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The Washington City Council met in a continued session on Monday, June 21, 2010 at 4:30pm in the City Council Chambers at the Municipal Building. Present were: Archie Jennings, Mayor; Bobby Roberson, Mayor Pro tem; Doug Mercer, Councilman; Ed Moultrie, Councilman; William Pitt, Councilman; Gil Davis, Councilman; Jim Smith, City Manager; and Reatha Johnson, Assistant City Clerk.

Also present were: Matt Rauschenbach, Chief Financial Officer; Robbie Rose, 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; Susan Hodges, Human Resource Director, Lynn Lewis; Tourism Director and Mike Voss, of the Washington Daily News.

Mayor Jennings called the meeting to order and Mayor Pro tem Roberson delivered the invocation.

### **APPROVAL/AMENDMENTS TO AGENDA**

Councilman Mercer requested tabling item 3: Adopting list of City owned vehicles driven home per personnel policy until July 26, 2010. Mayor Jennings requested moving item 2: to item 1: Adopt – User Fees for Fiscal Year 2010-2011, set Advalorem Tax Rate and Adopt Budget ordinance and item 1: to item 2: Update – Jason Briley, Northgate Quarterly Report. Mayor Jennings noted that Mr. Smith requested adding two closed session items as item 3.

By motion of Mayor Pro tem Roberson, seconded by Councilman Moultrie, Council approved the agenda as amended.

### **ADOPT – USER FEES FOR FISCAL YEAR 2010-2011, SET ADVALOREM TAX RATE AND ADOPT BUDGET ORDINANCE**

Mayor Jennings noted he requested a printed hard copy of the user fee manual and Council will be able to work from the hard copy during the next several months. Also, he noted the reinsertion of the old Electric Fund fee language which was ratified by the Advisory Board and the new language was to cap fees at \$200 - \$300 as recommended by the Advisory Board. Chief Financial Officer, Matt Rauschenbach noted the fee scheduled referred to some of the old City Code and several sections will be updated to reflect the appropriate reference. Mayor Jennings requested Council's support on getting the manual cleaned up.

Councilman Mercer addressed several observations:

1. Service organizations: the fee schedule was increased from a maximum of \$750 for service establishments for those with gross sales in excess of \$25,000 to a maximum of \$1,000. He is not aware of any discussions held regarding the increase and would like to know why the fee was increased by 1/3. Mr. Smith recalled the discussions held last year on privilege license and one of the recommendations directed by the committee to keep in line with the other categories by getting them to the maximum of \$1,500. Mr. Rauschenbach noted this is the second year and it will take approximately four years of implementation at \$250 a year. The committee felt \$1,500 would be too much of an increase at one time.
- 2: Changes to the Aquatic Fees and no discussion held. Kristi Hardison updated Council on the process behind the fee schedule.

Mayor Jennings polled Council for any specific fees they would like discussed at this time. Council was in agreement to take the hard copy of the manual home and bring back any questions for follow up.

Mayor Jennings noted all changes that had been requested since the last meeting has been incorporated into the final budget. Mayor Pro tem Roberson suggested renaming UDAG Fund.

By motion of Mayor Pro tem Roberson, seconded by Councilman Moultrie, Council adopted the user fee schedule included in the appendix of the budget, set 2010 Advalorem Tax rate at \$0.50 per \$100.00 value which represents a revenue neutral rate of \$.4856 and an additional amount for public facilities, (clarification: the additional 1½ cents specific to the public safety capital reserve fund") and adopted Budget Ordinance for Fiscal Year 2010-2011 by 4-1 vote. Councilman Mercer opposed.

