

The Washington City Council met in a regular session on Monday, August 9, 2010 at 5:30pm 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; Matt Rauschenbach, Chief Financial Officer and Assistant City Manager; and Reatha Johnson, Assistant City Clerk.

Also present were: Robbie Rose, Fire Chief; Allen Lewis, Public Works Director; John Rodman, Planning Director; Keith Hardt, Electric Director; Mick Reed, Police Chief; Ray Midgett, Information Technology Director; Susan Hodges, Human Resource Director; Mike Voss, of the Washington Daily News and Delma Blinson, of the Beaufort Observer.

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

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

Councilman Mercer requested moving Consent Item B: Adopt – Capital Project Ordinance RZEDB Fire Station Roof Project and Consent Item C: Adopt- Budget Ordinance Amendment to reduce General Fund and Storm Water Fund revenues and appropriations to establish these projects as Capital Projects to Old Business as item F & G; this will move Old Business Item F to Old Business Item H: Adopt – Capital Project Ordinance RZEDB Storm Water Drainage Projects; Old Business Item G to Old Business Item H: Memo -2010-2011 Fee Manual: Electric Deposits; Old Business Item H to Old Business Item I: Adopt – Resolution authorizing the City Manager to request for grant assistance from the State of North Carolina through the Construction Grants and Loans Section of the Division of Water Quality for the construction of a new pump station near Main and Respass and approve request for transfer of funds. Additionally, Councilman Mercer requested to add Old Business Item K: Adopt Resolution in Support of US 17 Comprehensive Study.

Mayor Jennings requested adding two items under XII. Any other business from the Mayor or other Members of Council. Item A. Clarify Minutes of 7-26-10 and item B. Discuss – Letter from Groundwater Management Associates, Inc. (GMA) – Cope and Costs for Environmental Services for property located at 131 Bridge Street.

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

### **CONSENT AGENDA**

By motion of Mayor Pro tem Roberson, seconded by Councilman Pitt, Council approved the Consent Agenda as amended.

- A. Adopt – budget ordinance to appropriate funds for the purchase of property from Ms. Annie Mayo and Mr. Floyd Banks

### **AN ORDINANCE TO AMEND THE BUDGET ORDINANCE OF THE CITY OF WASHINGTON, N.C. FOR THE FISCAL YEAR 2010-2011**

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

Section 1. That account number 10-00-4400-7100, Land Acquisition, portion of the General Fund appropriations budget be increased in the amount of \$182,000 to provide funds for the purchase of the Annie Mayo Floyd Banks properties.

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Section 2. That the Estimated Revenues in the General Fund be increased in the amount of \$182,000 in the account Fund Balance Appropriated, account number 10-00-3991-9910.

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 9<sup>th</sup> day of August, 2010.

s/Cynthia S. Bennett  
City Clerk

s/N. Archie Jennings,III  
Mayor

- B. Move to Old Business Item F Adopt – Capital Project Ordinance RZEDB Fire Station Roof Project
- C. Move to Old Business Item G Adopt – Budget Ordinance Amendment to reduce General Fund and Stormwater Fund Revenues and appropriations to establish these projects as Capital Projects
- D. Declare Surplus/Authorize – sale of vehicle through electronic auction using GovDeals

#607	2002 Ford F750 Bucket Truck w/ 2002 Warner WL14OFC-HD Body	3FDXF75H72MA3 1178 02030	142,220
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**ADOPT – ORDINANCE TO AMEND CHAPTER 40, SECTION 40-93, TABLE OF USES, OF THE CODE OF ORDINANCES OF THE CITY OF WASHINGTON**

Mayor Jennings opened the public hearing. Planning Director, John Rodman requested Council accept the recommendation of the Planning Board and approve the Ordinance to amend Chapter 40, Article IV, Zoning districts, Section 40-93, Table of Uses. Mr. Rodman stated that with the addition of a proposed Police Station in the AP (Airport) Zoning District a request has been made by the Department of Planning and Development of the City of Washington to add Police Stations & Fire Stations as a special use in the aforementioned zoning district. A Special Use Permit will require approval from the City of Washington's Board of Adjustment. Mr. Rodman stated Police and Fire Stations are normally grouped together as Governmental Buildings but this in no way indicates there is going to be a Fire Station located on that piece of property.

There being no further comments, the public hearing was closed.

By motion of Councilman Mercer, seconded by Councilman Pitt, Council approved the Ordinance amending the Table of Uses for the Airport Zone to include Fire Stations & Police Stations.

**An Ordinance to Amend Chapter 40, Zoning, Article IV, Section 40-93, of the City of Washington Code**

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

Section 1. That Chapter 40, Article Lv. Zoning Districts, Section 40-93, Table of Uses, be amended by adding Police Stations and Fire Stations, as a Special Use in the Airport (AP) Zoning District.

Section 2. This Ordinance shall become effective upon it adoption.

Section 3. All ordinances or parts in conflict herein are repealed.

Adopted this the 9<sup>th</sup> day of August, 2010.

s/Cynthia S. Bennett  
City Clerk

s/N. Archie Jennings, III  
Mayor

**DISCUSSION – STATUS OF CURRENT GRANTS (2010 DEPARTMENTAL AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) AND (NON-ARRA FUNDING OPPORTUNITIES)**

Chief Financial Officer, Matt Rauschenbach presented a summary of current grant projects and their status, which includes:

- Energy Efficiency in Government Building Grant
- Main Street Energy Fund
- Project Description Eligible Amount

**Notifications and Awards:**

- None

**Submittals:**

- **Energy Efficiency in Government Buildings Grant** (Government Round 2). The North Carolina State Energy Office (SEO) re-released its solicitation for proposals from local governments, public K-12 schools and community colleges for energy efficiency upgrade projects. The focus of this grant is to reduce energy consumption and provide jobs or retain existing jobs. Funds come from the American Recovery and Reinvestment Act of 2009. Institutions must follow competitive bid process requirements for proposed projects. The City of Washington is submitting a proposal to upgrade lighting in ten municipal buildings (City Hall, Brown Library, Civic Center, Peterson Building, Susie Grey McConnell Center, Bobby Andrews Center, Impressions building, Communications Center, Fire Station #1 and Warren Airfield, Proposed actions:
  - Replace light bulbs ( switching T-12 to T-8 or T-5) and ballasts;
  - Install lighting control technology, including occupancy sensors;
  - Install Dectron energy kit, heating element for pool
- **Main Street Energy Fund:** The State Energy Office has released the Request for Proposals just as Bianca Gentile went out on maternity leave. DWOV has contracted the services of Ellen Hoj to assist with grant preparation. This program is designed to assist NC Main Street municipalities with energy upgrades in the central business district. Eleven local businesses received FREE energy audits and five will likely apply: Inner Banks Arts Center, The Moss House, Ruff Kuttz and Haven's Wharf. Application will be submitted August 6<sup>nd</sup>, 2010.

