

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

**Wednesday, April 18, 2012 at 8:30 a.m.
Special Meeting/Budget Work Session**

The Honorable Council of the Town of Morehead City met in Special Session on Wednesday, April 18, 2012, at 8:30 a.m., in the Training Room, Morehead City Police Department, 300 North 12th Street, Morehead City, North Carolina. The purpose of the meeting was a FY2012-2013 Budget Work Session. Those in attendance were:

MAYOR: Gerald A. Jones, Jr.
MAYOR PRO TEM: Harvey N. Walker, Jr.
COUNCIL: George W. Ballou

William F. Taylor
Demus L. Thompson
Diane C. Warrender

INTERIM CITY MANAGER: Pete Connet

CITY CLERK: Jeanne M. Giblin

OTHERS: Mark Hibbs, Reporter, THE CARTERET NEWS

TIMES [Arrived at 11:55 a.m.]; Police Chief Wrenn Johnson; Interim Fire Chief Jamie Fulk; Finance Director Ellen Sewell; Planning Director Linda Staab; Human Resources Officer Susan Nixon; Library Director Sandy Bell; Recreation Director Craig Lands; Public Utilities Director Daniel Williams; Public Works Director David McCabe; Craig Hassler

CALL TO ORDER

Mayor Jones opened the meeting at 8:30 a.m. which was recessed from the Regular Council Meeting held on Tuesday, April 10, 2012.

BUDGET WORK SESSION

Finance Director Sewell reported that at the last budget session the Council started the review of the Capital Projects Funds which are multi-year budgets. These funds are adopted when needed and amended as needed.

Finance Director Sewell reported that the MATS [Morehead Alternative Transportation System] Fund had not had recent activity, however, as there may be future projects the fund has not been closed. The funding for the Charles Wallace School included acquisition of the property, the clean-up and monitoring of the wells on the site, the building of the Police Station and revenue and costs related to the Cape Lookout School utilizing classrooms at the site. With regard to the Baseball Park Project Fund most of the budget has been spent, however, there may be future activity for the project. Netting will be placed at the Womble Family property line along with other improvements to impede balls from hitting their back yard.

Councilman Taylor questioned capturing some of the incoming funds from the use of the baseball park and utilizing them for capital improvements. He requested that the Finance Director show the revenue and expenses for the baseball park and if there were any profit to be used for capital improvements.

Councilman Ballou commented that the funds obtained should be utilized for the maintenance of the park.

The phases of the Newport River pier extension and the boat launch area were reviewed.

Finance Director reminded that the Council authorized a loan with the United States Department of Agriculture [USDA] for the construction of Fire/EMS Station No. 2 which will have to be paid and she anticipated that all available funds will be spent on the project.

Interim City Manager Connet stated that forthcoming budget amendments will be presented for acquiring \$200,000 grant money for some upgrades which were not initially funded. The Council will also have to make a decision whether to use the additional funding which was originally provided with the USDA loan.

Finance Director Sewell commented that the Jibb Property Project received grant funding and the project is ongoing. The Shepard Street Boat Ramp Project has spent all the project funds and should be closed out.

Under Water/Sewer Capital Projects Funds, Finance Director Sewell explained the Morehead City policy of extending water/sewer lines to developments. She explained the terms “encumbered” – the purchase order has been issued; “committed” – the project is budgeted and the money will be earmarked; “appropriated” – the Council has already committed money for a project.

The revenue sources for the Wastewater Treatment Plant Project are in place and the project will be concluded shortly. The ARRA [American Recovery and Rehabilitation Act] money was used for the Water Treatment Capital Project Fund, Phase I of the project is almost complete with subsequent plants not started as of this time. Finance Director Sewell explained the procedure for obtaining money from the funding agencies for specific projects and the necessity that the City maintains capital reserves to start projects.

Upon a comment from Councilman Walker regarding the lack of female restroom facilities at the new Wastewater Treatment Plant Laboratory building, Public Utilities Director Williams replied that the original plans called for two [2] restrooms, however, one [1] was made into a mechanical room to save space and money. There are seven [7] employees in that Department with one [1] being female.

Finance Director Sewell reported that the Water Reuse Capital Project Fund has been dormant for several years. A grant application was made, but not approved by the state. At some point the City hopes to move forward with this project. Lift Stations 9 & 12 have been rebuilt and the fund should be closed out at the end of this fiscal year.

