

The Washington City Council met in a regular session on Monday, February 11, 2008 at 4:30 p.m. in the Council Chambers at the Municipal Building. Present were: Judy Jennette, Mayor; Doug Mercer, Mayor Pro tem; Gil Davis, Councilman; Darwin Woolard, Councilman; Archie Jennings, Councilman; Richard Brooks, Councilman; Jim Smith, City Manager; Rita A. Thompson, City Clerk; and Franz Holscher, City Attorney.

Also present were: Carol Williams, Finance Director; Jimmy Davis, Fire Chief; Allen Lewis, Public Works Director; Bobby Roberson, Planning and Community Development Director; Philip Mobley, Parks & Recreation Director; Mick Reed, Police Chief; Keith Hardt, Electric Director, and Mike Voss, of the Washington Daily News.

Mayor Jennette called the meeting to order and Council Woolard delivered the invocation.

APPROVAL/AMENDMENTS TO AGENDA

Mayor Jennette added VII.B.3. Tenth Street Update and 4. Northgate Escrow. Councilman Jennings asked that the March regular meeting date be changed. Councilman Davis added a discussion on Building Inspection. Mayor Pro tem Mercer asked that two items be added, Overtime Discussion and Stormwater rates. These items were added under X. Items from the City Council.

On motion of Councilman Woolard, seconded by Councilman Davis, Council unanimously approved the agenda, as amended.

APPROVAL OF MINUTES

On motion of Council Woolard, seconded by Mayor Pro tem Mercer, Council unanimously approved the minutes of January 14, 2008 and January 29, 2008, as submitted.

CONSENT AGENDA

On motion of Councilman Woolard, seconded by Councilman Brooks, Council unanimously approved the Consent Agenda, as follows:

- A. Accept – Grant from Mid-East Commission Area Agency on Aging **and** Adopt Budget Ordinance Amendment (\$2,000)

AN ORDINANCE TO AMEND THE BUDGET ORDINANCE OF THE CITY OF WASHINGTON, N.C. FOR THE FISCAL YEAR 2007-2008

**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 \$2,000 in the account Mid East Grant-Recreation, account number 10-40-3621-3300.

Section 2. That account number 10-40-6123.4500, Mid-East Commission Grants, Senior Programs portion of the General Fund appropriations budget be increased in the amount of \$2,000 to provide funds for information assistance for Caregivers Program.

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 All ordinances or parts of ordinances in conflict herewith are hereby repealed.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 February, 2008

s/Judy Jennette
JUDY JENNETTE
MAYOR

ATTEST:

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

Family Caregiver Support Program Contract

This Agreement entered into as of the 15th of January 2008 by The Grace Martin Harwell Senior Center (hereinafter referred to as Contractor), and the Mid-East Commission Area Agency on Aging, (hereinafter referred to as AAA), with offices located at 1385 John Small Avenue, Washington, North Carolina, WITNESSETH THAT;

WHEREAS, AAA wishes to make available certain services to Family Caregivers within a service area hereafter described; and,

WHEREAS, the Contractor desires to assist AAA in this endeavor,

NOW, THEREFORE, the parties hereto do agree as follows:

1. Employment of Contractor: AAA hereby agrees to engage the Contractor, the Contractor hereby agrees to perform the services hereinafter set forth.
2. Time of Performance: The services of the Contractor are to commence on January 15, 2008 and shall be completed by June 30, 2008.
3. Scope and Location of Services: The Contractor shall do, perform, and carry out in a satisfactory and proper manner, as determined by AAA, the agreements and assurances required in the Request for Proposal.
4. Personnel: The Contractor represents that it has, or will secure at its own expenses, all personnel required in performing the services under this Agreement. All personnel engaged shall meet agencies qualifications.

It is understood and agreed that Cynthia Davis, Aging Program Director, (*authorized individual*) shall represent the Contract as Project Manager in the performance of this Agreement. Any change in such Project Manager shall be subject to the written approval of AAA.

5. Compensation: The Contractor and AAA expressly understand and agree that in no event will the total compensation and reimbursement paid hereunder by AAA exceed the maximum of \$2000.00(Federal and State amount) for Title III-E FCSP with a county match of \$ 0 (Match amount) totaling \$ 0 and shall constitute full complete compensation for the Contractor's services hereunder.
6. Reimbursement for Services: AAA will reimburse the Contractor upon receipt of bill from Contractor at the designated rate of \$333.34 per month for the service of I&R.
7. Reprogramming of Funds: It is understood and agreed that, in the event that the amount of funds received from the North Carolina Division of Aging and Adult Services is reduced, AAA may, in turn, decrease the total compensation and reimbursement to be paid to and require corresponding changes in the Scope of Services as in Paragraph 3 herein.

It is further understood and agreed that, in the event at the end of each quarter, the Contractor's rate of progress on this contract is under-spending at the end of the contract period, due to inability to provide services at planned levels, AAA may decrease the total compensation and reimbursement to be paid hereunder in order to allocate funds to other contracts and services.

8. Change of Reimbursement: At its sole discretion, AAA may renegotiate

the reimbursement shown in Paragraph 6 of this Agreement. However, in no case will AAA increase the overall amount shown in Paragraph 5.

9. **Method of Payment:** Contractor shall submit a report to AAA of all expenses.
10. **Documentation of Expenses:** Contractor shall maintain full and complete documentation of all expenses associated with performing the scope of work under the contract. Expenses documentation shall include: timesheets for the Contractor's staff; receipts for any supplies purchased for use on this contract; any applicable subcontract expenditures; and/or such other documentation necessary to substantiate overall costs of delivering the contracted service (including Contractor contribution as well as amounts reimbursed by AAA).
11. **Payment by Service Recipient:** No individual receiving services under the terms of this Agreement shall be required to pay any part of the cost of the service. However, recipients shall be given the opportunity by the Contractor to make some contribution for the service in a manner approved by AAA.
12. **Monitoring, Auditing and Reporting:** The Contractor agrees to submit to audit by AAA, the State of North Carolina or the federal government for a three year period following final payment under the terms of this Agreement. The Contractor agrees to permit monitoring by AAA; its staff and appropriate representatives, and to comply with such reporting procedures as may be established by AAA. The Contractor further agrees that all pertinent financial records shall be made available for copying upon request by AAA, the state, federal government, or their agents if applicable.

It is understood and agreed that the report procedures established by AAA may also include actual costs incurred for service including both AAA costs and Contractor contributions.

It is further understood that the agency is responsible to AAA for clarifying any audit exceptions that may arise from an AAA independent audit, the Department of Human Resources audit, or any federally conducted audit.

AAA requires the Contractor to send a copy of their audit when received from the independent auditors. In addition, contractors are responsible for paying any governmental funds that may be part of the audit exception.

Audit reports must be submitted 6 months within the year end date.

13. **Changes:** AAA may, from time to time, require changes in the Scope of Services to be performed. Such changes, including any increase or decrease in the amount of the Contractor's compensation which is mutually agreed upon between AAA and the Contractor, shall be incorporated in written amendments to this Agreement.
14. **Termination of Agreement for Cause:** If through any cause the Contractor shall fail to fulfill in timely and proper manner its obligations under this Agreement, or if the Contractor shall violate any of the covenants, agreements or stipulations of this Agreement AAA shall thereupon have the right to terminate this Agreement by giving written notice to the Contractor of such termination and specifying the effective date thereof. The date of notice shall be at least five (5) working days before the AAA effective date of such termination.

In the event of termination, such data, studies, surveys, drawings, maps, and reports prepared by the Contractor shall, at the option of AAA, become its property and the Contractor shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents and other materials. Client files of the agency, developed under this contract shall become the property of the AAA upon completion and/or termination of this contract.

Notwithstanding the above, the Contractor shall not be relieved of liability to AAA by virtue of any breach of the Agreement by the Contractor, and AAA may withhold any payments to the Contractor for the purpose of set-off until such time as the exact amount of damages due AAA from the Contractor is determined.
15. **Cancellation for Convenience of AAA:** AAA may cancel this Agreement at anytime by giving written notice to the Contractor of such cancellation and specifying the effective date of such cancellation. If the Agreement is canceled by

AAA as provided herein, the Contractor will be paid for work satisfactorily completed.