**Potential projects:**

- **Energy and Transportation grant** The North Carolina State Energy Office (SEO) will award a portion of its Energy Efficiency Community Block Grants (EECBG) American Recovery and Reinvestment Act (ARRA) funding to City and County governments, public schools K-12, and community colleges for Projects in the **transportation sectors**. Awards may be made for Projects that further the goals stated below:

- ✓ Improving energy efficiency and reducing energy consumption;
- ✓ Displacing petroleum usage;
- ✓ Creating and/or retaining jobs;
- ✓ Reducing greenhouse gas (GHG) and criteria pollutant emissions; and
- ✓ Implementing Projects that could be replicated around the state.

**Project Description Eligible Amount**

- ✓ Installation of refueling/recharging infrastructure for alternative fuel vehicles up to 50% of cost

- ✓ Conversion of existing fuel storage tanks to ethanol or biodiesel up to 100% of cost
- ✓ Purchase of advanced technology vehicles up to 50% of incremental cost
- ✓ Lease of advanced technology vehicles up to 50% of incremental cost
- ✓ Installation of idle reduction mechanisms Up to 50% of cost
- ✓ Vehicle conversions, repowers, and retrofits up to 100% of cost
- ✓ Installation of LED street lighting, LED traffic signals, or signal synchronization up to 100% of cost

**If a project is identified, the City been asked to submit a project as a sub grantee of the NC Solar Center. NC Solar Center would be the grantee, thus the city's reporting requirements would be minimal.**

#### **HUMAN RELATIONS COUNCIL**

**Ms. April Corbett & Mr. Isaac Barrett** – Project Next Step Coordinator, Ms. Corbett and assigned Gang Prevention Specialist, Officer Barrett discussed the introduction of summer program Camp D.R.E.A.M. (Dedicated to Rebuilding, Educating, Achieving, and Motivating the youth and community).

Summer Program began June 28 and continues to August 13  
8 am-1pm on Monday-Thursday

Located in Old Fort Housing Authority Office

Teachings include but are not limited to:

- GREAT (gang resistance education awareness training)
- Literacy classes
- Drug awareness classes
- Alcoholism awareness classes
- HIV prevention classes
- Social skills classes
- Street Smarts
- Helmet Safety
- Seatbelt Safety
- Role Models
- Guest Speakers

\*Breakfast and Lunch provided by Eastern Elementary School

Officer Barrett discussed the collaborative effort with the Boys and Girls Club, Beaufort County Sheriff's Dept., and Project New Hope. Officer Barrett shared the necessity of more volunteers. There are approximately 30 children attending with only two parents that have volunteered.

**Joint meeting with Greenville HRC Broad** –Councilman Pitt shared that Ms. Cassandra Daniels had been on vacation and a meeting date could not be finalized.

**Note:** The Human Relations Council was responsible for contributing over \$3,000 through sponsorship in support of the Negro League Baseball Dedication

#### **WASHINGTON HARBOR DISTRICT**

Washington Harbor District Director, Beth Byrd stated she had received the North Carolina Annual Report and will have it available for Council review next month. Ms. Byrd reminded everyone that tickets are available for Pickin' on the Pamlico.

#### **FINANCIAL REPORTS**

Mayor Jennings polled Council regarding any questions they have concerning Purchase Orders.

Mayor Pro tem Roberson expressed his concerns of software being purchased by the Planning Department. Chief Financial Officer, Matt Rauschenbach advised Council that it was for rights to use grant administration software noting that several staff members had attended a webinar in June. This software would enhance the City's ability to understand grants that are available, apply for those grants, and manage grants awarded.

Councilman Mercer stated he understands when the City borrows money for installment purchases that money is borrowed from a lending institution for specific activities. Councilman Mercer said to his knowledge we did not have any installment purchases in the 09-10 budget. Everything in the 09-10 budget that was an installment purchase was already a carry-over from the 08-09 budget. Councilman Mercer pointed to several purchase orders that was of particular concern. If the money was carried over from last year the monies from the preceding budget, he assumes there was a purchase order issued to a vendor for the amount of money borrowed for the items purchased. A year later, we haven't spent that money and we will carry it over another year for projects. After reviewing the list of purchase orders, he was "upset" with the number of last-minute purchase orders being made. There was a purchase order for a project that had been completed, if the project was completed and just waiting for invoices, why should we write another purchase order? He felt that certain practices related to purchase orders give some City accounts "slush funds" when it comes to making some purchases. Mayor Pro tem Roberson and Councilman Mercer expressed concerns with the proliferation of purchase orders during June, the last month of the 2009-2010 fiscal year and with the amount of those purchase orders totaling \$3.1 million. Also, Councilman Mercer addressed concerns with grants. When a grant is issued the purchase order wasn't written shortly after and he cited several examples for both purchase orders and grants.

By motion of Councilman Mercer, seconded by Mayor Pro tem Roberson, Council approved for staff to adopt a policy that brings to Council every purchase order in excess of \$20,000 and all vehicle purchases. This information should be given to Council in the Consent agenda. Discussion followed: Motion passed by 3-2 vote. Councilman Mercer, Mayor Pro tem Roberson and Councilman Davis voted for the motion with Councilman Pitt and Councilman Moultrie voting against the motion. Motion carried.

Mr. Rauschenbach shared this will make it more inefficient for staff to do their job and cited several reasons why. Mr. Rauschenbach addressed the purchase order concerns and shared the installment purchases from 08-09 was deferred because mid-year utilities increases and spending was deferred to the end of last fiscal year so the Electric Fund could save that debt service. The debt actually happened around the end of June or July. The bulk was for Electric System projects which often include "made to order" equipment with delivery lead time of a year or more. The installment purchases are now complete. Mr. Rauschenbach provided information on other purchase orders and clarified how the practice of carrying over can change depending on the circumstance. Mr. Rauschenbach stated there are no "slush funds" and each City department does a good job when it comes to fiscal responsibility. The carry-over project balances will become clear by the end of August when all prior year invoices have been received and paid. We expected unspent project balances at that time and that amount will flow to fund balance. Councilman Mercer questioned this reasoning of deferring borrowed money when Council pointed out and agreed upon that we had the \$500,000 contingency and it would cover the \$500,000 for the remaining five months of that fiscal year that was caused by the increase in the Electric rate. Mr. Rauschenbach suggested this was before his time and Councilman Mercer agreed that it was. Also, Chief Reed noted what happens when it comes to police cars with State contracts – between the time you budget for the vehicle and the time you actually receive the vehicle.