Finance Director Sewell reviewed the General Fund which is the main operating fund for the City. She directed the Council’s attention to pages 24 and 25 of the Workbook which showed a 30 year history of the Fund Balance. The Fund Balance was \$3.5 million last year and she stated that it is important to have an adequate Fund Balance proportioned to the size of a City, revenues and location. The Fund Balance which was available was 34.3 percent for last year. The LGC [Local Government Commission] policy for a minimum level of Fund Balance is funds to cover one [1] month of operation. A strong Fund Balance is the backbone of the City and has allowed Morehead City to take advantage of opportunities.

Finance Director Sewell reviewed the Governmental Debt on page 33 most of which were installment notes through the USDA and BB & T Bank. In the Fire/EMS Fund there are two [2] installment notes for the fire truck and Fire/EMS Station No. 2. She reported that a percentage of this debt will also be funded by the fire district taxpayers. Fire Station No. 1 is completely paid off. She continued that BB & T will renegotiate the interest rate of three [3] loans which over the terms will save \$120,000.

Finance Director Sewell reported that the City tax evaluation has dropped to \$1.9 billion for the most recent year. She stated the Finance Department appreciated the support from the Council to do all which is allowable under state law for tax collection.

PUBLIC WORKS

Public Works Director McCabe reported that many areas of the Webb Memorial Library had been improved, however, the City was not successful in trying to bid the elevator work for the building within budget.

Library Director Bell commented that the meeting rooms on the second floor of the library cannot be used for all functions because of accessibility issues which also limit sponsors and programs with grant funding. She remarked that the library has received a donation for large print books and the inability to house them on the second floor of the building due to accessibility problems.

Public Works Director McCabe gave an update on the construction work at the Municipal Building at 202 South 8th Street and staff requests for additional data lines and electrical outlets. He continued that the work is progressing on the Fire/EMS Station No. 2 and the project should be completed the second week of September. The change orders were approved at the last Council Meeting. With regards to the Barbour Road Sidewalk

Project, he explained the additional expenses for the project and is working with the North Carolina Department of Transportation [NCDOT] for additional consideration to help with the extra costs incurred.

He continued that because of funding constraints an enlarged concession area with restroom facilities was not constructed at Big Rock Stadium at O'Neal Field. He commented that the debt service costs on a loan for the construction of such facilities would be almost the same as renting the present mobile restroom facilities. The City should be receiving the permits for the Newport River Project and will receive the second year funding of the grant which would allow construction to begin. The architectural plans for the Jib Property Project are forthcoming. The Big Rock will contribute funding toward this project. The City is trying to receive a \$300,000 grant for the project.

The City has submitted plans and specifications to the NCDOT for the bid process for the Little Nine Road Project. Because of poor soil conditions the anticipated costs are \$700,000. The project is underfunded with the City only receiving \$250,000 from NCDOT for the project. The NCDOT recommended that the City define the costs and approach the legislative delegation for further funding for the project.

Mayor Jones commented that he considered this a NCDOT project, but also a public safety issue. The completed project would enhance the response time for the Wildwood Fire/Morehead City Fire District in that area.

Public Works Director McCabe stated that upon completion the road will not become a NCDOT road, it will become a City street.

Councilman Thompson questioned the cost of completing this project versus the improved public safety aspects.

Councilman Walker questioned the necessity of this project.

Public Works Director McCabe explained that the City has already spent \$32,000 on this project, he recommended bidding the project and ascertaining the costs as the City has the plans and specifications.

The Council took a ten [10] minute break and returned at 10:20 a.m.

WATER/SEWER

Public Utilities Director Williams stated that the new lab building at the Wastewater Treatment Plant is basically complete except for minor detail work. The first plant for the Water Treatment Softening Project is complete and has been online since September 2011. The next step is the planning phase of the other treatment plants which will all be constructed simultaneously. The City has acquired the property off Country Club Road for the elevated water tank and well.

MUNICIPAL GOALS – Administration/Finance/Personnel

Interim City Manager Connet reported that the City's new website will go live next Monday, April 23rd. Portions of the site still need to be built and information will be added as time proceeds.

