

**Town Council Minutes  
Morehead City, North Carolina**

**Tuesday, October 11, 2011**

The Honorable Council of the Town of Morehead City met in regular session on Tuesday, October 11, 2011, at 5:30 p.m., in the Municipal Building Auditorium at 202 South 8<sup>th</sup> Street, Morehead City, North Carolina. Those in attendance were:

MAYOR:	Gerald A. Jones, Jr.
MAYOR PRO-TEM:	Demus L. Thompson
COUNCILMEN:	George W. Ballou Paul W. Cordova [Absent, excused] David Horton John F. Nelson
CITY MANAGER:	R. Randy Martin
CITY CLERK:	Jeanne M. Giblin
CITY ATTORNEY'S OFFICE:	Nelson Taylor, III, Derek Taylor, Michael Thomas
OTHERS:	James Jablonski, Jack Garvey-Hanson, Leigh Blackwell, Pat Rapaport, Linda Collinge, Police Captain Richard Abell, Bill Taylor, Kim Corbin, Robert Purifoy, Holly Fletcher, Claude Fournier, Chuck Sewell, Jane Sewell, Dawn Gaskill, Christine Dagner, Corinne Geer, Tom Kies, Harvey Walker, Lennie Griffin, Ron Cullipher, Keri & Jeff McCann, Richard Brvenik, Mark Hibbs, Reporter, THE CARTERET NEWS TIMES; and several others

**I. Regular Meeting, Call to Order and Pledge of Allegiance**

Mayor Jones called the meeting to order at 5:30 p.m., Councilman Thompson gave the invocation and all joined in the Pledge of Allegiance.

***Mayor Jones requested that the AGENDA be amended to include Mr. James Jablonski on behalf of the Friends of Fort Macon regarding a request to move the historical marker "The Seige of Fort Macon" currently located on Arendell Street in front of the Division of Marine Fisheries as Item II.B. The Council concurred.***

***Mayor Jones requested that the Council place as Item VIII. to release and spread upon the record the CLOSED SESSION Minutes of Tuesday, January 11, 2011, regarding PCS Phosphate at the Morehead City State Port. Mayor Ballou MOVED, seconded by Councilman Thompson, and carried unanimously, to place as Item VIII. to release and spread upon the record the CLOSED SESSION Minutes of Tuesday, January 11, 2011, regarding PCS Phosphate at the Morehead City State Port.***

**II. Special Presentations:**

**II.A. Mayor's Proclamation in Support of the Carteret Literacy Council's Tenth Annual Literacy Spelling Bee – October 28<sup>th</sup> at 5:30 p.m., The History Place**

This is the tenth year of the Annual Literacy Spelling Bee which is the most important fundraiser for the Carteret Literacy Council. The mission of the Carteret Literacy Council is to reduce illiteracy in Carteret County by improving the reading, writing and arithmetic skills of young people and adults through the efforts of Carteret Literacy Council's trained tutors and volunteers. The Spelling Bee will be held at The History Place at 1008 Arendell Street, Morehead City. Mayor Jones presented President of the Literacy Council Kim Corbin a proclamation. Kim Corbin thanked the City and stated that Mayor Jones will be one of the judges this year. He continued that he appreciated the support of Morehead City.

**II.B. Siege of Fort Macon Sign –James Jablonski**

Mr. James Jablonski requested that Morehead City endorse the historical marker "The Siege of Fort Macon" to be moved from its present location along Arendell Street in front of the Division of Marine Fisheries and placed on site at the Visitor's Center. He continued that the plaque needs to be so placed for greater public exposure.

Councilman Nelson was concerned if there was any particular reason the marker is so situated as he thought it was placed on the site of a former confederate camp.

***Councilman Thompson MOVED, seconded by Councilman Horton, and carried unanimously, to have Mayor Jones write a letter of support for the moving of “The Siege of Fort Macon” plaque to a site at the Visitors Center on Arendell Street.***

***Councilman Horton asked to remove Items III.C. and III.E. from the CONSENT AGENDA to be discussed after Item IV. Public Hearings.***

**III.A. Approval of Minutes: Tuesday, September 13, 2011, Regular Meeting**

*Approved the minutes of Tuesday, September 13, 2011, Regular Meeting and dispensed with the reading.*

**III.B. Approve the Requests for Release of Overpayment of Ad Valorem Taxes for September 2011, in the amount of \$406.53; and Accept the Tax Collector and Finance Director Reports for September 2011**

*Approved the Requests for Release of Overpayment of Ad Valorem Taxes for September 2011, in the amount of \$406.53; and Accepted the Tax Collector and Finance Director Reports for September 2011.*

**III.C. Negotiate a Contract with Bay Design of Morehead City for Design Engineering of a Grant Funded Extension of the Newport River Pier located on the Causeway North of Radio Island**

Removed from the CONSENT AGENDA and placed after the public hearings.