16. **Disputes:** Any disputes which arise in the interpretation of this Contract shall be resolved in the following manner:
- (a) The Contractor shall submit a letter to AAA specifying the nature of the dispute and asking for resolution of the dispute.
 - (b) The Executive Director of AAA will meet with the Contractor to resolve the dispute. The Executive Director of AAA will document the resolution in a letter to the Project Manager.
 - (c) If the Contractor is dissatisfied with the resolution of the dispute decided by the AAA Executive Director, the Contractor may appeal the Executive Director's decision in writing to the AAA Budget and Personnel Committee.
 - (d) The AAA Budget and Personnel Committee will consider the appeal at its next scheduled meeting, which shall occur no less than 10 days following receipt of the written appeal request.
 - (e) Once the local appeal procedure is exhausted, appeals may be made to the Department of Human Resources, Division of Aging.
17. **Subcontracting:** None of the work or service covered by this Agreement shall be subcontracted without the prior written approval of AAA. All approved subcontracts must conform to the applicable requirements set forth in this Agreement.
18. **Compliance with Service Standards and Required Procedures:** Contractor shall perform the services set forth in this Agreement in compliance with applicable standards and procedures specified in Attachment A – Scope of Services. Contractor further agrees to comply with applicable standards for this service which are, or may be, specified by the North Carolina Division of Aging and Adult Services, any other State of North Carolina agency, the Division of Aging and Adult Services Policy Manual, and the AAA Policy Manual.
19. **Service Priorities:** Contractor shall give priority for service to those Family Caregivers of older people with the greatest social and economic need. Where the nature of the service allows, Contractor shall make special efforts to serve family caregivers trying to balance work and caregiving, caregivers of older persons with Alzheimer's Disease or other dementias, or Military Family Caregivers providing long distance care to older family members, on a priority basis, as set out in the proposal and as indicated in the service standards established by the Division of Aging.
20. **Equal Opportunity and Affirmative Action:** In carrying out this contract, Contractor shall deny none of the benefits or services of the program to any eligible recipient on the grounds of age, sex, religion, race, color, handicap, or national origin.
- The Contractor also agrees not to discriminate against any employee or applicant for employment because of age, race, color, religion, sex, handicap or national origin. The Contractor shall take affirmative action to insure that applicants are employed, and that employees are treated during employment without regard to their age, race, color, religion, sex, handicap, or national origin. Such action shall include, but not be limited to: employment or termination, rates of pay or other forms of compensation and selection for training, including apprenticeship.
- The Contractor shall, in all solicitations or advertisement for employees placed by, or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to age, race, color, religion, sex, handicap, or national origin.
- It is further agreed by the Parties that the Contractor shall take affirmative action to solicit subcontractors with or purchases from minority business enterprises as defined in the Public Works Employment Act of 1977, 42 U.S.C. 6705 (f)(2), where such subcontracting or purchasing, if any, is or may be undertaken under the terms of this Agreement.
21. **Confidentiality:** Any reports, recipient information, data, or other materials given to, or prepared or assembled by the Contractor under

this Agreement which AAA request to be kept confidential, shall not be made available to any individual or organization by the Contractor without prior written approval of AAA.

22. **Licenses and Permits:** Contractor shall maintain all required licenses, permits, bonds, and insurance required for carrying out the services in Appendix A. The Contractor shall notify AAA immediately if any required licenses or other permits are canceled, suspended, or otherwise ineffective. Failure to maintain proper licenses, permits, bonds and insurance shall be a basis for AAA disallowing all or part of payments under this contract or for termination of this agreement for cause.
23. **Interest of Members of AAA and Others:** No officer, member, or employee of AAA and no member of its governing body, and no other public official of the governing body of the locality or localities in which the project is situated or being carried out who exercises any functions or responsibilities in the review or approval of this project, shall participate in any decision relating to this Agreement which affects his or her personal interest or have any personal or pecuniary interest, direct or indirect, in this Agreement or the proceeds thereof.
24. **Officials not to Benefit:** No member of or delegate to Congress, or resident commissioner, shall be admitted to any share or part of this contract, or to any benefit that may arise there from.
25. **Assignability:** The Contractor shall not assign, sublet, or transfer all or any portion of its interest in this Agreement without the prior written approval of the Agency's Executive Director or his authorized agent.
26. **Resources Development:** The Contractor shall investigate other agencies and resources providing services to family caregivers and shall coordinate its own services to minimize overlap and duplication where needed.

Appendix 1

Cooperative Agreement

AGREEMENT OF UNDERSTANDING

BETWEEN

Agency: The Mid-East Commission Area Agency on Aging
Address: 1385 John Small Avenue, Washington, NC 27889
Authorized Official: Cynthia Davis, Aging Program Director

AND

Agency The Grace Martin Harwell Senior Center
Tel. # 252.975-9368-----
Address: 310 W. Main Street, Washington, NC 27889
Title: _____

In an effort to enhance the overall effectiveness of services provided to Family Caregivers of Beaufort County, the above named agencies agree to share, when appropriate, pertinent information which may serve to improve the quality of life for these caregivers.

The memorandum of understanding serves to incorporate the following mutual components:

1. Provide information concerning services/programs for family caregivers and any related eligibility requirements.
2. When appropriate, assist with identifying and referring clients who may be in need of services not provided by the referring agency.
3. When appropriate, inform proper agency representatives of any changes related to services provided.
4. Provide, upon request; personnel to explain the Family Caregiver Support Program, services, etc.
5. Share, when appropriate, concerns, questions or suggestions relative to services provided.

The persons responsible for implementing and monitoring this Agreement of Understanding are:

s/Judy Jennette
JUDY JENNETTE
MAYOR

ATTEST:

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

- B. Accept – Big Grant Contract and Adopt Budget Ordinance Amendment in the amount of (\$200,300) and Authorize Mayor to sign contract

**AN ORDINANCE TO AMEND THE BUDGET ORDINANCE
OF THE CITY OF WASHINGTON, N.C.
FOR THE FISCAL YEAR 2007-2008**

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 \$200,000 in the account Waterfront Docks Grant, account number 10-40-3614-3600.

Section 2. That account number 10-40-6124-7400, Capital Outlay, Waterfront Docks portion of the General Fund appropriations budget be increased in the amount of \$200,000 to provide funds for construction of additional boat docks on waterfront.

Section 3. That the Estimated Revenues in the General Fund be increased in the amount of \$300 in the account Contributions to Recreation account number 10-40-3612-8402.

Section 4. That account number 10-40-6124-7400, Capital Outlay, Waterfront Docks portion of the General Fund appropriations budget be increased in the amount of \$300 to provide funds for construction of additional boat docks on waterfront.

Section 5. All ordinances or parts of ordinances in conflict herewith are hereby repealed.

Section 6. This ordinance shall become effective upon its adoption.

Adopted this the 11th day of February, 2008.

s/Judy Jennette
JUDY JENNETTE
MAYOR

ATTEST:

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

- C. Adopt - Budget Amendment for CDBG Grant # 05-C-1490, Keysville Road

**AN ORDINANCE TO AMEND THE PROJECT ORDINANCE
OF THE CITY OF WASHINGTON, N.C.
FOR THE FISCAL YEAR 2007-2008**

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

Section 1. That account number 51-60-4930-4500, Street Improvements portion of the Keysville Road Subdivision Project Fund appropriations budget be increased in the amount of \$4,000 to provide additional appropriations for improvements.

Section 2. That account number 51-60-4930-4501, Water Improvements portion of the Keysville Road Subdivision Project Fund appropriations budget be decreased in the amount of \$21,000.

Section 3. That account number 51-60-4930-4502, Sewer Improvements portion of the Keysville Road Subdivision Project Fund appropriations budget be increased in the amount of \$17,024 to provide additional appropriations for improvements.

Section 4. That account number 51-60-4930-7100, Acquisition portion of the Keysville Road Subdivision Project Fund appropriations budget be decreased in the amount of \$24.

Section 5. All ordinances or parts of ordinances in conflict herewith are hereby repealed.

Section 6. This ordinance shall become effective upon its adoption.

Adopted this the 11th day of February, 2008.

s/Judy Jennette
JUDY JENNETTE
MAYOR

ATTEST:

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

- D. Acknowledge – Reallocation of funds in Electric Fund (\$111,571)
- E. Adopt – Budget Ordinance Amendment for Land Acquisition – on 7th Street (\$29,500)

**AN ORDINANCE TO AMEND THE BUDGET ORDINANCE
OF THE CITY OF WASHINGTON, N.C.
FOR THE FISCAL YEAR 2007-2008**

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

Section 1. That account number 10-00-9990-9900, Contingency portion of the General Fund appropriations budget be decreased in the amount of \$29,500 to provide additional appropriations for land acquisition.

Section 2. That account number 10-40-6121-7100, Land Acquisition, Events and Facilities portion of the General Fund appropriations budget be increased in the amount of \$29,500 to provide funds for 7th Street acquisition.