Mayor Jennings pointed out it is difficult for Council to sort out the carrying over (etc.) and recalls he asked earlier in the year to try to steer away from the practice of bringing everything forward all at one time. Council must have this information and it is hard to sort through this procedure. Mayor Jennings requested to have some practice employed where the money is spent a lot closer to when it is actually requested.

Council Davis mentioned other municipalities that have project budgets and the money is put aside and not placed in the budget every year. It would be easier for him to understand this practice. Councilman Mercer recognized this as being right and has advocated this for a long time but stated there are projects that come before Council that are not project type material.

### **APPOINTMENTS**

Mayor Jennings called for appointment to the Human Relations Council. Councilman Pitt explained there were some confusion last month and that Ms. Lovick had expressed a desire that she no longer wished to serve. Councilman Pitt recommended the Clerk advertise for the remaining position along with other vacancies and will take those up next month.

By motion of Councilman Pitt, seconded by Councilman Mercer, Council appointed **Marisol Barr** to the Human Relations Council, to fill the expiring term of **Cynthia Lovick**, term to expire June 30, 2013.

### **ADOPT – RESOLUTION FIXING DATE FOR PUBLIC HEARING ON THE CONTIGUOUS ANNEXATION OF THE WHEAT FIELD SUBDIVISION LOCATED ON OLD BATH HIGHWAY AND CONTAINING 35.14 ACRES**

Planning Director, John Rodman stated that Council had adopted a resolution on July 26, 2010 directing the Clerk to investigate the petition presented for a contiguous annexation. The Clerk has certified the petition and the Planning Board requests that Council set the public hearing for the September 13<sup>th</sup> meeting.

By motion of Councilman Davis, seconded by Councilman Moultrie, Council approved setting the public hearing for the September 13<sup>th</sup> meeting. Mayor Pro tem Roberson amended the motion to reflect six months from the date of adoption.

### **RESOLUTION FIXING DATE OF PUBLIC HEARING ON QUESTION OF ANNEXATION PURSUANT TO G.S. 160A-31**

WHEREAS, a petition requesting annexation of the contiguous area described herein has been received; and

WHEREAS, the City Council has by resolution directed the City Clerk to investigate the sufficiency of the petition; and

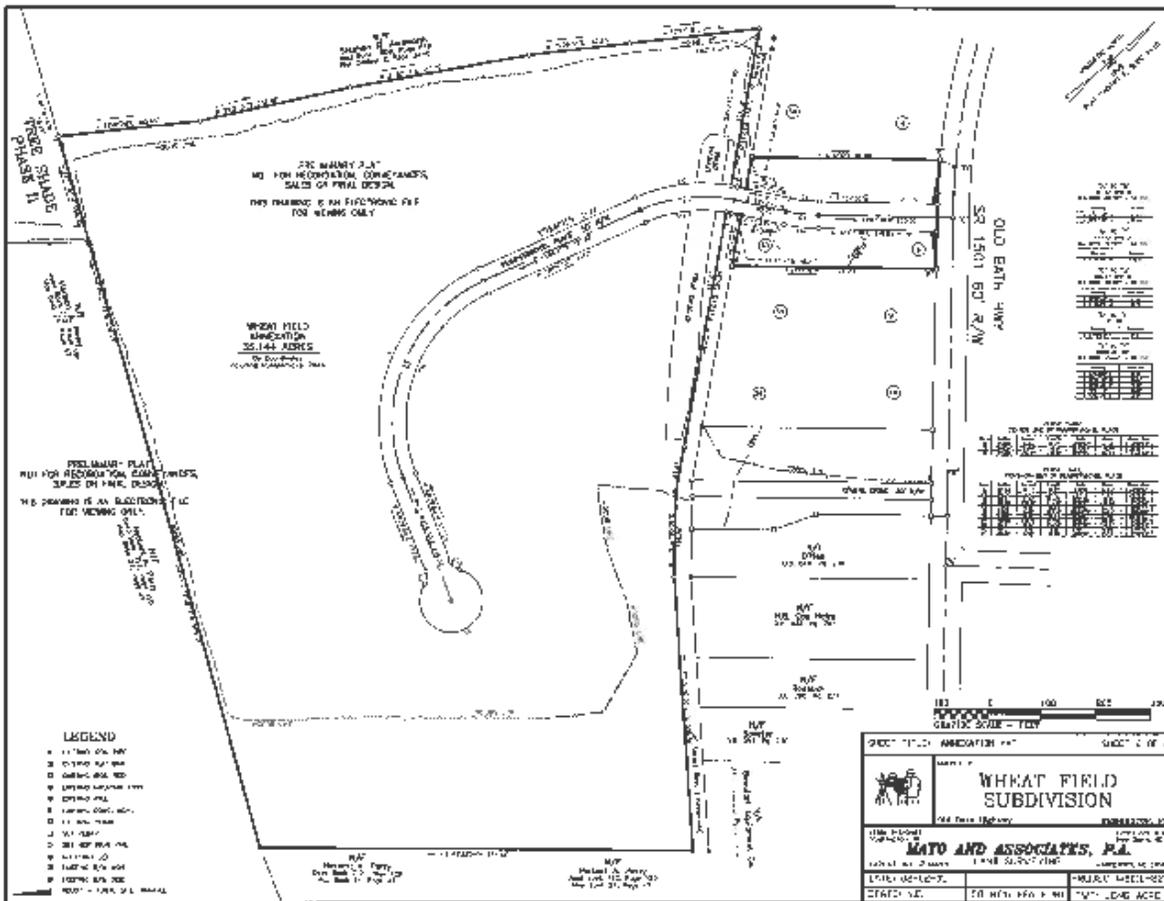
WHEREAS, certification by the City Clerk as the sufficiency of the petition has been made;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Washington, North Carolina that:

Section 1. A public hearing on the question of annexation of the non-contiguous area described herein will be held at the City Council Chambers on the 2<sup>nd</sup> floor of the municipal building located at 102 East 2<sup>nd</sup> Street at 6:00 p.m. on Monday, September 13, 2010.