**III.D. Adopt Resolution 2011-35 Designation of Applicant’s Agent for the North Carolina Division of Emergency Management for Hurricane Irene**

The Federal Emergency Management Agency [FEMA] declared Hurricane Irene eligible for public financial assistance. The adoption of Resolution 2011-35 is a formality which designates Fire/EMS and City Emergency Management Director Chief Wes Lail as the primary agent with Finance Director Ellen Sewell as the secondary agent for related FEMA responsibilities and authorizes them to execute and file applications with federal and/or state agencies on behalf of Morehead City for financial assistance.

*Adopt Resolution 2011-35 Designation of Applicant’s Agent for the North Carolina Division of Emergency Management for Hurricane Irene. [Resolution 2011-35 is attached to and made a part of these minutes.]*

**III.E. Award of *Continental Shelf* Dock Replacement to the Low Bidder, Bobby Cahoon Construction of Grantsboro, N.C., in the Base Bid amount of \$102,717**

Removed from the CONSENT AGENDA and placed after the public hearings.

***Councilman Horton MOVED, seconded by Councilman Thompson, and carried unanimously, to adopt the CONSENT AGENDA in one [1] motion with the exception of items III.C. and III.E. which will be placed on the AGENDA after the public hearings.***

**IV.A. Public Hearing: Voluntary Contiguous Annexation Request by Larry Styron for 5101 Business Drive, PIN #6356-0898-7284-000 – Portion Thereof, 11.99 acres, Zoned IP [Port/Industrial] District -- Adopt Ordinance 2011-23**

Planning Director Linda Staab reported that the property under consideration for annexation, PIN #6356-0898-7284-000 – portion thereof, is contiguous to the present City limits, contains approximately 11.99 acres and is currently zoned IP [Port Industrial] District. The site in question is not part of a subdivision, and therefore, will not fragment a subdivision. The current tax value of the property is estimated to be \$254,524.60. Based on a 28.5 cent tax rate, \$722.55 in tax revenues would be generated. Water and sewer will be accessed from Business Drive. All costs associated with extending water/sewer service to the newly annexed property will be the responsibility of the owner. The Planning Committee of the Council reviewed the proposed annexation at their last meeting. It was ascertained that the property site had been one [1] tract, but it has been subdivided into two [2] tracts of which

only one [1] is being annexed. The state has exemptions from subdivision regulations if the pieces of subdivided property are over ten [10] acres each.

Mayor Jones opened the public hearing. Leigh Blackwell spoke in support of the annexation request. No one spoke against.

Mayor Jones closed the public hearing.

Councilman Horton said that the site will be improved and the new business will be offering rock, gravel and other composites for sale.

***Councilman Thompson MOVED, seconded by Councilman Horton, and carried unanimously, to adopt Ordinance 2011-23 for Voluntary Contiguous Annexation requested by Larry Styron for 5101 Business Drive, PIN #6356-0898-7284-000 – Portion Thereof, 11.99 acres, Zoned IP [Port/Industrial] District.*** [Ordinance 2011-23 is attached to Ordinance Book #6 in the vault.]

**IV.B. Public Hearing: Request submitted by Patricia Rapaport to amend Articles 2, 11 and 14 of the Unified Development Ordinance [UDO] to establish “Dog Training Facility” as a use under the Table of Permissible Uses and to Establish a Definition and Additional Requirements for Dog Training Facilities – Adopt Ordinance 2011-24**

Planning Director Linda Staab reported that a request was made by Patricia Rapaport to amend Article 11-1 to include dog training facilities as a permitted use in the CD [Downtown Commercial] District. The applicant also suggested additional criteria for establishing a dog training facility. Planning Director Staab explained the particular parameters for the dog training facilities.

At the Planning Board Meeting held on September 20, 2011, Gordon Thayer made the motion, seconded by John Creech, to recommend that dog training facilities be allowed in the CD [Downtown Commercial] District as a Special Use subject to the proposed conditions under Article 14-44 and the inclusion of the proposed definition of “Dog Training Facility” under Article 2. The motion carried unanimously.

The Planning Committee of the Council reviewed the proposed amendments.

Mayor Jones opened the public hearing.

Linda Collinge, 800 Hedrick Blvd., Morehead City, stated that having a training facility for dogs would bring additional business into the town and help owners who have trouble with their dogs. The facility will be local and convenient.

Patricia Rapaport, 101 Chelsea Circle, Beaufort stated that she likes to work with animal shelters to help train dogs. The business will also offer therapy dog training. She currently has 21 teams of therapy dogs and would like to continue that endeavor here in Morehead City. The facilities would also sponsor doggie manners training.

Mayor Jones closed the public hearing.

Councilman Thompson questioned Planning Director Staab if the public was aware of this request.

Planning Director Staab replied that in addition to the regular public notices some of the information is on the Planning Department Facebook site.

Upon a question from Councilman Thompson on the length of training necessary for therapy dogs, Ms. Rapaport explained that the most important ingredient was a calm dog and a calm owner. She continued that each applicant gets a canine good citizen test, a four [4] week course one night a week, and then placed into an actual therapy program for ten [10] supervised field experiences.

Councilman Horton mentioned that although the Council is creating a special use the actual applicant would go before the Board of Adjustment for a public hearing.