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 February, 2008.

s/Judy Jennette
JUDY JENNETTE
MAYOR

ATTEST:

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

- F. Adopt – Budget Ordinance Amendment for Skateboard Park Donations (\$24,279)

**AN ORDINANCE TO AMEND THE BUDGET ORDINANCE
OF THE CITY OF WASHINGTON, N.C.
FOR THE FISCAL YEAR 2007-2008**

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 \$21,774 in the account Contributions, Skateboard Park account number 10-40-3611-8405.

Section 2. That the Estimated Revenues in the General Fund be increased in the amount of \$2,505 in the account Concessions, Skateboard Park account number 10-40-3612-4803.

Section 3. That account number 10-40-6130-7400, Capital Outlay, Skateboard Park portion of the General Fund appropriations budget be increased in the amount of \$24,279 to provide funds to complete construction of the Skateboard Park.

Section 4. All ordinances or parts of ordinances in conflict herewith are hereby repealed.

Section 5. This ordinance shall become effective upon its adoption.

Adopted this the 11th day of February, 2008.

s/Judy Jennette
JUDY JENNETTE
MAYOR

ATTEST:

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

G. Adopt – Budget Schedule FY 2008-2009

FISCAL YEAR 2008-2009
BUDGET SCHEDULE

February 20, 2008	Council Planning Session
March 10, 2008	All budgets submitted to Finance Director by noon
March 11 - 18, 2008	Finance Director prepares budget for City Manager review
March 20 - 31, 2008	City Manager and Finance Director reviews budgets with Department Heads
April 1 - 10, 2008	City Manager balances budget
April 11 - 27, 2008	Finance Department prepares budget document for Council
April 28, 2008	Committee of the Whole Council Meeting 4:30 pm Budget Book to City Council
May 5, 2008	Budget Workshop with City Council Monday 4:30 pm to 7:30 pm Council's Budget Questions to City Manager by May 1
May 19, 2008	Budget Workshop with City Council Monday 4:30 pm to 7:30 pm Council's Budget Questions to City Manager by May 15
May 27, 2008	Budget Workshop with City Council Monday 4:30 pm 6:30 pm Council's Budget Questions to City Manager by May 22 Public Hearing on FY 08-09 Budget Monday 6:30 pm Council receives comments on proposed budget from public
June 2, 2008	Budget Workshop with City Council Monday 4:30 pm to 7:30 pm
June 9, 2008	Regular City Council Meeting Monday – 4:30 pm Council adopts budget ordinance for FY 08-09 and Sets Tax Rate; approve expiring contracts; and adopts any user fees changes for FY 2008-2009
June 23, 2008	Committee of the Whole Council Meeting Monday - 4:30 pm Adopt final year end budget amendment for FY 07-08

H. Declare Surplus/Authorize – Electronic Auction of Vehicles through GovDeals

I. Award – Audit Contract for Fiscal Year 2007-2008 to Martin, Starnes and Associates, CPA, PA

MARC FINLAYSON – REPORT ON HIGHWAY 17 ASSOCIATION

Mr. Marc Finlayson, of Highway 17 Association, gave an update on Highway 17. He stated they have made a lot of progress but still face one-half billion dollar shortfall in monies to just finish four-laning the two lane stretches of road, and another quarter of a billion would be required to unbottleneck some of the existing four lane stretches.

Mission Statement

It is the mission of the Highway 17 Association to assure, through collective action and constancy of purpose, that the inclusion and funding of all unfunded portions of the US Highway 17 corridor shall be part of the NC Department of Transportation's 2009 Transportation Improvement Program (TIP).

The Highway 17 Association will accomplish its mission by:

- Protecting Highway 17 projects now fully funded in the TIP.
- Being regional in vision and scope and not advancing one local project at the expense of another.
- Anticipating and resolving local issues and concerns, and facilitating solutions where local conflicts exist.
- Helping the DOT solve problems in planning, design, right-of-way acquisition and construction, in order to advance Highway 17 projects.
- Being an active partner with federal, state, regional and local stakeholders who share an interest in the completion of a fully controlled access, four-lane Highway 17 from Virginia to South Carolina.

Highway 17 Association Mission Statement and Goals

Goals, Strategies and Tactics

Government Relations 2007 - 08

- Continue to meet regularly with County and City governing bodies in the Highway 17 corridor to keep elected officials apprised of progress and to address issues or concerns.
 - Who: Marc Finlayson
 - When: Throughout 2007-08 as appropriate.

Progress: Since October 1, 2007 (Beginning of Association's fiscal year) Finlayson has made formal presentations to the Boards of Commissioners in Beaufort, Bertie, Brunswick, Craven, Jones, Martin, New Hanover, Onslow, Pasquotank, Pender and Perquimans Counties. He also formally addressed the town councils in the towns of Edenton and Windsor. In addition to the presentations, Finlayson met separately with new Jones County Manager Frankie Howard; Pasquotank Manager Randy Keaton; Pender Manager Lori Brill; Chowan Manager Cliff Copeland; Camden Manager Randall Woodruff; Elizabeth City Manager Rich Olson and Edenton Manager Anne-Marie Knighton.

- Continue to meet regularly with the DOT Board members representing the Highway 17 corridor and with key DOT staff to stay up to date on progress, issues and concerns.
 - Who: Marc Finlayson.
 - When: Throughout 2007-08.

Progress: Finlayson participated in the quarterly meeting of DOT Board members and DOT staff to update Highway 17 project status. Board members Marvin Blount, Louis Sewell, Stan White and Lanny Wilson attended. Finlayson conducted an interview with Stan White that was used as a profile of Mr. White in the October edition of the Association's newsletter. Finlayson and Lanny Wilson both addressed the Pender County Board of Commissioners on November 19 regarding the progress of the Hampstead Bypass project. Finlayson worked with Rob Hanson, DOT's Eastern NC Project Development Engineer, to get a copy of the draft 2009 TIP when it was published at the beginning of November.

- Continue to nurture relationships with North Carolina's Congressional delegation and key staff and grow in knowledge of federal highway funding and administration.
 - Who: Marc Finlayson
 - When: Throughout 2007-08.

Progress: To follow up his visit to Washington, DC in September, Finlayson has been in touch with Susan Howard, DOT liaison to Congress, about the two appropriations in the transportation budget specific to Highway 17. As of Thanksgiving, \$250,000 for Craven County and \$375,000 for Beaufort County had been agreed upon in the conference report. The report had passed the House of Representatives and was pending in the Senate.

- Continue to nurture relationships with the Highway 17 corridor's state legislative delegation, and grow in knowledge of state highway funding and administration.
 - Who: Marc Finlayson
 - When: Throughout 2007-08.

Progress: Finlayson has monitored the first three meetings of the 21st Century Transportation Study Commission, the blue-ribbon panel appointed by the Governor and legislative leaders to address the transportation funding shortfall and the processes by which roads and other transportation needs are met. Four of the 24 members of the Commission either live in the Highway 17 corridor or represent counties within the corridor. Finlayson has also monitored the regularly scheduled Transportation Oversight Committee and has met privately in Tarboro with Sen. Clark Jenkins who chairs the Senate Transportation Appropriations and Transportation Policy committees. Finlayson and Rep. Carolyn Justice both addressed the Pender County Board of Commissioners on November 19 regarding the progress of the Hampstead Bypass project.

- Continue to nurture relationships with other stakeholders and organizations concerned with transportation issues in North Carolina, to develop a productive network of allies on issues of interest or concern to the Highway 17 Association.
 - Who: Marc Finlayson
 - When: Throughout 2007-08.

Progress: Finlayson continues to serve on the Board of Directors of NC Go! the statewide transportation coalition. He attended an informative briefing in Raleigh at which the NC Ports Authority and the NC Railroad made presentations. He subsequently followed up with Stephanie Ayers, Manager of Planning and Development for the Ports about the need for an improved Highway 17 to support the facilities at Wilmington, Morehead City and the proposed International Port at Southport. Finlayson participated in the annual meeting of the NC Professional Lobbyists Association. Finlayson attended the forum in Raleigh sponsored by the NC Association of County Commissioners to discuss the implications of SB 1513 that allows counties to participate financially in the construction and maintenance of state highways within their jurisdictions. Finlayson continues to correspond with RPO's and MPO's that serve the Highway 17 corridor, and briefed the Downeast RPO meeting in November about Highway 17 projects. Finlayson attended the announcement in Jacksonville of the build-up of Marines and their families at Camp Lejeune, MCAS New River and MCAS Cherry Point. Infrastructure, including roads, will be strained by the influx of some 60,000 new residents over the next several years. Subsequently, Finlayson followed up with Will Austin, Executive

Director of the NC Military Foundation, whose organization is beginning to study the impact on Transportation of the growth of military in eastern NC.

