

The Washington City Council met in a regular session on Monday, December 8, 2008 at 4:30 p.m. in the Council Chambers at the Municipal Building. Present were: Judy Jennette, Mayor; Doug Mercer, Mayor Pro tem; Richard Brooks, Councilman; Gil Davis, Councilman; Archie Jennings, Councilman; Jim Smith, City Manager; Cynthia S. Bennett, City Clerk; and Franz Holscher, City Attorney.

Councilman Woolard arrived at 4:45pm and was made a part of the minutes.

Also present were: Anita Radcliffe, Acting Finance Director; Jimmy Davis, Fire Chief; Allen Lewis, Public Works Director; Bobby Roberson, Planning and Community Development Director; Philip Mobley, Parks & Recreation Director; Keith Hardt, Electric Director; Gloria Moore, Library Director; Mick Reed, Police Chief; Susan Hodges, Human Resources Director; David Carraway, IT Department; Mike Voss, Washington Daily News; and Jay Niver, Beaufort Observer.

Mayor Jennette called the meeting to order and Councilman Brooks delivered the invocation.

APPROVAL/AMENDMENTS TO AGENDA

Council removed Items B, D & E from the Consent Agenda and listed them as items 9, 10 & 11 under VI.A. Old Business. An information request was added as Item 12 under VI.A. Old Business and the agenda deadline discussion was added as Item X.A. Other Business from Mayor and Other Members of Council.

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

APPROVAL OF MINUTES

Mayor Jennette noted that on page 5, "infomercials" needs to be changed to "business profiles". Mayor Pro tem Mercer noted on page 9 – "Coastal Resources Commission" should be changed to "Coastal Resources Advisory Council".

On motion of Councilman Jennings, seconded by Mayor Pro tem Mercer, Council unanimously approved the minutes of November 10th & 24th, 2008, as amended.

APPROVAL OF CONSENT AGENDA

Council unanimously approved the Consent Agenda as amended.

- A. Accept – Cornerstones of Science Grant and Adopt Budget Ordinance Amendment (1,000)

AN ORDINANCE TO AMEND THE BUDGET ORDINANCE OF THE CITY OF WASHINGTON, N.C. FOR THE FISCAL YEAR 2008-2009

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 \$1,000 in the account Cornerstone Grant, account number 10-40-3611-3302.

Section 2. That account number 10-40-6110-5600, Materials, Library portion of the General Fund appropriations budget be increased in the amount of \$1,000 to provide funds for children's books and audiovisuals.

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 8th day of December, 2008.

s/Judy M. Jennette
JUDY M. JENNETTE
MAYOR

s/Cynthia S. Bennett
CYNTHIA S. BENNETT
CITY CLERK

- B. Item moved to VI.A. 9 -Adopt – Adopt Budget Ordinance Amendment for Senior Programs Division of Parks and Recreation (\$1,500)
- C. Accept – Grant from Mid-East Commission Area Agency on Aging (\$36,069) and Adopt Budget Ordinance Amendment (\$3,931)

(Contract in minute folder)

**AN ORDINANCE TO AMEND THE BUDGET ORDINANCE
OF THE CITY OF WASHINGTON, N.C.
FOR THE FISCAL YEAR 2008-2009**

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 decreased in the amount of \$3,931 in the account Mideast Grant - Recreation, account number 10-40-3621-3300.

Section 2. That account number 10-40-6123-4500, Mideast Grant, Senior Programs portion of the General Fund appropriations budget be decreased in the amount of \$3,931 to reflect the grant amount to be received during the fiscal year.

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 8th day of December, 2008.

s/Judy M. Jennette
JUDY M. JENNETTE
MAYOR

s/Cynthia S. Bennett
CYNTHIA S. BENNETT
CITY CLERK

- D. Item moved to VI.A. 10 -Adopt – Resolution requesting grant assistance from the State of North Carolina through the North Carolina Rural Economic Development Center' Planning Grants Program
- E. Item moved to VI.A. 11 -Authorize – Mayor to sign the Grant Agreement and Funding Approval for the Community Development Block Grant #08-C-1812 (\$75,000)

**MS. CRYSTAL WADDELL – MARTIN, STARNES & ASSOCIATES, CPA
(AUDIT PRESENTATION)**

Anita Radcliffe introduced Crystal Waddell of Martin, Starnes & Associates, CPA to present the audit. Ms. Waddell came forward and presented the audit to the Council. She noted they offered an unqualified opinion and the audit showed no significant deficiencies or material weaknesses in internal control. She presented the General Fund Revenue and Expenses (before transfers) summary.