**Councilman Horton MOVED, seconded by Councilman Thompson, and carried unanimously, to adopt Ordinance 2011-24 granting the request submitted by Patricia Rapaport to amend Articles 2, 11 and 14 of the Unified Development Ordinance [UDO] to establish “Dog Training Facility” as a use under the Table of Permissible Uses and to Establish a Definition and Additional Requirements for Dog Training Facilities.** [Ordinance 2011-24 is attached to Ordinance Book #6 in the vault.]

**IV.C. Public Hearing: Request Submitted by Carteret County General Hospital Corp to Rezone 3703, 3709, 3712, 3716, 3719, 3720, 3722, 3723 and 3725 Bridges Street [Tax PIN #'s 6376-1432-8868-000, 6376-1432-7821-000, 6376-1432-5095-000, 6376-1433-5013-000, 6376-1432-5722-000, 6376-1433-4031-000, 6376-1432-3937-000, 6376-1432-4616-000 and 6376-1432-3648-000 from IU [Unoffensive Industrial] District and CH [Highway Commercial] District to MA [Medical Arts] District – Adopt Ordinance 2011-25**

Planning Director Linda Staab reported that Carteret County General Hospital Corp submitted a request to rezone approximately 4.75 acres located on Bridges Street from IU [Unoffensive Industry] and CH [Highway Commercial] Districts to MA [Medical Arts] District.

<i>Property Address</i>	<i>Current Zoning</i>	<i>Acreage</i>
3703 Bridges Street	IU	0.58
3709 Bridges Street	IU	1.15
3712 Bridges Street	IU	0.151
3716 Bridges Street	CH	0.36
3719 Bridges Street	IU	0.95
3720 Bridges Street	CH	0.208
3722 Bridges Street	CH	0.997
3723 Bridges Street	CH	0.23
3725 Bridges Street	CH	0.124

*Approximate CH Area: 1.92 acres*  
*Approximate IU Area: 2.83 acres*

The zoning classification of surrounding properties includes RMF (Residential Multifamily) and MA to the north, CH to the south, MA to the east, and IU and CH to the west. Surrounding development/land use includes medical offices, public utility uses and vacant property to the north, the hospital to the east, personal services and offices to the west, and restaurants and retail to the south. The parcel is located in the corporate limits. Existing development includes offices and medical offices. The property is located in Neighborhood 4 of the CAMA Land Use Plan and is classified as High Density Residential and Public/Institutional. The proposal does not appear to conflict with any policies of the Land Use Plan. Property owners within 300 feet of the property were notified of the Planning Board meeting as well as the date of the public hearing. The property has been posted.

At the Planning Board Meeting held on September 20, 2011, Gordon Thayer made the motion, seconded by Gordy Patrick, and carried unanimously to recommend approval of the rezoning request. The Planning Committee of the Council reviewed the request.

Mayor Jones opened the public hearing.

Ron Cullipher of Stroud Engineering and representing Carteret County General Hospital explained that the rezoning was requested in order for the hospital campus to grow. He asked that the Council look favorably upon the request as it was a good zoning change for the community and good for the hospital master plan.

Councilman Horton questioned the possibility of extending Penny Lane to connect with Arendell Street as it seemed this would give better access to the hospital property.

Ron Cullipher explained that extending a public right-of-way could limit what the hospital could do with the property and would be in their estimation detrimental to the hospital campus. He continued that they are exploring improvements for Bald Drive.

Councilman Horton continued that if possible he wanted the hospital to consider the request for the extension of Penny Lane.

Councilman Thompson concurred that the members of the Planning Committee of the Council wanted to share this information about their thoughts on improvements to extend and connect Penny Lane to Arendell Street.

Richard Brvenki, the new President of the hospital introduced himself and stated that he considered himself fortunate to be here in the county. He continued that he has been in health care administration for over 30 years. He admitted there are challenges in health care, but was delighted with the hospital board and medical staff. He continued that Carteret County General Hospital has a very promising future.

Mayor Jones closed the public hearing.

***Councilman Thompson MOVED, seconded by Councilman Horton, and carried unanimously, to adopt Ordinance 2011-25 granting the request for Carteret County General Hospital Corp to Rezone 3703, 3709, 3712, 3716, 3719, 3720, 3722, 3723 and 3725 Bridges Street [Tax PIN #'s 6376-1432-8868-000, 6376-1432-7821-000, 6376-1432-5095-000, 6376-1433-5013-000, 6376-1432-5722-000, 6376-1433-4031-000, 6376-1432-3937-000, 6376-1432-4616-000 and 6376-1432-3648-000 from IU [Unoffensive Industrial] District and CH [Highway Commercial] District to MA [Medical Arts] District. [Ordinance 2011-25 is attached to Ordinance Book #6 in the vault.]***

**III.C. Negotiate a Contract with Bay Design of Morehead City [soon to be known as Bearing Point Consulting, Inc. of Morehead City] for Design Engineering of a Grant Funded Extension of the Newport River Pier located on the Causeway North of Radio Island**

At the last meeting of the Public Works Committee of the Council, the responses to the City's request for qualifications related to design work for the extension of the Newport River Fishing Pier on the Causeway north of Radio Island were reviewed. The City has a 100 percent grant for the 2011/2012 Fiscal Year to have design work performed for the extension of the pier. The grant also funds the construction of the extension but not until the 2012/2013 Fiscal Year.