Discussions ensue: Councilman Mercer stated he was in opposition with the budget and cited several reasons: Councilman Mercer felt staff had not met the directive given by City Council to reduce the overall budget by 2% inclusive of the \$500,000 given earlier, he could not vote for the spending plan because he felt there was a "substantial tax increase in this budget". Councilman Mercer questioned the figures that City staff used to develop a revenue-neutral tax rate. He shared his calculation with Council and Mr. Rauschenbach noted the Local Government Commission, an agency that oversees the fiscal affairs of local governments, agrees with the figures that City staff used in reaching the recommended tax rate of \$ 0.50 cents per \$100 valuation. Mr. Rauschenbach determined that the revenue-neutral tax rate for the City in the upcoming Fiscal Year would be 47.44 cents per \$100 valuation. Mr. Rauschenbach's calculations show that the revenue-neutral tax rate, adjusted for growth, comes to 48.56 cents per \$100 valuation. The target property-tax rate of 50 cents per \$100 valuation reflects City officials' concerns the City could see some of its revenue sources not generate as much revenue as expected. Mayor Pro tem Roberson expressed concern that the Beaufort County Board of Commissioners may change the way it distributes sales-tax income to the municipalities in the county. Mayor Jennings stated the tax bills that City taxpayers will receive matters more than the tax rate because they will have to pay the tax bills. Mayor Jennings explained that with the new tax rate set, about a third of City taxpayers will pay more in property taxes during the next fiscal year, approximately a third will pay less and the remaining third will pay about the same.

Mayor Pro tem Roberson stated the newly adopted tax rate provides the City a safety margin that likely will carry it through the upcoming fiscal year, especially with the economy trying to recover from the recession and Councilman Davis agreed. Also, Councilman Davis noted he did not want to raise the Enterprise fees or have layoffs. Councilman Moultrie and Councilman Pitt felt staff was on the right track and there is a need for some type of cushion. Mr. Smith expressed his appreciation towards staff during this budget process and stated staff had accomplished more with fewer people. Mayor Jennings indicated his appreciation with Council members, staff and employees creativity, noting everyone had a hand in this budget process. Council and staff worked closely together and staff understood the direction that Council was trying to head. Council objective was to protect the jobs.

**CITY OF WASHINGTON, NORTH CAROLINA  
BUDGET ORDINANCE FOR FISCAL YEAR 2010-2011**

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

**Section 1.** The following amounts are hereby appropriated for the operation of the City of Washington government and its activities for the fiscal year beginning July 1, 2010, and ending June 30, 2011, according to the following schedules:

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**Schedule A. General Fund**

**General Government**

City Council	55,757
Mayor	13,539
City Manager	287,440
Legal	250,000
TDA Director	110,081
Human Resources	272,684
Finance	473,405
Purchasing	136,849
Information Systems	278,650
Revenue Collections	-
Billing	158,344
Customer Services	688,506
Municipal Building	149,603
Miscellaneous	955,309
Economic Development	174,235
Debt Service	537,506

**Public Safety**

Police	2,861,957
E-911 Communication	441,488
Fire	1,633,979
Emergency Medical Services	651,149
Code Enforcement	201,666
Planning/Zoning	315,831

**Public Works**

Administration	78,099
Equipment Services	140,610
Storm Water Improvements	292,289
Street Lighting	131,500
Street Maintenance	459,921
Powell Bill Allocation	154,808

**Cultural and Leisure**

Brown Library	384,826
Recreation Administration	166,227
Recreation Events & Facilities	161,370
Athletics and Programs	33,337
Senior Programs	186,229
Waterfront Docks	98,125
Civic Center	126,920
Aquatic Center	321,889
Parks and Grounds	430,267
Agency Contributions	179,643

**Contingency**

Contingency	<u>213,363</u>
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**Total General Fund Appropriations** **\$14,207,401**

**Schedule B. Water Fund**

Administration	81,696
Debt Services	303,992
Miscellaneous	452,686
Water Meter Services	239,160

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Water Treatment	1,415,776
Water Distribution Maintenance	204,419
Water Distribution Construction	103,205
Contingency	<u>157,603</u>
<b>Total Water Fund Appropriations</b>	<b>\$2,958,537</b>

**Schedule C. Sewer Fund**

Administration	80,972
Debt Service	577,953
Miscellaneous	407,356
Wastewater Collection Maintenance	237,518
Wastewater Collection Construction	174,937
Wastewater Treatment	1,102,196
Wastewater Stations	375,159
Contingency	<u>0</u>
<b>Total Sewer Fund Appropriations</b>	<b>\$2,956,091</b>

**Schedule D. Storm Water Management Fund**

Operations	4,250,038
Debt Payment	195,862
Storm Water Sampling	0
Nutrient Control	6,600
Contingency	<u>0</u>
<b>Total Storm Water Management Fund Appropriations</b>	<b>\$4,452,500</b>