Section 2. The area proposed for annexation is described as follows:

Being all of that tract of land noted on that survey "Annexation Map, Wheat Field Subdivision" by Mayo and Associates, P.A. dated February 2, 2005 and being located in Long Acre Township, Beaufort County North Carolina and being more particularly described as follows;



Together with and subject to covenants, easements, and restrictions of record. Said property contains 35.14 acres more or less.

Section 3. Notice of the public hearing shall be published once in the Washington Daily News, a newspaper having general circulation in the City of Washington, at least ten (10) days prior to the date of the public hearing.

**APPROVE – A PROGRAM AMENDMENT FOR THE CAPACITY BUILDING GRANT # 08-C-1812**

Director of Planning, John Rodman noted this was a grant issued in 2008 for Capacity Building in conjunction with the City of Washington and Washington Housing Incorporated. Mr. Rodman shared with Council that the money had already been spent. The grant will be closing out at the end of the month since it has been a two year period. There is approximately \$1300 left in the budget, approximately \$50,000 spent on personnel and salaries, \$1200 on training, \$850 on travel and \$4500 on planning.

Due to lack of funding from additional sources Washington Housing Incorporated proposes to eliminate the hiring of an additional staff person as a function of the grant. The Division of Community Assistance requires a program amendment to reflect the change of services. Mayor Pro tem Roberson disagreed with spending the money the way you want for grants and not for the original intent and Councilman Mercer agreed. Mr. Rodman explained that the majority of the money was spent on most of the eligible items. Mayor Pro tem Roberson had a question on subsection 5 concerning the 25 lots. Mr. Rodman stated the Housing Authority would get the money from the new HD grant (the City has applied for an awarded this grant). Discussion followed.

By motion of Councilman Mercer, seconded by Mayor Pro tem Roberson, Council supported a program amendment for the project description as outlined. **However**, Council directed that a letter be written from the City of Washington stating if Washington Housing Incorporate deviates from any future grant structure without notifying the City, we will not approve any future narrative changes.

**APPROVE – POSTPONING FURTHER ACTION ON THE SLIP LANE FROM W. MAIN ST. TO STEWART PARKWAY PENDING REPORT FROM NCDOT**

By motion of Councilman Mercer, seconded by Councilman Roberson, Council approved postponing further action on the slip lane until they receive a report from NCDOT.

**MEMO – BRICK CROSSWALKS AT THE INTERSECTION OF STEWART PARKWAY AND RESPESS STREET**

Public Works Director, Allen Lewis stated that on the direction of Councilman Mercer he contacted Mr. Ross Boyer who did the work at Harding Square and inquired if he could possibly do this type of work. Mr. Boyer stated he could and would provide a proposal with the brick similar to what is there now. Councilman Mercer clarified that he had not directed Mr. Lewis just inquired if he had contacted Mr. Boyer.

By motion of Mayor Pro tem Roberson, seconded by Councilman Davis, Council agreed to award contract to Mr. Ross Boyer not to exceed \$17,000 for repairs on existing brick crosswalks at the intersection of Stewart Parkway and Respass Street to appropriate fund balance out of the Powell Bill Funds.

Councilman Mercer inquired if that would give Mr. Lewis enough money to repair the drainage problem that he had mentioned several times, Mr. Lewis responded “hopefully”. Mr. Lewis stated he will give an update on August 23, 2010 if there is a need for more money.

(Begin Memo)

This is a follow-up to the request from Council on April 12 and May 10 regarding the above subject.

As a reminder, staff was asked to look into making repairs to the existing brick crosswalks rather than replacing them with concrete. It was suggested that we contact the City of New Bern. After speaking with the street superintendent as well as the contractor, it became apparent that the installation of their brick crosswalks was entirely different that what was done on our waterfront. Significant costs would be incurred to remove the existing pavers, as well as the concrete trench underneath, to install brick crosswalks similar to that done by the New Bern. Contact was then made with the original designer of the existing crosswalks, Mr. Bill Foreman who, in turn, contacted the contractor, Fred Adams Paving Company, Inc., that installed the original crosswalks. Both agreed that the concrete trench that the existing brick pavers are set in needs to have holes drilled through it to allow stormwater runoff to drain through rather than sitting in the concrete trench.

At the May 10, 2010 Council meeting, I was instructed to place the proper funding in the budget for my recommendation for the repair of the crosswalks and that it would be discussed during the budget workshop. During budget workshops, we never went through this specific issue due to looking at the broad spectrum of cuts city-wide. Due to the cuts, particularly within the Powell Bill fund, I would suggest that we replace the existing brick with stained concrete as I suggested back in April for an approximate material cost of \$3,000. City forces will be utilized for all labor involved. The other proposals from various contractors for stamped concrete, stamped asphalt or “permanent” repair of the existing brick, ranged in price from \$8,000 to \$17,700. (end memo)

**MEMO – MUNICIPAL AGREEMENT WITH THE NORTH CAROLINA  
DEPARTMENT OF TRANSPORTATION FOR PROJECT W-5008 –  
WIDENING 15<sup>TH</sup> STREET**

Mayor Pro tem Roberson inquired as to where the \$135,000 would come from and Mr. Lewis informed Council that the \$135,000 was being provided by the State anything exceeding the \$135,000 would be the City's responsibility. Councilman Mercer noted the memo indicates that Mr. Lewis is still reviewing the cost of the proposal that is being presented. Councilman Mercer recognized there is \$285,000 discussed within the memo. The City does not have any indication of what the total cost of the project may be and Mr. Lewis noted this is the reason why it is in a memo form at this time. No action will be required tonight.

Councilman Davis inquired if the City would have to bear the cost of the drainage ditch and Mr. Lewis suggested NCDOT would pipe this as part of the project.

Mayor Jennings stated that appraisal and everything would still need to be done and Mr. Lewis agreed.

(Begin Memo)

This is in reference to the attached agreement noted above.

