

The Washington City Council met in a continued session on Monday, April 25, 2011 at 5:30pm 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; Pete Connet, Interim City Manager; Cynthia Bennett, City Clerk and Franz Holscher, City Attorney.

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; Mick Reed, Police Chief; Philip Mobley, Parks and Recreation Director; Susan Hodges, Human Resources Director; Mike Voss, of the Washington Daily News.

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

APPROVAL/AMENDMENTS TO AGENDA

Councilman Mercer added: Discussion of Electric outsourcing to the agenda.

Mayor Jennings made the following additions to the agenda: Presentations by Turnage Theater and Washington Harbor District Alliance.

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

PRESENTATION: TURNAGE THEATER

Charles Smith, President and Bob Shultz, Treasurer, of Turnage Theater Foundation gave a brief history of the Turnage as well as its financial status. The City of Washington has been providing \$100,000 a year for five years to the foundation, but the five year commitment ended in the FY10-11 budget. Mr. Shultz acknowledge the foundation is trying to pay off a \$3million mortgage with a current balance of \$970,000. Mr. Smith stated the theater has been struggling financially ever since it opened its doors. Mr. Shultz explained the foundation is seeking grants from other foundations as well as other possible financial sources to help fund the theater. Mr. Shultz further explained that he doesn't expect the \$100,000 annual support to continue from the City, but would be grateful for any help the city could provide, possibly by helping with the \$30,000 annual utility bill. The foundation currently has a \$78,000 deficit, but with fundraisers and other donations they have raised \$50,000 towards that deficit.

Council stated this request will be discussed during the council's upcoming work sessions on the proposed 2011-2012 budget for the city.

PRESENTATION: WASHINGTON HARBOR DISTRICT ALLIANCE

Chris Furlough and Joe Blaylock, WHDA discussed the waterfront hotel project using New Markets Tax Credit Investment(NMTC). WHDA is requesting the Council allocate \$17,000 to fund a feasibility study for the development of a downtown hotel. In order to get the study underway promptly, WHDA can reprogram money received from corporate sponsors. These funds are allocated to future events but are available to pay the firm selected to conduct the feasibility study until the City has time to allocate funds. If the hotel project is found to be feasible once a developer is identified, the city will be reimbursed the \$17,000.

The City of Washington and WHDA engaged National Development Council(NDC) to find ways to obtain financing for a hotel in the heart of Washington's downtown. WHDA has facilitated discussions between interested parties including: potential developers, property owners, and NDC acting as a conduit for both equity and debt financing. Discussions have identified a site on the south side Main Street, which included waterfront views. The WHDA Economic Restructuring sub-committee is working to launch a hotel development project.

Council stated this request will be discussed during the council's upcoming work sessions on the proposed 2011-2012 budget for the city.

MEMO – E911 FUND

(begin memo) PSAP revenue and expenses were not budgeted in the E-911 Surcharge Fund this fiscal year. Eligible expenses for this fund were budgeted in the E-911 Department of the General Fund in anticipation of moving E-911 call answering to the County. The transfer occurred in January and the City has received \$43,385 in PSAP funding this year. To utilize the PSAP funding, approximately \$30,000 of eligible PSAP expenses will be transferred from the E-911 Department of the General Fund to the E-911 Surcharge Fund. The budget in the E-911 Department of the General Fund will be reduced by a like amount and this reduction can be transferred to provide additional funding for the Police Station Capital Project.

The purchase of a console by the County for \$52,000 and funding \$40,000 of County 911 salaries were budgeted in the E-911 Department of the General Fund. The County received funding from the 911 Board for the purchase of the console and \$20,000 will be paid to the County for personnel for half the year. The resulting \$72,000 in budget gains could also be transferred to provide additional funding for the Police Station Capital Project.

Fund Balance of approximately \$36,694 will remain in the E-911 Surcharge fund at the end of this fiscal year. \$14,754 which is 50% of the June 30, 2010 fund balance can be used for any Police public safety need in FY 2011 & 2012. The remaining fund balance of \$21,941 will be transferred to the County. The Police public safety needs amount of \$14,754 could provide additional funds for the Police Station Capital Project as well for a combined total of \$116,754 should Council wish to proceed in this manner. (end memo)

Councilman Mercer suggested moving the appropriate monies in the General Fund budget and discussion of the use of these funds for the Police Station project will be revisited at a later date. We should wait until the end of the budget year and review it then.

OUTSOURCING GRASS MOWING

Mr. Connet explained Council had asked him to meet with Bishop Jones about using his people to replace any part-time folks we use to mow grass for the City. He has looked into this and found out that Public Works only uses 2 part-time men in the fall during leaf season, and Parks and Rec. only use one person to help with grounds maintenance on a part-time basis. We also use and pay BCDC for trash pickup and weeding in the downtown area on a weekly basis. According to what Matt and Phillip have told me.