**Schedule E. Electric Fund**

Administration	467,872
Debt Service	853,393
Miscellaneous	2,712,922
Electric Meter Services	468,455
Utility Communications	293,472
Substation Maintenance	1,032,511
Power Line Maintenance	1,200,927
Power Line Construction	1,686,616
Purchase Power	28,569,299
Contingency	<u>0</u>
<b>Total Electric Fund Appropriations</b>	<b>\$37,285,467</b>

**Schedule F. Airport Fund**

Operational Expenses	435,907
Contingency	<u>0</u>
<b>Total Airport Fund Appropriations</b>	<b>\$435,907</b>

**Schedule G. Solid Waste Fund**

Debt Service	83,436
Solid Waste Operations	1,279,912
Contingency	<u>50,152</u>

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<b>Total Solid Waste Fund Appropriations</b>	<b>\$1,413,500</b>
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**Schedule H. Cemetery Fund**

Operational Expenses	260,442
Contingency	<u>0</u>
<b>Total Cemetery Fund Appropriations</b>	<b>\$260,442</b>

**Schedule I. Library Trust Fund**

Administration Charges to General Fund for Library Operations	<u>800</u>
<b>Total Library Trust Fund Appropriations</b>	<b>\$800</b>

**Schedule J. Cemetery Trust Fund**

Administration Charges to General Fund for Cemetery Operations	<u>1,800</u>
<b>Total Cemetery Trust Fund Appropriations</b>	<b>\$1,800</b>

**Schedule K. E-911 Surcharge Fund**

Contract Services	0
Contingency	<u>0</u>
<b>Total E-911 Surcharge Fund Appropriations</b>	<b>\$0</b>

**Schedule L. Public Safety Capital Reserve Fund**

Transfer to General Fund	<u>180,000</u>
<b>Total Public Safety Capital Reserve Fund Appropriations</b>	<b>\$180,000</b>

**Schedule M. Economic Development/Capital Reserve Fund**

Transfer to General Fund	<u>185,000</u>
<b>Total Economic Development/Capital Reserve Fund Appropriations</b>	<b>\$185,000</b>

**Schedule N. Façade Grant Program Fund**

Economic Development-Façade Grant	<u>10,000</u>
<b>Total Façade Grant Program Fund Appropriations</b>	<b>10,000</b>

**Schedule O. Worker's Compensation Fund**

Worker's Compensation Claims	<u>65,000</u>
<b>Total Worker's Compensation Appropriations</b>	<b>\$65,000</b>

**Total Appropriations for all Funds** **\$64,412,445**

Section 2. It is estimated that the following revenue will be available during the year beginning July 1, 2010, and ending June 30, 2011, to meet the foregoing appropriations according to the following schedule:

**Schedule A. General Fund**

Ad Valorem Taxes	4,105,577
Other Taxes	2,387,000
Restricted Intergovernmental Revenue	732,906
Unrestricted Intergovernmental Revenue	1,639,745
Licenses and Permits	73,500
Sales and Services	1,285,695
Interest Earnings	45,000
RZEDB Proceeds	42,000
Lease Purchase Proceeds	225,050
Private Contributions	5,000
Miscellaneous	30,000
Fund Balance Appropriated	0
Administrative Charges to Other Funds for Services:	
Electric Fund	1,321,816
Water Fund	257,679
Sewer Fund	261,982
Solid Waste Fund	173,494
Storm Water	94,708
Airport	
Library Trust Fund	800
Tourism Development Authority	110,081
Civic Center	77,218
Transfers from Other Funds:	
Electric	973,150
Capital Reserves	<u>365,000</u>
<b>Total General Fund Revenues</b>	<b>\$14,207,401</b>

**Schedule B. Water Fund**

Water Charges	2,840,000
Sales and Services	76,260
Interest Earnings	2,500
Miscellaneous	5,000
Installment Note Proceeds	0
Rents	34,777
Fund Balance Appropriated	<u>0</u>
<b>Total Water Fund Revenues</b>	<b>\$2,958,537</b>

**Schedule C. Sewer Fund**

Wastewater Charges	2,900,000
Sales and Services	37,675
Interest Earnings	7,500
Installment Note Proceeds	0
Fund Balance Appropriated	<u>10,916</u>
<b>Total Sewer Fund Revenues</b>	<b>\$2,956,091</b>

