

**CITY COUNCIL MINUTES
WASHINGTON, NORTH CAROLINA**

July 14, 2008

The Washington City Council met in a regular session on Monday, July 14, 2008 at 4:30 p.m. in the Council Chambers at the Municipal Building. Present were: Judy Jennette, Mayor; Doug Mercer, Mayor Pro tem; Richard Brooks, Councilman; Archie Jennings, Councilman; Darwin Woolard, Councilman; Gil Davis, Councilman; Jim Smith, City Manager; Reatha B. Johnson, Acting City Clerk; and Franz Holscher, City Attorney.

Also present were: Anita Radcliffe, Acting Finance Director; Jimmy Davis, Fire Chief; Allen Lewis, Public Works Director; Bobby Roberson, Planning and Community Development Director; Philip Mobley, Parks & Recreation Director; Mick Reed, Police Chief; Keith Hardt, Electric Director, Susan Hodges, Human Resources Director; Lynn Lewis, Washington Tourism Director, and Mike Voss, of the Washington Daily News.

Mayor Jennette called the meeting to order and Councilman Woolard delivered the invocation.

APPROVAL/AMENDMENTS TO AGENDA

Mayor Jennette moved item I. C. from the consent agenda to item VI. B. 9. and moved Closed Session to VI. B. 10. Mayor Jennette added Mr. Tom Thompson under II. A. Scheduled Public Appearances. Mayor Pro tem Mercer asked to discuss Warren Field Handicapped Parking this will be included with Warren Field Airport discussion under Reports from Boards, Commissions and Committees. Mayor Pro tem Mercer requested to add VI. A. 2. Adopt a resolution in support of substitute legislation for the Coastal Stormwater Regulations.

Also, Mayor Pro tem Mercer had items he wished to discuss and would be added on X. A. – Any Other business from the Mayor or Other Members of Council, these items consisted of:

- Agenda layout
- Travel report
- Policy review

Councilman Jennings added item X. B. Update for the Council on what is called the workgroup; the group born out of the study request for Water Street. This is an expanded offering with a roster update.

Councilman Jennings asked to have the Proclamation for Pine Needles Garden Club moved to the August 11, 2008 meeting.

On motion of Councilman Woolard, seconded by Mayor Pro tem Mercer, Council unanimously approved the agenda, as amended.

APPROVAL OF MINUTES

On June 23, 2008, minutes, page 25, first paragraph, add the statement “However, all Leagues will receive a \$5 rebate for all In-City residents.” This correction to the minutes was presented by Councilman Davis.

Council agreed that other points raised by Mayor Pro tem Mercer were correct as recorded.

On motion of Councilman Jennings, seconded by Councilman Woolard, Council unanimously approved the minutes of June 9, June 16, June 23, and June 30, as amended.

RECOGNIZE – SCOUT TROOP FOR PAINTING WARREN FIELD AIRPORT

Mayor Jennette asked Scout Troop #248 from Bath to come forward to be presented with a Proclamation recognizing them for the extraordinary job done at Warren Field Airport. The Troop repainted the numbers on runway 17 and runway 35.

APPROVAL OF CONSENT AGENDA

On motion of Councilman Woolard, seconded by Mayor Pro tem Mercer, Council unanimously approved the Consent Agenda, as amended.

- A. Authorization – To File REPS Compliance
- B. Award – Contract for Labor and Equipment – Utility relocation for Clarks Neck Bridge
- C. **Moved to New Business VI. B. 9.** – Adopt – Budget Ordinance Amendment to provide funds for public infrastructure improvements at Moss Landing
- D. Accept – Governor’s Crime Commission Grant **and** Adopt Budget Ordinance Amendment – Project Next Step (180,043)

(Copy attached)

- E. Accept – Governor’s Crime Commission Grant **and** Adopt Budget Ordinance Amendment – Project Next Step (\$9,421)

(Copy attached)

- F. Accept – Governor’s Crime Commission Grant **and** Adopt Budget Ordinance Amendment – Audio/Video Equipment (\$8,279)

(Copy attached)

SCHEDULED PUBLIC APPEARANCES:

Mr. Tom Thompson, Director of Economic Development Commission, asked to share four things with the Council including an update of the Economic Development Commission.

1. A number of manufacturers had approached Mr. Thompson concerning the increased fees for privilege license. Mr. Thompson stated there was no explanation given to at least one manufacturer and was asking Council to revisit the increased fees and compare to other Cities.

ECONOMIC DEVELOPMENT COMMISSION

2. Substantial prospect looking at the Airport.
3. Quick Start II Building is drawing a lot of attention.
4. Will have an announcement Monday concerning Fountain Power Boats.

TOURISM DEVELOPMENT AUTHORITY

Mayor Jennette asked Lynn Lewis, Tourism Development Director, to update Council. Ms. Lewis stated the last week end of this month there will be some recognizant visit that will be coming in to do some secret shopping. They will begin the research that will include items such as way finding, customer service and should be finished by the end of November or December.

HUMAN RELATIONS COUNCIL

Mayor Jennette informed Council of the next ecumenical event the Board will be working on. This will be the second of three scheduled events and this one will feature Rabbi Kirschner discussing Judaism. Mayor Jennette stated as a result of the speaker the Board brought in, there is discussion about a Hispanic Cultural Festival that will be coming to the forefront.

DOWNTOWN WASHINGTON ON THE WATERFRONT

Ross Hamory, DWOW Director, shared a brochure that involved Tourism, DWOW, and the Merchants team grant money and they placed in some seed

money. These brochures will be distributed to all Downtown Merchants. Mr. Hamory stated that “Pickin on the Pamlico” is scheduled for August 16, 2008. Lastly, the Marine Committee through private funding has purchased six dinghies.

WARREN FIELD AIRPORT

Jim Smith, City Manager, reported the replacement for the awning at Warren Filed Airport has almost been completed. He also received quotes today for the replacement of the fueling system, but has not had a chance to look over them. Mr. Smith said depending if any money is left over; they hope to complete replacement of fencing along Spring Road.

Mayor Pro tem Mercer inquired if you can relocate the funds within that grant without approval from the granting agency. Mr. Smith felt it was up to the City to apply the funds and answered “yes”. Mayor Pro tem Mercer stated he was under the impression you wrote the grant for certain activities and were required to use it for that purpose. Mr. Smith stated it was not written for certain activities. First we got the appropriation and then filed for what we would use it for. We may have to go back and re-submit the file. Mayor Jennette said everything we are asking for is in our plan that was done by Talbert & Bright.