Total Revenues 2008	\$ 408,934
Total Expenditures 2008	\$2,044,139
Other Financing Sources	\$ 386,451
Net Change in Fund Balance	\$(1,248,754)
Ending Fund Balance	\$1,272,455

Mayor Pro tem Mercer asked Ms. Radcliffe and the City Manager to go through the list of items to be retired capital assets or taken off of the books from last year. He asked why didn't we retire more than is being shown when several pieces of mobile equipment were purchased? Ms. Radcliffe noted that the police cars will be purchased with installment financing and were not purchased last year although they were budgeted.

MR. GARY TOMASULO- FAÇADE GRANT

Gary Tomasulo came forward and stated that the Façade Grant Program was one of the most successful programs for the past 16 years. We need the downtown area to look good and need to entice property owners to maintain their property. Mr. Tomasulo suggested that the \$15,000 set aside for the Mecca Alley be re-appropriated for the façade grant program.

ECONOMIC DEVELOPMENT COMMISSION

Councilman Jennings noted there was nothing to report at this time, but Mr. Thompson will be making regular appearances before the Council for updates.

TOURISM DEVELOPMENT AUTHORITY

Mayor Jennette noted the TDA met last week and they are awaiting their report from Judy Randall.

HUMAN RELATIONS COUNCIL

Nothing to report at this time.

DOWNTOWN WASHINGTON ON THE WATERFRONT

Nothing to report at this time.

CITIZENS FOR REVITALIZATION

Councilman Jennings stated he attended the last meeting and it was very productive. Mayor Pro tem Mercer noted they held 3 public hearings last week and he attended 2 of them. There was a very good exchange of ideas and comments from the public and it was very informative. Councilman Jennings noted this is the first of many public meetings to compare the two plans and we are in the very early stages of this process.

WARREN FIELD AIRPORT

Jim Smith, City Manager stated the fueling issue with the jet fuel has been resolved and everything is back in service at this time. We are presently working with

our consultants to move onto the next phase which would be full service as well as self service.

ANNEXATION REPORT

Councilman Jennings stated the Annexation Committee has not met but they are ready to schedule a meeting with the Planning Department.

HAVEN'S GARDEN REPORT

Phil Mobley, Director of Parks and Recreation stated that he is looking into Councilman Jennings request to move the playground closer to the bathrooms. Mr. Mobley noted he spoke with Susan Suggs regarding this and they are looking into it. He also looked at other engineering firms, such as Rivers and Associates and the Wooten Company. The engineering firms stated that under General Statutes they cannot bid against each other, but they can submit their qualifications. Preliminary bids will be done in March with construction to hopefully begin in July.

HARBOR MANAGEMENT REPORT

Mayor Pro tem Mercer stated they have not met this month but will meet after Council meets in January.

FINANCIAL REPORTS

Anita Radcliffe, Interim Finance Director presented the financial reports to Council. She noted that projected sales numbers are down as more people are conserving. She further noted she included the 4% projected wholesale power increase, but has not included any increase on the sales side.

APPOINTMENT –ECONOMIC DEVELOPMENT COMMISSION LIAISON

On motion of Councilman Woolard, seconded by Councilman Davis, Council unanimously reappointed Councilman Jennings as the City Council liaison to the Economic Development Commission.

APPOINTMENT - MID-EAST COMMISSION

On motion of Councilman Woolard, seconded by Councilman Davis, Council unanimously appointed Mayor Pro tem Mercer to the Mid-East Commission.

AUTHORIZE – MAYOR TO SIGN CONTRACT WITH BEAUFORT COUNTY TO RECEIVE E911 FUNDS

Jim Smith, City Manager gave a brief history of the E911 funds and contract. He stated in January 2008 the City of Washington lost E911 funding from telephone companies. A new state law has all E911 money going to the State for distribution. The City lost \$41,000 in E911 funds during the second half of FY07/08. A State 911 Board was created and now requires wireless compliance in order to be eligible to receive E911 funds. The Washington Police Department Communications is no longer consider a PSAP(Public Safety Answering Point) under these new rules, because we are not wireless compliant. As of July 2008, the City is not receiving E911 funds because we are not wireless compliant which has created \$40,400 deficit in the City's FY08/09 Budget. In September 2008 Chief Reed and the City Manager attended a State 911 Board meeting and worked out an agreement where we can become a secondary PSAP for Beaufort County. If we sign an Inter-local Agreement with Beaufort County, \$74,000 in E911 funds will pass through from the County to the City of Washington. Washington will then receive \$41,000 it lost from January-June 2008, plus a monthly allotment totaling \$74,000 for FY08/09. In February 2009, the City will apply for a 50/50 matching grant to pay \$88,000 to Embarq for the upgrade. Then Washington will utilize the money it is now receiving from the 911 Board to pay the 50%. In June of 2009, the

City ends up \$71,000 to the good. The City uses \$40,000 to pay for maintenance and service contracts. Reserves of \$31,000 and future balances to pay for equipment in future emergency communications center within the new Police Facility.