Public / Media Outreach and Marketing 2007 - 08

- Continue to expand and improve the Highway 17 Association web site. Add features that will make the site more informative, interactive and interesting to prospective viewers.
 - Who: Marc Finlayson and Mickie Wilson.
 - When: Throughout 2007-08.

Progress: Along with Lionell Midgett, Finlayson met with the Downeast RPO staff to determine how that organization might be able to help the Highway 17 Association with statistical information and to create corridor mapping that might be used on the Association's web site. The Association hired a photographer to take images of the corridor for use on our website, in the East Carolina University Impact Study and in publications and other printed materials produced by the Association.

- Continue to nurture relationships with editors and reporters covering transportation for the newspapers and television stations within the Highway 17 corridor, and respond to inquiries by the news media.
 - Who: Marc Finlayson with appropriate local directors.
 - When: Throughout 2007-08.

Progress: Finlayson and Troy Smith both contributed to an update on Highway 17 progress published in December by *The Sun Journal of New Bern*. Finlayson also contributed to a story about innovate transportation funding solutions published in December by *The Star – News of Wilmington*. Finlayson has provided background information to *The Williamston Enterprise* prompted by his appearance before the Martin County Board of Commissioners.

- Continue to distribute news releases or other appropriate information to the media at least quarterly and follow up to ensure coverage.
 - Who: Marc Finlayson and Mickie Wilson.
 - When: Throughout 2007-08.

Progress: The Association produced and disseminated newsletters to our stakeholders, including the news media, in both October and December. In addition, the Association sent a news release to the media prior to Thanksgiving announcing the opening of six miles of Highway 17 in Onslow County in time for holiday travel.

- If research studies have been conducted, publish the information in appropriate journals, magazines, newspapers, etc. and determine other ways to use the information to advance the cause of highway 17.
 - Who: Marc Finlayson.
 - When: Throughout 2007-08 as appropriate.

Progress: Finlayson has met regularly with Dr. Mulatu Wubneh, of the East Carolina University Regional Development Office, to finish the Highway 17 Impact Study. The Highway 17 Board has reviewed the draft document and recommended ways to use the information with the public and other stakeholders. The Association is in the process of getting publication cost quotes.

- Research alternative ways to tell the Highway 17 story, including cable access television, documentary film, periodical publication, etc. Understand cost, reach and value. Continue to update and publish appropriate collateral materials about Highway 17 to support the outreach effort.
 - Who: Marc Finlayson.
 - When: Recommendation to the board by end of 2008.

Progress: Beginning to scope the project.

Administrative / Financial 2007 - 08

- Refine the monthly bookkeeping for the Association and determine the best method by which to disseminate it to the board.
 - Who: Marc Finlayson and Mickie Wilson.
 - When: By end of last calendar quarter 2007.

Progress: Mickie Wilson has developed a reliable and accurate system for reporting the Association's monthly financial data. Ms. Wilson and Marc Finlayson continue to enjoy a good working relationship with financial staff at NC Northeast partnership. At its December meeting the Highway 17 Board named a Finance Committee to receive and review the monthly financial statements.

- Secure the proper tax exempt status for the Association with the Internal Revenue Service and the NC Department of Revenue. As part of the application process, draft bylaws for the Association that will provide the framework for the organization going forward.
 - Who: Marc Finlayson and Mickie Wilson.
 - When: By end of first calendar quarter 2008.

Progress: The Association has engaged the services of an accounting firm to draft bylaws and file the appropriate paperwork with the IRS seeking 501(c)(6) status. The Highway 17 Board has reviewed the draft bylaws and recommended changes to accurately reflect the mission and structure of the organization.

- Along with securing the appropriate tax exempt status for the Association, see that tax returns are properly filed with the IRS and the NC Department of Revenue.
 - Who: Marc Finlayson and Mickie Wilson.
 - When: By end of first calendar quarter 2008.

Progress: The Association has engaged the services of an accounting firm to file tax returns for the Association's first full year of operation, beginning October 1, 2006 and concluding September 30, 2007. An extension has been filed with the IRS and NC Department of Revenue pending the approval of our application for tax exempt status.

- Secure an independent audit of the first year financial information of the Association.
 - Who: Marc Finlayson and Mickie Wilson.
 - When: By end of first calendar quarter 2008.

Progress: The Association has begun the process of identifying an independent auditor who can review the organization's financial records for our first year of operation and certify that it is in order. Several funding jurisdictions have requested such an audit to ensure the highest level of financial accountability when using public money.

- Explore innovative ways to generate more income for the Association and its mission, including soliciting private donations for special events and seeking grant money for special projects.
 - Who: Marc Finlayson and Mickie Wilson.
 - When: Throughout 2007-08.

Progress: The Association has begun soliciting donations from private companies to host the January 29, 2008 annual meeting. In 2007, six companies underwrote the cost of the annual meeting meal. The Association hopes to secure eight to ten donations this coming year. Finlayson has begun preliminary discussions with a professional grant writer to research prospective grants that might benefit the Highway 17 Association or Highway 17 projects or communities directly.

Mr. Finlayson stated that we face a big task in raising enough money to get the road completely improved, but in the fifteen months we have made

substantial progress. He stated that he has concern there may be attempts to adjust the equity formula to the fourteen divisions. If the Metropolitan municipalities have their way, they would change the equity formula to put more weight on population or traffic volume and that would take money out of our pockets.

Council thanked Mr. Finlayson for all his hard work on this project.

PRESENTATION OF RETIREMENT RESOLUTIONS AND MEMORIAL RESOLUTIONS

Mayor Jennette read Memorial Resolutions adopted by the N.C. League of Municipalities in memory of Zane Osnoe, Robert McRoy, and Donnie Herman Bell.

Mayor Jennette read Retirement Resolutions adopted by the N.C. League of Municipalities for Maxie Meekins, David Scott Barnes, Bobby Andrews, Gil Davis, Julie Hicks, Kenneth Donald Berry, William (Bill) Vaughn), David Curtis, Michael Herbert and Joe Stringer.

REV. DAVID MOORE – REQUESTING CITY TO PROVIDE WATER/SEWER AND IMPACT FEES FOR FOUR HOUSES

Rev. David Moore was not present at the meeting. Council took no action.

DEBBIE ADAMS – UTILITIES FUND ASSISTANCE PROGRAM

Ms. Debbie Adams, Director of Eagles Wings, presented a Utilities Fund Assistance Program to the City Council. Ms. Adams discussed the Utilities Fund Assistance Program which gives people the opportunity to help other's with their utility bills. A brochure was passed out to the Council. The acronym "Hope" could be changed if Council feels like it is necessary because of "Hope" being used in other organizations. Councilman Jennings suggested that another option is the rounding up of their bill by cents or dollars to the nearest dollar and that amount is contributed. Mayor Jennette suggested that it be clear that people can volunteer for Eagles Wings instead of the City of Washington.

Ms. Ratcliffe stated that the price of the brochures will be \$688.83 which includes printing, folding, and inserting the pamphlets in the utility bills.

A new acronym will be looked at and this will be on the Committee of the Whole agenda.

Mayor Pro tem Mercer pointed out that this is why he does not like handouts at the meeting.

THOMP LITCHFIELD – STREET CONDITIONS IN MACSWOODS

Mr. Thomp Litchfield, 407 Camilla Drive, Macswoods, stated that he paid in over \$1,000 to fight annexation. He stated the City promised they would take care of them but their roads are horrible and they feel they are being left out now. There are ten houses for sale and they cannot sell them because of the roads. He stated he has never seen a street sweeper in Macswoods. He stated they asked that the roads be kept narrow, but were promised they would be re-surfaced but they have not been.

Allen Lewis stated that the roads are in bad shape. He will work up a contract to be let in late spring for re-surfacing. It will cost between \$45,000 and \$50,000 and Powell Bills are tied up this year. It can be lumped with other projects to get a better price.

Discussion was held whether to go ahead and do Macswoods before paving Pamlico Street. Mr. Lewis stated there would be no problem doing that. However, if we just do Macswoods, we would have to pay a lot more per ton. Mr. Smith stated that the roads will always be a problem unless they are built proper.

Mr. Lewis will report back to Council on what he can do.

Mayor Jennette we will shoot for July at the very latest.

GARY TOMASULO – DOWNTOWN

Gary Tomasulo was not present at the meeting.

ECONOMIC DEVELOPMENT COMMISSION

Councilman Woolard stated that two companies are looking at Quick Start #2 Building. Everything is running smoothly with the Carver Project. He expressed concern about the number of people serving on that board since the contributions have changed. Mayor Jennette stated they would discuss that with the County.