The Council discussed the 4th of July fireworks program and hoped that it could be coordinated with the firework celebration in Atlantic Beach.

Interim City Manager Connet commented that he recommended keeping the privilege license fees stable for the time being as the state has been working on a program of setting the fees according to receipts.

Councilwoman Warrender commented that a business owner recently told her about the difficulty he had in completing the application for a business privilege license in that the application had to be approved by various City departments.

Planning Director Staab explained that the application process is to make individuals aware of all the requirements which are necessary in order to open a business.

Interim City Manager Connet commented that the procedure will be reviewed at the staff meeting. He requested that the City staff review their fee schedules. He also recommended that sanitation fees will need to be adjusted this year. He recommended that with regard to the personnel policy that the City update the pay classification and place money in the budget for the study. He reported that health insurance rates declined by 5.9 percent mostly due to the Wellness Program for employees and this savings could be added to the proposed salary pool of funds for possible increases to City employees in FY2013.

Finance Director Sewell reported that the Mail Receiving Agent [MRA] at City Hall has 42 out of 240 private boxes rented and that as a cost savings the Finance/Administration Committee of the Council recommended to eliminate the mail service [placing mail in the private boxes] on Saturdays.

Planning and Code Enforcement

Planning Director Staab reported that the boundary agreement along the Morehead City/Beaufort Causeway is ongoing with the Carteret County Commissioners. Some survey work has been done. The Department is working on a web-based permitting process. An application has been submitted to CAMA for the Jib Property Project and the Harborline Study is progressing. The Department is continuing to work on an intra-county pedestrian and bicycle plan. The emphasis on homeless shelters in the Unified Development Ordinance [UDO] has shifted to minimum housing requirements. The City is in the talking stages for a public water access opportunity in the Blair Farm Development. The Department is also continuing to work on a historical record of the Planning & Inspections Department.

Public Safety [Police; Fire/EMS]

Interim Fire Chief Fulk reported that the City has been trying to improve the fire safety ratings from a score of five [5] to a score of four [4] and hopes that when Fire/EMS Station No. 2 goes online that this will happen. The Ambulance Bus which was received by grant money is in service. The Rescue II Vehicle needs to be replaced. The Department purchased a fire boat which is in service. Discussion is proceeding with Wildwood Fire/EMS to consolidate services which could be beneficial to both Fire/EMS Agencies.

Councilman Taylor commented that the extension of Little Nine Road would improve the capabilities of the Wildwood Fire Department to reach residents.

Interim Fire Chief Fulk stated that this does not affect Morehead City services at this point, however, in the future if the City extends its boundaries it may become more important.

Upon a statement from Councilman Taylor that last year the county challenged the fire rates for Morehead City's coverage of the ETJ [extraterritorial jurisdiction], Finance Director Sewell explained that Carteret County did not increase the rates which placed Morehead City is a less than revenue neutral rate for fire service protection for this area.

Interim City Manager Connet explained that the county held back funds in previous years and that Morehead City will be requesting release of these funds.

Upon a question that at many calls there is the appearance of too many rescue vehicles, Interim Fire Chief Fulk explained rescue procedures and that for certain calls the state mandates paramedics and certain other services.

Interim City Manager Connet reported that the proposed ordinance for Taxi Franchise policies is in the hands of the City Attorney for review.

Police Chief Johnson reported that the Police Department will be undertaking many summer programs to improve community relations.

Public Utilities

Public Utilities Director Williams reviewed the status of his projects. He discussed the aesthetic improvements to the 18th Street Pumping Station which will continue into other areas.

Councilman Ballou requested that the pumping station generators be protected and shielded from the weather.

Parks & Recreation

Parks & Recreation Director Lands reported that the City returned the grant funds for the proposed extra transient docks. He spoke about vandalism at the parks and other facilities and discussed enhanced security in terms of video cameras at the soccer field and at Big Rock Stadium.

Councilman Taylor commented that recreation fees for all facilities needed to be reviewed.

Review of Departmental Issues and Concerns

Interim City Manager Connet recommended that the personnel policy should be removed from the Code of Ordinances and in order to cut down on paper, the City is exploring using I-Pads.

Councilman Taylor commented that he noticed that the goals do not have timeframes and suggested that the goals should have such and be monitored to hold individuals responsible.