The referenced agreement is for the widening of 15<sup>th</sup> Street to provide for a center turn lane from approximately 400 LF west of Washington Street to approximately 400 LF east of Pierce Street. Some key features for consideration in of approving this agreement are that the City shall be responsible for right of way acquisition costs which exceed \$135,000 and utility relocation costs that exceed \$150,000. At this time, staff is still reviewing recently revised plans which significantly reduced right of way acquisition necessary for the project to determine if these figures are sufficient to cover the costs associated with utility relocation. As such, this agreement is submitted for your review only at this time.  
(End Memo)

**MOVE FROM CONSENT - ITEM B: ADOPT – CAPITAL PROJECT  
ORDINANCE RZEDB FIRE STATION ROOF PROJECT**

Councilman Mercer expressed his concerns with adopting the Project Ordinance pursuant the Chapter 159 -13.2 of the General Statutes. Councilman Mercer stated under this particular Statutes it states in this section Capital Projects means project finance in whole or in part by the proceeds of bonds, notes or debt instruments or a project involving in the construction or acquisition of a Capital Project. Councilman Mercer stated when Council went through the budget process; Chief Rose recognized he had a leaky roof. Chief Rose budget requested a maintenance item for the repair of the roof of \$42,000 in which Council approved. Councilman requested leaving the \$42,000 in the budget as a maintenance item under the Fire Department budget.

Mr. Rauschenbach explained it was in the original budget as part of the Recovery Zone discussions in which Council authorized staff to go up to a certain amount. It ended up being four million dollars primarily for the stormwater projects. It was brought to Council's attention that we needed to have something that we could place a lien on as part of the project and stormwater funds would not work. You could apply it to something like the Fire Station or improvement to City Hall for that debt issuance. The final budget approved by City Council for Recovery Zone Bond issuance for \$42,000. Councilman Mercer requested a time line for the issuance for the Bond and Mr. Rauschenbach referred to the schedule when requesting the initial request to the Department of Commerce allocation and believes that was done in June and the time line would be in December. Application will be submitted to the LGC twenty eight days prior and

after they approve the debt, the debt would then be issued this calendar year prior to January 1<sup>st</sup>. Councilman Mercer stated he understood. He was under the impression it was going through the normal process of selling bonds and it would be next year before they would be sold.

By motion of Mayor Pro tem Roberson, seconded by Councilman Moultrie, Council adopted a Capital Project Ordinance to appropriate funds for the recovery zone economic development Fire Station #1 roof replacement project.

**A CAPITAL PROJECT ORDINANCE FOR THE RECOVERY ZONE BOND  
FIRE STATION ROOF REPLACEMENT PROJECT  
CITY OF WASHINGTON, N.C.  
FOR THE FISCAL YEAR 2010-2011**

**BE IT ORDAINED** by the City Council of the City of Washington, North Carolina, that pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following capital project ordinance is hereby adopted:

Section 1. The project authorized is for replacement of Fire Station #1's roof funded by Recovery Zone Economic Development Bonds.

Section 2. The officers of this unit are hereby directed to proceed with the project within the terms of the bond documents.

Section 3. The following amounts are appropriated for the project:

59-10-4340-7400	Capital Outlay	\$42,000
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Section 4. The following revenue is anticipated to be available for this project:

59-10-3920-9200	Recovery Zone Bond Proceeds	\$42,000
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Section 5. The Finance Officer is hereby directed to maintain within the Capital Project Fund sufficient detailed accounting records to satisfy the requirements of the grantor agency and grant agreement.

Section 6. Funds may be advanced from the General Fund for the purpose of making payments that are due. Reimbursement requests should be made to the loan agency in an orderly and timely manner.

Section 7. The Finance Director is directed to report, on a monthly basis, the financial status of each project element in Section 3 and on the total grant revenues received or claimed.

Section 8. The Budget Officer is directed to include a detail analysis of past and future costs and revenues on this capital project in every budget submission made to the City Council.

Section 9. Copies of this capital project ordinance shall be furnished to the City Clerk, Budget Officer, and Finance Director for direction in carrying out this project.

Section 10. All ordinances or parts of ordinances in conflict herewith are hereby repealed.

Section 11. This ordinance shall become effective upon its adoption.

Adopted this the 9th day of August, 2010.

s/Cynthia S. Bennett  
City Clerk

s/N. Archie Jennings, III  
Mayor

**MOVED FROM CONSENT- ITEM C: ADOPT – BUDGET ORDINANCE  
AMENDMENT TO REDUCE GENERAL FUND AND STORM WATER FUND  
REVENUES AND APPROPRIATIONS TO ESTABLISH THESE PROJECTS AS  
CAPITAL PROJECTS**

By motion of Councilman Mercer, seconded by Mayor Pro tem Roberson, Council adopted a Budget Ordinance Amendment to reduce General Fund and Storm Water Fund revenues and appropriations.

**AN ORDINANCE TO AMEND THE BUDGET ORDINANCE  
OF THE CITY OF WASHINGTON, N.C.  
FOR THE FISCAL YEAR 2010-2011**

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

Section 1. That the Estimated Revenues in the Storm Water Fund be decreased in the amount of \$3,958,000 in the account Recovery Bond Proceeds, account number 34-90-3710-8900.

Section 2. That account number 34-90-5710-7400, Capital Outlay, portion of the Storm Water Fund appropriations budget be decreased in the amount of \$3,958,000.

Section 3. That the Estimated Revenues in the General Fund be decreased in the amount of \$42,000 in the account Recovery Zone Bond Proceeds, account number 10-00-33920-9200.

Section 4. That account number 10-10-4340-7400, Capital Outlay, portion of the General Fund appropriations budget be decreased in the amount of \$42,000.

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 9<sup>th</sup> day of August, 2010.

s/Cynthia S. Bennett  
City Clerk

s/N. Archie Jennings, III  
Mayor

**ADOPT – CAPITAL PROJECT ORDINANCE RZEDB STORM WATER  
DRAINAGE PROJECTS**

Councilman Mercer requested the following changes: Section 1. following the word improvement insert the word "primarily" in the Jack's Creek basin and add a new Section 7. with the language being provided by Councilman Mercer and the remaining sections be re-numbered 8,9,10,11, &12. Please note the language below:

**New Section 7. Language:** In order to repay the debt service from the proceeds of the Bond sales, the City will annually appropriate funds from the revenue generated by collection of Stormwater Fees until adequate funds are available for the repayment of the debt. In no case shall the appropriation be less than \$400,000 a year.

By motion of Councilman Mercer, seconded by Council Davis, Council adopted an amended Capital Project Ordinance RZEDB Storm Water Drainage Projects with a new section 7 and with the inclusion of the word "primarily" in section 1. **Councilman Mercer amended motion:** fees adequate or available for the repayment of the debt but in no case shall the appropriation be < \$400,000 a year.

