have been made and things that have been done because people don't have the weather all to do the things that they were set out to do. We need to look at the process. We are wasting taxpayer's money. He asked Council review the process. Edenton is a good example.

Mr. Smith stated there needs to be an understanding between the developer and entities on what is required. Mayor Jennette stated we will discuss this at the Committee of the Whole meeting.

Mr. Don Stroud stated none of us can say that Moss Landing was handled in an appropriate manner and we are all suffering bruises. We are walking in the same path with the Evans property. The reason for all the misunderstandings and mistrusts derives from the manner the Moss site was handled and the manner in which the public hearing was conducted at the Planning Board. The folks who took the trouble to sit and be heard felt like they were not being heard and the public hearing was a forest when she pulled out a prepared statement. What did she know what to write ahead of time? They felt like some backroom dealings were going on here. You don't need to rush to judgment. People need to feel like they were heard. He asked Council that when Council makes a decision, advertise, have the hearing, and if your mind is made up, don't pull out a prepared statement shooting one side down. There was over 1000 people who signed the petition for green space. Those people have a vested interest and are a vast majority in town and are more people who voted for Council. They just want to be heard fairly.

Mr. Smith stated that when a land decision is made, pro or con, you have to have findings and those findings are prepared in advance, pro and con. There will always be prepared findings from the staff. Mr. Stroud stated that is not what he is talking about...he is talking about a prepared statement that was made by Dot Moate saying what *her* position was. The Mayor did the same thing after the public hearing on disbanding the Historic Commission which complete discounts the whole idea of having a public hearing. Mayor Jennette stated that if she had heard something that would have changed her mind, she would have back off because she did not want to make that decision. Mr. Stroud stated that Council is like a Judge, you have to consider all the evidence. Councilman Jennings agreed but the accusatory dialogue has gone a little far; there is a difference between a Judge and the Council. Mr. Stroud asked to move on in an appropriate manner.

Carolyn Ganley stated that she rented her apartment to have a view of the river that she will not soon have. She stated that if our City lets the little Town of Plymouth do more with their little strip of water, it will be the greatest embarrassment she can think of. She asked Council to not let our waterfront go because when its gone, its gone.

Anita Byrum stated that here are people that voted for you. A thousand people have signed to keep the green space. The Turnage is coming. If Sandra Bullock comes it will be struggle to get a seat. Kitty Hawk has performances on

Tuesday, Wednesday and Thursday and wished it was larger. If we keep the green space and develop an amphitheater, we will probably make more money from the development of a small motel.

Pete Bhagut, owner of the Comfort Inn, stated that his hotel has about 60% occupancy, only 15 to 20 days are completely busy. He stated that building a hotel will not increase the people in town. Events will bring more people in town, that there has to be a reason to come into the City. Also, construction costs are so high. He stated it is hard to compete.

Council convened for at break and reconvened at 8:30 p.m.

**ADOPT – ELECTRIC RATE RIDER**

Keith Hardt, Electric Director, stated that we have a customer that has solar system and we can give him a credit since they are considered a small power producer. This is the second one in the state and is a forty year payback.

On motion of Mayor Pro tem Woolard, seconded by Councilman Jennings, Council unanimously adopted the Renewable Energy Facilities Credit Rider for electrical usage on or after May 1, 2007.

**ADOPT – RESOLUTION OF SUPPORT FOR THE CLEAN  
WATER ACT OF 2007**

On motion of Mayor Pro tem Woolard, seconded by Councilman Gahagan, Council unanimously adopted a Resolution Supporting the Clean Water Act of 2007.