Three [3] responses were received within the specified time frame which City staff evaluated. All three [3] responses were found to be fairly equal, competent and having the necessary experience for the project. However, Bay Design Group's response indicated that a senior engineer would be assigned to the project design as well as the future construction administration. Both City Staff and the Public Works Committee recommend authorizing negotiation and execution of a contract with Bay Design Group to design the extension of the Newport River Fishing Pier. The extension is planned to be approximately an additional 160 fee with another "T" at the end.

Councilman Horton asked for an explanation of the proposed project.

Manager Martin explained that Morehead City received a 100% grant from the Division of Marine Fisheries for the project. The pier is a very popular place and if the pier can be extended, the fishing will be even better as it extends into deeper waters. The money was received for the planning & engineering phases of the project and more funding will be forthcoming for the construction of the project. This is the second extension for the pier which will be extended as far as permitted without encroaching on the boat channel. The City will be responsible for maintenance after completion.

Councilman Horton questioned if there will be a fee or charge by the public for its use.

Manager Martin replied that based upon the current Council policy it would be free and open to the public for their use.

***Councilman Nelson MOVED, seconded by Councilman Cordova, and carried unanimously, to authorize and execute a contract with Bay Design of Morehead City [aka Bearing Point Consulting, Inc.] for design and engineering of an extension of the Newport River Pier located on the Causeway north of Radio Island.***

Upon further questioning, Manager Martin reported that there is a specific amount for which the grant was awarded and which the design services agency will be made aware of as a limit on the project.

**III.E. Award of *Continental Shelf* Dock Replacement to the Low Bidder, Bobby Cahoon Construction of Grantsboro, N.C., in the Base Bid amount of \$102,717**

The bids received on September 22, 2011 for the dock replacement and repairs at the site of the City leased Swanson riparian property south of the Jib site a portion of which is leased by the *Continental Shelf* Fishing Vessel were as follows:

Bobby Cahoon Construction	\$102,717.00
Bogue Banks Marine Construction	\$104,300.00
Brooks Dredging & Marine Construction, Inc.	\$110,000.00
T. D. Eure	\$112,400.00

The City leases this site where two [2] commercial boat slips are located and which when renovated will contain the boat lift slips to be utilized by the Fire Department and Police Department to store their emergency response boats. This location will provide for significantly improved response times to boater and waterway emergencies. The Public Works Committee of the Council reviewed the bids at their last meeting. The Committee was advised regarding a change in the electrical service which would change the boat lifts from the tenant's service to a City provided service located at the north-west corner of the building. This cost is estimated to be an additional \$600. City staff also reviewed whether it may be necessary to extend the length of the finger pier to provide better access to the two [2] emergency boats while on the lifts. If this is necessary, this change order may cost an additional \$2,400. The City Council approved budget provided funds totaling \$153,000 toward improvements at the Jib site involving these necessary repairs and the two [2] lifts. The low bid covers the dock replacement and repairs, all necessary piling work, dredging and the two [2] boat lifts. The City's current tenant, *Continental Shelf*, has requested the work not commence until early November at which time they will temporarily relocate. After this work, the City will make available for lease the other dock slip currently unoccupied next to the *Continental Shelf* slip. The Public Works Committee recommended that the *Continental Shelf* dock replacement project be awarded to the low bidder, Bobby Cahoon Construction from Grantsboro, N.C.

Councilman Horton requested to be updated on this project.

Manager Martin reported that the City took over the lease of the Swanson rights and riparian property at the same time the City acquired the Jib property adjacent to the site.

Councilman Horton questioned if the dock rental will pay for the improvements.

Manager Martin replied that the repairs were a part of the lease transaction with the *Continental Shelf*. The City will try to get as much revenue as possible from the use of the space to offset expenditures.

Councilman Horton questioned if there was a proposed budget.

Manager Martin replied that currently the City's rental expenses to the owner exceed the sublease revenues. However, with the repairs and improvements the City could lease another space in addition to providing space with boat lifts for the two [2] City emergency boats. Currently when the City's boats are needed they are towed in and out of the water.

Councilman Horton questioned the purpose of the City acquiring this property and the docks.

Manager Martin replied this was part of the consideration when the City acquired the Jib and that the Council wanted to have control of the additional frontage waterfront property and riparian rights. The lease with the *Continental Shelf* is not a long term lease until the City knows for certain the planned use of the Jib property. There is approximately \$153,000 in the Jib property budget for this project which is approximately \$50,000 less than available funds for these improvements. The plan that was previously presented by Architect Maggie Chalk

and approved by the Council included a deck over the water that is a shallow area. The proposed boat slips will be dredged as part of the project.

Councilman Horton questioned if it was the project designed by Maggie Chalk.

