

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

Tuesday, May 12, 2009

The Honorable Council of the Town of Morehead City met in regular session on Tuesday, May 12, 2009, at 5:30 p.m., in the Municipal Building Auditorium at 202 South 8th Street, Morehead City, North Carolina. Those in attendance were:

MAYOR: Gerald A. Jones, Jr.

COUNCILMEN: George W. Ballou
Paul W. Cordova
David Horton
John F. Nelson
Demus L. Thompson

CITY MANAGER: R. Randy Martin

CITY CLERK: Jeanne M. Giblin

CITY ATTORNEY: Nelson W. Taylor, III

OTHERS: Jim Bailey, Doug Brady, Porter Wilson, Hanna Ericksen, Desiree Ericksen, Mike Shutak, Reporter, THE CARTERET NEWS TIMES, Planning Director Linda Staab, Mike Thomas, Derek Taylor, Kenneth R. "Rod" Bates, Police Lt. Johnny Overby, Julie Overby, Antonio Prioleau, Jennifer Stallings, Reporter, THE BEAUFORT GAM, Ronetta Gaskill, Police Captain Richard Abell, Natalie G. Badillo, Luis E. Badillo, Hal E. Willas, J. Givozzis, Larry Dunn, James Bagley, Bob Caffin, Gene Iseman, Sandi Iseman, Mark Ligi, Police Captain Garland Terry, Simon Whitehead, Jerry Eudy and several others

I. Regular Meeting Call to Order, Invocation 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.

II.A. Tiller Benefit Regatta, May 23 & 24, 2009, Neal Littman, Morehead City Yacht Basin, Lynsey Plume, Executive Director, The Tiller School

In the absence of Mr. Littman and Ms. Plume, Mr. Simon Whitehead gave a brief presentation on the planned Sailboat Regatta for the benefit of The Tiller School, a charter school located in Beaufort, North Carolina which will be held in Morehead City at the State Port on Saturday, May 23, 2009. The event will begin with registration, viewing of the sailboats and the race itself as seen from the North Carolina State Port on Saturday, May 23rd with a dinner to follow at The History Place. The event will end with another viewing of the sailboats on Sunday, May 24th.

Mayor Jones expressed his appreciation to all the event organizers and volunteers and stated he hoped to see more sailboat racing in North Carolina as it historically was a very popular sport in Morehead City.

II.B. Resolution of Retirement 2009-26 in Appreciation to Kenneth R. "Rod" Bates upon his retirement from the Public Works Department on May 1, 2009

On behalf of the Town of Morehead City, Mayor Jones presented retiree Kenneth R. "Rod" Bates with a Resolution of Appreciation. Rod Bates began working for the City in 1997 in the Public Utilities Department and retired on May 1, 2009. The City thanked him for his service and wished Rod many more happy and productive years in his future endeavors.

Mr. Rod Bates thanked Morehead City for the opportunity for his years of employment, and noted that as he worked for both the Public Utilities and Public Works Departments of the City that "he dug his way from one end of the town to the other" and that when called upon "there wasn't much he didn't do." He also noted that the staff and Council of Morehead City were some of the best people with which to work. He also praised the attractiveness of the City and gave credit to the City staff for all the improvements over the years.

II.C. Mayor's Proclamations: Peace Officer's Memorial Day – May 14, 2009 and National Police Week – May 10 to 16, 2009

Motorcycle Safety Awareness Month – May 2009

May 14, 2009, is Peace Officers' Memorial Day in conjunction with National Police Week of May 14 through 16, 2009. Police Officers from the Morehead City Police

Department were in attendance to accept a proclamation from Mayor Jones acknowledging the essential role they play in safeguarding the rights and freedoms of the citizens of Morehead City.

The Blue Knights BKNC XVIII International Law Enforcement Motorcycle Club requested that Morehead City proclaim the month of May 2009 as Motorcycle Safety Awareness Month. May is traditionally observed as a time to remind and encourage other motor vehicle operators to be cautious and observe motorcycles and to keep our highways safe. Members of the Blue Knights were present to accept the proclamation from Mayor Jones.