Franz Holscher, City Attorney asked that if Council chooses to approve this contract that approval be subject to: revision to consistently identify the City as a "back-up" PSAP; to provide for a termination date of June 30, 2009; and clarify that the City may retain funds it receives under this agreement and use or spend funds after termination without recourse, as long as funds are used or spent according with applicable law.

On motion of Mayor Pro tem Mercer, seconded by Councilman Davis, Council authorized the Mayor to sign the contract with Beaufort County to receive E911 funds subject to: revision to consistently identify the City as a "back-up" PSAP; to provide for a termination date of June 30, 2009; and clarify that the City may retain funds it receives under this agreement and use or spend funds after termination without recourse, as long as funds are used or spent according with applicable law.

(Contract in minute folder)

AUTHORIZE – MANAGER TO SIGN A PROFESSIONAL SERVICES AGREEMENT TO PERFORM ENGINEERING SERVICES NECESSARY FOR THE SEWER REPLACEMENT PROJECT ALONG PENNSYLVANIA AVENUE

Allen Lewis, Public Works Director noted that Council may recall that the City received a 2007 Community Development Block Grant-Infrastructure grant as administered by the North Carolina Department of Commerce through Division of Community Assistance for the extension of 900 linear feet of 24-inch gravity sewer along Pennsylvania Avenue near the Pennsylvania and Havens pump station and associated street repairs and related construction. The total cost of the project is \$540,000 with the grant covering \$500,000 of the total project cost. This agreement will authorize Rivers and Associates, Inc. to perform the engineering services and other services necessary for this project.

Franz Holscher, City Attorney asked that the following paragraph be inserted into the agreement.

"Notwithstanding anything herein to the contrary, ENGINEER and any contractor, agent, or representative associated with this project shall comply with any and all standards, requirements, obligations, etc. that are contained in the Community Development Block Grant – Infrastructure grant funding this project and that are applicable to it. Said grant and its attachments are incorporated herein by reference as if fully set forth. The provisions of the grant and its attachments shall supersede and control in the event of conflict with any provision contained herein. This language shall also be included in any subsequent contract associated with this project."

Mr. Lewis stated he would forward that to Rivers and Associates and have them amend the contract.

On motion of Mayor Pro tem Mercer, seconded by Councilman Woolard, Council authorized the manager to enter into a professional services agreement with Rivers and Associates, Inc., to perform engineering and other services necessary for the sewer replacement project along Pennsylvania Avenue, subject to the corrections made by the City Attorney

(Contract in minute folder)

UPDATE – CAMA GRANT SUMMARY

Bobby Roberson, Director of Planning and Development gave an update on the upcoming CAMA grant cycle. Mr. Roberson stated the Public Beach & Coastal

Waterfront Access Grant for outdoor recreation and access activities with a maximum grant award that is generally between \$100,000 - \$150,000. Tier 1 or 2 counties must provide a 10% match of which ½ must be in cash. Mr. Roberson stated the pre-application is due January 30, 2009 and the final application due April 17, 2009.

Council convened for a break and reconvened at 6:00pm

**CONSIDER – A PROGRAM FOR THE CITY OF WASHINGTON’S FY07 CDBG-
COMMUNITY REVITALIZATION PROJECT**

Bobby Roberson, Director of Planning and Development explained that currently the project has only housing rehabilitation and public works components in the two target areas on a block of West 6th Street and a block on West 7th Street. Once the project was funded more detailed inspections were completed for the housing units and have determined that some of the units are below Base Flood Elevation and have lead base paint. In order to bring these units into compliance, the project will have to add CDBG acquisition, relocation, and clearance line items, because rehabilitation of the structures is not cost effective as the maximum amount allotted to rehab a house is \$35,000. Mr. Roberson added that 13 structures need to be rehabbed or demolished. Mr. Roberson added the grant is for \$970,000.

Mayor Jennette opened the public hearing. There being no comments, the public hearing was closed.