Manager Martin stated that the design concept was endorsed by the Council, however, the City has not come up with costs or budget.

Councilman Horton commented that he did not remember that. He thought that the Council was just looking at that design. He recalled that the Council had plans, but he was pretty sure that the Council did not vote on it.

Discussion ensued about the development plans for the Jib property. Manager Martin said that the Council had concurred on the proposed preliminary site plans. The Big Rock organization had been apprised of those plans. Manager Martin commented that he will follow up with the Big Rock organization. This Swanson dock proposal does not include any of the Jib site Big Rock statue/fountain area, just the portion the City is leasing.

***Councilman Nelson MOVED, seconded by Councilman Thompson, and carried unanimously, to award the Continental Shelf Dock Replacement to the Low Bidder, Bobby Cahoon Construction of Grantsboro, N.C., in the base bid amount of \$102,717.***

**V. Old Business: Authorize the execution of the Jaycee Park Transient Boat Docks Marina Management Agreement with Denard Harris of Portside Marina**

Manager Martin reported that at the Council Meeting held on June 14, 2011, the Council authorized a Marina Management Agreement with Fred Roehrig of Beaufort for the Morehead City Boat Docks at Jaycee Park and authorized the execution of a contract. The Council previously had authorized a contract with Robert Purifoy to manage the docks, but the City was unsuccessful in finalizing this agreement. Unfortunately, Mr. Roehrig was unable to accept the Marina Management Agreement due to his having accepted other employment obligations.

At the recent Public Works Committee of the Council meeting another proposal for the management of the City's transient boat slips located at Jaycee Park was reviewed. This proposal is from Denard Harris owner of Portside Marina located at 209 Arendell St. This proposed agreement was developed utilizing the City's previous approved agreement, so many of the existing terms remain.

However, significant changes to the agreement are as follows:

- Compensation:** The marina manager will collect and retain 75% of the gross rentals after deducting bank and credit fees. The remaining 25% will be remitted to the City.
- Site Visits:** The marina manager intends to install his own security camera system to monitor the site and assist with deciding when site visits are required.
- Building Use:** The marina manager is requesting to utilize a small portion of the laundry room area located in the Public Amenities building to establish a point of sale and office area. The manager is requesting authorization to install a small service window in the south wall of the building for this purpose. The marina manager will be responsible for the expense of installing the necessary cable service for point of sale equipment.
- Termination:** The marina manager has requested thirty [30] days written notice instead of ten [10].

The Public Works Committee recommended executing the Marina Management Agreement with Denard Harris of Portside Marina for a period of one [1] year.

Upon a question, it was ascertained that Mr. Harris has insurance under his current marina operation.

Councilman Horton recommended doing the payments weekly.

Manager Martin stated that Public Works Director McCabe and Mr. Harris have discussed the arrangements. He also mentioned that Mr. Harris will also take payments by credit card.

Councilman Horton questioned the amounts of insurance required as to him it seemed inadequate for the risk of the type [cost] of boats leasing the slips.

City Attorney Nelson Taylor stated he reviewed the contract and the insurance coverage seems adequate at this time for this kind of operation. The marina manager will have the insurance and will be doing the operation not as an employee or agent of Morehead City.

Councilman Horton asked the procedure on emergencies such as hurricanes.

Manager Martin replied that City policy is that boats have to vacate the floating docks during such an event.

City Attorney Nelson Taylor stated that the marina manager will have to abide by Morehead City local laws, ordinances and policies.

***Councilman Nelson MOVED, seconded by Councilman Ballou, and carried unanimously, to authorize the execution of the Jaycee Park Transient Boat Docks Marina Management Agreement with Denard Harris of Portside Marina for a period of one [1] year.*** [Attached to and made a part of these minutes is the marina agreement.]

## **VI. Citizen Requests/Comments [2 minute time limit]**

Kenneth Tootle, 1500 Fisher Street, stated that he spoke about the same situation nearly five [5] years ago and at that time the situation improved. He stated that a Morehead City Police Officer has been harassing him. On September 19<sup>th</sup>, this Officer circled his block ten [10] times, peeking into his door. Mr. Tootle stated that most of the Morehead City Police Officers are good, however, this one is harassing everyone in the black area of town. He spoke about an incident where this specific police officer had followed his son, pulled him over, wrote him a ticket, and had the canine officer come with a dog to go around the car. He continued that that same police officer kept his son there for two [2] hours. He stated that his own car has been ransacked. Mr. Tootle felt that these incidents are harassment. The City needs to train some of these young police officers better. At night the police officer in question parks the police car and shines lights on his house and plays loud music. However, this has stopped because the City Manager spoke with the Police Chief. The harassment is ridiculous coming from this one police officer.

Mayor Jones stated the City would discuss this incident with the Police Chief.