**RESOLUTION OF SUPPORT FOR THE CLEAN WATER ACT OF 2007**

**WHEREAS**, North Carolina's continued prosperity depends on protecting the State's water resources for current use and future generations; and,

**WHEREAS**, North Carolina's is expected to grow by 3.5 million people to exceed 12 million by the year 2030, placing pressures on the State's water resources and local water providers; and,

**WHEREAS**, North Carolina's businesses, traditional and emerging industries all depend on reliable supplies of clean water, reasonable utility costs, well maintained water infrastructure and an attractive natural environment; and,

**WHEREAS**, the 1998 Clean Water Bonds delivered significant benefits to North Carolina communities and citizens, supporting 1,103 projects and in 97 counties, which

- Help create or retain 42,000 jobs
- Corrected major regulatory violations in 97 communities
- Addressed failing septic systems and contaminated wells in 59 counties
- Resulted in 50 communities receiving sewer service for the first time
- Encouraged regional efficiencies, sound planning and conservation practices; and,

**WHEREAS**, North Carolina's public water, sewer and storm water utilities will require investments totaling \$16.63 billion to keep pace with necessary improvements and population growth over the next 25 years, including \$6.85 billion in investments within the next five years,

**NOW THEREFORE BE IT RESOLVED** that the City of Washington urges the North Carolina General Assembly to enact the "Clean Water Act of 2007", which provides for a \$500 million bond issue to be expended over the next five years,

and an annual appropriation of \$50 million in recurring funding to address urgent needs.

Adopted this 14<sup>th</sup> day of May, 2007.

s/Judy Jennette  
**JUDY JENNETTE**  
**MAYOR**

ATTEST:

s/Rita A. Thompson  
**RITA A. THOMPSON, CMC**  
**CITY CLERK**

**APPROVE – LEGALLY BINDING COMMITMENT AGREEMENT  
FOR THE FAÇADE GRANT IMPROVEMENT PROGRAM UNDER  
THE URBAN REDEVELOPMENT PROGRAM**

Mr. Roberson stated that we are in a position to lend individuals money for their façade based on job creation. This agreement holds the City of Washington hold harmless. Once the jobs are created at \$10,000 per job, you have to maintain the jobs over a three year period.

On motion of Councilman Jennings, seconded by Mayor Pro tem Woolard, Council unanimously accepted the recommendation from the Planning staff and approve the legally binding commitment agreement for the Façade Grant Improvement Program under the Urban Redevelopment Program.

**CITY OF WASHINGTON FY 04 CDBG PROGRAM (04-UR-1328)  
JOB CREATION GRANT PROGRAM**

**LEGALLY BINDING COMMITMENT**

**STATE OF NORTH CAROLINA  
COUNTY OF BEAUFORT**

**CITY OF WASHINGTON \_\_\_\_\_ (APPLICANT)**

**\_\_\_\_\_ (RECIPIENT)**

**JOB CREATION GRANT AND REIMBURSEMENT AGREEMENT**

**THIS AGREEMENT** (the "Agreement") is entered into as of the \_\_\_\_\_ day of \_\_\_\_\_ 200\_, by and between \_\_\_\_\_ (the "Recipient") and the City of Washington, North Carolina (the "Applicant"). This Agreement will not become effective until all applicable conditions placed on the Applicant's funding approval are satisfied and the necessary funds are received by the Applicant from the Community Development Block Grant Program and/or the North Carolina Department of Commerce.

**WITNESSETH**

**WHEREAS**, the Applicant has received a Community Development Block Grant (Urban Redevelopment Category) from the North Carolina Department of Commerce in the amount of \$1,000,000 to be used primarily to benefit low to moderate income persons, in part by financing the economic development project to be undertaken by the Applicant as hereinafter described (the "Project").

**WHEREAS**, Recipient desires to participate in and receive the benefits of the above Program and Grant by undertaking said Project.