On motion of Councilman Woolard, seconded by Councilman Jennings, Council accepted the recommendation of Holland Consulting Planners to add to the program activities line item expense category for: Acquisition, Relocation, and Clearance for the CDBG – Community Revitalization FY07 Grant.

COMMENTS FROM THE PUBLIC

Robert Alligood of 307 Thomas Place representing the Christian Church stated he is concerned with the Church parking lot(which used to be Academy Street) that runs between 2nd & 3rd Street and the potholes at that location. Mr. Alligood is asking the City to consider patching those potholes, because that it essentially being used like a public street. He is requesting Council to consider allowing staff to use leftover materials from other jobs to patch those potholes.

Mayor Pro tem Mercer stated he attends this Church and is aware of this problem. It was noted again that this is the former Academy Street which was a City maintained street. He further noted that when Stewart Rumley was manager this was stopped because the City was patching private parking lots and that should not be done. Councilman Jennings explained he was inclined to find a way being this used to be a street, but he is worried about the precedent this may set. It was noted that Council will take this under advisement and try to find a solution.

AMEND – PERSONNEL POLICY REVISIONS

Susan Hodges, Human Resources Director gave a brief history on this topic. She stated that the committee was in unanimous agreement about the majority of the recommended personnel policy changes. However, there were two sections with which Councilman Mercer dissented from the rest of the committee. These sections are Article V.Conditions of Employment Section 10. Use of City Owned Vehicles and Article IX. Employee Benefits Section 12. Car Allowance.

On motion of Mayor Pro tem Mercer, seconded by Councilman Jennings, Council unanimously approved Article I. Organization of the Personnel System & Article III. The Pay Plan as rewritten and approved by the committee.

Mayor Pro tem Mercer voiced his concerns on Article V & Article IX. He felt the City should not be providing vehicles to employees that live outside of the City limits.

The positions that allow employees to drive vehicles home will be recommended by the City Manager and approved by the City Council. He further recommended making a distinction between vehicles driven home for non-emergency personnel and emergency call out personnel.

Jim Smith, City Manager explained the vehicles driven home will be reviewed on an annual basis. The committee recommends that the City Manager authorizes vehicles driven home with the recommendation of the department head and in consideration of need, distance, proximity, public perception and other relevant factors. Mr. Smith explained this is reviewed at budget time as well as when employees are promoted. Councilman Jennings suggested this be part of the department head presentation at the budget workshops. Ms. Hodges stated she felt it was too restrictive to say employees allowed to drive vehicles home must live in the city limits.

Susan Hodges suggested the following: "Annual updates by department heads shall be submitted each budget year to the City Manager who will forward the information to the City Council for review and approval."

Franz Holscher, City Attorney suggested the change be submitted and inserted at V. Section 10. (f)(1) "For bona fide non-compensatory reasons, a department head with approval of the City Manager may require certain employees and certain positions to commute to and from work in city vehicles. These positions must receive approval from City Council during the budget process."

On motion by Councilman Brooks, seconded by Councilman Woolard, Council approved the following changes to Article V. Conditions of Employment, Section 10 use of City-Owned Vehicles (f)(1) For bona fide non-compensatory reasons, a department head with approval of the City Manager may require certain employees and certain positions to commute to and from work in City vehicles. These positions must receive approval from City Council during the budget process."

Ayes
Councilman Brooks
Councilman Jennings
Councilman Woolard
Councilman Davis

Nayes
Mayor Pro tem Mercer

Susan Hodges reviewed the proposed changes regarding Article IX Employee Benefits. Section 12. Car Allowance. She explained the Committee recommendations as follows: the Committee recommends allowing the City Manager discretion in providing car allowance to department heads for travel expenses incurred for city business within 150 mile radius. She noted that among other things, staff has expressed a concern with the oversight/approval of logs and the amount of administrative time this approach would require. Further discussion was held regarding the inequity of the policy. Mayor Pro tem Mercer recommends reimbursement based on actual miles driven and preparation of daily logs documenting every trip.

On motion by Councilman Jennings, seconded by Councilman Woolard, Council approved giving all Department Heads, excluding those for whom the City provides a City-owned vehicle, what amounts to a \$350.00 per month travel bonus for fiscal year 2008/2009 and eliminate the provision of a car allowance effective January 1, 2009 with the understanding that future travel bonuses shall be subject to annual approval of Council and to revise the Personnel Policy accordingly.