Police Lieutenant Johnny Oglesby presented both the Mayor and Councilman Ballou a t-shirt in commemoration of their participation in the Polar Plunge sponsored by the Morehead City Police Department. He also distributed DARE t-shirts to the Council as he also serves as DARE Officer for the City.

II.D. Hannah Ericksen – Recycling Program in Morehead City

Mr. Porter Wilson introduced his grandniece, Hannah Ericksen, who lives in the Cambridge Downs Subdivision which is in the City's extra-territorial jurisdiction and, therefore, is not eligible to participate in Morehead City's recycling program. She has gotten her family to recycle. She has also been instrumental in getting some of the teachers and students at the Morehead Middle School, which she attends, to start recycling.

Ms. Hanna Ericksen stated that every day, with the help of her mother, she picks up the recyclables at the Morehead Middle School and takes them to the recycling center. She stated her goal is to have her school start a recycling program. Her teachers are helping her recycle and they would also like to start recycling at the school. Her goal would be to have Carteret County start a recycling program in all the county schools.

Mayor Jones commended her for recognizing the benefits of recycling and stated that Morehead City encourages recycling among the residents. He noted the Recycling Incentives Program the City uses to reward participants and promote participation by all residents.

Councilman Thompson commented that the City Manager should consider exploring the costs and options to expand recycling and potentially offer the service in the extraterritorial jurisdiction areas of Morehead City.

III. Adoption of the CONSENT AGENDA:

III.A. Approval of Minutes: Tuesday, April 14, 2009, Regular Meeting Tuesday, April 28, 2009, Special Meeting/Work Session

Approved the minutes of Tuesday, April 14, 2009, Regular Meeting and Tuesday, April 28, 2009, Special Meeting/Work Session and dispensed with the reading.

III.B. Approve Requests for Release of Overpayment of Ad Valorem Taxes for April 2009, in the amount of \$948.01; and Accept the Tax Collector and Finance Director Reports for April 2009

Approved the requests for release of overpayment of ad valorem taxes for April 2009, in the amount of \$948.01; and accepted the Tax Collector and Finance Director Reports for April 2009.

III.C. Adopt Resolution of Retirement 2009-26 in Appreciation to Kenneth R. "Rod" Bates upon his Retirement from the Public Works Department on May 1, 2009

As is customary, the Town of Morehead City on the retirement of a Town of Morehead City employee, adopts a resolution in appreciation for the years of service. Resolution of Retirement 2009-26 honors Street Maintenance Worker I Kenneth R. "Rod" Bates upon his retirement on May 1, 2009.

Adopted Resolution of Retirement 2009-26 in Appreciation to Kenneth R. "Rod" Bates upon his retirement from the Public Works Department on May 1, 2009. [Attached to and made a part of these minutes is Resolution of Retirement 2009-26.]

III.D. Adopt Budget Ordinance Amendment 2009-12 Rural Center Project Grant Project Fund Renamed Lift Station Improvements Grant Project Fund

The purpose of this amendment is to update the budget to recognize the award of American Reinvestment and Recovery Act [AARA] funds in the amount of \$1,600,000 to zero out the local contribution of \$500,000 and to increase expenditures related to Lift Station Improvements of \$2,100,000.

Adopted Budget Ordinance Amendment 2009-12 Rural Center Project Grant Project Fund Renamed Lift Station Improvements Grant Project Fund in the amount of \$1,600,000. [Budget Ordinance Amendment 2009-12 is attached to Ordinance Book #6 in the vault.]

III.E. Nominations for the Economic Development Council [EDC] Board of Directors

The Economic Development Council Board of Directors nominated and recommended the following members for election by the membership:

Ms. Joan Lamson, Mayor, Town of Pine Knoll Shores, for her third term
Mr. Mark Anderson, BB&T, for his second term
Mr. Chip King, Shearline Boats, for his first term

Based on our membership contribution, a total of 32 votes may be cast. Write-in candidates are allowed if the nominee has consented.