**NOW THEREFORE**, in consideration of the mutual covenants and promises set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and accepted as legally binding, the Applicant and Recipient hereby agree as follows:

**I. APPLICANT AND RECIPIENT OBLIGATIONS**

- A. Applicant shall grant to the Recipient \$\_\_\_\_\_, which amount represents \$10,000.00 for each job (\_\_\_\_\_ total jobs) that Recipient is obligated to create, fill, and maintain as hereinafter more specifically set forth.
- B. The Recipient shall execute its responsibilities as identified in its application for grant assistance dated \_\_\_\_\_, as the same may be amended only with the prior consent of the Applicant, attached hereto as Exhibit A, and incorporated herein by reference as if fully set forth. The Recipient shall commence, build and operate, and complete the Project in a timely manner. As more specifically provided for in said grant application, the Project will consist of the restoration and/or renovation of the interior and/or exterior of the structure located at \_\_\_\_\_ Street in downtown Washington, within the downtown Washington Historic District.
1. In conjunction with said Project, the Recipient shall create \_\_\_ jobs by \_\_\_\_\_ (date) to employ people whose household income is within the low to moderate income limits (80% of median income) for Beaufort County. The Recipient shall fill and maintain each job so created for a minimum of 36 months, respectively.
  2. The Recipient shall submit quarterly reports as required by the Applicant to verify said jobs have been created, filled, and maintained as required herein.
  3. If the Recipient fails to create, fill, and maintain \_\_\_\_\_ low to moderate income jobs, each for the minimum period of thirty-six (36) months as verified by the Applicant, the Recipient shall reimburse the Applicant a) \$10,000.00 for each job not created and not filled and b) proportionately for each job that is created and filled but not maintained for the minimum period of 36 months (i.e., if a job ceases to exist after 12 months, the Recipient will reimburse the Applicant 66.7% of the grant amount allocated for that job). The Recipient's reimbursement liability as described hereinabove and hereafter under this Agreement shall not exceed the dollar amount of the job creation grant made to the Recipient by the Applicant.
  4. If unforeseen calamity, an Act of God or financial disaster is the cause of reimbursement liability under this section of the Agreement, the Recipient and the Applicant may appeal to the North Carolina Department of Commerce, Division of Community Assistance, for an extraordinary modification of this responsibility. Such modification shall be at the discretion of the Secretary of the Department of Commerce. The requirement that persons of low to moderate income, as defined hereinabove, must hold the jobs contemplated by this Agreement cannot be waived.
- C. Each party hereto shall keep and maintain books, records, and other documents relating directly to the receipt and disbursement of grant funds and the fulfillment of this Agreement. Each party hereto agrees that any

duly authorized representative of the Applicant, the North Carolina Department of Commerce, the United States Department of Housing and Urban Development, and the Comptroller General of the United States shall, at all reasonable times, have access to and the right to inspect, copy, audit, and examine all of the books, records, and other documents relating to the grant funds and the fulfillment of this Agreement for a period of three (3) years following the completion of all close-out procedures relating to the grant funds and the final settlement and conclusion of all issues arising out of the grant funds and this Agreement.

Notwithstanding anything herein to the contrary, the parties hereto acknowledge the due execution of the FY-04-Community Development Block Grant Agreement (04-UR-1328) (the "CDBG Agreement") between the Applicant and the North Carolina Department of Commerce and agree that any conflict between the provisions, requirements, duties, or obligations of this Agreement and said CDBG Agreement shall be resolved in favor of said CDBG Agreement, which CDBG Agreement, including Funding Approval, is incorporated herein by reference as if fully set forth. Furthermore, the parties shall fulfill their responsibilities hereunder consistent with and will otherwise comply with said CDBG Agreement as well as comply with any and all existing federal, state and local laws, ordinances and regulations that in any way pertain to said Project or the Recipient's activities in furtherance of or related to said Project. II. ENFORCEMENT

A. If the Recipient has failed to create and fill the full number of low to moderate income jobs required by this Agreement by \_\_\_\_\_ (date within which jobs are to be created and filled), then the Recipient shall pay to the Applicant \$10,000.00 for each job not created or filled within thirty (30) days of \_\_\_\_\_ (date within which jobs are to be created and filled). In the event any job created and filled by \_\_\_\_\_ (date within which jobs are to be created and filled) is not maintained for thirty-six (36) months, the Recipient shall pay the Applicant an amount calculated in the manner set forth in Section I (B) (3) of this Agreement within thirty (30) days of the date said job ceases to be maintained. A final accounting will be compiled no later than 36 months from \_\_\_\_\_ (the date within which jobs are to be created and filled).