Ayes
Councilman Brooks
Councilman Jennings
Councilman Woolard
Councilman Davis

Nayes
Mayor Pro tem Mercer

APPOINT – THREE PERSONS TO A “DEBT SET-OFF ADMINISTRATIVE REVIEW PANEL”

City Manager, Jim Smith explained the City has approximately \$600,821 in unpaid accounts receivables for past fees and assessments. The 2008 audit considered these accounts which are still carried on the City’s books questionable assets prompting the Finance Department to send out delinquent notices to customers with old miscellaneous accounts receivable bills. Some of the approximately 550 accounts are more than a decade old but unless discharges by the City have no statute of limitations.

He further noted that the letter sent to the customer stated they have a right to contest the invoice and request a hearing. The Governing Board or their designee must hold the hearing. We have had several parties request a hearing. Mr. Smith suggested creating a three person “debt set-off administrative review panel”, to complete these appeals in approximately 90 days with 3 or 4 meetings. Mr. Smith suggested asking Carol Williams, former Finance Director, Julie Hicks, former Library Director or Garleen Woolard, former IT Director to serve on the panel.

On motion of Councilman Jennings, seconded by Councilman Woolard, Council agreed to create a three person “Debt Set-off Administrative Review Panel” consisting of: Mayor Jennette, Mayor Pro tem Mercer and a member of the public not a current City employee(the 3rd person will be recruited by the Mayor and Mayor Pro tem).

Ayes
Councilman Brooks
Councilman Jennings
Councilman Woolard
Mayor Pro tem Mercer

Nays
Councilman Davis

REPORT – FROM COUNCIL LIAISON ON HARBOR PLAN

Franz Holscher stated he requested this item on the agenda and they are currently working on amending the waterways and wharfs portion of the ordinance.

CONSIDERATION – OF DESIGNATING THE LAND WEST OF THE NC ESTUARUM AS A PARK

Dot Moate questioned Council making this area a park because the Citizens for Revitalization had asked Council not to do this until they made a recommendation from their group. Councilman Jennings stated Council was aware of that, but informed Mr. Furlough that while we would be very considerate of what that group has to say, Council is not bound by their decision.

On motion of Councilman Davis, seconded by Councilman Jennings, Council approved the dedication of that parcel of land having tax PIN Number of 15010373 and being depicted on the attached map from Beaufort County Land Records as a waterfront park for use of the public. This motion includes the acknowledgement of the letter from Partnership for the Sounds.

LETTER FROM PARTNERSHIP FOR THE SOUNDS

December 5, 2008

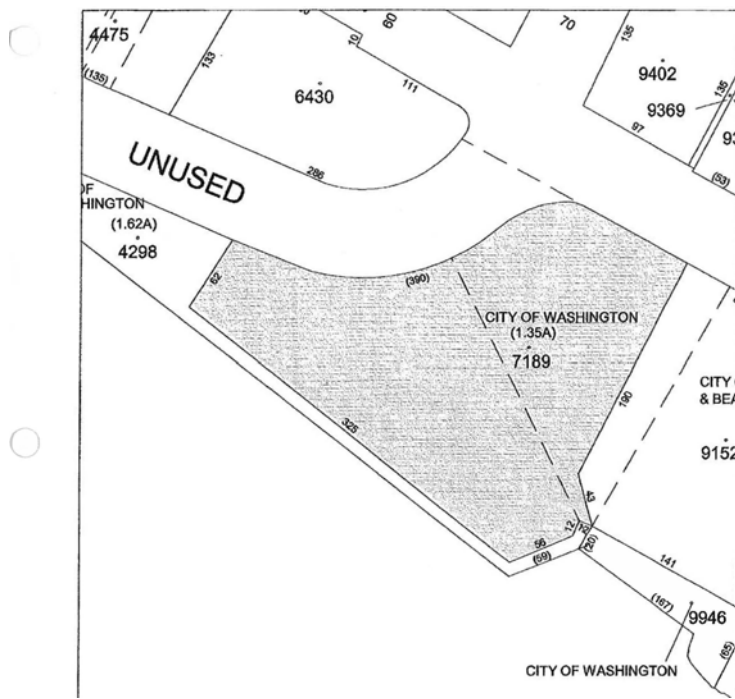
Dear Jim Smith:

Thank you for keeping the Partnership apprised of the ongoing conversation about preserving green space beside the NC Estuarium. I understand that the Council is considering a non-binding designation for a park in that area which includes property covered under the easement between the City and the Partnership.

As a part of that discussion, I would like to share with you and the Council that the Partnership may entertain plan to expand the Estuarium in the future should funding become available. If those plans were to materialize, the Partnership would hope to work with the City on developing an appropriate footprint for the expansion.