Nominated members to the Economic Development Council Board of Directors and divided the votes as equally as possible with the first two [2] listed candidates receiving 11 votes each and the third listed candidate receiving 10 votes.

III.F. Approve Justification for Alternate Bid – Contract No. 65 – Renovation of Pump Stations 9 and 12

North Carolina General Statute 133-3 in general requires specifications be prepared utilizing performance and design characteristics that will provide free and open competition among several brands or suppliers. The statute allows one [1] or more preferred brands be listed as an alternate to the base bid in limited circumstances. When one [1] or more preferred brands is listed as an alternate bid, it must be approved in advance by the owner in an open meeting. Approval shall be based on cost savings or anticipated improvements of the functioning of a process or system, or both, and justification identifying these criteria be made available in writing to the public.

City Engineer F. Tyndall Lewis prepared a narrative entitled "Justification for Alternate Bid – Contract No. 65 – Renovation of Pump Stations 9 and 12" provided in support of alternate bids for several items of equipment. The Public Utilities Committee of the Council will review this item at their next meeting and it is expected that the project will not be bid before that time. It was requested that the Council approve the justification for alternate bid as this project is on a fast track to meet deadlines and remain eligible for federal American Reinvestment and Recovery Act [ARRA] funding which has already been approved.

Approved Justification for Alternate Bid – Contract No. 65 – Renovation of Pump Stations 9 and 12. [Attached to and made a part of these minutes is the Justification for Alternate Bid – Contract No. 65 – Renovation of Pump Stations 9 and 12.]

III.G. Approve Justification for Alternate Bid – Contract 60 – Water Treatment Plant No. #1; Contract 61 – Water Treatment Plant No. #2; and Contract 67 – Water Treatment Plant No. #3

As stated for the same reasons in Item III.F., City Engineer F. Tyndall Lewis prepared narratives entitled "Justification for Alternate Bid" for each contract regarding the proposed Morehead City water treatment plants. The Public Utilities Committee of the Council will review this item at their next meeting and it is expected that the project will not be bid before that time. It was requested that the Council approve the justification for the alternate bid for each noted contract. This is also a potential ARRA funded project.

Approved Justification for Alternate Bid – Contract 60 – Water Treatment Plant No. #1; Contract 61 – Water Treatment Plant No. #2; and Contract 67 – Water Treatment Plant No. #3. [Attached to and made a part of these minutes is Justification for Alternate Bid – Contract 60 – Water Treatment Plant No. #1; Contract 61 – Water Treatment Plant No. #2; and Contract 67 – Water Treatment Plant No. #3.]

Councilman Horton MOVED, seconded by Councilman Thompson, and carried unanimously to adopt the CONSENT AGENDA in one [1] motion.

IV.A. Public Hearing: Voluntary Contiguous Annexation requested by Radio Island Development Company, LLC, for PIN #'s 6396-1961-2017, 6396-1961-2012, 6396-1960-2918, 6396-1960-2933 and 6396-1960-2838, located on Morgan Street, 0.72 acres; zoned County PI; (pending initial City zoning request to R5) – Adopt Ordinance 2009-06

Planning Director Linda Staab reported that the parcels under consideration [PIN #'s 6396-1961-2017, 6396-1961-2012, 6396-1960-2918, 6396-1960-2933 and 6396-1960-2838] for annexation are contiguous to the present City limits, contain approximately 0.72 acres and are currently zoned County PI [Port/Industrial] District. A request for the City to initially zone the property to R5 [Residential] under the City's jurisdiction is pending. The site in question is a portion of the Breakwater Spit subdivision. The current tax value is estimated to be \$1,027,500. Based on a 22-cent tax rate, \$2,260.50 in tax revenues would be generated. Water and sewer will be extended from Old Causeway Road. All costs associated with extending water/sewer service to the newly annexed property will be the responsibility of the owner.