Mayor Pro tem Mercer was asked to enlighten Council on handicapped parking. Mayor Pro tem Mercer stated he had several contacts over the last couple of months regarding the placement of a handicap parking place immediately adjacent to the terminal building. Mayor Pro tem Mercer said there is a handicap parking place but it is over in the parking square (approximately 60 to 80 yards away). Mayor Jennette recalled there was a lot of discussion when Trade Wind took over the airport. Chief Davis explained that for some time the airport did not have a designated fire lane which gives access to emergency vehicles. Chief Davis stated that because of the size trucks and the size of the circle it would be hard to park a car in front of the terminal and still be able to get those trucks by. Also, on the far end when you are coming around the circle to the right of the terminal is one of the gates that give Fire, EMS access to the runway in the event there is an emergency. It was marked in accordance with the State Fire Code and the City Code. Mr. Smith informed Council that we did have a request from a gentleman last year (he believes he was a disabled veteran) regarding parking in front of the terminal and that gentleman does not drive a car and the person that drops him off does not qualify for handicapped parking. Mr. Smith stated the FAA also requested that we not park in front of the terminal building. Mayor Pro tem Mercer said if it is marked as a fire lane then the question becomes mute. Chief Davis said it is properly marked as a fire lane.

ANNEXATION REPORT

Councilman Jennings stated the board had not met again since the last update. Councilman Jennings said they are waiting, as everyone else, for the outcome of the moratorium. Mayor Jennette stated she understood that it had been sent to a committee in the Senate and a letter had been mailed to Representative Williams and Senator Basnight asking for their support on not allowing the moratorium to be put in place. Councilman Jennings agreed and stated they are waiting to see how the involuntary annexation will come out and there is nothing stopping them from moving forward with a strategy in having a plan that would allow for voluntary annexation.

HAVEN'S GARDEN REPORT

Mr. Phil Mobley, Parks and Recreation Director, spoke with Mr. Wade Kurby today regarding the map Mayor Jennette passed out to Council tonight. Mr. Mobley recommends going forward with a survey of Haven's Garden and a Master Plan. Mr. Mobley is asking permission from Council tonight to hire Susan Suggs from Coastal Planning and Design. Ms. Suggs has already done the Veterans Park and the Greenway. Mayor Jennette asked if Mr. Mobley would be bringing some type of report (budget figures) for Council to vote on in August and Mr. Mobley said "yes". Mr. Mobley said he would need to know what the survey would cost and what the plan will be for, doing the Master Plan, stating \$10,500 for the work to be done. Mayor Jennette, Mr. Smith and Allen Lewis met with Mr. Eatmon and Mr. Taylor Keith last week and obtained copies of the map that was placed before Council tonight. Mr. Keith is the right-of-way acquisition person for NCDOT. Mayor Jennette explained that the yellow area is the property that DOT will be obtaining from the City and once the project is done, it will be a green area. The bridge will be about 20 feet wider than it currently is now, it will include two bike lanes, one on each side and it will have a five foot side walk on either side. Mayor Jennette was asked if you would be able to fish off the bridge. They did not ask that question of Mr. Keith.

Councilman Davis inquired as to the compensation that would be given to the City for taking this property. Mr. Smith stated he received a phone call from the State this morning that will start the process of compensation. Mayor Jennette stated they did say they would have to remove the trees that is along the edges of the roadway now but they would put into the contract they would fund the City for replacement trees. The City will be responsible for replacing them back once DOT has finished the work. Mr. Mobley stated maybe we can relocate those because they are the trees that came from Downtown (an ideal would be the Veterans Park). Mr. Mobley stated if we could have our trees in, and down the road when the Greenway does come in, our trees are there. Mayor Jennette suggested now would be a good time to start thinking about it and it is not too early to start talking with DOT. NCDOT will let this bid in May, 2009 and has stated it will take just over a year to complete the project.

FINANCIAL REPORTS

Ms. Anita Radcliffe, Acting Finance Director, presented information on the General Fund and the Enterprise Funds, and accepted any questions from Council.

Mayor Pro tem Mercer requested a spreadsheet that showed the approximate fund balance in each of the funds and Ms. Radcliffe stated “yes” she would provide. Ms. Radcliffe will provide Council with this information for June 30, 2008 fund balances.

APPOINTMENTS TO VARIOUS BOARDS AND COMMISSION

Councilman Brooks stated he was ready to make his appointments to the various boards and commission.

PLANNING BOARD – TO FILL THE EXPIRING TERM OF JANE ALLIGOOD

On motion of Councilman Brooks, seconded by Councilman Davis, Council unanimously reappointed Jane Alligood to the Planning Board, term to expire June 30, 2011.

ENLARGED PLANNING BOARD – TO FILL THE EXPIRING TERM OF ROBERT HENKEL

On motion of Councilman Brooks, seconded by Councilman Davis, Council unanimously reappointed Robert Henkel to the Enlarged Planning Board, term to expire June 30, 2011, subject to the concurrence of the Beaufort County Board of Commissioners.

BOARD OF ADJUSTMENT – TO FILL THE EXPIRING TERM OF PAULA McCULLOUGH LASSITER

On motion of Councilman Brooks, seconded by Councilman Woolard, Council unanimously reappointed Paula McCullough Lassiter to the Board of Adjustment, term to expire June 30, 2011.

ALTERNATE MEMBER – BOARD OF ADJUSTMENT – TO FILL THE EXPIRING TERM OF MARION ORE

On motion of Councilman Brooks, seconded by Councilman Woolard, Council unanimously reappointed Marion Ore to the Alternate Member Board of Adjustment, term to expire June 30, 2011.

**ENLARGED BOARD OF ADJUSTMENT – TO FILL THE EXPIRING
TERM OF STEVE FUCHS**

On motion of Councilman Brooks, seconded by Councilman Davis, Council unanimously reappointed Steve Fuchs to the Enlarged Board of Adjustment, term to expire June 30, 2011, subject to the concurrence of the Beaufort County Board of Commissioners.

Councilman Jennings offered a comment to the Manager and the new Clerk as we go through appointments, even if someone is re-submitting an application, please have applicants fill out and submit new applications. If we are going to take the service to the advisory boards seriously, then individuals should demonstrate their willingness to serve by submitting new applications.