## **VII. City Manager's Report:**

### **VII.A. Approve the Morehead City Train Depot Rental Rate Adjustment Proposal and Authorization for the Purchase of Meeting Room Replacement Furnishings**

Manager Martin reported that the Downtown Morehead City Revitalization Association [DMCRA] did a rate comparison of event rental locations in Morehead City. The DMCRA by contract with the City manages the rental activities at the Depot. The rates show that the Train Depot is the least expensive of all venues studied. The current fee structure was developed by the Parks & Recreation Department and has not changed since the Depot opened in 2006. While the intent is to provide affordable meeting/event space to our citizens, businesses and other users, there are costs associated with the service for both the DMCRA and the City. The current rental fees are forwarded upon collection through the Parks & Recreation Department and offset facility cleaning, repairs and maintenance.

The Council was also requested to authorize the expenditure for replacement of 64

stackable chairs and six [6] eight foot [8'] folding tables at an approximate cost of \$6,250 for use at the Depot. The authorization may require the adoption of a budget ordinance amendment at a later time.

The Public Works Committee of the Council considered the request by the DMCRA and the Parks & Recreation Department and recommend approval. The Committee wanted to expedite the purchase of the furniture so it can hopefully be in place before the holiday season. The fee increases are recommended except that the Public Works Committee of the Council recommended that the deposit fee be increased to \$100.00.

Councilman Thompson questioned the property risk fee [alcohol related] and that it was the only fee that was not recommended to be increased.

Bill Taylor, Chairman of the Board of Directors of the DMCRA, commented that the insurance rates did not go up for this item, so the DMCRA did not see any reason to raise the associated fee.

Upon a question as to where the money for the rental fees go, Manager Martin stated it goes to the general fund.

The Public Works Committee recommended increasing the key deposit to \$100.

Councilman Nelson, as Chairman of the Public Works Committee, said the proposed increases were to cover any damages and operating costs to the building and furnishings.

Bill Taylor stated that the Depot is in use 295 days each year.

Councilman Horton thought that raising the fees would be detrimental to some citizen and church groups.

Tom Kies, Director of the DMCRA, stated that the rental of the Depot is extraordinarily inexpensive when judging other facilities. The plan was to make a little more money to offset operation expenses and upkeep. The building is 105 years old and needs to have care. It was ascertained that both residents and nonresidents pay the same fee rate.

Councilman Horton noted that there is not a different fee for resident and non-resident and questioned if a different scale of fees would be appropriate.

Tom Kies stated that one of the functions of the Depot was to bring people to the downtown area, so different rates for resident or non-resident were not proposed.

***Councilman Nelson MOVED, seconded by Councilman Thompson, and carried unanimously, to defer action on the Morehead City Train Depot Rental Rate Adjustment Proposal and to send it back to the Public Works Committee of the Council for further review.***

***Councilman Nelson MOVED, seconded by Councilman Thompson, and carried unanimously to authorize the purchase of meeting room replacement furnishings with the Council to consider a future budget amendment to cover the costs.***

#### **VII.B. Authorize an Agreement with Jeff McCann of Bubbl'n, Inc. Offshore Boat Rides to Lease Riparian Rights in a Portion of the 6<sup>th</sup> Street Riparian Area**

Manager Martin reported that at a recent meeting of the Public Works Committee of the Council a preliminary proposal from Jeff McCann of Jack's Waterfront Bar located at 513 Evans Street to lease a 17 foot wide space in the eastern side of the 6<sup>th</sup> St. Day Dock area to locate an offshore ride business was discussed. After meeting with Mr. McCann at the site, the Committee liked the proposal which would offer another entertainment attraction on the waterfront.

A handicapped accessible platform type boat lift is proposed for the Fountain boat as well as a six foot [6'] access floating dock. The proposal would allow the newly installed floating dock to be utilized by the public as additional day dock spaces on the west end and which would include tie ups. Mr. McCann would be responsible for paying for the necessary

improvements and for buying and obtaining permits. Much discussion occurred regarding the impact to the day dock area, however, the general consensus was that the 33' that remains will allow for full use of the City's existing floating dock as well as the dock installed by Jeff McCann. The Public Works Committee recommended that authorization to negotiate and execute a rental agreement be granted to the City Manager utilizing the historical linear foot rates for other riparian spaces currently being leased as a guide.

Jeff McCann stated that the superboat race which is held annually in Morehead City has been well received and individuals have asked if they could rent a ride on the *Scream Machine*. As it is such an expensive piece of equipment, Jeff McCann stated he would want to keep it moored as close to Jack's Bar as possible. The boat ride would be a downtown attraction. He continued that he would donate the floating dock to the City which would be worth approximately \$18,000. For that consideration he would like to be able to work the \$18,000 off the lease. The plans presented would also increase the day dock space.

Discussion arose on specific details of the proposal.

Jeff McCann stated that if this proposal did not work out, he would leave the dock for the City.

Manager Martin estimated that the lease could be in the five [5] year range, and that the numbers have not been negotiated as yet.

Councilman Ballou commented that the docking facilities there are very tight now, and maybe the extra dock space would be an improvement.

Mayor Jones commented that only smaller boats should be allowed to pull in and dock there.