On behalf of the Board and Staff of the Partnership, we are most grateful for the support the City of Washington continues to give the Estuarium.

Best regards,
Jackie P. Woolard
Executive Director



Beaufort County TAX PIN: 15010373 - Scale: 1 Inch = 72 Feet.

**DRAFT – SPIRIT OF WASHINGTON AGREEMENT AND TEMPLATE
FOR ALL OTHER DOCKS**

Mayor Pro tem Mercer voiced concerns with the agreements and template. Mayor Jennette suggested that Mr. A.G. Swanner come before Council and make a formal presentation for his request. Jim Smith, City Manager noted we have asked for written information from Ms. Toni Cooley which states their requests and needs. Mr. Holscher stated this was a discussion item to allow Council to give him direction.

Mr. Holscher asked if Council could consider approving the template tonight and adding the generic agreement and designating someone to execute them. Discussion. Council agreed to continue this item until next month.

**ADOPT BUDGET ORDINANCE AMENDMENT FOR SENIOR PROGRAMS DIVISION
OF PARKS AND RECREATION (\$1,500)**

Philip Mobley explained this is \$1,500 from the state for Elderly and Disabled Transportation Program Supplement for the budget year 08-09. These funds will be rewarded in the form of a check from Beaufort County. There will be not match required in funding this money.

On motion of Councilman Jennings, seconded by Councilman Davis, Council adopted a budget ordinance in the amount of \$1,500 for Senior Programs Division of Parks and Recreation.

**AN ORDINANCE TO AMEND THE BUDGET ORDINANCE
OF THE CITY OF WASHINGTON, N.C.
FOR THE FISCAL YEAR 2008-2009**

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 \$1,500 in the account EDTAP – Seniors Grant, account number 10-40-3622-3300.

Section 2. That account number 10-40-6123-4515, EDTAP – Seniors Grant, Senior Programs portion of the General Fund appropriations budget be increased in the amount of \$1,500 to provide funds for gas cards for volunteers.

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 8th day of December, 2008.

s/Judy M. Jennette
JUDY M. JENNETTE
MAYOR

s/Cynthia S. Bennett
CYNTHIA S. BENNETT
CITY CLERK

ADOPT – RESOLUTION REQUESTING GRANT ASSISTANCE FROM THE STATE OF NORTH CAROLINA THROUGH THE NORTH CAROLINA RURAL ECONOMIC DEVELOPMENT CENTER’ PLANNING GRANTS PROGRAM

Mayor Pro tem Mercer noted he removed this from the Consent Agenda because the resolution states project, not rate study. Allen Lewis, Public Works Director noted the resolution is a template and only lets you add certain information.

On motion of Councilman Jennings, seconded by Councilman Brooks, Council adopted a Resolution Requesting Grant Assistance From the State of North Carolina Through the North Carolina Rural Economic Development Center’s Planning Grants Program.

AUTHORIZING RESOLUTION BY GOVERNING BODY OF THE APPLICANT

WHEREAS, In the summer of 2008, the North Carolina General Assembly included a \$50 million appropriation to the North Carolina Rural Economic Development Center in the FY2007-2009 state budget, for the purpose of making grants to rural communities in need of water and wastewater infrastructure improvements; and

WHEREAS, the City of Washington has need for and intends to construct improvements to its municipal water and wastewater systems, project described as Water and Wastewater Rate Study; and

WHEREAS, the City of Washington intends to request grant assistance from the Planning Grants Program for the project;

NOW THEREFORE BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF WASHINGTON:

That the City of Washington will arrange financing for all remaining costs of the project, if approved for a grant.

That the City of Washington will provide for efficient operation and maintenance of the project on completion of construction thereof.

That Judy Jennette, Mayor, and successors so titled, is hereby authorized to execute and file an application on behalf of the City of Washington with the NCREDC (Rural Center) for a grant to assist in the construction of the project described above.

That Judy Jennette, Mayor, and successors so titled, is hereby authorized and directed to furnish such information as the Rural Center may request in connection with such application or the project; to make the assurances as contained above; and to execute such other documents as may be required in connection with the application.

That the City of Washington has substantially complied or will substantially comply with all Federal, State, and local laws, rules, regulations, and ordinances applicable to the project and to the grants pertaining thereto.