**FYI – EXTENSION OF A TEMPORARY MORATORIUM ON DEVELOPMENT
LOCATED IN THE PROPOSED HIGHWAY INTERCHANGE OVERLAY
DISTRICTS**

Ms. Bobby Roberson, Planning and Community Development Director, addressed the memorandum that was forwarded to the Mayor and Members of City Council as indicated by John Rodman, Planning Administrator, which summarizes where we are. The sub-committee has about 90% of the information collected and is ready to move forward. Mr. Steve Moler came forward making a presentation to Council on the direction the guidelines are headed. Mr. Moler stated that the sub-committee on the Planning Board that had been working on the Interchange Overlay Districts has been meeting weekly for several months and a lot has been done by having public meetings. Mr. Moler said they invited residents to come in and tell them what they thought about the zoning proposal that was being prepared and sent to Council. Mr. Moler explained the drawings that Council had a copy of that showed a circle on the maps of all the property. Mr. Moler stated not all the properties were re-zoned, but they did look at the zoning of residential strongly because this district will be well developed over a period of time. These properties are recommended to be converted into O & I in the long run because of the growth that will occur there. At the present time, they will still be able to live there but as time goes on the residents in that area will probably move out. The one exception may be the Tuscarora subdivision (the waterfront development community) that has been zoned and properly planned. Mr. Moler stated they will be coming back to Council for recommendation to go ahead and rezone the property once the development standards are completed.

Mayor Jennette asked if the Planning Board was requesting to extend the moratorium or accept the guidelines. Mr. Roberson stated they were asking for City Council to extend the moratorium and the resolution would be adopted in August for 60 days. Councilman Jennings inquired how long we would be going without a moratorium and Mayor Pro tem Mercer stated we have been without

one since May 15, 2008. Mr. Roberson said the City needs an extension because they are beginning to receive inquiries about the standards inside the Overlay District and currently we don't have any standards.

Mayor Jennette asked to elaborate on why the height of 45 feet was selected rather than the same height as the downtown business district. Mr. Moler said part of it was because of the height of the highway. They did not think it would be a pleasant drive to see buildings sticking up above the highway.

Mr. Smith asked how do you do a roof treatment when you are looking down on the roof. Mr. Moler stated that part of the development standard will address that. Basically what will happen you will see some screen materials, to a degree, façade on top of the edge of the building.

Mayor Pro tem Mercer stated that he was under the impression that these things were given to Council for their information and we could ask questions tonight. Mayor Pro tem Mercer said there are a number of things in these developmental standards that concern him.

1. In this Overlay District we will allow no franchise type or construction.
2. Two driveways of a maximum allowed on any street frontage.

Mayor Pro tem Mercer stated some of these things are restrictive and need very careful review. Mayor Pro tem Mercer said he would be glad to give his book to Mr. Rodman to bring to the Board and he will attend the next board meeting to offer his comments. Mr. Rodman stated this is just the first draft and welcome any comments from Council.

Mayor Pro tem Mercer stated when this first came about he did not feel that ninety days would be enough and now we are asking for another sixty days. Mayor Pro tem Mercer wanted to know if the Planning Board was confident it would be done in sixty days and if not ask for ninety. Councilman Brooks suggested we give the Planning Board ninety days. Mayor Jennette stated Councilman Brooks makes a good point but please don't forget the developers that are anxious to start doing things and property owners that want to sell property. Councilman Jennings asked Mr. Holscher, City Attorney, if we finish the work inside of ninety days can we lift the moratorium. Mr. Holscher said he didn't see why you couldn't, the concern he has with the moratorium concept, is the statute for renewal or extension for moratorium requires you:

- Show what you did in accordance with the plan you set out and put the moratorium in place to begin with.
- To find new facts and circumstances that now exist and did not exist then to require you to renew or extend your moratorium.

Mr. Holscher said he would be glad to meet with Mr. Roberson and Mr. Rodman and try to talk about those things. Councilman Jennings said but if we did justify the renewal and we finish our work inside of ninety days then can we lift the moratorium. Mr. Holscher stated he didn't think the statue speaks to lifting but if you have the statutory authority to impose a moratorium then he feels you will have the authority to lift the moratorium.

Councilman Jennings said he feels it is wise to use whatever measure we need to get our work done, but Council also should demonstrate to the developers our good will by finishing ahead of time. Mayor Pro tem Mercer said he concurred but he is becoming concerned by the Attorney's comment that in order to extend the moratorium we've got to demonstrate there is some condition that exist now that didn't exist in January when we imposed the moratorium. Councilman Jennings feels the City can demonstrate those things that exist.

Mayor Jennette requested Mr. Roberson have this ready for the August agenda.

**ADOPT- RESOLUTION FROM THE CITY OF WASHINGTON IN SUPPORT OF
A PROPOSED COMMITTEE SUBSTITUTE FOR S1967 RESULTING IN
WORKABLE COASTAL STORMWATER RULES**

Mayor Pro tem Mercer suggested that Council recall several months ago when he brought to their attention that the Environmental Management Commission had proposed a set of new regulations governing Stormwater that would apply to the twelve Coastal Counties and the communities within those counties. Mayor Pro tem Mercer stated this would have a substantial impact on development within Washington and the ETJ, as well as the County as a whole. Mayor Pro tem stated there have been some stakeholders meeting in Raleigh in which a compromise bill has been hammered out. One major item that was a concern to him and he addressed to Mr. Givens (chair of the meeting) was the fact that Washington, along with Morehead City and Atlantic Beach were already subject to NPDS Phase II regulations which had been imposed by the Environmental Manage Commission under a bill which was enacted in 2006. In essence the new proposed regulation would put Washington under three (3) different sets of regulations.

Mayor Pro tem Mercer stated this matter was heard in the Senate Committee last Tuesday and heard in the House Committee last Thursday, and the Senate has approved the draft as it was presented. It will be carried to the floor of the House one day this week. Mayor Pro tem Mercer stated that ten (10) of the twelve (12) Coastal Counties has adopted a resolution in support of the compromise bill and the other two (2) are meeting this week.

On motion of Mayor Pro tem Mercer, seconded by Councilman Jennings, Council unanimously adopted the resolution in support of A Proposed Committee Substitute for S1967 Resulting in Workable Coastal Stormwater Rules.