***Councilman Horton MOVED, seconded Ballou, and carried unanimously, to authorize the City Manager to negotiate and execute a rental agreement with Jeff McCann of Jack's Waterfront Bar doing business as Bubbl'n Inc. Offshore Boat Rides and located at 503 Evans Street for the lease of a 17 foot space on the eastern side of the Sixth Street Day Dock riparian area to locate an offshore boat ride business within the parameters which were discussed.***

#### **VIII. Release the CLOSED SESSION Minutes of Tuesday, January 11, 2011, Town Council Meeting Relating to PCS Phosphate**

Councilman Horton questioned why these minutes were closed session to which Manager Martin replied the topic was discussed as economic development.

Councilman Horton questioned and it was supposed to be kept closed session?

Manager Martin replied that it was an eligible item which can be discussed in closed session.

Councilman Horton questioned if the EDC [Economic Development Council] requested the City Council discuss these under closed session because the City got a letter from Potash in January which was public record so he did not understand why the Council would go into closed session.

Manager Martin replied that at that time it was his understanding it was a confidential project.

Councilman Horton questioned why the Council went into closed session in the first place because we already had something in January.

Manager Martin and Mayor Jones replied that this was about the same time.

***Councilman Horton MOVED, seconded by Councilman Thompson, and carried unanimously, to release the CLOSED SESSION Minutes of Tuesday, January 11, 2011 relating to PSC Phosphate at the State Port.***

Councilman Horton again said he did not understand why back then as this information had already been released by the Eastern Council to the Council in a letter

describing the project so he did not understand why it was discussed in closed session as it was already public information. That was his point.

Councilman Horton stated that in early January we received the letter from the Eastern Council.

Manager Martin replied that he wasn't sure when the City received the letter from the Eastern Carolina Council as he does not have the exact date.

Manager Martin replied further that the Eastern Carolina Council letter containing information was not available at the Council meeting on January 11, 2011.

Mayor Jones read the closed session minutes so as to inform the public of the matter under discussion, “ **Manager Martin advised the Council that there is an environmental assessment underway for PCS Potash Corporation to upgrade and expand their facilities at the state port on the mainland in Morehead City. The Manager has been advised that this would be a substantial investment in their current facilities and would be a positive impact in terms of jobs and a greater tax base.**”

Councilman Horton again questioned the reasoning these minutes were in closed session.

Manager Martin stated the tax base and jobs information he was told was confidential information.

Councilman Horton questioned who told the Manager that it was confidential.

Manager Martin an employee at the port who works for PCS Phosphate asked that it be kept confidential and asked that it be shared with the Council.

Councilman Horton continued so the only reason this information was kept confidential was because an employee at the port requested it.

Councilman Thompson questioned Councilman Horton as to why he did not question the proceedings during the meeting on January 11, 2011.

Councilman Horton replied he did not know why he did not question this on the night of January 11, 2011.

Councilman Horton said he thought that it was presented that night as an economic incentive and that was why it was kept confidential.

Manager Martin replied that there was no economic incentive discussion with the City Council and he had not been involved with any economic incentive discussion. The only discussion was that he had been advised that there was a proposal coming forward in the future for a private investment which would be taxable for a project up to \$100 million that would result in jobs being created and that an environmental assessment was going to commence. That was the only information given to the Council at the time. The Council received nothing in writing.

Councilman Nelson questioned why it would have increased the tax base when the port industries are not taxable.

Manager Martin replied that this would have been a private investment that would be taxable.

Councilman Nelson questioned would the information have required any action on the part of the Council.

Manager Martin replied no, it was just information for the Council.

## **IX. Council Requests/Comments**

Councilman Nelson stated that certain candidates running for election were making erroneous statements against City officials and that the implications have not been favorable. He stated that with regard to the PCS Phosphate project, City officials were not advised of the entire proposition of the project nor were any City officials knowledgeable about all the

implications. The Morehead City Planning Director responded to the inquiry from PCS Phosphate and did her job to the best of her abilities and according to the correct procedure. City officials are not advised of every inquiry that is made to City staff.

Councilman Nelson continued that he took exception to the statement that City employees did not receive a raise in four [4] years. He continued that he reviewed the salaries of 2007, 2008, and in 2009 increases were proposed, but then due to the downturn in the economy raises were not given. However, during this period no employees were released and all have kept their jobs and benefits. In 2010 a \$500 bonus was paid to each full-time employee which will be repeated again in 2011. The City has been doing something in favor of the employees.

Councilman Nelson continued stating that most of the City's debt is for improvements to the water/sewer system which is due to standards mandated by the state. He stated that the use of the current Municipal Building at 202 South 8<sup>th</sup> Street for the Mayor, Manager and City Clerk is an idea at this time and just a possibility.

He was in agreement that there should be a contract with the Morehead Marlins. However, this item perhaps should be done in the future because three [3] of the Councilmen are not going to be on the Council but for two [2] more meetings. The Jib property cost a lot of money, but it was based on a \$1.4 million value and had been appraised. At that time the City had gone through a number of meetings about high rise buildings on or near the waterfront. People all over town did not want a high rise condo on waterfront property. There was a permit in hand for a high rise building on that specific property which the residents did not want. The City received encouragement to buy the property for the use of all citizens. The City purchased the property, the price was high, but that was the agreement. Most everyone thought that it was a good idea to have waterfront property for all the people of Morehead City to enjoy. At the present time, the City does not have the funding to develop the property.