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**Schedule D. Storm Water Management Fund**

Interest Earnings	1,500
Sales & Service	7,000
Storm Water Charges	486,000
RZED Bond Proceeds	<u>3,958,000</u>
<b>Total Storm Water Management Fund Revenues</b>	<b>\$4,452,500</b>

**Schedule E. Electric Fund**

Electric Charges	35,282,107
Sales and Services	451,720
Interest Earnings	10,000
Miscellaneous	8,000
Installment Note Proceeds	891,000
Administration Charges From Other Funds:	
Water	82,208
Sewer	49,675
Fund Balance Appropriated	360,757
NC DOT Reimbursement	<u>150,000</u>
<b>Total Electric Fund Revenues</b>	<b>\$37,285,467</b>

**Schedule F. Airport Fund**

Interest Earnings	1,500
Rentals	62,000
Sales & Services	102,300
Grants	150,000
Fund Balance Appropriated	24,474
Transfer from Other Funds:	
General Fund	<u>95,633</u>
<b>Total Airport Fund Revenues</b>	<b>\$435,907</b>

**Schedule G. Solid Waste Fund**

Interest Earnings	400
Installment Note Proceeds	140,000
Solid Waste Tax	5,600
Fees	<u>1,267,500</u>
<b>Total Solid Waste Fund Revenues</b>	<b>\$1,413,500</b>

**Schedule H. Cemetery Fund**

Interest Earnings	0
Sales & Services	198,000
Transfer from G/F	38,142
Payments from Other Funds	22,500
Adm. Charges from Cemetery Trust	<u>1,800</u>
<b>Total Cemetery Fund Revenues</b>	<b>\$260,442</b>

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**Schedule I. Library Trust Fund**

Interest Earnings	<u>800</u>
<b>Total Library Trust Fund Revenues</b>	<b>\$800</b>

**Schedule J. Cemetery Trust Fund**

Interest Earnings	<u>1,800</u>
<b>Total Cemetery Trust Fund Revenues</b>	<b>\$1,800</b>

**Schedule K. E-911 Surcharge Fund**

Surcharge Collections	0
Interest Earnings	<u>0</u>
<b>Total E-911 Surcharge Fund Revenues</b>	<b>\$0</b>

**Schedule L. Public Safety Capital Reserve Fund**

Transfer from G/F	120,000
Interest Earnings	1,000
Fund Balance Appropriated	<u>59,000</u>
<b>Total Public Safety Capital Reserve Fund Revenues</b>	<b>\$180,000</b>

**Schedule M. Economic Development /Capital Reserve Fund**

Fund Balance Appropriated	110,000
Payment From Electric Fund	<u>75,000</u>
<b>Total Economic Development/Capital Reserve Fund Revenues</b>	<b>\$185,000</b>

**Schedule N. Façade Grant Program Fund**

Transfer from General Fund	
<u>10,000</u>	
<b>Total Façade Grant Program Fund</b>	
<b>\$10,000</b>	

**Schedule O. Worker's Compensation Fund**

Fund Balance Appropriated	
<u>65,000</u>	
<b>Total Worker's Compensation Fund</b>	
<b>\$65,000</b>	

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**Total Estimated Revenues for all Funds** **\$64,412,445**

**Section 3.** There is hereby levied the following rate of tax on each one hundred dollars (\$100.00) valuation of estimated taxable property listed for taxes as of January 1, 2010, for the purpose of raising the revenues from property taxes, as set forth in the foregoing estimates, and in order to finance the foregoing appropriations:

General Fund  
Total Rate per \$100 of  
Valuation of Taxable Property     .50

Such rate of tax is based on an estimated total assessed valuation of property tax for the purpose of taxation of \$823,609,391 with an estimated rate of collections of ninety-four and a half percent (94.50%).

**Section 4.** The fees and rates contained in the fee schedule section of the budget document are adopted for FY 10/11 for the purpose of raising funds to support City operations.

**Section 5.** Some estimates of revenue other than the property tax exceed the amount actually realized in cash from each source in the preceding fiscal year, but the facts warrant the expectations that in each case the estimated amount will actually be realized in cash during the budget year.