At this point in time there is little work for Bishop Jones' crew, to do that would not cost the City additional dollars. Bishop Jones also told me that he didn't have any equipment to do the work and that the City would need to provide this to him or lease it to him. The question then is, who pays for the repair of the equipment if it breaks down.

The mowing of the FEMA/CDBG lots is done under contract at \$30 per lot – with the contractor providing his own equipment. Mr. Connet stated there appears to be no cost savings for the City, if that was the goal. If, on the other hand Council feels we need to spruce up some area of town with additional manpower, then Philip has identified some areas that might be assigned to Bishop Jones to maintain.

Councilman Mercer suggested finding a small parcel that Bishop Jones' staff could mow with possibly a push mower that Bishop Jones could purchase and put some of his people to work. Councilman Moultrie stated that if we give Bishop Jones these jobs then we are taking away jobs from current City employees and he is against that. Mayor Pro tem Roberson explained that if Bishop Jones wants to get involved in grass mowing he needs to be competitive in the open market and he is opposed to allowing them the use of City equipment. Mr. Connet will prepare a specific project description for Bishop Jones' staff.

ELECTRIC OUTSOURCING

Mr. Connet updated Council on the information that needs to be forwarded to Ron Elks, GUC. The information from our staff has been received in outline format and will be forwarded to Mr. Elks on Tuesday. Another meeting will need to be held with City staff and GUC staff to determine what areas of operation need to be reviewed for possible proposals. Councilman Mercer discussed connections and disconnections as well as fee collections should not be included in the proposal.

Mr. Connet also updated Council regarding an item that was discussed at the NCEMPA Mayor's Association meeting in Ayden. Mr. Connet reviewed the merger with Duke and Progress Energy. Some of the cities have questioned selling off their debt and getting out of the generation business. NCEMPA has consultants and engineers that have met with the Federal Energy Regulatory Commission in Washington, DC. The Mayor in New Bern has met with the Chairman of FERC as well as some lawyers from Washington, DC. The Mayor of New Bern is asking five cities to participate at \$60,000 each to pay for his experts advice and opinions. There has to be some adverse affect on the City in order for us to intervene on the merger. Keith Hardt, stated there has to be proven fact that there is a negative effect on us as a utility before they will have a hearing. They will not consider anything pre-merger filing.

BUDGET WORKSHOP – ELECTRIC FUND

Mr. Connet summarized the Electric Fund budget for Council. The total revenue expense for this year Electric Fund budget is \$38,136,962 vs. \$39,884,700 current year estimate. This is a \$1.7 million decrease from the FY10-11 budget year. Purchase power of \$29,064,240 vs. sales of \$36,651,859. Council members reviewed their concerns and received clarification on their questions from staff.

By motion of Councilman Davis, seconded by Councilman Pitt, Council agreed to extend the meeting until 8:00pm.

By consensus, Council agreed to the following amendments to the Electric Fund Budget.

1. Long range plan/Sectionalize plan reduced from \$80,000 to \$10,000
2. Defer Terra Ceia/Hwy 32, Phase II project at \$200,000 one more year
3. WHDA - \$66,000 transfer needs to be from the General Fund
4. 5% reduction for "in town" residential rates

Mr. Rauschenach stated several corrections need to be made:

Pg. 239 acct. 35-90-7250-0701 (401k) should be \$5400 not \$8100

Pg. 242 acct. 35-90-7250-1700 –(maint/repair vehicles) showing five vehicles –staff will verify number

Pg. 245 acct. 35-90-8370-0400 – (professional services) \$0 showing should be \$10,000

pg. 245 acct. 35-90-8370-0400 – (Water/electric services) showing \$2800 should be \$28,000.

By motion of Councilman Davis, seconded by Councilman Pitt, Council agreed to extend the meeting until 8:30pm.

CLOSED SESSION – UNDER § NCGS 143-318.11(A)(6) PERSONNEL

By motion of Councilman Davis, seconded by Councilman Moultrie, Council entered into Closed Session under NCGS 143-318.11 (a)(6) Personnel at 8:00pm.

By motion of Councilman Moultrie, seconded by Councilman Pitt, Council agreed to come out of closed session at 8:25pm.

ADJOURN

By motion of Councilman Pitt, seconded by Councilman Davis, Council adjourned the meeting at 8:30pm until May 2, 2011 at 5:30pm in the Council Chambers at the Municipal Building.

Cynthia S. Bennett, CMC
City Clerk