TOURISM DEVELOPMENT AUTHORITY

Mayor Jennette stated that Lynn Lewis has attended the American Bus Tour Convention recently and learned that Washington does not have the infrastructure to handle a lot of bus tours.

Mayor Jennette reported that the new Bus Station will be located on Clark's Neck Road.

HUMAN RELATIONS COUNCIL

Mayor Jennette stated that she could not attend but letters have been set out for the Pulpit Exchange, but Easter might interfere.

DOWNTOWN WASHINGTON ON THE WATERFRONT

Ross Hamory stated they have been working with the merchants and other organizations downtown to talk about improvements, such as:

- Displays in front store windows
- Dressing up the plant beds downtown
- General cleanup on Main and Market

The areas Mr. Hamory discussed were:

- The Harbour Management Plan working group is going to meet which includes Parks and Recreation, Planning Department, local stakeholders, and boaters to develop a comprehensive plan to be presented to the Planning Board and then on to the City Council. (A short executive summary will be furnished to the City Council).
- An open meeting will be held for those who have participated in the past and for those who want to participate in the future to discuss where DWOW is going as an organization, how they are organized, and what projects they intend to take on this coming year.
- They plan to hire a part-time office worker for DWOW the board will take an active role in the leadership of the organization.

Council discussed pulling items out that can be implemented first, such as mooring fields as a separate item. Improvements will be made within existing resources and existing confine.

PARKING COMMITTEE

Councilman Jennings stated they are still waiting on the big picture items, primarily the jail. Some items will also be discussed at the Council's Planning Conference that will draw some circles around some bigger parking solutions.

Mr. Hamory stated they received the final report on the Parking Study approved by the Department of Commerce and he will give it to Councilman Jennings.

This item will be stricken from the agenda each month.

WARREN FIELD AIRPORT

Mr. Smith stated they are waiting to hear formally from the state on the Rural Airport funding grant and anticipate doing self service fueling with the grant to eliminate a safety issue they are facing. They might be able to begin infrastructure for future t-hangars if some funding is left.

Mr. Holscher stated that since things have transpired at the Airport, i.e. Bob Lay leaving, etc., he will get with Mr. Smith to look at the contract to get it more concrete.

MARK RECKO – WASHINGTON HOUSING AUTHORITY

Mark Recko, Executive Director of Washington Housing Authority, stated that about eight months ago the "Old Fort Initiative" was begun. They have worked with the Police Chief on the issues that go on in that neighborhood. He stated their intent is to stop traffic in that area. There is no control over people in their backyards. Phase 1 of the fencing has been done and children can play in their backyards. They will be able to finish the fencing this year. One of the issues is cross town traffic, and people being in the neighborhood that should not be there. He discussed the possibility of some type of closure of West 9th Street. Whether it would be one spot where you can't walk down 9th Street, or in the shape of two places where that neighborhood becomes a "t." If you drive down 9th Street, it is hard to drive your car down there because of so much action going on. The intent is to find a passive way to stop that traffic.

Mr. Recko stated that he is not asking for any action tonight, that they will come back with specifics.

FINANCIAL REPORTS

GENERAL FUNDS

Carol Williams, Finance Director, presented information on the General Fund:

General Fund					
Cash Basis					
December 31, 2008					
	Budget	Dec	YTD	Year End	
REVENUES					
Advalorem Taxes	3,447,875	1,086,341.93	1,728,171.82	3,634,827	
Other Taxes and Licenses	2,682,268	161,116.47	732,149.80	2,520,100	
Intergovernmental	2,294,173	615,680.25	1,055,002.80	2,512,227	
Permits and Fees	146,500	7,516.85	88,252.07	148,412	
Sales and Service	1,177,294	81,119.35	515,061.50	1,158,975	
Investment Earnings	275,000	22,090.16	153,120.94	300,000	
Miscellaneous/Contributions	33,095	11,247.04	27,596.61	52,266	
Total	10,056,205	1,985,112.05	4,299,355.54	10,326,807	
EXPENSES					
Salaries and Fringes	8,119,052	643,704.84	3,807,518.74	8,119,052	
Maintenance Cost	4,371,154	305,216.06	1,991,807.56	4,371,154	
Debt Payments	383,693	46,220.88	214,113.89	383,693	
Cash Capital Outlay	882,352	110,241.68	216,351.29	882,352	
Installment Note Capital Outlay	92,645	35,070.90	92,645.00	92,645	
Contingency	56,257			56,257	
Adm. Charges	(2,031,385)	(182,978.93)	(979,762.42)	(2,031,385)	
Total	11,873,768	957,475.43	5,342,674.06	11,873,768	
Rev. over/(under) expenses	(1,817,563)	1,027,637	(1,043,319)	(1,546,961)	
Other Financing Sources and Uses					
Transfer Out	(84,167)			(84,167)	
Transfer In	1,175,835	185,487.16	612,922.96	1,175,835	
Fund Balance	725,895			725,895	
Total	1,817,563	185,487.16	612,922.96	1,091,668	
Net Income	-	1,213,124	(430,396)	(455,293)	
Advalorem tax collections are through Nov. 30, 2007. Other Taxes and licenses include sales tax collections through September 2007.					
Utility Franchise Tax revenue is included in intergovernmental, received first quarterly payment in December, 2007.					
*** It is anticipated that we would draw down \$725,895 on the fund balance. However, projection is only \$455,293					
General Fund					

ENTERPRISE FUNDS

Anita Radcliffe presented information on the Enterprise Funds.

AIRPORT FUND					
FINANCIAL STATEMENT (Cash Basis)					
January 31, 2008					
	Budget	MTD	YTD	Projected Year End	
REVENUES					
Fuel Sales	\$ 100,800.00	\$ 17,078.37	\$ 117,643.66	\$ 210,000.00	
Other Revenues	75,577.00	5,870.53	52,304.21	69,500.00	
Grant Revenue	372,090.00		179,837.13	372,090.00	
Total Revenues	\$ 548,467.00	\$ 22,748.90	\$ 349,585.00	\$ 651,590.00	
EXPENSES					
Fuel Purchases	\$ 80,000.00	\$ -	\$ 100,611.80	\$ 189,000.00	
Other Operating Costs	155,197.00	10,024.81	82,444.38	149,000.00	
Grant Expenses	413,434.00	27,781.37	238,453.34	413,434.00	
Total	\$ 648,631.00	\$ 37,806.18	\$ 421,509.52	\$ 751,434.00	
Revenues over/(under) expenses	\$(100,164.00)	\$(15,057.28)	\$(71,924.52)	\$(99,844.00)	
Other Financing Sources and Uses					
Transfer In	\$ 75,487.00	\$ 75,487.00	\$ 75,487.00	\$ 75,487.00	
Fund Balance Appropriated	24,677.00	-	-	-	
Total	\$ 100,164.00	\$ 75,487.00	\$ 75,487.00	\$ 75,487.00	
Net Income/Loss	\$ -	\$ 60,429.72	\$ 3,562.48	\$ (24,357.00) **	
* * Projected year end loss of \$24,357 includes expenses of \$24,667 brought forward from prior year and will paid out of fund balance.					

General Fund				
Cash Basis				
December 31, 2008				
	Budget	Dec	YTD	Year End
REVENUES				
Advalorem Taxes	3,447,875	1,086,341.93	1,728,171.82	3,634,827
Other Taxes and Licenses	2,682,268	161,116.47	732,149.80	2,520,100
Intergovernmental	2,294,173	615,680.25	1,055,002.80	2,512,227
Permits and Fees	146,500	7,516.85	88,252.07	148,412
Sales and Service	1,177,294	81,119.35	515,061.50	1,158,975
Investment Earnings	275,000	22,090.16	153,120.94	300,000
Miscellaneous/Contributions	33,095	11,247.04	27,596.61	52,266
Total	10,056,205	1,985,112.05	4,299,355.54	10,326,807
EXPENSES				
Salaries and Fringes	8,119,052	643,704.84	3,807,518.74	8,119,052
Maintenance Cost	4,371,154	305,216.06	1,991,807.56	4,371,154
Debt Payments	383,693	46,220.88	214,113.89	383,693
Cash Capital Outlay	882,352	110,241.68	216,351.29	882,352
Installment Note Capital Outlay	92,645	35,070.90	92,645.00	92,645
Contingency	56,257			56,257
Adm. Charges	(2,031,385)	(182,978.93)	(979,762.42)	(2,031,385)
Total	11,873,768	957,475.43	5,342,674.06	11,873,768
Rev. over/(under) expenses	(1,817,563)	1,027,637	(1,043,319)	(1,546,961)
Other Financing Sources and Uses				
Transfer Out	(84,167)			(84,167)
Transfer In	1,175,835	185,487.16	612,922.96	1,175,835
Fund Balance	725,895			
Total	1,817,563	185,487.16	612,922.96	1,091,668
Net Income	-	1,213,124	(430,396)	(455,293) ***

Advalorem tax collections are through Nov. 30, 2007. Other Taxes and licenses include sales tax collections through September 2007.
 Utility Franchise Tax revenue is included in intergovernmental, received first quarterly payment in December, 2007.
 *** It is anticipated that we would draw down \$725,895 on the fund balance. However, projection is only \$455,293 of the fund balance appropriated will be used.