Councilman Nelson stated he wanted to comment on the fact that Morehead City raised taxes over the revenue neutral rate. Technically the statement is correct. However, revenue neutral was 28.36 cents, this number was rounded off to 28.5 cents which is a difference of .00146 cents which translates to \$1.40 for a \$100,000 piece of property and \$9 for a \$500,000 piece of property. However, when you vote against the budget and the tax rate, it gives one the opportunity to say I voted against a tax increase.

Councilman Ballou stated that he had the honor of serving as the Chairperson for the 25<sup>th</sup> Annual North Carolina Seafood Festival [NCSF]. He commented he would like to especially thank the Public Works Department, the Police Department, the Fire/EMS Department, the Parks & Recreation Department and all City employees. The NCSF could not happen without the help of the Town of Morehead City. It was a City event. The NCSF consists of 24 volunteer board members, and two [2] paid office staff and they have already started planning for next year for one of the largest festivals in the state. Over 200 vendors participated and the weather was beautiful. The only discourse was a group who came in the supposedly name of religion for their own platform and took free speech to the extreme. He continued that he spoke about this matter with the City Attorney and there should be a better way to control such a situation. To their credit, the Morehead City Police Department did an excellent job handling this situation, however, Councilman Ballou stated that he would like to be better prepared in the future.

Councilman Thompson stated that in his opinion it was the best Seafood Festival the City has ever had. He stated he was also taken aback that anyone who was a citizen of this City could question the sincerity, honesty and dedication of those two [2] men at the end of the table [meaning Councilmen Cordova and Nelson]. He continued that he has served with them for 14 years and they only care about the citizens. He was offended at the way they have been portrayed.

Councilman Horton stated that first of all John, if that offended you I am very sorry, but I was very clear and I put in the word "certain" I put in "certain City officials" and I will state publicly I never, never implied or thought it was you or Demus or Paul. I was very careful to put that word "certain City officials". The Mayor said I insulted the Councilmen who had been here a long time and I certainly did not do it specifically, and if I did I did not mean to. Secondly, he continued that regarding the three [3] years of no raises and holding back the

merit portion of the raises for City employees that was to be given in 2008/2009, that his point was if one builds an expensive police station and cannot fund the policemen who work there with raises, it is a bad problem. The City has built ballparks, acquired the Jib property, etc. during this time also. The City imposed a water/sewer rate increase with no rate study. He continued that \$650,000 was taken from the water/sewer fund to purchase the Jib property. He continued that it was the Reporter Mike Shutak who stated in an article that the Mayor was to move into the Municipal Building. Currently the City does not have a long term lease with the Marlins which should be done as soon as possible. As to the reasoning that the City felt that the seller was going to place condos on the Jib property, that was not what Councilman Horton understood. He continued he was for the purchase of the property before the condo market crashed and then he was against it. Realtors had told him it was a ridiculous price and to back away from the \$50,000 that the City had invested in acquiring it then to go ahead. As to having a permit to build condos there, Councilman Horton continued that he would like to see how one could build condos with no parking. Councilman Horton continued that with regard to the revenue neutral tax rate, the revenue neutral formula adds a growth rate when computing. Therefore, revenue neutral gives a built-in increase. He and Councilman Ballou preferred to round the revenue neutral figure downward and subsequently voted against the entire budget.

Councilman Cordova stated that he could rebuttal everyone's comments. He continued that 46 years ago he got involved in politics in Morehead City and he is of the opinion that the City has really taken off. He initially ran for office because at that time Morehead City was broke; no audit had been done in two [2] years. The newly elected Council Members ran to make some changes. He continued that the four [4] of them made residents so mad that only one of them was reelected the next term. However, he stated that he got involved again after two [2] years and during his tenure the City was able to pay off the debt in seven [7] years. During the years he has been on the Council, there has never been a time when other members of the Council were criticized. We all make mistakes. Morehead City has progressed over the years. Councilman Cordova spoke about the first sewer plant and the history of Morehead City. He continued that he has never been lambasted by a Council Member, except this time. To come out and say half truths is not the way to run a City. We have given City employees a token increase every year. We furnish the employees a health insurance policy on which the fees have risen each year and the City absorbs that increase; the state retirement fee has also been raised and the City has picked up this charge also. During this financial downturn the City has not had to lay off any City employees. The employees agreed through the City Manager to stay and the Council promised to do the best to give them raises. We have made the budget each year and have collected 99.5 percent of the taxes. He concluded by saying that a lot of what one reads in the paper has to be taken with a grain of salt.

Mayor Jones recognized Councilman Ballou for his stewardship of the North Carolina Seafood Festival.

There being no further business, the meeting was adjourned at 8:05 p.m.

---

Gerald A. Jones, Jr., Mayor

Attest:

---

Jeanne M. Giblin, City Clerk