The Planning Board and the Planning Committee of the Council recommended adopting Ordinance 2009-06 granting the annexation.

Mayor Jones opened the public hearing.

Mr. Jim Bailey of Atlantic Beach stated that he was one of the partners of the Radio Island Development Company which has petitioned Morehead City for the annexation of this property. Five [5] single family homes will be developed on the property which was the old Carteret Tugboat property.

Mr. Jerry Eudy stated he is the neighbor on both sides of the proposed annexation and that he does not wish to become part of Morehead City at this time.

He was assured by the Council that there was no attempt to annex his property and that this action would have no bearing on his property.

Mayor Jones closed the public hearing.

Councilman Thompson MOVED, seconded by Councilman Ballou, and carried unanimously, to adopt Ordinance 2009-06 granting Voluntary Contiguous Annexation to Radio Island Development Company, LLC, for PIN #'s 6396-1961-2017, 6396-1961-2012, 6396-1960-2918, 6396-1960-2933 and 6396-1960-2838, located on Morgan Street, 0.72 acres; zoned County PI; (pending initial City zoning request to R5). [Ordinance 2009-06 is attached to Ordinance Book #6 in the vault.]

IV.B. Public Hearing: Request from Radio Island Development Company to Initially Zone under the City's Jurisdiction Lots 17-21 Breakwater Spit (Tax PIN #'s 6396-1961-2017, 6396-1961-2012, 6396-1960-2918, 6396-1960-2933, and 6396-1960-2838) from its Current Zoning Classification of County PI [Port/Industrial] to R5 (Residential) District -- Adopt Ordinance 2009-11

Planning Director Staab reported that this is the same property which was just annexed. She continued that Jim Bailey submitted a request on behalf of Radio Island Development Company, LLC, Cape Lookout Marine, Inc., Radio Island Enterprises and Croatan Investment Company, LLC to initially zone under the City's jurisdiction 0.72 acres located on Morgan Street on Radio Island from its current zoning classification of County PI [Port/Industrial] to Morehead City R5 [Residential] District. Adjacent property is zoned as follows: County B2 [Business] to the north, County PI [Port/Industrial] to the south and west, and RMF [Residential Multi-Family] across the canal to the east. Surrounding development

includes a single-family dwelling and glass shop to the north, vacant property to the south and east, and common area for Morgan's Creek across the canal to the west.

Upon annexation, the property was designated in the CAMA Land Use Plan as Neighborhood 1. 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 public hearing. The property was posted.

The Planning Board and the Planning Committee of the Council unanimously recommended granting the rezoning request.

Mayor Jones opened the public hearing.

Mr. Jim Bailey of Atlantic Beach requested, on behalf of the partnerships involved, that this property be initially zoned to R-5 [Single Family] District under Morehead City's zoning and he stated that the development will be an asset to the City.

Mayor Jones closed the public hearing.

Councilman Thompson MOVED, seconded by Councilman Horton, and carried unanimously, to adopt Ordinance 2009-11 granting the request from Radio Island Development Company to Initially Zone under the City's Jurisdiction Lots 17-21 Breakwater Spit (Tax PIN #s 6396-1961-2017, 6396-1961-2012, 6396-1960-2918, 6396-1960-2933, and 6396-1960-2838) from its Current Zoning Classification of County PI to R5 (Residential) District. [Ordinance 2009-11 is attached to Ordinance Book #6 in the vault.]

IV.C. Public Hearing: Adopt Resolution 2009-27 in Support of a Coastal Area Management Act [CAMA] Public Beach and Coastal Waterfront Access Grant Application to Acquire Property located in the 700 Block of Evans/Shepard Streets [PIN #'s 6386-1970-4823 and 6386-1970-3860]