SOLID WASTE FUND				
FINANCIAL STATEMENT (Cash Basis)				
January 31, 2008				
	Budget	MTD	YTD	Projected Year End
REVENUES				
Sales	\$ 1,087,241.00	\$88,110.40	\$ 635,370.73	\$ 1,084,000.00
Grant Revenues	\$ 6,750.00			\$ 6,750.00
Other Revenues	14,500.00	1,246.84	9,627.22	15,000.00
Total Revenues	\$ 1,108,491.00	\$89,357.24	\$ 644,997.95	\$ 1,105,750.00
EXPENSES				
Salaries and Fringes	\$ 480,053.00	\$44,243.15	\$ 271,783.32	\$ 480,053.00
Other Operating Costs	490,711.00	38,334.14	261,753.37	490,711.00
Debt Payments	61,689.00	5,140.64	41,125.08	61,689.00
Cash Capital Outlay	44,375.00	-	2,547.00	44,375.00
Contingency	31,663.00	-	-	-
Total	\$ 1,108,491.00	\$87,717.93	\$ 577,208.77	\$ 1,076,828.00
Revenues over/(under) expenses	\$ -	\$ 1,639.31	\$ 67,789.18	\$ 28,922.00
Other Financing Sources and Uses				
Transfer Out	\$ -	\$ -	\$ -	\$ -
Transfer In	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -
Net Income/Loss	\$ -	\$ 1,639.31	\$ 67,789.18	\$ 28,922.00

DAVIS- BOOTH & ASSOCIATES, INC. – RETAIL RATE PRESENTATION AND COST OF SERVICE STUDY

Dwight Davis, of Booth & Associates, Inc. appeared before Council to present the Cost of Service Study and the impact on rates from that study. He stated that a summary was given to everyone by the City Manager about the study and its results. One issue deals with the need for rebuilding the fund balance and reserves anticipated for major construction requirements over the next several years.

The overall objectives were to take the projected revenues for this fiscal year and compare it with budget requirements. That is taken in total and then by

line item in the budget they allocate those line item expenses to each of the rate classes, using different allocation factors to do that. As a result when they went through that process, items noted are: The annual revenue figure is not exactly the number that is in the budget. A forecast of revenue and power costs is submitted each month. In some years, we get surprises from increases in power rates. This year the rates have been stable. They submit the forecast that does not include growth. They found a favorable development since the time of the budget. Revenues have been higher than originally projected because of the growth and when we sell more, we are buying more power. The wholesale power cost has gone up as well. That differential coming from growth is an additional \$800,000 in revenues; power costs went up to provide those sales, \$500,000. The net gain is about \$300,000. All the other line items were in line, with the exception of the Highway 17 Project which was included at \$2.3 million in expenditures (reimbursed by the state). The \$2.3 million has been taken back out of the budget requirements and are assuming that will be reimbursed by the state and the impact on the cash will not be a major drain on the budget. There is no control over that.

The result is that this \$281,000 is coming from the revenues being about \$800,000 more than you expected in the budget and the power costs being about \$500,000. Overall, we have a favorable development of \$281,000. As it breaks down by rate class, the residential service is short about \$167,000 (1% of revenue); Small General Service, Medium General Service, Large General Service and Industrial Service show that the revenues were more than sufficient to cover allocated expenses. The only other category that the revenues were short was in outdoor lighting, including street lighting as well. The percentage that the adjustment called for in the study was about 12.6%. The other factor that is outside the budget is that they were requested to include an appropriation outside the budget to help build up reserves. That appropriation was 2% of the budget requirement for each of the rate classes, totaling \$657,000. When you take all of that into account, you would see that rates would need to go up overall about \$375,000 a year and that breaks down on a percentage basis if we take the results of the cost of service without the additional reserves and add in the additional \$657,000 of reserves, the impact by rate class overall is about 1.1% increase in rates and by rate class it is about 3% increase in residential service, a 2% reduction in Small General Service, an increase of 1.4% in Medium General Service, a reduction of 1.5% in Large General Service and 2.1% in Industrial Service. The impact on lighting would be almost 15%.

Councilman Jennings asked why we give the greater part of the burden of the increase to the larger number of providers? Mr. Davis stated that over time, rates do tend to go up so an option would be to hold those rates flat and increase the residential less.

Mr. Davis stated that it is a 2% impact on your rates. You might want to wait until you have the work sessions to look at the expenditures you are going to have to deal with over the next several years.

Mr. Smith stated that we are trying to accomplish is (1) there is a lot of misunderstanding about the fuel adjustment charge (2) a plan to reestablish reserves in case of a major storm, and (3) a detail reallocation of all expenses on a cost of service basis and trying to set some reserves aside for at least five years.

Mayor Pro tem Mercer stated that rolling the fuel adjustment into the current rate is a wash. He referred to the uncollectible rate as .4%, and asked why this is used when the data presented to the preceding Council showed that the uncollected rate was approximately 2%? Mr. Davis stated that he did not remember the number but he would check on it.

Mr. Hardt stated that the 2% number is a yearly amount of uncollectibles based on non-payment for services, disconnect for services, etc., that are recouped throughout the next year. The .4% is what is written off. The 2% is not written off.

Mayor Pro tem Mercer stated that if the majority of our income is coming from the residential customer, but we are constantly shifting the majority of the burden to the residential customer, and he thinks we need to go in the other direction. He stated we need to spend a lot of time going through this study before we talk about adjusting rates.

Councilman Jennings asked that some marketing be done on rolling the fossil fuel adjustment into the basic rate.

Mayor Pro tem Mercer commented that the numbers there are the annual revenue projections using the present rates, and less the budget requirements, showing a difference of \$300,000. Those projections are on the assumption of this year's budget; therefore, if we look very carefully at those numbers next year, those budget requirements may decrease and there may be no need for a rate increase. Mr. Davis stated that you might want to look at what capital requirements are coming up on the capital side that are really needed.

APPOINTMENTS – WASHINGTON ELECTRIC UTILITIES ADVISORY COMMISSION

Mayor Pro tem Mercer stated that the ordinance calls for three year terms. He asked that the appointments be made on a staggered basis.

On motion of Mayor Pro tem Mercer, seconded by Councilman Jennings , Council unanimously appointed Don Wilkinson and Richard Miller for a three year term; Garleen Woolard and William Pitt for a two year term; and Ed Gibson and Wesley Shelton for a one year term.

Keith Hardt stated that a recommendation has not come in from the Town of Bath. Mayor Pro tem Mercer stated that the ordinance states that the individual has to be a resident of the community, not appointed by the Board of the town.

RECREATION ADVISORY COMMITTEE

Councilman Davis stated that the Chairman of the Recreation Advisory Committee recently had surgery and they would like to have some input and have requested we delay this until next month's meeting.

Councilman Jennings stated that Russell Morgan was recruited when he was liaison and they have many discussions. He stated we are sorely in need of help on that committee. He stated we can wait on Mr. Blackwell.

On motion of Councilman Jennings, seconded by Councilman Woolard , Council appointed Russell Morgan to the Recreation Advisory Committee. Councilman Davis voted no. –Motion carried by majority vote.

Councilman Davis stated that Mr. Morgan is not on the City's utilities and not a resident of the Washington area, he is from Blounts Creek. Councilman Jennings stated that the ordinance refers to "inside" and "outside."

The City Clerk will check the ordinance to see if it says "ETJ."

Councilman Jennings stated that we need some appointments bad no matter what the ordinance says.

Mayor Pro tem Mercer suggested that the City Clerk verify applications when they come to see whether they qualify. Mayor Jennette stated that we might consider changing the ordinance.

Councilman Jennings stated that the ordinance might warrant change anyway because of the recent changes.

APPROVE – FIRST AMENDMENT TO LEASE, LICENSE, AND MANAGERIAL AGREEMENT BETWEEN CITY OF WASHINGTON & TRADEWIND AVIATION INTERNATIONAL, LLC

On motion of Council Woolard, seconded by Councilman Brooks, Council unanimously approved the First amendment to Lease, License, and Managerial Agreement between the City of Washington and Tradewind Aviation International, LLC, and authorized the City Manager to execute the amendment as it relates to the lease.