Adopted this the 8th day of December, 2008 in the City of Washington, North Carolina.

s/Judy M. Jennette
JUDY M. JENNETTE
MAYOR

s/Cynthia S. Bennett
CYNTHIA S. BENNETT
CITY CLERK

**AUTHORIZE – MAYOR TO SIGN THE GRANT AGREEMENT AND FUNDING
APPROVAL FOR THE COMMUNITY DEVELOPMENT
BLOCK GRANT #08-C-1812 (\$75,000)**

Councilman Jennings asked if this was the program with Gina Amaxopulous. Bobby Roberson, Director of Planning and Development stated the focus of this grant will be to increase staff and create an educational component about housing for first time home buyers who are classified as low to moderate income persons.

On motion of Councilman Jennings, seconded by Councilman Brooks, Council accepted the recommendation of the Director of Planning and Development and authorized the Mayor to sign the Grant Agreement and Funding Approval for the Community Development Block Grant in the amount of \$75,000.

(Contract in minute folder)

INFORMATION REQUEST FROM COUNCIL

Mayor Pro tem Mercer stated he is requesting the following information from staff:

1. Overtime report every month
2. Discussion of comp time vs. overtime policy; what constitutes flex time/comp time or overtime and when is it triggered (Committee of Whole)
3. Time table on when moving Inspections Department will be implemented
4. Travel report, both planned and unplanned
5. Comparison of salary throughout the State from League.

AWARD – CONTRACT FOR STEEL POLES

Keith Hardt, Electric Director presented the bid tabulation and recommendation to Council from the bid opening on Friday. Mr. Hardt stated the request is to award a contract for the acquisition of steel utility poles associated with the reconstruction of the overhead electrical distribution facilities over Runyon Creek east of Washington.

On motion of Councilman Jennings, seconded by Councilman Woolard, Council awarded a contract for steel poles to Valmont/Newmark in the amount of \$73,357.

DISCUSS – UPCOMING NCEMPA 4% RATE INCREASE

Keith Hardt, Electric Director explained that at the November 19, 2008 North Carolina Eastern Municipal Power Agency (NCEMPA) Rate Committee it was recommended to the NCEMPA Board of Commissioners and the Electricities Board of Directors that the NCEMPA average All Requirements (AR) wholesale rate be increased by 4% effective February 1, 2009.

The NCEMPA Board of Commissioners approved this rate increase at their meeting on November 19, 2008. The Electricities Board of Directors approved this rate increase at their November 21, 2008 meeting.

Jim Smith, City Manager presented several options to Council:

1. Implement the rate increase in January with an effective date of February
2. Look at 17 months, including the last 5 months of FY08/09 and all of FY09/10 and how much we could raise to offset the \$1.1 shortfall
3. Cover shortfall with contingency funds

Mr. Smith will forward the numbers to Council for their review and consideration so Council can make a decision at the January meeting.

ADOPT – RESOLUTION IN SUPPORT FOR NORTH CAROLINA ANNEXATION STATUTES AND POLICIES

Jim Smith, City Manager explained that in 1959 North Carolina required action by the State Legislature in order to expand the municipal boundaries of its cities and towns. In that year the Legislature passed statutes which allow both municipally initiated and property owner initiated annexations. The ability of North Carolina's cities and towns to annex urbanizing areas adjacent to their boundaries is widely credited as the reason, unlike other states; North Carolina has mostly avoided the development pattern of poor urban areas surrounded by wealthy suburbs. New development typically locates adjacent to the boundaries of existing cities and towns in order to take advantage of the jobs and markets created within those communities. The cities provide services and amenities such as transportation, public safety, recreation and parks, sewer and water, shopping, arts and culture. Accordingly, it seems only fair and equitable that property owners in these areas who benefit from the infrastructure, services and markets created by existing communities should share in the cost for providing these benefits. This occurs either through property owner initiated annexations, usually as a means of obtaining water and sewer services, or city initiated annexations. Before a city can initiate an annexation, it must provide a study of cost versus benefits and provide an assurance that essential municipal services will be extended into the annexed area.

The proposed resolution asks the Washington's House and Senate elected representative to support continuation of the present strong and fair annexation policies in the State of North Carolina.

On motion of Councilman Jennings, seconded by Councilman Woolard, Council adopted the Resolution asking Washington North Carolina's Senate and House of Representatives to support continuation of strong and fair annexation policies.