**A Resolution from the City of Washington
In Support of a Proposed Committee Substitute for S1967 (attached)
Resulting in Workable Coastal Stormwater Rules**

WHEREAS, the City of Washington and Counties Hyde, Tyrrell , Perquimans, Camden, Gates, Chowan, Beaufort, Washington, Currituck, Pasquotank, Bertie, and Hertford have unanimously spoken in opposition to the effects of the Environmental Management Commission to rewrite 15A NCAC 02H .1005 **STORMWATER REQUIREMENTS COASTAL COUNTIES**; and

WHEREAS, the City of Washington has worked actively throughout the Spring and Summer of 2008 to achieve workable Coastal Stormwater Rules to regulate stormwater run-off pollutants in the jurisdiction of City of Washington,

WHEREAS, the City of Washington views the protection of water quality as vital to its interest in economic development and quality of life; and

WHEREAS, the City of Washington questions some parts of the attached committee substitute, but finds overall that the legislation results in a workable rule for the City of Washington; and

WHEREAS, the City of Washington issues this Resolution of Support provided no other amendments or other committee substitutes replace the proposed committee substitute for **S1967** (attached);

NOW THEREFORE BE IT RESOLVED that the City Council of City of Washington supports the proposed changes to Coastal Stormwater Rules as specified in the proposed committee substitute for **S1967** (attached).

Adopted and Signed This 14th Day of July, 2008

s/Judy Jennette
JUDY JENNETTE
MAYOR

**FYI – INTERCHANGE OVERLAY DISTRICTS – DRAFT DEVELOPMENT
GUIDELINES**

Mayor Jennette stated the Interchange Overlay Districts had been discussed at length when discussion of the extension of a temporary moratorium on development located in the proposed Highway Interchange Overlay Districts.

Mayor Jennette agreed with Mayor Pro tem Mercer that this is a document that really needs Council attention so be sure to read and make comments.

FYI – LETTER FROM ACTION AUDITS, LLC – ENSURING BROADBAND ACCESS FOR ALL OF NORTH CAROLINA

Mr. Smith stated originally a number of private companies and some municipalities provided broadband access through various hard wire and light wave conveyance. Mr. Smith said now Wi-Fi has come along and is replacing a lot of that, however, the highest speed access is still available through hard wire and light wave transmission. Mr. Smith discussed this at length and stated by in large the City has broadband access already and recommended the City of Washington not participate at this time.

Mayor Jennette inquired if any of Council felt strongly that the City should support this venture and contribute \$500 and the members of Council felt this did not need the City support.

ADOPT – BUDGET ORDINANCE AMENDMENT TO DESIGNATE THE FUNDING TO REPLACE PURCHASE FOR EMS 1 (\$116,000)

Jimmy Davis, Fire Chief, stated during the Budget Session there was discussion about replacement of one of the ambulances. Chief Davis said that during the discussion he expressed it would not surprise him if the unit went down any day, and now it is down. Chief Davis referred to his memo attached to the Council Action item that sums up the problems they were having with EMS-1 from Station #1 and during a thirty (30) day period they spent \$2500. Chief Davis contacted Commercial truck and was told they could put in a new engine for approximately \$14,000 and they would not recommend rebuilding the engine that was in the unit now. The purchase of a new ambulance to replace EMS 1 was approved by Council in the FY 08-09 budget and Chief Davis would like for Council to approve tonight to purchase a new unit.

Chief Davis stated the estimated delivery time for an ambulance is 90-120 days and because of this there is a need to place an order as soon as possible. Chief Davis along with the Acting Director, Anita Radcliffe, came up with a solution to buy the unit out of the reserve fund, and at the appropriate time, the City would seek financing of the purchase to reimburse the General Fund Reserve Account.

Chief Davis informed Council they would Piggy Back on a State contract through Florida. Mayor Pro tem Mercer asked if Chief Davis was saying you could piggy back onto an order through a Florida contract and bypass the bidding process. Chief Davis said actually they would be piggy backing on an order out of Howard County NC who piggy backed onto the Florida Fire Chief Association

bid. Chief Davis did confer with Mike Whaley to touch base and stated this is a common practice.

On motion of Councilman Jennings, seconded by Councilman Woolard, Council unanimously adopted the budget ordinance amendment to designate the funding of \$116,000 from the General Fund Reserve Account for the emergency replacement of EMS 1; to be reimbursed via financing at the appropriate time.

On motion of Councilman Davis, seconded by Councilman Jennings, Council unanimously approved the vehicle be purchase through Wheeled Coach.

(Copy attached)

**ADOPT – BUDGET ORDINANCE AMENDMENT TO APPROPRIATE FUNDS
FOR SEWER STUDY GRANT APPLICATION (\$10,000)**

Mr. Allen Lewis, Public Works Director, asked Council did everyone received the email from Mr. Smith about the changes that needed to be made as a result of information received the first of last week. Mr. Lewis stated as a result of a meeting the Rural Center had on July 2, 2008 with consulting engineers and planning firms, it was brought to their attention the need to revise the Planning grant request.

If Council will recall, we originally planned to apply for a grant which would provide funding that would determine future sewer service areas, a change in the type of disinfection method at the Wastewater Treatment Plant, and determine more accurate construction cost in the last area done in 2003. Mr. Lewis stated this all came about as a result of discussions with the Town of Chocowinity regarding their desire for future service needs and their desire to purchase additional capacity. In a meeting with the Rural Center on July 2, 2008, a representative of River and Associates was in attendance at the meeting and was told this type of request would not be granted because it was planning for growth and they are looking for critical infrastructure needs.

In lieu of pursuing the grant that we originally came to Council with, we asked that Council reconsider and apply for a grant to study the need for some Sewer Rehab work. Besides other areas, it will serve Smallwood, Riverbirch, Macswood, Greenhills, and Slatestone Trail. In addition to this Rural Center grant that has a budget amendment, there is some other grant funding to the tune of up to \$3,000,000 that we could possibly get to do this type of work. This study that we are seeking funds for now would allow us to do the preliminary leg work of that grant application, identifying and justifying those areas.

Mayor Pro tem Mercer asked Mr. Lewis if funds had been approved last month and Mr. Lewis answered “no”.

On motion of Councilman Woolard, seconded by Councilman Brooks, Council unanimously adopted a budget ordinance amendment to provide funds for the preparation of a Rural Center grant application.

(Copy attached)

Mayor Pro tem Mercer questioned the statement, the City of Washington will arrange financing for all remaining cost of the project if approved for a grant. We are going to ask for a grant for \$50,000 and if the total project comes in at 50 million, we are going to agree now that we will finance the other. Mr. Lewis stated this will be brought back to Council in the future. This is in reference to the \$50,000 study and only the study. Mr. Lewis assured Council the cap would be for \$50,000. Councilman Jennings stated so the project is only for the study, Mr. Lewis said that is correct and not for the infrastructure. Councilman Jennings asked Mr. Lewis to amend the language to read “study” instead of “project”.