FIRST AMENDMENT TO LEASE, LICENSE, AND MANAGERIAL AGREEMENT

This First Amendment to Lease, License, and Managerial Agreement (“First Amendment”) is made and entered effective as of January 16, 2008, by and between the CITY OF WASHINGTON, a municipal corporation organized and existing under the laws of North Carolina (“City”) and TRADEWIND AVIATION INTERNATIONAL, LLC, a North Carolina Limited Liability Company (“Operator”), collectively referred to as the “Parties”.

WITNESSETH

WHEREAS, the City and Operator are parties to the Lease, License, and Managerial Agreement (“Original Agreement”) dated January 16, 2007 relating to the lease of certain portions of the Warren Field Airport (“Airport”) and the operation as well as management thereof, and they desire to make certain amendments to the Original Agreement.

NOW THEREFORE, in consideration of the covenants and conditions contained herein and other good and valuable consideration, the receipt and legal sufficiency of which is hereby acknowledged, the Parties amend the Original Agreement as follows.

1. ARTICLE IV, FUEL AND SERVICES, paragraph number 1, subparagraphs A and B shall be replaced in their entirety by the following.

A. From January 16, 2007 to June 30, 2008, the City shall purchase all aviation fuel to be dispensed by Operator at the Airport. Operator shall be responsible for keeping detailed records of such sales. All payments for such sales shall be made directly to the City, either by check, credit, or monthly account. The City shall rebate a \$0.60 per gallon markup to the Operator for all such sales. Upon reconciliation of deposits and inventory as of June 30, 2008 and from and after July 1, 2008, Operator will assume the responsibility for the purchase and sale of all aviation fuels. From and after July 1, 2008, Operator shall pay the City \$0.10 per gallon of fuel sold by Operator.

B. Notwithstanding the foregoing, from January 16, 2007 through June 30, 2008, Operator shall pay the City a \$0.10 per gallon markup above the supplier’s delivered invoice price including FET and NC Inspection Fee for all aviation fuel obtained by Operator for Operator’s business.

2. ARTICLE VII, SUBSIDY, shall be replaced in its entirety by the following.

The City shall provide Operator with an operating subsidy during the first year of operation in the amount of \$50,000, prorated monthly. In addition, the City shall provide Operator with an operating subsidy from January 16, 2008 through June 30, 2008 in the amount of \$28,820, prorated monthly.

3. As amended by this First Amendment, and by necessary implication, all of the other terms and conditions of the Original Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, each party to this First Amendment has caused it to be duly and properly executed in duplicate originals as of the day and year first above written as evidenced by the duly authorized signatures below.

PRE-AUDIT CERTIFICATE

This First Amendment has been pre-audited pursuant to North Carolina General Statute § 159-28 in the manner required by the Local Governmental Budget and Fiscal Control Act.

s/Carol Williams
FINANCE DIRECTOR

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

ATTEST:

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

ADOPT – BUDGET ORDINANCE AMENDMENT FOR ELECTRIC (\$57,500)

On motion of Council Woolard, seconded by Councilman Brooks, Council unanimously adopted the budget ordinance amendment in the amount of \$57,500 for the Electric Fund.

**AN ORDINANCE TO AMEND THE BUDGET ORDINANCE
OF THE CITY OF WASHINGTON, N.C.
FOR THE FISCAL YEAR 2007-2008**

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

Section 1. That the Estimated Revenues in the Electric Fund be increased in the amount of \$57,500 in the account Earned Interest account number 35-90-3831-0000.

Section 2. That account number 35-90-7250-7401, Installment Note Purchase, Electric Meter Service portion of the Electric Fund appropriations budget be increased in the amount of \$31,000 to provide funds to purchase ARM Meters.

Section 3. That account number 35-90-8370-7401, Installment Note Purchase, Substation Maintenance portion of the Electric Fund appropriations budget be increased in the amount of \$26,500 to provide funds to apply toward construction of the Eastern Electric Substation.

Section 4. All ordinances or parts of ordinances in conflict herewith are hereby repealed.

Section 5. This ordinance shall become effective upon its adoption.

Adopted this the 11th day of February, 2008.

s/Judy Jennette
JUDY JENNETTE
MAYOR

ATTEST:

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

TENTH STREET UPDATE

Chief Mick Reed passed out information on the volume of traffic on Tenth Street. Mayor Pro tem Mercer stated that in looking at the numbers, we have done what we set out to do. The volume of traffic has been cut by 50%. Speeding will continue to be monitored. It was Chief Reed's opinion that another stop sign is not necessary at this time.

Councilman Jennings asked Chief Reed to write a note to Mr. Cochran with this information.

CONFIRM NORTHGATE ESCROW AND RELEASE

Mr. Holscher referred to the Northgate Escrow and Release. They have been executed and given to the Briley's. He asked Council to ratify those documents.

On motion of Mayor Pro tem Mercer, seconded by Councilman Woolard, Council unanimously ratified the Northgate Escrow and Release Agreements.

On motion of Mayor Pro tem Mercer, seconded by Councilman Woolard, Council unanimously agreed to add Jason Briley to the agenda.

Jason Briley appeared to request that Council consider using a letter of credit instead of a Deed of Trust for the Northgate property.

Mr. Holscher stated that it is a contractual requirement that he has a Deed of Trust in place, and a Performance bond. The Performance Bond was never provided. He said he suggested to Mr. Briley and his Attorney that this letter of credit would satisfy that Performance Bond requirement and if his goal is to move quickly to sell these lots, we can dispense with the escrow agreement. Mr. Holscher stated this would give the City some comfort.

Mayor Pro tem Mercer pointed out that two weeks ago it went from seven lots to eight lots, and now he wants a letter of credit. What will he want next week?

Mr. Holscher asked that the specifics be forwarded to him.

After discussion, on motion of Mayor Pro tem Mercer, seconded by Councilman Jennings, Council unanimously approved the proposal as presented provided Mr. Holscher gets it in writing and is acceptable to him.

ADOPT – ORDINANCE TO AMEND CHAPTER 9, SECTION 9-123 – PARKING PROHIBITED AT ALL TIMES IN DESIGNATED PLACES

On motion of Councilman Davis, seconded by Councilman Woolard, Council unanimously adopted an ordinance to amend Chapter 9, Section 9-123 – Parking prohibited at all times in designated places, to include portions of Respass Street between Seventh Street and Ninth Street and portions of Seventh Street between Market Street and Respass Street.

**AN ORDINANCE TO AMEND CHAPTER 9,
SECTION 9-123: PARKING PROHIBITED AT ALL TIMES IN DESIGNATED PLACES, OF THE WASHINGTON CITY CODE**

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

Section 1. That Chapter 9 Section 9-123 – Parking Prohibited at all times in designated places, be amended to include:

Respass Street, between Seventh Street and Ninth Street, twenty feet on either side of all driveways into the Washington Housing Authority property.

Seventh Street, between Market Street and Respass Street, twenty feet on either side of all driveways into the Washington Housing Authority property.

Section 2. All ordinances in conflict with this ordinance are hereby repealed.

Section 3. This ordinance shall become effective February 12, 2008.

This the 11th day of February, 2008.

s/Judy Jennette
JUDY JENNETTE
MAYOR

ATTEST:

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

AUTHORIZE – CHIEF DAVIS TO PROCEED WITH US DEPARTMENT OF HOMELAND SECURITY SAFER GRANT

Chief Davis stated that his department has been working towards regression towards their fire classification. In 2003, the State Fire Marshall's office identified two problems: (a) we have areas over 5 miles and needed another fire Station , and (b) we didn't have enough staffing for the required apparatus that we need to respond with. In 2005, we were in negotiations with the County and told them we had to get out of EMS business to keep our Fire Department open without additional funding. The County came forward with \$125,000 and we were able to hire six additional firefighters. He also indicated at that time we would need to hire 3 additional firefighters within two fiscal years to allow for vacation, etc. One of the things the Manager directed him to do was to try to secure funding opportunities for those positions. With the Manager's approval, he applied for the Homeland Security Safer Grant. The grant would assist in paying for personnel costs for five years. After the fifth year, the municipality would pick up all the personnel.

Chief Davis referred to a schedule of the different shifts and using time accrued. He stated that the three additional employees would keep them from

having to pay overtime which would cost approximately \$88,000. This does not include callbacks like the Summer Festival, or special assignments, etc. If we accept the grant, the first year City share is \$10,000 and so on each year. This grant will bring \$295,622 of Federal funds for these three positions.