**Section 6.** Appropriations are authorized by department totals. The Finance Officer is authorized to reallocate departmental appropriations among various line item objects of expenditures and revenues as necessary during the budget year. The City Manager is authorized to reallocate appropriations among the various departmental totals of expenditures within the General Fund, Water Fund, Sewer Fund, Electric Fund, Storm Water Management Fund, Airport Fund, Solid Waste Fund, and Cemetery Fund as allowed by North Carolina General Statute 159-15. Any such transfers between departments shall be reported to the City Council at its next regular meeting following the transfer and shall be entered into the official minutes of the City of Washington.

**Section 7.** Copies of this ordinance shall be filed with the Finance Director of the City of Washington, to be kept on file by him for his direction in the disbursement of City funds.

**Section 8.** All ordinances or parts of ordinances in conflict herewith are hereby repealed.

**Section 9.** This ordinance shall become effective July 1, 2010.

Adopted this the 21st day of June, 2010.

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

**s/N. Archie Jennings III**  
Mayor

**Council members requested the following:**

- Receive any budget changes two weeks in advance
- Separate line item in the budget for Purchase Orders carried forward – need visibility (Mr. Rauschenbach will look at this and determine if it can be executed).
- Summary Report (be prepared to discuss at the July meeting (7-26-10))

**UPDATE – JASON BRILEY, NORTHGATE QUARTERLY REPORT**

Mr. Briley update included the following:

- Currently 68 homes sold in Northgate

- Completed (6) six homes for sale and in addition (3) three homes under contract to be sold by June 30
- (9) Nine homes under construction of which (4) four will be low income to help with the grant
- Currently low to moderate income (LMI) homes to be sold are now at (21) twenty one which leave approximately (11) eleven left to do. Mr. Briley noted he has (1) one coming up that should qualify for low income and (1) one pending. If this happens he will be down to (9) nine homes left

City Attorney, Franz Holscher stated Cheryl Berry with the Department of Justice, confirmed that (18) eighteen had been sold to LMI purchasers and (14) fourteen qualifying conveyances remained to be consummated. Mr. Briley agreed but suggested he had turned in (3) three additional homes to the Department and they sent (3) three more up. Mr. Rodman, Planning & Development Director did not have a copy but shared they did send them up and he has not received approval. Mr. Holscher asked Mr. Rodman to follow-up and received documentation confirming qualifications.

Mr. Holscher stated the deadline is 12-31, and Mayor Pro tem Roberson added if the City of Washington has not fulfilled its obligation for the amount of lots Mr. Briley sold, the City will receive a letter stating its due and payable by this date (you get 10 days) and on 1-10-11 the State of North Carolina will want all of their money and if they don't receive it, a hold will be placed on all our grants. Mr. Briley stated that before, when it was coming into a deadline, Ms. Abram gave them sixty days after the deadline to process everything.

Mayor Jennings informed Mr. Briley that the City will execute its interest per the State letter because of all the other obligations the City has out there to protect (the Council will need to do and perform inside its time line). The City will continue to work with him on the project but when the City role ends then their business arrangement will have to fold in as well. Mr. Briley suggested another update before it reaches that point.

**CLOSED SESSION – UNDER NCGS 143-318.11(a)(5) ACQUISITION OF PROPERTY LOCATED: 131 NORTH BRIDGE STREET AND OWNED BY FORD BANKS AND PROPERTY LOCATED @ 233 EAST 7<sup>TH</sup> STREET AND OWNED BY MICHAEL LOWE**

A motion was made by Councilman Davis, seconded by Mayor Pro tem Roberson, Council agreed to go into closed session @ 5:20 pm under NCGS 143-318.11(a)(5) Acquisition of property located @ 131 North Bridge Street and owned by Ford Banks and property located @ 233 East 7<sup>th</sup> Street and owned by Michael Lowe.

A motion was made by Councilman Mercer, seconded by Councilman Pitt, Council agreed to come out of closed session at 5:30 pm.

**ADJOURN**

By motion of Councilman Davis, seconded by Councilman Pitt, Council adjourned the meeting @ 5:35 pm until July 26, 2010 at 5:30 pm in the Council Chambers at the Municipal Building

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**Reatha B. Johnson**  
**Assistant City Clerk**