On motion of Councilman Davis, seconded by Councilman Woolard, Council unanimously adopted a resolution requesting grant assistance from the State of North Carolina through NC Rural Economic Development Center Planning Grants Program for \$50,000 (as amended).

(Copy attached)

Council convened for a break and reconvened at 6:00 p.m.

APPROVE – ZONING CHANGE FOR PROPERTIES LOCATED WITHIN THE PROPOSED INTERCHANGE OVERLAY DISTRICTS “A” & “B”

Mr. Bobby Roberson, Planning and Development Director, stated this item would be presented by Steve Moler and John Rodman. Mr. Roberson stated as the Council Action item form indicates, it did pass by a 4-0 margin by the Planning Board in the proposed district.

Mr. Moler and Mr. Rodman offered a power point presentation to Council. Mr. Moler pointed out there would be pictures and drawings to help explain things that are going on in the Overlay District. Mr. Moler stated the pictures and drawings will show what properties were involved in the different zoning, the types of changes made to the zoning in Districts “A” & “B”. “A” being the district surrounding the 264 interchange and “B” being the district surrounding the highway 17 interchange. Mr. Moler shared with Council that the Planning Board sub-committee allowed a 3000 feet radius for the presentation of the district. There were a lot of properties inside those boundaries and they did not cut the properties into just what the boundary said. If there was a piece of property inside the boundary then the whole property was considered for property rezoning.

Mr. John Rodman, Planning Administrator, presented the power point presentation to Council. Mr. Rodman explained the purpose of the overlay zone. Mr. Rodman identified the individuals appointed to the sub-committee:

- Steve Moler
- Bob Henkel
- Marie Barber

Mr. Rodman stated in district “A” there were 237 parcels that would be affected by the overlay district; 44 of those parcels are vacant and the rest were residential, commercial, industrial or office and institutional. Mr. Rodman stated that in this district with the current zoning there are 26 properties that are non-conforming.

Mr. Rodman stated it was looked at if all the property should be included or should they just include property inside the circle. The sub-committee felt the line would be hard to measure a piece of the property (where the line actually would be) so it was decided to include the entire parcel. Mayor Pro tem Mercer expressed his concern to the large piece of property that was at the top of the drawing. It appeared that 70-75% of that piece of property lies outside of the circle. Mr. Rodman stated that was correct. Mayor Pro tem Mercer stated are you saying because there is 100 foot of property on that frontage that the entire track would be included and Mr. Rodman stated “yes”. Mr. Rodman stated the Planning Board sub-committee felt it would be easier to determine where the boundaries were by using the entire parcel and Mr. Rodman explained their reasoning. Mr. Moler stated there was some RA-20 property in this area and the Board wanted to keep it RA-20 and did not want to have crowding in this area. Councilman Brooks added that it would cut down on disagreement on where the stopping and starting point is. Councilman Jennings asked couldn't the land owner sub divide his way out of that and Mr. Rodman answered “yes”. Mr. Rodman stated they were fairly consistent with what the Land Use Plan calls for.

Mr. Rodman called Councils attention to district “B” the overlay district with the intersection of 17 and the current Carolina Avenue. There will be 116 parcels that will be affected, but also properties common to both districts. If Council will take those properties out, it is only 54 parcels in there that will have a similar use. Mr. Rodman stated out of those 54 parcels they are proposing only 14 parcels be considered for rezoning.

Mayor Jennette inquired if the properties owners that were affected by this had been notified. Mr. Rodman stated a letter had been mailed to each property owner, they had an informational meeting, the Planning Board held 2 public meetings to receive input on the rezoning, and they have not received any word from property owners that were not satisfied with what they were doing.

Mayor Jennette opened the Public Hearing.

There were no comments from the audience.

Mayor Jennette closed the Public Hearing.

Mayor Pro tem Mercer requested to have detailed information given to Council earlier when it requires a vote. Also, there is his concern about encompassing the entire track for a small parcel and difficulty following the little map. Mayor Jennette stated she liked the reasoning behind the Planning Board. This was encompassing 291 parcels of land and out of 291 there is 121 being rezoned, not even half. Mr. Bob Henkel, member of the Planning Board and the sub-committee, made the comment that most of the time when they did this it was an upgrade. Most of the properties rezoned were moved up to another level and not down. Mr. Henkel stated to rezone those properties made them more valuable now. Councilman Jennings pointed out that we are always dealing with property one by one and this effort seems more consistent with true planning (to say in a wide swath, this is how this property is consistent with our Land Use Plan). This is a good effort at the 291 parcels considered. Mr. Smith offered it could also be looked at in reverse. That is, the few folk who had a small piece of land with frontage ended up with a large parcel up-zone. Mr. Rodman addressed Mayor Pro tem Mercer's comment about using the boundary as the property line. They simply needed a starting point of where they wanted to go. Nothing will change the meaning behind what they are doing if they use the property line.

On motion of Councilman Woolard, seconded by Councilman Jennings, Council unanimously accepted the recommendation of the Planning Board and approved the rezoning of the aforementioned properties, located in the proposed Interchange Overlay districts "A" & "B". On motion of Councilman Jennings, seconded by Councilman Woolard, Council unanimously amended the motion to include that a finding of the rezoned would be consistent with the Comprehensive Plan, that those rezoning would be reasonable, and those rezoning would be in the public interest. Also, on motion of Councilman Woolard, seconded by Councilman Jennings, Council unanimously amended the motion to include a list of each piece of property and how it is currently zoned, what the proposed rezoning is be formally put in the records for the hearing (as documented in the attached schedule).

APPROVE – AN APPLICATION TO SUBMIT A CAPACITY BUILDING GRANT TO THE DIVISION OF COMMUNITY ASSISTANCE FOR FUNDING UNDER THE COMMUNITY DEVELOPMENT BLOCK GRANT CATEGORY

Mr. Bobby Roberson stated this was actually a Community Development Grant to assist the Washington Housing Authority through their non-profit co-operation to add additional staff in order to encourage first time home buyers throughout the Public Housing Sector. Mr. Roberson stated the maximum amount of grant awarded by the Division Community Assistance is \$75,000 and

there would be a sub-recipient agreement between the City and Housing Authority. Mr. Roberson said non-profits must have a 501-C-3 and must have been in operation for three years or more with a functioning board and organizational structure. Mayor Jennette inquired if we apply for this grant funding would it endanger any other grant funding. Mr. Roberson stated we are currently below the criteria of 1.2 million grant funding for a fiscal year.