Planning Director Linda Staab reported that Morehead City was invited to submit a final Coastal Area Management Act [CAMA] grant application in the amount of \$300,000 to be applied toward the purchase price to obtain a portion of the property and associated riparian rights in the "jib" located on the Morehead City waterfront. This 0.58 acre parcel is currently owned by the Coastal Land Trust. It has 129.45 linear feet on the harbor channel. It is a high profile urban waterfront location in the heart of downtown Morehead City with the potential to provide a variety of opportunities for both pedestrians and the boating public. The project is proposed to be completed in two [2] phases; Phase I is proposed to be completed in FY2009/2010 and includes the acquisition of the property, while Phase II is proposed to be completed in FY2010/2011 and includes property improvements to create a plaza. [NOTE: The City has previously applied for a Division of Water Resources grant of \$200,000 to also be applied toward the purchase price.] The City expects to hear final word on both grants by summer 2009. The total purchase price is \$1.1 million plus a \$200,000 credit toward future development fees for taxable construction within the City's jurisdiction. The Planning Committee of the Council recommended the City Council authorize the final grant application for \$300,000 in CAMA funding for property acquisition. Notice of the public hearing was advertised.

Mayor Jones opened the public hearing. No one spoke for or against the proposed resolution.

Mayor Jones closed the public hearing.

Councilman Thompson MOVED, seconded by Councilman Cordova, and carried unanimously, to adopt Resolution 2009-27 in Support of a Coastal Area Management Act [CAMA] Public Beach and Coastal Waterfront Access Grant Application to Acquire Property located in the 700 Block of Evans/Shepard Streets [PIN #'s 6386-1970-4823 and 6386-1970-3860]. [Resolution 2009-27 is attached to and made a part of these minutes.]

V.A. New Business: Request for Preliminary Approval of the 2009 Morehead City Draft Hazard Mitigation Plan

Planning Director Linda Staab reported that in accordance with the Federal Disaster Mitigation Act of 2000, communities must have a hazard mitigation plan in place in order to request federal funds for disaster relief or mitigation activities. Morehead City's current plan

was approved in 2004, and will expire this year. Therefore, it is necessary for a plan update to be submitted to both the North Carolina Division of Emergency Management [NCDEM] and the Federal Emergency Management Agency [FEMA]. The NCDEM has requested that the plan be submitted for preliminary review in May.

Major changes in the updated plan include: 1] the addition of hazardous materials as an identified threat; 2] changes in the order of the hazards in the risk assessment based upon the State of North Carolina's Risk Assessment; and 3] updates on data contained in the previously approved plan. Other updates were made in response to the criteria listed in the Hazard Mitigation Plan Update Checklist provided by FEMA.

Notice of the public meetings was advertised and the draft update was posted on the City's website. The plan was submitted to Planning Board and Town Council members for their review in March 2009. Relevant comments received prior to and during the Planning Board and Council meetings will be incorporated into the document prior to submittal to NCDEM. Following review by the NCDEM, the Planning Board and Council will be given an opportunity to review the plan prior to adoption by FEMA.

The Planning Board at their meeting on April 21, 2009, suggested minor adjustments to the document and questioned the necessity of formal mutual aid agreements between military sectors and Morehead City. The staff will research the inquiries posed by the Planning Board and report its findings. The Planning Board unanimously recommended forwarding the 2009 Morehead City Draft Hazard Mitigation Plan Update to the Council for review. The Planning Committee of the Council reviewed the document and recommended it go forward for Council action.

Councilman Thompson MOVED, seconded by Councilman Nelson, and carried unanimously to approve the draft of the 2009 Morehead City Hazard Mitigation Plan Update and grant approval to submit the draft updated plan to the North Carolina Division of Emergency Management [NCDEM] and the Federal Emergency Management Agency [FEMA].

V.B. New Business: Adopt Ordinance 2009-16 Amending the Code of Ordinances of the Town of Morehead City, Chapter 15, Streets and Sidewalks, to Include Article VI. Street Performers and Amend THE FEE SCHEDULE to Include an Application Fee

Planning Director Linda Staab reported that the Downtown Morehead City Revitalization Association [DMCRA] requested that street performers be allowed in the downtown area of Morehead City. In an effort to insure a balance between the street performers and owners of downtown property, the proposed ordinance was submitted for consideration and approval. The Planning Committee of the Council reviewed the proposed ordinance and recommended approval. The proposed ordinance was also reviewed by the City Attorney, the Morehead City Police Department, the Morehead City Parks and Recreation Department and the DMCRA.