Mayor Pro tem Mercer asked if we can look at part-time help to reduce our costs? Chief Davis stated that has been looked at. The ability for us to pay that part-time person an hourly rate vs a stipend and deferred to Susan Hodges because there was some kind of issue about volunteer firemen becoming part-time employees, and creating that employer-employee relationship that was going to cause us some problems. He stated we can look at it.

On motion of Councilman Davis, seconded by Councilman Brooks, Council unanimously authorized Chief Jimmy Davis to proceed with the Grant questionnaire indicating this governing body's support on the SAFER Grant should we be selected.

**SCHEDULE – PUBLIC HEARING TO ADOPT THE COMPREHENSIVE PLAN
UP-DATE**

On motion of Councilman Woolard, seconded by Councilman Jennings, Council unanimously scheduled the Public Hearing to adopt the Comprehensive Plan Update for Monday, March 17, 2008 at 6:00 p.m.

Mr. Roberson will email the figures to the Council for comments.

**AWARD – ENGINEERING SERVICES CONTRACTS TO RIVER &
ASSOCIATES FOR THE FY05 CDBG-HD AND FY07 CDBG-CR PROJECTS
(KEYESVILLE ROAD)**

On motion of Councilman Woolard, seconded by Councilman Brooks, Council unanimously awarded engineering services contracts to River & Associates for the FY05 CDBG-HD and FY07 CDBG-CR Projects.

Mayor Jennette asked that the projects name be typed with the project number.

**APPROVE – PIGGYBACK ON FEDERAL CONTRACT FOR PURCHASE OF
REPLACEMENT BUCKET TRUCK AND ADOPT BUDGET ORDINANCE
AMENDMENT (\$115,412)**

On motion of Councilman Woolard, seconded by Mayor Pro tem Mercer, Council unanimously approved the piggyback purchase on a federal contract with Altec, as allowed under G.S. 143-129(e)(9a), for the replacement of a bucket truck and adopt a budget ordinance amendment in the amount of \$115,142.

**AN ORDINANCE TO AMEND THE BUDGET ORDINANCE
OF THE CITY OF WASHINGTON, N.C.
FOR THE FISCAL YEAR 2007-2008**

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

Section 1. That the Estimated Revenues in the Electric Fund be increased in the amount of \$115,142 in the account Miscellaneous Revenue, account number

35-90-3350-8000.

Section 2. That account number 35-90-8390-7400, Capital Outlay, Power Line Construction portion of the Electric Fund appropriations budget be increased in the amount of \$115,142 to provide funds for the purchase of replacement bucket truck through insurance reimbursement.

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 February, 2008.

s/Judy Jennette
JUDY JENNETTE
MAYOR

ATTEST:

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

CHANGE MEETING DATE FOR MARCH

On motion of Councilman Woolard, seconded by Councilman Jennings, , Council unanimously agreed to change the March regular meeting on March 10th Monday, March 17, 2008 at 4:30 p.m. in the council chambers.

ADOPT BUDGET ORDINANCE AMENDMENT FOR E911 SURCHARGE

On motion Mayor Pro tem Mercer, seconded by Councilman Jennings, Council unanimously adopted a budget ordinance amendment for E911 Surcharge funding (\$48,618) and General Fund (\$78,386)

AN ORDINANCE TO AMEND THE BUDGET ORDINANCE OF THE CITY OF WASHINGTON, N.C. FOR THE FISCAL YEAR 2007-2008

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

Section 1. That the Estimated Revenues in the E-911 Fund be decreased in the amount of \$34,529 in the account E-911 Surcharge Collections, account number 14-70-3255-8900 to close out fund.

Section 2. That the Estimated Revenues in the E-911 Fund be increased in the amount of \$248 in the account Interest Earned account number 14-70-3831-0000 to close out fund.

Section 3. That the Estimated Revenues in the E-911 Fund be increased in the amount of \$82,899 in the account Fund Balance Appropriated, account number 14-70-3991-9910 to close out fund.

Section 4. That account number 14-70-4310-4501, Contract Services, portion of the E-911 Fund appropriations budget be decreased in the amount of \$19,718 to provide funds for transfer.

Section 5. That account number 14-70-4310-9990, Contingency, portion of the E-911 Fund appropriations budget be decreased in the amount of \$10,050 to provide funds for transfer.

Section 6. That account number 14-70-4310-9210, Transfer to General Fund, portion of the E-911 Fund appropriations budget be increased in the amount of \$78,386 to close out fund.

Section 7. That the Estimated Revenues in the General Fund be increased in the amount of \$78,386 in the account Transfer from E-911 Fund, account number 10-00-3980-1400 to close out fund.

Section 8. That account number 10-10-4311-1100, Telephone, E-911 Communication Division portion of the General Fund appropriations budget be increased in the amount of \$78,386 to close out fund.

Section 9. All ordinances or parts of ordinances in conflict herewith are hereby repealed.

Section 10. This ordinance shall become effective upon its adoption.

Adopted this the 11th day of February, 2008.

s/Judy Jennette
JUDY JENNETTE
MAYOR

ATTEST:

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

COMMENTS FROM THE PUBLIC

There were no comments from the audience.

COUNCILMAN DAVIS – INSPECTIONS DEPARTMENT

Councilman Davis stated that he had done some research and the best he can find there is no City under 25,000 population that has a fulltime Civil Engineer in charge of the Inspections Department as the Manager suggested in his email. He stated he is not sure that we are going to put as much money as he seems to think on the BMP and Tar Pamlico regulations to make the cost of an engineer very effective. He stated we need to compile some other options. He doesn't think we can justify hiring an engineer at \$75,000 to \$80,000, not counting benefits. It's something he doesn't think we need to increase on a long term basis because we cannot pay for it. He is not sure moving positions around like is recommended in the email is advisable. One position or probably two can be eliminated, because they are very costly and not useful for our purposes.

Mayor Jennette stated this can be taken up in the budget discussions. Council Brooks stated we need to get together before we do anything.

Mayor Pro tem Mercer stated that the Manager indicated that part of the salary for this individual would be recovered from the Best Management Practice Reviews that he currently has to send out. He asked if our ordinances do not

require that a developer pay for BMP review? Mr. Smith stated that we don't know if we can move forward with this until we put the budget together. But if we move forward with it instead of paying someone from the outside to do the Tar-Pam and Phase II Stormwater reviews, we keep that money and pay our own person.

MAYOR PRO TEM MERCER – STORMWATER OVERTIME

Mayor Pro tem Mercer stated that last month he indicated he had made some observations around the overtime and asked to have that discussed at this meeting. It was not on this agenda and he asked that it be listed on next month's agenda, and would like to receive overtime reports each month.

Council mutually agreed this could be discussed at the Committee of the Whole meeting.

MAYOR PRO TEM MERCER – STORMWATER REGULATIONS

Mayor Pro tem Mercer stated there has been proposed and adopted by the Environmental Management Commission a set of stormwater regulations. He stated that he has reviewed them and he believes they will have a significant impact in the City and more significant impact in the County. He stated he would like too have the opportunity to help staff write a review of those regulations and what it would mean to the City and bring it back for Council to discuss and go on record for supporting or not supporting them as may be appropriate.

Mayor Pro tem Mercer will work with Allen Lewis Public Works Director.

It was pointed out that there might be some requirements under Phase II, Federal NPES Permits for Beaufort County and the City of Washington. Mayor Pro tem Mercer commented that Tar-Pam is a different story and we are already complying.

MAY PRO TEM MERCER – CAPITAL IMPROVEMENT PLAN AND SALARY COMPARISON BOOKLET

Mayor Pro tem Mercer requested a copy of the Capital Improvement Plan and a Salary Comparison Booklet (published by the League).

COUNCILMAN WOOLARED – ITEMS ON FRONT PORCHES

Councilman Woolard asked that the house at 314 Fleming Street be looked at by the Inspections Department.

Chief Davis stated that our current code is not very stringent, and they are working on it with the ICC Property Maintenance Code that will encompass our junk cars nuisance, etc.

Councilman Davis asked about the house sitting on the John Small School Property? Chief Davis stated he came into compliance with flood straps, and again, our code is broad and things can fall through the cracks.

CLOSED SESSION – UNDER G.S. 143-318.11 (A)(3) ATTORNEY/CLEINT

On motion of Councilman Woolard, seconded by Councilman Jennings, Council unanimously agreed to go into closed session under G.S. 143-318.11 (a)(3) Attorney/Client Privilege.

On motion of Councilman Woolard, seconded by Councilman Brook, Council unanimously agreed to come out of closed session at 8:30 p.m.

On motion of Councilman Woolard, seconded by Councilman Brook, Council unanimously adjourned the meeting until Wednesday, February 20, 2008 at 8:30 a.m. at Goose Creek State Park.

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