Ms. Gina Amaxopulos, Housing Specialist, was there to answer any questions Council may have.

Mayor Pro tem Mercer questioned the use of the grant as it applied to adding staff. Mayor Pro tem Mercer stated in the application the usage of the money is \$26,000 to supplement present staff and \$37,000 in training for present staff and it does not mention new staff. Mr. Roberson stated there is staffing capabilities *in the* grant. Mr. Roberson asked Ms. Amaxopulos to explain the granting procedure. Ms. Amaxopulos stated eligible activities for the capacity grant are for salary of current employees, new staff, travel, and planning. It is to build the capacity of the non-profit. Ms. Amaxopulos acknowledged they came to Council in June and asked their blessing on this first part of a two step process; and will be coming back in a couple of months to seek blessing on the Housing Development Grant. This will be a \$250,000 CDBG that will allow for the purchase of lots. Mayor Pro tem Mercer asked how many people are on staff. Ms. Amaxopulos answered two employees. Mayor Pro tem asked if the \$26,000 would be split between these two employees and Mr. Roberson answered “no” the salary would be split with the non-profit and the Housing Authority. The funding of the grant would actually be for the accounting personnel that does the funding. Mayor Pro tem Mercer suggested then it should be put as new staff instead of existing staff. Mayor Jennette asked if they were working with the clients to get out of public housing and into home ownership and Ms. Amaxopulos said “yes”. Councilman Woolard asked if this would help put us back in the swing of things in developing and getting more housing for our individuals here in Washington and the answer was “yes”.

Mayor Jennette opened the Public Hearing.

There were no comments from the audience.

Mayor Jennette closed the Public Hearing.

On motion of Councilman Woolard, seconded by Councilman Brooks, Council unanimously moved that the City Council submit a Capacity Building Grant application in the amount of \$75,000 to the Division of Community Assistance for developing affordable housing for first time home owners and housing assistance for low to moderate income individuals.

APPROVE – WATER USE AND HARBOR MASTER PLAN

Mr. Ross Hamory, President of DWOW, stated they are the sponsoring non-profit for the citizens that met to put this plan together. Mr. Hamory recognized Bill Sykes, PTRF, Department of Parks and Recreation, Bobby Roberson, and many other citizens. Mr. Sykes identified the need for the plan and convinced others of that need. It expanded and grew to committee effort of over 50 members and many organizations.

Mr. Hamory stated he would like to introduce why the City needs a plan:

- Navigable water was the reason this town was founded
- Water is the City's biggest asset
- 392 Boat slips (does not count the Park Boat Co. dry stacks)
- Slips privately funded (with the exception of one)
- Plan and Manage growth

Mr. Hamory said they understood the plan was very detailed and comprehensive. They do not expect all or even a majority of the recommendations in this plan to be implemented immediately. Also, they know that many will be altered or enhanced in the future as they are finally adopted. They understand the budgetary constraints the City is working under and the fact that new unfunded programs stand little chance of adoption under the economic climates. This plan must be viewed as a set of objectives and recommendations which will be used to guide decisions in the future, not as a document that will incur an unfunded liability for the City. Mr. Hamory stated they feel by adopting this plan, the Council will be endorsing an application for a mooring field and signaling its intent to move rapidly to pass an ordinance giving the City more control over its harbor waters.

Councilman Jennings commented he liked the tone of his presentation, in that the plan is a series of recommendations. There is some language in parts of the plan that is more command like "the City shall" do this and "the City shall" do that. Councilman Jennings stated the recommendation posture would be better suited throughout the document that we recommend to do this or in corporation with – rather than creating a mandate for the City to adopt. Councilman Jennings said it would be helpful as they go through the process to filter down and develop bite size chunks to take on one by one.

Mayor Jennette opened the Public Hearing.

Mr. David Norwood, Owner and Operating Manager of Carolina Wind Yachting Center, described the plan as "well thought out" that provides for a safe, clean harbor.

Mr. Bobby Reese, NC United States Coast Guard Licensed Captain Association, said the plan will help major maritime hub in North Carolina and will help with the current economic situation, and waterfront development.

Mr. David Emmerling, Executive Director of the Pamlico/Tar River Foundation, stated the plan has an “environmental conscience” referring to the plan’s strategies for protecting the harbor’s water quality. It will empower a wide cabin of stakeholders.

Ms. Dot Moate, Chairman of the Planning Board, stated the Planning Board had no opposition to the plan and request Council very seriously consider the plan.

Mr. Bill Sytes said this was an economic engine that can place Washington back on the map as a maritime center. Really wish that Council will accept the plan and set working sessions to go through parts of the plan so we can start implementing some of it.

Mr. Gary Tomasulo, President of Downtown Merchants Association, acknowledged downtown is slowly dying and if this plan can get this little engine going then downtown is for it because they need help and they need it now.

Mr. Phil Mobley, Director of Parks and Recreation, stated the Recreation Advisory Committee passed and accepted this plan. Also, the plan provides a wonderful window of opportunity. Mr. Mobley stated the plan also provides public-safety strategies for the harbor. “We need to add order to that waterfront”.

Mayor Jennette closed the Public Hearing.

Mayor Pro tem Mercer commended the Planning Board and the DWOW group for doing a substantial amount of work on the plan. Mayor Pro tem Mercer said he considers some parts of the plan desirable, but other components of the plan need a little more time to be reviewed by the city before they are considered for implementation. Also, some parts of the plan will take special legislation that will allow the city to implement what has been suggested.

Endorsing the plan, Mayor Jennette and the Council made it clear they will analyze it and determine which of its components the city may want to implement and the advisory panel will help them with those tasks.

On motion of Mayor Pro tem Mercer, seconded, by Councilman Brooks, Council unanimously accepted the plan for further review by Council for implementation of segments as we feel appropriate. On motion of Councilman Jennings, seconded by Councilman Brooks, Council unanimously amended the motion to include the creation of an advisory review group by August to refer the

Plan to and for clarification. This group will consist of citizens and officials of the City.

COMMENTS FROM THE PUBLIC

Mr. Gary Tomasulo, President of Downtown Merchants Association, expressed his concern on the privilege license fee increase. Mr. Tomasulo stated the merchants did not receive any type of notice and asked Council to please reconsider the increase.

Council convened for a break and reconvened at 7:40 pm.