Planning Director Staab explained the parameters of the ordinance and noted that in conjunction with application processing, the Morehead City Fee Schedule would also be amended to include a \$10.00 application/processing fee.

Councilman Ballou questioned the necessity for this type of ordinance and what prompted consideration for regulating performers on our downtown streets.

Planning Director Staab replied that the DMCRA initially requested promoting the performers and that City staff felt that it should be regulated. She continued that at the present time restaurants need to obtain a special permit to have performers within their designated outdoor space on City sidewalks. She also noted that the City has received complaints about tables outside restaurants blocking the sidewalk and these individual situations will be addressed through enforcement measures.

Councilman Horton questioned if some of the areas which will allow performers are in front of single family or multi-family homes. He felt that performers should not be allowed in front of residential and/or multi-family homes and he questioned what would happen if a performer should become a nuisance in front of some business. He was concerned that the City should have an option to regulate such a situation.

Councilman Thompson was of the opinion that street performers would encourage business in the downtown area.

Mayor Jones acknowledged that at this point Morehead City does not regulate street performers by any ordinance and it could become an open situation for anyone to perform. The City is trying to be proactive in having an ordinance prepared for this situation.

Planning Director Staab reported that she reviewed ordinances from other municipalities and court cases addressing street performers in an effort to propose the best ordinance to address all possible situations.

Councilman Nelson commented that there is the feeling by many that street performances are a matter of expression which is allowed by the United States Constitution under “freedom of expression”. He was of the opinion that to regulate it is better than trying to prohibit it.

Councilman Horton conceded that if there is a problem in the proposed ordinance, it could be amended at a later date.

Councilman Nelson questioned if the \$10 application fee was equitable for the staff time necessary to process the application.

Manager Martin replied that the object of the proposed ordinance was to encourage good street entertainment and that the City would have a record of the performer in case there were complaints. The fee probably does not cover the cost to the City, however, the application is mainly to keep abreast of who is performing and make them aware of the limitations imposed by the regulations.

Councilman Thompson MOVED, seconded by Councilman Nelson, and carried unanimously to adopt Ordinance 2009-16 Amending the Code of Ordinances of the Town of Morehead City, Chapter 15, Streets and Sidewalks, to Include Article VI. Street Performers and Amend THE FEE SCHEDULE to Include an Application Fee, effective upon adoption. [Ordinance 2009-16 is attached to Ordinance Book #6 in the vault.]

VI. Citizen Requests/Comments: There were no citizen requests or comments.

VII. City Managers Report:

VII.A. Update on Proposed Operating Budget for FY2009/2010

The City Manager gave an update on the status of the proposed City operating budget for FY2009/2010. He also reminded the Council of the Special Meetings/Work Sessions of the Council scheduled for 8:30 a.m., on Thursday, May 21, 2009, and 1:00 p.m., on Tuesday, June 2, 2009, followed by the Public Hearing on the Proposed FY 2009/2010 Budget at 4:00 p.m., on Tuesday, June 2, 2009, in the Municipal Chambers at 202 South 8th Street.

Manager Martin formally presented the budget message to the Council. He commented that the economic forecast had been presented to the Council regularly throughout the year through the quarterly Special Council Meetings. He continued that he attended Town Hall Day in Raleigh on Wednesday, May 6th and learned that the state budget is in more dire straits than previously anticipated. This will impact the economy of the state with the subsequent impact to municipalities.

