

The Washington City Council met in a continued session on Monday, February 22, 2010 at 8:30am in the City Council Chambers at the Municipal Building. Present were: Archie Jennings, Mayor; Doug Mercer, Councilman; Ed Moultrie, Councilman; William Pitt, Councilman; Gil Davis, Councilman; Bobby Roberson, Mayor Pro tem; Jim Smith, City Manager; Cynthia Bennett, City Clerk.

Also present were: Matt Rauschenbach, Chief Financial Officer; Robbie Rose, Acting Fire Chief; Allen Lewis, Public Works Director; Gloria Moore, Library Director; John Rodman, Planning Director; Keith Hardt, Electric Director; Philip Mobley, Parks & Recreation Director; Mick Reed, Police Chief; Ray Midgett, Information Technology Director; Mike Voss, of the Washington Daily News; and Delma Blinson of the Beaufort Observer.

Mayor Jennings called the meeting to order and Councilman Moultrie delivered the invocation.

APPROVAL/AMENDMENTS TO AGENDA

Mayor Jennings noted today is First President George Washington's birthday. Mayor Pro tem Roberson requested adding Discussion - Iron Creek drainage as item 1(a). By motion of Councilman Pitt, seconded by Councilman Moultrie, Council approved the agenda as amended.

REPORT – CANAL BEHIND HIRAM LODGE (5TH & RESPESS STREET)

Allen Lewis, Public Works Director noted he has spoken with the US Army Corps of Engineers regarding the drainage ditch behind the Hiram Lodge at the intersection of 5th and Respass Streets. This will not improve drainage as an open ditch can handle more water than a ditch that has been piped.

Corps of Engineers Comments:

Even though it has been maintained and altered, the feature (ditch) is jurisdictional. The type of permit required would determine on how many linear feet and/or discharge below the Ordinary High Water Mark occurs. Anything over 300 linear feet pushes the project into an Individual Permit versus a Nationwide Permit for something under 300 linear feet, 25 cubic yards.

Also, in order to get any type of permit, the Corps would need to know why these impacts are imperative, aka the purpose and need of the project. There has to be an acceptable need to impact jurisdictional features, which could become costly.

Division of Water Quality Comments:

Because the Tar-Pam basin has a riparian buffer under the 15A NCAC 02B regulations, a variance from the Environmental Management Commission (EMC) is required. The variance request would need to be made of the EMC at one of their regularly scheduled meetings and a set of engineered drawings showing the proposed project would need to be presented at the time the request is being made. If the request for variance is granted, then the normal permitting process through DWQ still has to be met, such as GC 3705 assuming that the linear footage is less than 300.

Jim Smith, City Manager stated that grants have been pursued on numerous occasions, but that this project was not eligible for funding. He further stated concentration should be made on maintaining the structure and not just "fixing" the ditch. Councilman Moultrie inquired about the odor from the pump station. Mr. Lewis acknowledged that and said he would check on the air scrubber for the sewer pump station. Mr. Smith will request Bianca Gentile to investigate possible grant funding for stabilizing the structure.

IRON CREEK DRAINAGE

Allen Lewis, Public Works Director explained this item was discussed fully during the regular February meeting. Mr. Lewis discussed an excerpt from a drainage study regarding Iron Creek.

Drainage Study Excerpt – Iron Creek

- A clearing effort along Mitchell Branch has aided in the removal of channel blockage and continued maintenance will reduce future debris potential within the channel.
- These drainage improvements downstream from US Highway 264 will be beneficial for reducing backwater in Iron Creek during 2-, 5-, 10-, 25- and 50- year storm events.
- **No further improvements are recommended at this time**

Councilman Mercer stated there were problems with the drainage swale located at Ore Court because it had gradually filled from the growth of grass and the normal disposition of an area like that. This should be the responsibility of the homeowners. Mayor Jennings stated he would contact Charles Daniels regarding the possibility of forming a homeowners association to address issues such as plantings in the swale or grass clipping accumulation in the swale. Items such as this could prohibit the swale from functioning properly.

**DISCUSSION – TIME LINE FOR DECISION MAKING PROECESS FOR
NEW POLICE STATION**

Mayor Jennings noted we were are awarded the \$100,000 grant as well as the \$4million loan. We are allowed to change locations and the amount of the funding that we use. If the loan is for \$4 million, we are permitted to use less. The site selection committee will meet tomorrow evening and the funding committee will meet tomorrow morning. Mr. Smith stated the award letter mentions a 4% interest rate lock if we respond before March 31, 2010, after that the rate is subject to change. Councilman Mercer stated before we can determine a time line we need to determine where we are going to build, how big the structure will be and go on from there. Mayor Jennings stated the architect noted we need a structure approximately 15,000 sq. ft. with the possibility to convert space and grow as needed. By consensus, Council agreed to have the site selection committee look at all the original sites, plus any other sites that may be of interest. Bianca Gentile noted that once the site selection committee has reviewed all the sites, they will bring back a reduced number of approximately 3-5 sites to Council on March 8th and let Council determine the best location. Mayor Jennings requested that if any of the sites are owned by the City and are ruled out, to explain why they were ruled out as a possible location. Chief Mick Reed stated the committee would present this information for all possible locations. Minimum requirements are 2 acres sites and 15,000 sq. ft. structures.