AWARD – BID FOR CONTRACT FOR LABOR AND EQUIPMENT

Mr. Hardt asked for Council's indulgence and stated that the bids for the contract for labor and equipment for Utility relocation of Clarks Neck Bridge had come in. Mr. Hardt asked for a motion to award the bid to Lee Construction for \$213,225.38

On motion of Councilman Jennings, seconded by Councilman Brooks, Council unanimously awarded the contract for labor and equipment to Lee Construction for \$213,225.38.

APPROVE – WHOLESALE/RETAIL RATE PRESENTATION AND RETAIL RATE ADJUSTMENTS

Mayor Jennette asked Mr. Hardt to come forward for the power point presentation on the Wholesale/Retail Rate adjustments. Mr. Hardt called Council's attention to the updates that were placed in front of them. Changes were made to make some things clearer and included some modification. Mr. Hardt gave Council some ideal about the different customer rate classes listed in the presentation.

Listed are the usage and revenue by Customer Class:

Customer Class	Energy Source	Revenue
Industrial 4 Customers in this class	10.1%	7.6%
Larger General Service 35 Customers in this class	17.8%	14.0%
Medium General Service 91 Customers in this class	7.4%	7.2%
Small General Service 2,309 Customers in this class	16.6%	18.5%

Residential Service		
10,911 Residential Customers	46.7%	51.1%
Other Services	1.4%	1.7%
(street lighting, area lighting, etc.)		

Mr. Hardt stated residential is about half of the sales and half of the revenue as well.

Mr. Hardt said to make the percentages work out well and to give an idea of where the dollars go from the operating budget that doesn't include capital that we may borrow but does include debt service. That debt service is local, debt service on our local debt which is GO Bonds and Lease Purchase financing. Council could see the biggest portion goes to NCEMPA. The power cost is broken down into (four) 4 different pieces. The debt included in that power cost is almost half of what we pay. About \$35 for every \$100 that a customer's pays goes to pay long term debt through the power agency. The operating cost is what the City pays Progress Energy for fuel, administrative in general and operation-maintenance on the plants that are City owned. Mr. Hardt stated the City owns a portion of five (5) power plants, three (3) nuclear units, and two (2) fossil fuel units and the supplemental that is brought off system, most of that is through contract with Progress Energy.

Outstanding Debt Discussion

The North Carolina Eastern Municipal Power Agency's (NCEMPA) current outstanding debt is \$2.57 billion.

Washington has an ownership share in NCEMPA of 5.892%.

Washington's financial responsibility of the NCEMPA outstanding debt is \$151.4 million.

Washington does not pay a direct debt payment to NCEMPA or the bondholders. The entire NCEMPA monthly debt service payment is paid from the revenue from the sale of electrical energy to the thirty-two (32) NCEMPA participants.

Washington has a "Take-or-Pay" contract with NCEMPA which requires us to purchase all of our electrical energy from NCEMPA (less a small portion purchased from the Federal Department of Energy).

At this point, Mr. Hardt discussed retail electric sales, retail rate structure, retail rate increase examples, NCEMPA rate increase, and NCEMPA rate increase options.

Mr. Hardt explained how the fixed cost on the rate and the kWh works into the energy uses. A complete copy of the power point presentation will be included in the minute folder for review.

Mayor Pro tem Mercer stated he would like for Council to note under the current average cost the residential customers was paying 12.5¢ per kWh and the industrial services pay 8.1¢ per kWh. Mr. Hardt stated that was based on the cost of serving that customer. Mayor Pro tem Mercer said he would come back to this later.

Councilman Jennings asked where the loss power was accounted for on the rate schedule. Mr. Hardt stated it was accounted for under both options. The difference in the increase on the retail side by what the increase is on the wholesale side. Councilman Jennings asked if you take the cost of goods sold can you get a number for each rate class. What it would cost to provide power on a kWh basis for each type of customer? Mr. Hardt stated “yes” and that was provided in the cost of service study. That was presented to Council four (4) months ago. Councilman Jennings asked if we could put our hands on that for tonight’s presentation. Mr. Hardt said there was a summary sheet attached to the Council Action form.

Mayor Pro tem Mercer directed Council's attention stating back in February Council received info that stated if you purchase 3.5 million kWh of power and you paid some \$24,820,000 for it (if you divide 3,500,000 into 24,820,000 each kWh cost 8.1¢) however, that 8.1¢ per kWh does not take into consideration your losses. Your losses is shown to be approximately 5.8-5.9% and if you take 288,239 kWh that you are able to sale and divide it into the cost you paid for it, then the cost of your kWh is 8.6¢. Mayor Pro tem suggested you are adding a 1/2¢ to that cost to account for your losses and this is the reason he made the notation earlier. If it is costing the city 8.6¢ to buy a kWh of current and we are selling the kWh to our industrial customers at 8.6¢, we are not making any money. Mr. Hardt stated you cannot use average kWh because there are five (5) or six (6) components of that rate structure that are directly tied to five (5) or six (6) components of our wholesale structure. Mr. Hardt stated there are about seven (7) components to our wholesale structure and we have some control over a couple of those. Councilman Jennings stated he understood and asked if it could be broken down by those seven classes Mr. Hardt is speaking about and then we would not be using averages but an average for the class. Mr. Hardt stated the average within that class is different; Councilman Jennings agreed but said we need to use some kind of main line comparison. Also, Mayor Pro tem Mercer presented a spreadsheet he had created that had a total cost of delivering service to a residential customer on the average is 12.5¢ and if this is a good number and we are selling electricity to our customers at the current time @ 11.726¢ we are losing money. Mr. Hardt stated the average is 12.57¢ and if Council would recall a number from the cost of service study, the City is under collecting residential by ½ million dollars. Mayor Jennette agreed

and stated we choose not to raise residential rates. Mayor Pro tem Mercer said if we look at our rate schedule we are billing demand as low as \$4.00 a kW and according to the chart our industrial customers constitutes over 10% of our customers and are producing 7% of our revenue. He would like to see that increase and would like to see the 47% of the residential customers that are producing 51% drop. Mayor Pro tem Mercer felt the way to accomplish this would be to increase the demand charges in those other categories. He would like to see a projection if you were to increase demand charges by 10% by the categories you are charging. Mr. Smith stated we have to keep in mind that we have passed an awful lot of expenses on to businesses. Councilman Jennings and Mr. Hardt performed several mathematical compilations.