Manager Martin continued that he made a special effort to attend all the personnel meetings for employee’s health insurance updates to address the City employees on the status of Morehead City finances and report on the support of the Council and management for the staff. He advised the employees that it is not a budget year to unfreeze some of the things which were frozen last year such as salaries, vacant jobs and capital projects. He noted to employees that unfortunately no funds are recommended in the proposed budget for salary merit or market adjustment [i.e., COLA (cost of living)] increases, but he was hopeful the situation would improve and allow review of this matter by mid-year or the last quarter of the fiscal year. He reported that the prognosis for the current fiscal year is that Morehead City will come out much better than if the City had not been conservative in predicting reduced revenues and took evasive action early in the year to reduce spending included in the budget accordingly. Manager Martin admitted this has been a difficult year and that the

economic forecast for next year is more a concern because of the fluctuations in the sales tax, revenues, etc.

Manager Martin reported that he is recommending a very conservative approach to the budget this year with very limited capital expenditures. He recommended maintaining the property tax rate at the present rate and emphasized that he felt Morehead City cannot place more of a burden on the taxpayers as it would be counterproductive to recovery if a tax increase was proposed during the difficult economic times. He recommended keeping our service levels intact and the tax rate of 22 cents per \$100 of assessed evaluation. There will be an increase of 10% in water/sewer rates which was previously proposed and adopted. This increase will be the final installment of those increases and is necessary to fund Wastewater Treatment Plant [WWTP] debt service.

Although tipping fees will be increased by the Solid Waste Management Authority, no rate increase is recommended for the Morehead City levied user fees for solid waste service at this time. He continued that other fees such as building permit fees, etc., will be reviewed to determine if they need adjustment.

Manager Martin stated that the Fire/EMS Fund recommended budget is based upon the assumption that the Board of County Commissioners will approve the City's request for the Fire/EMS district property tax rates to remain unchanged at \$0.075 per \$100 property evaluation for fire services and \$0.04 for EMS services. The City is recommending holding the line on those taxes as well.

Manager Martin proposed a total budget of \$20,122,930. Together with all funds combined the proposed FY2009/2010 budget is slightly less than last year's budget by 1 percent. He explained that some of the funds have a more significant decrease. As expected, the Water/Sewer Fund expenditures increased significantly as expected because of the first year of full principal and interest payments for debt service on the recently completed Wastewater Treatment Plant.

Manager Martin continued that fortunately the City had a banner year in being able to access other sources of funds other than no growth in property taxes and reduced levels of revenue in development related fees, investment earnings and sales tax. Morehead City received approval for two [2] key pieces of funding of federal funds from the American Recovery and Reinvestment Act of 2009 [ARRA], a \$1.5 M forgiveness loan or grant equivalent and a \$1.5 million no interest loan for water treatment improvements. The City would have obtained a low interest loan for the money but the amount is now reduced by \$3.0 million. The City also received a NC Rural Center Grant from the state for \$500,000 and \$800,000 in loan forgiveness or grant equivalent and \$800,000 in zero interest loans for the replacing and refurbishing of Lift Stations No. #9 and #11. The no interest loan and loan forgiveness totaling \$1.6 million is also from the ARRA federal economic stimulus package. The City is also in receipt of a pedestrian plan grant from the North Carolina Department of Transportation [NCDOT] and approved to update the City's pedestrian plan like the bike plan which the City did some years ago.

Manager Martin reported that the City has applied for a law enforcement block grant program from the state and ARRA federal funding for personnel and equipment. He acknowledged that thanks to the City staff and Council's support, Morehead City has a good success rate of pursuing and receiving grants.

Manager Martin advised that the budget is balanced in terms of revenues and expenditures. He stated that all department heads limited their requests and that approximately \$700,000 or 3.5 percent was cut from the proposed requests to balance the budget.

Expenditures in the General Fund are \$9.6 million which is a decrease of approximately \$500,000 from last year for a 5.2% reduction. This fund, as well as other funds, does continue the freeze on some vacant positions and recommends reductions in part-time and seasonal employment.

The Debt Service obligations in the General Fund will decrease this year by 18 percent. The same will also hold true for the Fire/EMS Department. The Water/Sewer Operating Fund debt service will increase by \$823,150. The total fund budget will increase by 16 percent. The debt service category on the Water/Sewer Fund alone is going up 71 percent due to the new WWTP. This has been anticipated and the City has been preparing

for it by incrementally increasing rates over the past several years. The City's total utility fund debt obligation this year will be \$2.1 million and is directly related to principal and interest for the new WWTP.