BREAK

DISCUSSION – FINANCIAL REPORTS

Matt Rauschenbach, Chief Financial Officer discussed the highlights of the financial reports.

YTD January

Thousand \$

1. General Fund	(253)
\$2.5 million property tax collection in January puts revenue ahead YTD.	
2. Water Fund	329
Bond payments in May/June, \$356 YTD impact.	
3. Sewer Fund	587
Rural center study \$40	
Bond payments in May/June, \$348 YTD impact.	
Timing of contract services \$111	
4. Electric Fund	786
Installment proceeds vs purchases \$831 impact	
\$424 pro-rata cash capital unspent	
5. Storm Water Fund	42
6. Airport Fund	87
Full year transfer made from General Fund \$50 impact	

7. Solid Waste (124)

Installment purchases carried forward from 2008/2009, \$117 impact

8. Cemetery Fund 4

Full year transfer made from General Fund \$10 impact

DISCUSSION – RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS

Matt Rauschenbach, Chief Financial Officer explained Recovery Zone Economic Development Bonds with Council.

- A recovery zone is any are designated by the issuer as having “significant poverty, unemployment, rate of home foreclosures or general distress.
- The issuer has broad discretion to designate a zone “in any reasonable manner as it shall determine in good faith in its discretion” (IRS notice 2009-50).
- Designation of entire county is permitted
- Issuer should adopt a resolution designating recovery zone; resolution should recite factors that support the designation
- Recovery Zone Bonds are a subset of Build America Bonds
- The amount of the refundable credit is 45% of the amount of interest payable on the interest payment date
- The issuer must irrevocably elect for the obligation to be a recovery zone bond
- 100% of available project proceeds or APP(i.e. sales proceeds less any amount not to exceed 2% costs of issuance), net of any amount placed in a reasonably required reserve fund, must be used for qualified economic development purposes
- “Qualified economic development purposes: are described as “expenditures for purposes of promoting development or other economic activity in a recovery zone” and include capital expenditures paid or incurred with respect to property in the zone and expenditures for public infrastructure and construction of public facilities
- Thus RZEDB’s can be used to finance nearly any capital expenditures that promote economic development or economic activity in the recovery zone (i.e. infrastructure, schools, public buildings and industrial parks)
- Interest is taxable
- Bond obligation must be issued by December 31, 2010

Mr. Rauschenbach will bring additional information to Council including a resolution for the March 8, 2010 meeting.

*By motion of Mayor Pro tem Roberson, seconded by Councilman Davis, Council extended the meeting to end no later than 10:30am.

**DISCUSSION – TOWN HALL STYLE MEETINGS
(PROPOSED EACH 3RD COMMITTEE OF THE WHOLE)**

Council discussed possible issues for each town hall meeting and decided the first meeting should be held April 26, 2010 at the Civic Center. Council plans to hold town hall meetings on a quarterly basis. The item of discussion will be electric rates. Council requested the Electric Advisory Board come before Council at the Committee of the Whole on March 22nd to obtain their input and prepare for the town hall meeting any action items will be taken up at the regular meeting in April.

DISCUSSION – CITY PAGE IN NEWSPAPER VS. LEGAL ADVERTISEMENTS

Cynthia Bennett, City Clerk updated Council on fees paid for legal advertising. To date, approximately \$8,000 has been spent on advertising (legal and block ads). The current rate for ¼ page ads in the local newspaper is \$275, while ½ page ads are \$550. Mayor Pro tem Roberson stated we need to get the information out to the public regarding our meetings. Mrs. Bennett said the Washington Daily News use to publish the entire agenda in their “News Briefs” section at no charge, but they no longer provide that service to us. Councilman Mercer stated he would suggest this be a “topic page” not just a display of the agenda. Mayor Pro tem Roberson stated he would work with the City Clerk on determining the best way to publicize our information and he would speak

with Brownie Futrell of WDN. Councilman Mercer discussed the possibility of televising the Council meetings and noted this will be discussed further during the budget planning sessions.

BOARD VACANCIES

Council authorized the City Clerk to advertise for the vacancy on the Economic Development Commission.

ADJOURN

By motion of Mayor Pro tem Roberson seconded by Councilman Pitt, Council adjourned the meeting until March 8, 2010 at 5:30pm in the Council Chambers at the Municipal Building.

**Cynthia S. Bennett
City Clerk**