RESOLUTION ASKING WASHINGTON'S NORTH CAROLINA SENATE AND HOUSE REPRESENTATIVES TO SUPPORT CONTINUATION OF STRONG AND FAIR ANNEXATIONS POLICIES

WHEREAS, since 1959 North Carolina has operated under municipal annexation statutes which are considered to be the model for the United States; and

WHEREAS, the ability of municipalities in North Carolina to annex urbanizing areas adjacent to their boundaries is key to healthy cities; and

WHEREAS, annexation allows urbanizing areas to benefit from city water, sewer, and other municipal services; and

WHEREAS, extending such municipal services to urbanizing areas avoids excessive and unwarranted cost of building duplicate systems; and

WHEREAS, North Carolina's model annexation policies are widely acknowledged to have kept the economies of North Carolina's cities healthy and their bond ratings attractive to investors; and

WHEREAS, new development locates adjacent to the boundaries of existing cities in order to take advantage of the jobs and markets created within those cities; and

WHEREAS, cities provide services and amenities such as transportation, public safety, recreation and parks, economic development, shopping, arts, and culture; and

WHEREAS, it is fair and equitable that property owners in urbanizing areas adjacent to existing cities who benefit from the infrastructure, services, and markets created by those cities should share in the cost of providing these benefits:

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and City Council of the City of Washington, North Carolina that the City's representatives to the North Carolina Senate and House support and resist weakening North Carolina's fair and equitable annexation policies.

Adopted this, the 8th day of December, 2008.

s/Judy M. Jennette
JUDY M. JENNETTE
MAYOR

s/Cynthia S. Bennett
CYNTHIA S. BENNETT
CITY CLERK

ADOPT – ORDINANCE LEVYING A TAX ON GROSS RECEIPTS DERIVED FROM RETAIL SHORT-TERM LEASE OR RENTAL OF HEAVY EQUIPMENT

Jim Smith, City Manager explained that during the 2008 General Assembly, an act was passed repealing the property tax on certain heavy equipment leased or rented under short-term leases or rentals. Municipalities were authorized instead to enact a local tax on gross receipts derived from these short-term rentals or leases in order to replace the lost tax revenue. Actual amounts lost and recovered are uncertain. The North Carolina League of Municipalities has recommended cities adopt the alternative tax and the provided model ordinance.

Franz Holscher, City Attorney noted that some language needs to be changed and is requesting Council continue this item. Council unanimously agreed to continue this item until January.

ADOPT – PROPOSED AIRPORT TRANSPORTATION IMPROVEMENT PLAN

Jim Smith, City Manager explained that the City's airport engineers, Talbert & Bright, have prepared an update to the City's Airport Transportation Improvement plan for FY 2010-2014. There are no substantial new projects included in the plan and it is anticipated that the current 90% Federal/State and 10% City funding formula will continue.

During the past two years the Division of Aviation has solicited requests to be considered under the Rural Airport Development Program. This is a program in which the City is participating with regard to the self-service fueling improvements. Due to

budget restrictions, this program has been suspended for FY09. If subsequently the program is reinstated, we would intend to proceed with additional t-hangars development.

On motion of Councilman Davis, seconded by Mayor Pro tem Mercer, Council adopted the proposed Airport Transportation Improvement Plan as prepared by airport engineers, Talbert & Bright.

(Contract in minute folder)

CLOSED SESSION – UNDER G.S. 143-318.11(a)(5) ACQUISITION OF REAL PROPERTY: PROPERTY LOCATED ON SPRINGS ROAD & OWNED BY MS. ANNIE MAYO, LOTS OWNED BY FIRST PRESBYTERIAN CHURCH ON RESPESS STREET, AND PROPERTY LOCATED ON HARVEY STREET & OWNED BY OMAR PARKER; G.S. 143-318.11(A)(3)ATTORNEY/CLIENT PRIVILEGE

On motion of Councilman Woolard, seconded by Councilman Brooks, Council unanimously agreed to go into closed session under G.S. 143-318.11(a)(5) Acquisition Of Real Property: Property Located On Springs Road & Owned By Ms. Annie Mayo, Lots Owned By First Presbyterian Church On Respepp Street, And Property Located On Harvey Street & Owned By Omar Parker; G.S. 143-318.11(A)(3)Attorney/Client Privilege.

On motion of Councilman Brooks, seconded by Councilman Woolard, Council unanimously agreed to come out of closed session.

AGENDA DEADLINE

Mayor Pro tem Mercer stated an agenda deadline needs to be set for agenda items to avoid delays in Council receiving the agenda packet. Council agreed to set the agenda deadline for Wednesday before the Council meeting.

ADJOURN

On motion of Councilman Jennings, seconded by Councilman Woolard, Council unanimously adjourned the meeting at 10:35pm, until Monday, January 12, 2009 at 4:30 p.m. in the Council Chambers at the Municipal Building.

Cynthia S. Bennett
City Clerk