Mr. Rauschenbach requested clarification and Councilman Mercer stated if the stormwater fees that are in place this year generates \$300,000 that every year from now on that appropriation would not be less than \$300,000. If you have to adjust the stormwater fee schedule to insure that you get that \$300,000 then you would do so. Mr. Rauschenbach noted when looking at the project proposal after removing the labor out of the stormwater fund back to the general fund based on projections in this year's budget the stormwater fees are approximately \$500,000 and after you reduce the stormwater operations (etc.) you will end up with a little north of \$300,000 a year. The positive cash flow into the stormwater would be available for debt service. Councilman Mercer stated if you put the \$500,000 into debt service for this project you will have enough to pay it off in roughly eight years. Mayor Jennings suggested we don't have \$500,000 not according to Mr. Rauschenbach. Mr. Rauschenbach stated the net is \$305,000 and the debt service for this will be \$345,000 for the \$3,958,000 and explained where the monies would be applied. Mr. Rauschenbach noted there would be a \$40,000 shortfall in the net fees as they exist today unless some other expenses are moved back to the general fund. Approximately \$40,000 a year will have to be used out of the stormwater \$490,000 fund balance to make up the difference unless other action is taken. This will last twelve years and the debt is set up for fifteen years. Mr. Lewis mentioned the regular intent of the funds was for projects, so everyone is right in what has been stated. After the fees were enacted they went into salaries and routine maintenance so basically very little fund balance was accumulated. This past fiscal year, Council started cutting a big chunk out of this to the tune of \$305,000. The thought process was this is the first step and that the next fiscal year we would possibly look at funding more of those items that were left in the stormwater fund out of the general fund. Mr. Lewis suggested according to Mr. Rauschenbach figures another \$40,000-\$45,000 funded out of the general fund would completely cover the debt for the next fifteen years. Mayor Jennings elaborated by stating with the newly created cash flow from taking the positions out that gave us \$300,000 that we didn't have before. Also, we have \$490,000 in fund balance that we have accumulated over time. That \$490,000 plus the new cash flow covers the debt. The final number to pay back the debt on the 4 million dollars is \$345,000 per year. Councilman Mercer requested, at this time, to take the next big step and commit this money to projects and debt service and if we have personnel positions that need to be maintained, they should go some other place. **Point of clarification made by Mayor Jennings:** No one on this Council including this Mayor was in the group that changed the initial practice of voting to put positions there. Mayor Jennings stated we have a need for \$345,000 per year out of the \$500,000 to carry the debt. If we commit the entire \$500,000 we will retire it earlier but we will not have any flexibility around our fees and what we use them for above the \$345,000. Do we want to earmark all the fees for this particular bond issue? Mayor Pro tem Roberson inquired at what juncture are we just going to do Capital Improvement Programs for storm drainage and not include all this other information concerning i.e., salaries, nutrients (etc.) and Mayor Jennings noted there are no salaries in there now. Following discussion: Please see the amended motion.

**A CAPITAL PROJECT ORDINANCE FOR THE RECOVERY ZONE BOND  
STORM WATER PROJECTS  
CITY OF WASHINGTON, N.C.  
FOR THE FISCAL YEAR 2010-2011**

**BE IT ORDAINED** by the City Council of the City of Washington, North Carolina, that pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following capital project ordinance is hereby adopted:

Section 1. The project authorized is for storm water drainage improvements primarily in the Jack's Creek basin funded by Recovery Zone Economic Development Bonds.

Section 2. The officers of this unit are hereby directed to proceed with the project within the terms of the bond documents.

Section 3. The following amounts are appropriated for the project:

58-90-5710-7400	Capital Outlay	\$3,958,000
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Section 4. The following revenue is anticipated to be available for this project:

58-90-3710-8900	Recovery Zone Bond Proceeds	\$3,958,000
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Section 5. The Finance Officer is hereby directed to maintain within the Capital Project Fund sufficient detailed accounting records to satisfy the requirements of the grantor agency and grant agreement.

Section 6. Funds may be advanced from the General Fund for the purpose of making payments that are due. Reimbursement requests should be made to the loan agency in an orderly and timely manner.

Section 7. In order to repay the debt service from the proceeds of the Bond sales, the City will annually appropriate funds from the revenue generated by collection of Stormwater Fees until adequate funds are available for the repayment of the debt. In no case shall the appropriation be less than \$400,000 a year.

Section 8. The Finance Director is directed to report, on a monthly basis, the financial status of each project element in Section 3 and on the total grant revenues received or claimed.

Section 9. The Budget Officer is directed to include a detail analysis of past and future costs and revenues on this capital project in every budget submission made to the City Council.

Section 10. Copies of this capital project ordinance shall be furnished to the City Clerk, Budget Officer, and Finance Director for direction in carrying out this project.

Section 11. All ordinances or parts of ordinances in conflict herewith are hereby repealed.

Section 12. This ordinance shall become effective upon its adoption.

Adopted this the 9th day of August, 2010.

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

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

**MEMO – 2010-2011 FEE MANUAL: ELECTRIC DEPOSITS**

Councilman Mercer noted that the fee manual adopted last year when the budget was adopted had the language in there that is shown as being the 09-10

fee manual and he quoted the language contained in Section A. Councilman Mercer stated following some comments from the public and a meeting by the Washington Utilities Electric Advisory Committee, it was recommended that there be a number of changes to the fee policy. Basically those changes related to the number of extensions an individual could have. As well as, allowing the payment of the deposit to be in two or more payments as necessary, changing the deposit requirements for after cut off, capping the deposit for residential customers at \$200 or \$300 and then changing the language regarding the rebate of the deposit at the end of six months rather than fourteen months by an automatic credit to the account. When Council received the fee manual this year, it eliminated all that language concerning checking the credit and having a fee or deposit relative to whether you had a electric heat or non-electric heat or whether you were an owner or tenant and states that residential electric deposits will be capped at \$200. When you go to customer service, now, you automatically pay \$200 deposit and don't feel that was the intent of the Advisory Committee's action when the recommendation was presented. Last time we requested to modify the fee manual that we adopted this year to continue to contain that language regarding owner, tenant, electric and non-electric heat and language after that regarding capping the fees extension was in effect what the Advisory Committee recommended. Councilman Mercer requested to go back and have the 10-11 fee manual include the owner, tenant, electric and non-electric in the 10-11 fees. Mr. Rauschenbach clarified the \$200 deposit cap is not automatic. Each individual credit is checked at the time of application. If credit is deemed adequate then no deposit is required. If it is inadequate credit then the \$200 deposit applies. If a social security number is not provided then it is capped at \$300. Mayor Jennings noted to Councilman Mercer's point, the old fee schedule allowed some deposits less than \$200 and now if a deposit is required it is either \$200 or \$300. There is deposit currently less than that. Mr. Rauschenbach agreed and stated the old language was varying levels from \$50 to \$125 or at the City's discretion one twelfth of the annual charges based on the annual pay history. Councilman Mercer agreed and stated this is the language he wants put back. Councilman Roberson inquired if these were the six items recommended by the Washington Utilities Electric Advisory Board and Councilman Mercer said 'no'. First, part of the old fee schedule has been omitted and we would like to have that reinserted in the 10-11 fee schedule. Mr. Rauschenbach requested that if Council goes in this direction then he is of the opinion that we should explore how long that rate structure has been in place. Following discussion:

Council directed staff to reinsert the old fee schedule language and then they will review it.

**ADOPT – RESOLUTION AUTHORIZING THE CITY MANAGER TO REQUEST FOR GRANT ASSISTANCE FROM THE STATE OF NORTH CAROLINA THROUGH THE CONSTRUCTION GRANTS AND LOANS SECTION OF THE DIVISION OF WATER QUALITY FOR THE CONSTRUCTION OF A NEW PUMP STATION NEAR MAIN AND RESPESS AND APPROVE REQUEST FOR TRANSFER OF FUNDS - \$600,000**

Public Works Director, Allen Lewis asked to delete the language and approve request for transfer of funds. Mr. Lewis stated this is just formalizing what had been discussed with Council numerous times. There is some funding possibly available that would allow the City to rebuild this pump station with up to 50% principal forgiveness loan. The remainder balance of the loan would be at a low interest State Revolving Loan Fund which is typically ½ of the prime but should not exceed 3%. Prior to going forth with any construction, it will come back to Council for approval, if anything is awarded.

Councilman Mercer inquired how much money is being requested and Mr. Lewis stated \$600,000.

By motion of Councilman Davis, seconded by Councilman Mercer, Council adopted a resolution authorizing the City Manager to request loan assistance from the State of North Carolina through the Construction Grants and Loans Section of the Division of Water Quality for the construction of a new pump station at Main and Respass and not to exceed application cost of \$600,000.

Mayor Pro tem Roberson inquired as to the location and Mr. Lewis stated it is located in the parking lot behind the old Fowle building.

**AUTHORIZING RESOLUTION BY GOVERNING BODY OF THE APPLICANT**

**WHEREAS**, The Federal Clean Water Act Amendments of 1987 and Safe Drinking Water Act Amendments of 1996 and the North Carolina Water Infrastructure Act of 2005 (NCGS 159G) have authorized the making of loans and grants to aid eligible units of government in financing the cost of construction of wastewater or drinking water system improvements, and

**WHEREAS**, The City of Washington has need for and intends to construct a new Pump Station above the 100 year flood level to replace the existing Main & Respass Pump Station which is below the 100 year flood level, to prevent flooding and pollution, and

**WHEREAS**, The City of Washington intends to request state grant or loan assistance for the project,

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

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

That the City of Washington will adopt and place into effect on or before completion of the project a schedule of fees and charges and other available funds which will provide adequate funds for proper operation, maintenance, and administration of the system and the repayment of all principal and interest on the debt.

That the City of Washington agrees to include in the loan agreement a provision authorizing the State Treasurer, upon failure of the City of Washington to make scheduled repayment of the loan, to withhold from the City of Washington any State funds that would otherwise be distributed to the local government unit in an amount sufficient to pay all sums then due and payable to the State as a repayment of the loan.

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

That James C. Smith, City Manager, and successors so titled, is hereby authorized to execute and file an application on behalf of the City of Washington with the State of North Carolina for a grant or loan to aid in the construction of the project described above.

That James C. Smith, City Manager, and successors so titled, is hereby authorized and directed to furnish such information as the appropriate State agency 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 Federal and State grants and loans pertaining thereto.

Adopted this the 9<sup>th</sup> day of August, 2010, at Washington, North Carolina.

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

**ADOPT - RESOLUTION IN SUPPORT FOR HIGHWAY 17**

Councilman Mercer referred to an email that was mailed out to City Council last week containing a letter from Marc Finlayson with a proposed Resolution attached.

By motion of Councilman Mercer, seconded by Mayor Pro tem Roberson, Council adopted a Resolution in support of the application to Golden Leaf for Highway 17 to conduct an environmental impact analysis.

**RESOLUTION IN SUPPORT OF US 17 COMPREHENSIVE STUDY**  
**WHEREAS**, US 17, the Ocean Highway, was once the primary north-south transportation route in the coastal plain of eastern North Carolina; and,

**WHEREAS**, the building of the Interstate Highway System diverted significant amounts of traffic away from US 17; and,

**WHEREAS**, US 17 has not received the attention and funding required to upgrade the facility, leaving more than 50 miles in dangerous, inadequate two lane condition; and,

**WHEREAS**, because of a lack of an improved US 17, eastern North Carolina lags behind the rest of the state in recruiting manufacturing industry, attracting tourists to the region's destinations, providing the transportation infrastructure needs of our state's two ocean ports and meeting the growth demands of the military; and,

**WHEREAS**, there is substantial amount of poverty, economic distress and social difficulty in eastern North Carolina due to the lack of economic opportunity that safe and adequate highways provide; and,

**WHEREAS**, an improved US 17 will enable eastern North Carolina to recruit and retain industrial jobs whose companies require access to four lane highways that will link products and services to eastern US markets; and,

**WHEREAS**, an improved US 17 will enable the tourism industry to showcase the wonderful recreational, environmental and heritage tourist destinations found in eastern North Carolina, that other states can promote because of access to the interstate System; and

**WHEREAS**, an improved US 17 will greatly enhance the ability of North Carolina's ocean ports at Wilmington and Morehead City to move goods in and out of those facilities and link the ports to markets across the country; and

**WHEREAS**, some of the most strategically important military bases in the United states are found in eastern North Carolina, and whose growth is negatively impacted by an unsafe, inadequate two lane US 17 and

**WHEREAS**, the true benefit of US 17 as a fully improved, four lane coastal corridor cannot be known definitively unless a comprehensive economic impact analysis is conducted; and

**WHEREAS**, such an economic impact study for the US 17 corridor will encourage the North Carolina Department of Transportation to fully fund the improvements to the highway and accelerate the planning, design, permitting, right of way and construction processes; and,

**WHEREAS**, such a study will provide reliable facts and data and insightful analysis that will greatly benefit counties, municipalities and regional economic partnerships in their business recruitment and development activities.