Manager Martin reported that he recommended keeping all the full-time personnel other than vacant positions fully funded, however, the proposed budget cuts in part-time personnel will be addressed through attrition and retirements to the extent possible.

VII.B. Tattoo/Body Piercing Regulations Update

Manager Martin referenced a City staff provided memorandum reporting that after consideration of the comments received during the public hearing on the proposed tattoo/body piercing regulations, the Planning Committee of the Council recommended that the Council not proceed with the adoption of the proposed ordinance.

The Planning Committee of the Council felt that the previously proposed police power regulating ordinance was not necessary once the changes requested were considered. The Committee alternatively recommended that a text amendment to the Unified Development Ordinance [UDO] be developed to include tattoo and/or body piercing establishments as a permitted use exclusively in the Commercial Highway [CH] District. The proposed amendment would prohibit new tattoo/body piercing establishments in the downtown area and other zoning districts where the use was deemed inappropriate. The Planning Board will consider this amendment during its May 19, 2009 meeting with the public hearing being scheduled for June 9, 2009.

City Attorney Taylor advised that no action is necessary by the Council at this time if the Council desired to accept the recommendation and thereby let the previously proposed ordinance die. The City Manager stated that with no objection the standard procedures would be to proceed with a public hearing on the proposed zoning ordinance amendment to the Unified Development Ordinance [UDO] at the June Council Meeting.

Councilman Horton commented that Office & Professional and/or Medical Arts Zoning Districts should be considered for this application as body piercing/tattooing seems more like a medical procedure.

Upon discussion of the necessity for such an amendment to the UDO, Mayor Jones noted that at this time tattoo and/or body piercing establishments as a specific use are not addressed by our zoning ordinance. This amendment would stipulate which districts would allow the use.

Planning Director Staab stated she will present the comments of the Council to the Planning Board when they review the proposed ordinance limiting the location of these uses by designating eligible districts.

VIII. Council Requests/Comments

Councilman Ballou reported that he received a concern that the grass needed attention at Bayview cemetery. He requested that the mowing scheduled be revised to coincide with holidays when visitation is high such as Mother's Day, Easter, Father's Day, etc., as it is a reflection on Morehead City

The Manager advised that the screening in front of the jib property riparian area along Shepard Street will be in place before this weekend.

Mayor Jones commented that it is another budget time and that it will be a challenge this year. On the state level the City will have to wait and see what the governor proposes and the General Assembly approves. He feels Morehead City will still be comfortable this year even if something dire happens at the state level.

Manager Martin reminded everyone of the Annual Family In-Water Boat Show this weekend.

IX. CLOSED SESSION AS PER N.C.G.S 143-318.11[A][5] TO APPROVE THE CLOSED SESSION MINUTES OF TUESDAY, APRIL 14, 2009, TUESDAY, APRIL 28, 2009 AND WEDNESDAY, APRIL 29, 2009

There was no closed session.

Councilman Nelson MOVED, seconded by Councilman Ballou, and carried unanimously, to approve the CLOSED SESSION minutes of Tuesday, April 14, 2009, and release them upon the record; and to approve and remain sealed the CLOSED SESSION minutes of Tuesday, April 28, 2009, and Wednesday, April 29, 2009.

To update the Council, Manager Martin reported that the current upset bid is approximately \$54,000 pending any further upset bids on the Emma Dudley property tax lien foreclosure proceeding at 1202 Avery Street in Morehead City. The Manager acknowledged that as the sales price as it now stands will cover the liens owed to Morehead City and Carteret County, the City is no longer an interested bidder in the process.

There being no further business, the meeting was adjourned at 7:00 p.m.

Gerald A. Jones, Jr., Mayor

Attest:

Jeanne M. Giblin, City Clerk