Councilman Thompson commented that some of the goals take years to complete and that it was the duty of the Council to make sure these goals continue.

Interim City Manager Connet commented that the Committee Meetings would be a time for review.

Mayor Jones suggested that the Council could meet half way through the year to review the goals.

The Council discussed receiving drafts of Committee minutes for review and e-mailing the Council Agenda as a cost savings measure.

Planning Director Staab reported that the staff is working on the industrial zoning review and having it come before the Council. The economic situation is improving and she requested that the temporary full-time building inspector recently hired become permanent. She offered that if anyone needs the services of a Spanish language interpreter, the temporary building inspector is available.

Interim Fire Chief Fulk requested replacement of one [1] 12 year old vehicle for the Deputy Chief and would prefer a light duty pickup truck.

Councilman Ballou suggested and Councilman Taylor concurred that all departments do a plan for replacement of vehicles in the five [5] year range.

The Council also requested a schedule of the debt service so that the Council can see exactly where the City stands.

Police Chief Johnson reported that Morehead City has a Tactical Police Team and invited all to watch them train on Friday mornings. As Cherry Point no longer does bomb detection services, the Police Department has requested a grant for a bomb detection dog. The Department currently has three [3] dogs; two [2] for drugs and one [1] for tracking. She requested that the Council review the Department's budget requests and that a salary review be undertaken. The Department has applied for a COPS grant for two [2] positions.

Interim Fire Chief Fulk requested administrative support. All administrative duties are currently being divided among the three [3] chiefs. A part-time person to help enter data is necessary. The City has not changed the Fire Marshal position for many years and the Department finds it does not have the ability to do fire inspections on a yearly basis. He requested the addition of an Assistant Fire Marshal.

Public Works Director McCabe reported that his staff is reviewing janitorial services for all City facilities. He reported that the garage building for Public Works is located on a

garbage site. He requested that the City review other sites for construction of a new garage in the future as the state is seeking to close out all old dump sites. The City is pursuing input from the state to get tax credits for construction projects especially the Charles Wallace School building. He has also approached consultants, architects and contractors to acquire realistic preliminary budget figures for the renovation of the building.

Mayor Jones reported that the Cape Lookout School housed in the Wallace Building hopes to pay off their debt and is looking to work with the City on another contract for their continued use of the premises.

Public Works Director McCabe explained that in order to secure state tax credits and federal money, the City may need to have tenants in the building or the necessity to turn the building over to a private entity.

Parks & Recreation Director Lands stated that the soccer park needed to be re-graded with regard to drainage problems. Playground equipment is also needed at Piney Park.

Upon a question from Councilman Taylor about marketing our athletic facilities, for example for baseball tournaments, Interim City Manager Connet said the Tourism Development Authority could help in this regard.

Public Utilities Director Williams stated that the Water Improvement Project should be completed by December 2015.

COMMITTEE MEETINGS POLICY

Interim City Manager requested that the Council explore the possibility of having the Committees of the Council Meetings not open to the public as these meetings are a chance for the staff to discuss confidential matters with Council. He stated that Morehead City was the first time he has been at a Committee Meeting which was open to the public and that since there was never a quorum present, it was not a requirement.

The Council discussed the Open Meetings Law and Councilman Ballou commented that closing the meetings would put the Council in an awkward position and that in his experience the Committees have not discussed anything which is not open for public review.

Craig Hassler, a City resident, commented that as an outside person it just looks like the Council does not want the public to speak.

Interim City Manager Connet commented that the state law is very comprehensive, however, it gives governments the ability to conduct business without outside interference.

Discussion followed among the Council and staff about different items of business which may need to remain confidential especially with regard to Police Department activities.

Councilman Taylor discussed placing the Committee summary minutes on the website.

Councilman Thompson proposed postponing the issue for further review and interpretation.

Councilman Walker MOVED, seconded by Councilwoman Warrender, and carried with a vote of four [4] to one [1], with Councilman Ballou voting opposed, to follow the recommendation of the Interim City Manager.

[NOTE: After further review, the City Attorney advised that his previous advice regarding this matter was in error based on recent legal opinions at the state level and the action stated above is unlawful, thus this action is voided.]

There being no further business, the meeting was adjourned at 12:28 p.m.

Attest:

Jeanne M. Giblin, City Clerk