NOW, THEREFORE, BE IT RESOLVED THAT THE UNDERSIGNED, N. ARCHIE JENNINGS, III, MAYOR OF THE CITY OF WASHINGTON, DOES HEREBY JOIN WITH ITS NEIGHBORS ON THE US 17 CORRIDOR IN REQUESTING THAT FUNDS IN THE AMOUNT OF AT LEAST \$250,000 BE APPROPRIATED, GRANTED OR OTHERWISE PROVIDED TO ENABLE THE COMPLETION OF A COMPREHENSIVE STUDY TO DEMONSTRATE THE ECONOMIC IMPACT OF A FOUR LANE CORRIDOR FOR EASTERN NORTH CAROLINA

s/N. Archie Jennings, III  
Mayor

#### **CLARIFICATION OF MINUTES DATED 7-26-10**

Mayor Jennings called for clarification of a motion made on the minutes dated July 26, 2010. Council originally passed the 0.50 cents tax rate to include 1 ½ to public facilities. After that, Councilman Mercer recalled that we actually said specific to “public safety capital reserve fund”. After reviewing the tape, that wasn’t what was said.

Mayor Jennings requested to correct this by simply allowing the minutes to stand as originally stated and then clarify that in the context of 0.50 cents tax rate the phrase public facilities actually meant to be stated as “**public safety capital reserve fund**”. This will clarify the statement in context which will allow the original minutes to stand. Mayor Pro tem Roberson agreed with this statement and liked the clarity.

By motion of Mayor Pro tem Roberson, seconded by Council Davis, Council agreed to clarify the minutes as mentioned above.

City Attorney, Franz Holscher stated so we will allow the minutes to remain unchanged when Council approved the minutes it was with the understanding there would be a correction to amplify that public facilities meant “public safety capital reserve fund”. Council agreed that it was modified tonight by the request made by Mayor Jennings and would be footnoted.

#### **DISCUSSION – LETTER DELIVERED TO CITY ATTORNEY FRANZ HOLSCHER FROM GROUNDWATER MANAGEMENT ASSOCIATES, INC (GMA) SCOPE AND COSTS FOR ENVIRONMENTAL SERVICES FOR PROPERTY LOCATED AT 131 BRIDGE STREET**

Mayor Jennings call Councils attention to the letter received from Groundwater Management Associates, Inc. (GMA). Mayor Jennings stated this was relative to action taken at the last meeting where we allowed a \$5,000 cap for a full environmental assessment. Mr. Holscher stated he understood the directive from Council was to approve phrase I not to exceed \$5,000. He in turn contacted GMA and asked Ms. Jarvis if that would provide the City with the information necessary for Council to make an informed decision. Ms. Jarvis responded that she doesn’t think she can do enough for \$5,000 and feels it needs to be \$6,500. This will allow her to do some actual sampling or testing where Council will have some results. Mayor Jennings stated there is some alternate solution that could be done for \$5,000 but it would not give Council a definitive answer. The \$6,500 will allow Ms. Jarvis to do the Phase I plus a limited Phase II.

Councilman Mercer expressed some concerns that this may require a full Phase II. Mayor Jennings said if we did find some residual would Council not want a full Phase II. Mr. Holscher was concerned if you purchase the property and pull up the concrete and disturb contaminates, the City will have a liability and responsibility. Following discussion:

By motion of Mayor Pro tem Roberson, seconded by Councilman Moultrie, Council appropriated \$6,500 to do what is describe in the letter looked over by the City Attorney.

(Begin Memo)

Re: Scope and Costs for Environmental Services  
Floyd M. Banks Property, 131 Bridge Street, Washington, Beaufort  
County, North Carolina

Dear Mr. Holscher,

Per your request, Groundwater Management Associates, Inc. (GMA) is providing you with a description of services for environmental assessment at the above property. GMA can provide a full ASTM compliant Phase I environmental Site Assessment (ESA) only for less than the approved \$5,000 approved by the City of Washington, City Council on July 26<sup>th</sup>. However, as we discussed earlier, based on the known history of the property and lack of proper closure assessment for the former underground storage tank system, I would recommend assessment of the property beyond a Phase I ESA.

An ASTM complaint Phase I ESA does not include any sampling or testing for a subject property. It includes a detailed current and historical search uses of the subject property and surrounding **properties so that any “areas of concern” may be identified that may warrant further investigation (i.e. sampling and testing/also called Phase II sampling).**

A full ASTM compliant Phase I ESA plus limited Phase II Sampling and Testing can be completed by GMA for \$6500. This price includes soil and groundwater samples collected and tested from two locations of highest risk (former tank basin and dispenser island) on the subject parcel and data summarized in a report written and sealed by a licensed geologist. As a lesser alternative, GMA could offer an approach for the City Council that would include an Environmental Transaction Screen (ETS), which only targets the subject parcel, plus limited sampling and testing to try and stay within the approved \$5000 budget.

Please contact me at (252) 758-3310 if you have any questions. To retain GMA's services, please submit a purchase order for the approved services. Thank you for granting GMA the opportunity to be of service.  
(End Memo)

**CLOSED SESSION – UNDER NCGS 143-318.11(a)(1) DISCLOSURE OF CONFIDENTIAL INFORMATION AND NCGS 143-318.10(e) THE PUBLIC RECORDS ACT AND NCGS 143-318.11(a)(6) PERSONNEL**

A motion was made by Councilman Mercer, seconded by Councilman Pitt, Council agreed to go into closed session @7:40 pm under NCGS 143-318.11(a)(1) and NCGS 1143-318.10(e) the public records act and NCGS 143-318.11(a)(6) Personnel.

A motion was made by Mayor Pro tem Roberson, seconded by Councilman Moultrie, Council agreed to come out of closed session at 8:20 pm.

**ADJOURN**

By motion of Councilman Pitt, seconded by Councilman Moultrie, Council adjourned the meeting @ 8:25 pm until August 23, 2010 at 5:30 pm in the Council Chambers at the Municipal.

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