B. This Agreement constitutes a legally enforceable contract and shall be governed and construed in accordance with the laws of the State of North Carolina.

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### III. TERMINATION

Either party may terminate this Agreement at any time by giving written notice to the other party of such termination and specifying the effective date thereof at least 30 days before the effective date of such termination. The Applicant may also suspend or terminate this Agreement, in whole or in part, if the Recipient materially fails to comply with any term of this Agreement or any rules, regulations, or provisions referred to herein; and the Applicant may declare the Recipient ineligible for any future participation in the Applicant's contracts, in addition to other remedies as provided for by law. Upon any such termination as hereinabove provided, Recipient shall pay any applicable reimbursement liability as more specifically set forth herein within thirty (30) days of the effective date of said termination.

### IV. PUBLIC RECORDS LAW

The Recipient acknowledges that it has read and understands North Carolina's laws regarding the treatment of public records and confidential information, and their application to economic development projects, including without limitation, those provisions set forth in Exhibit B.

V. INDEMNIFICATION

The Recipient shall indemnify and hold harmless the Applicant from and against any and all claims, damages, losses, costs or expenses, including reasonable attorney's fees (incurred or allegedly incurred) by the Applicant in connection with or in any way arising from the Recipient's performance of this Agreement and the Project contemplated hereunder. The Recipient agrees to accept full responsibility for any and all such claims, liabilities and injuries against the Recipient, the Applicant and its officers and employees that may arise as a result of the Recipient's performance of this Agreement and the Project contemplated hereunder.

VI. ASSIGNMENT

The Recipient may not assign or subcontract this Agreement without prior written consent of the City.

VII. ENTIRE AGREEMENT

The parties hereto agree that the covenants and the conditions set forth herein constitute the entire and complete agreement between the parties and that all prior negotiations and conditions have been superseded by this Agreement. Any amendments to this Agreement shall be in writing and signed by each of the parties hereto. Notwithstanding the foregoing, Applicant may, in its discretion, amend this Agreement to conform to any federal, state or local governmental laws, regulations, guidelines, policies and available funding amounts, or other reasons.

**IN WITNESS WHEREOF**, the City has caused this instrument to be executed in its name by its City Manager, attested by its City Clerk, and its corporate seal to be hereunto affixed, all by proper corporate authority duly given and \_\_\_\_\_ has caused this Agreement to be executed in his/her name as set forth below. This Agreement has been executed in duplicate originals, one of which is being retained by each of the parties, all as of the date first above written.

**This instrument has been preaudited in the manner required by The Local Government Budget and Fiscal Control Act.**

s/Carol Williams  
**CAROL WILLIAMS**  
**FINANCE OFFICE**

s/James C. Smith  
**JAMES C. SMITH**  
**CITY MANAGER**

ATTEST:

s/Rita A. Thompson  
**RITA A. THOMPSON, CMC**  
**CITY CLERK**

Councilman Jennings asked for an update on The George at the Committee of the Whole meeting.

Council agreed to postpone update from Committees to the Committee of the Whole meeting.

**PUBLIC COMMENT RULES**

Mayor Jennette stated she would like to limit public comments to three minutes each.

Councilman Jennings stated that the tenor and tone should be moderated of public remarks.

At 9:00 p.m., on motion of Mayor Pro tem Woolard, seconded by Councilman Brooks, Council unanimously continued the meeting until Monday, May 21, 2007 at 4:30 p.m. in the Council chambers at the Municipal Building.

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**Rita A. Thompson, CMC  
City Clerk**