Mr. Hardt stated that we could see a substantial restructuring of our wholesale cost and at that point it may redirect our retail cost to be changed as well. Councilman Woolard “stated so we may be going through this again,” and Mr. Hardt responded he hope not but can’t say for sure. Councilman Woolard asked out of the two options presented did Mr. Hardt prefer option 1 and the answer was “yes”.

Following a lengthy discussion, on motion of Councilman Woolard, seconded by Councilman Brooks, Council recommended that all retail energy rates charged by the City of Washington be increased by 1.189 ¢kWh to recover the wholesale increase from the North Carolina Eastern Municipal Power Agency for retail billing on or after 1 August 2008. Mayor Pro tem Mercer voted no. *Motion carried by majority vote.

APPROVE – MEDIUM GENERAL SERVICE RETAIL RATE ADJUSTMENT

Mr. Hardt stated this request implements a 1.4% increase in retail electric charges to the customers in this rate class.

Councilman Davis asked if he was correct in stating this class only has 91 customers and Mr. Hardt said “yes”.

On motion of Councilman Davis, seconded by Councilman Woolard, Council recommended the retail rates charged to the Medium General Service rate class be increased by 1.4% for billing on and after 1 August 2008. Mayor Pro tem Mercer voted no. *Motion carried by majority vote.

APPROVE – OUTDOOR LIGHTING/STREET LIGHTING SERVICE RETAIL RATE ADJUSTMENT

Mr. Hardt stated the only component that had been changed with outdoor lighting was the charge for energy. The charge for purchasing lights, etc. had not been change for about twenty (20) years. Councilman Woolard inquired why and Mr. Hardt said the formal Council had requested not to address outdoor lighting.

This request implements a 14.9% increase in retail charges for rental outdoor lighting service and street lighting service.

On motion of Councilman Woolard, seconded by Councilman Brooks, Council unanimously recommended the retail rates charged to the rental outdoor lighting service and street lighting service be increased by 14.9% for billing on and after 1 August 2008.

Councilman Davis asked if this included athletic field lights, Mr. Hardt replied the city does not maintain those lights.

Mayor Pro tem Mercer said the Power Agency (ElectriCities Board) provides that the City has a delegate and an alternate and that at the present time the City does not have an alternate. Mayor Pro tem Mercer stated he would like to serve in that capacity. Council agreed. Mr. Hardt informed Council there are two delegate positions but the Power Agency has a certain governing policy that has to be followed for appointments. Mayor Jennette asked if Mr. Hardt could bring the information needed for the appointment at the August meeting and he answered "yes".

AUTHORIZE – THE FILLING OF VACANT CUSTOMER SERVICE FIELD REPRESENTATION POSITION

Ms. Anita Radcliffe, Acting Finance Director, stated last Tuesday a twenty one year employee came to her and Ms. Hardison (the employee's immediate supervisor) informing them he would be moving over to the Inspections Department. This is a promotion for this employee but in that regard that will leave Customer Service Department in a bind and she is asking Council to allow her to fill that vacant position.

Mayor Pro tem Mercer asked if this gentleman was the only one they have. Ms. Radcliffe stated she have two and Mayor Pro tem Mercer asked why. Ms. Radcliffe stated because of the number of service orders we have and it requires that. Mr. Smith stated we have to use two of our other employees to help supplement this position. Mayor Pro tem Mercer stated the point he is making right here and right now was that in March we adopted a hiring freeze. When this hiring freeze was adopted, this Council was told there were four (4) vacancies and they were a Customer Service position, Public Service Supervisor, DWOV Director, and Enterprise Fund Controller. To his knowledge, they have not as a Council authorized the filling of a Customer Service position since the hiring freeze. How did they get the second one? Mayor Jennette stated it was already there. Mayor Pro tem Mercer said we had a vacancy on March 10 of a Customer Service position. Mayor Jennette said this one had not been filled and Mayor Pro tem Mercer stated it had. Mr. Avery Andrews came to work on April 28, for the other position. Ms. Radcliffe stated they were in the hiring process when the motion was made for the hiring freeze and Mr. Smith

stated they had already made the job offer. Mayor Pro tem Mercer disagreed and stated a hiring freeze is a hiring freeze and it was discussed that night, then the question came up about a meter reader. Mayor Pro tem Mercer said he did not know anything about a meter reader and that if there was vacant position, they were to be brought before Council and explain the reason and he felt this Council would work with Mr. Smith in filling positions. Mayor Pro tem Mercer stated this Council has never been asked to fill a Customer Service or Public Works Supervisor position since March 17. Mayor Pro tem Mercer said this Council gave the staff specific instructions and voted to adopt a hiring freeze. This staff has hired at least two people since that hiring freeze went into effect and now we have a transfer into the Inspections Department and no one to his knowledge has asked this Council to approve a transfer or filling the position in the Inspection Department. Mr. Smith felt Mayor Pro tem Mercer made a very good point; it was his understanding that the hiring freeze was aimed at the Enterprise Fund Controller position which was not intended to be filled. Now we have adopted the budget with funds in various departments and we need to get the job done. If Council request, the City can go outside and contract with Greenville Electric and bring someone in but it will cost us a lot more than having our own people. Many of these positions are low rate jobs and the employee doesn't stay forever which forces us to have turnover. Mayor Pro tem Mercer said he was sorry, but if he gives you an order - Mr. Smith does not work directly for him, but this Council voted 4-1 to impose a hiring freeze and if Mr. Smith was working for him, he would fire him but instead he is just going to say he would like to see Mr. Smith resignation for gross insubordination. Mayor Jennette stated the supervisor position was already in the works of being hired right before they imposed the hiring freeze. Mr. Smith said the two people Mayor Pro tem Mercer was speaking of, the job offer had already been made and those people had left other position. Mayor Pro tem Mercer stated Mr. Andrews was interviewed in April and came to work on April 28. Ms. Radcliffe said she did not have the dates in front of her but the Finance Director at time (Ms. Carol Williams) gave her the go ahead and conducted the interview with Mr. Andrews along with herself. Ms. Radcliffe stated Ms. Williams extended the job offer to Mr. Andrews and Mayor Pro tem Mercer inquired what day and Ms. Radcliffe said she did not have that information in front of her. Mayor Jennette asked Ms. Hodges to pull the dates so it can be verified. Mayor Pro tem Mercer suggested again that the City Manager has been insubordinate and he can't call for his resignation ... this has to be done as a group, but he can ask for it personally and if he was working for him as an individual he would fire him. Not only is it this one instance but the whole attitude he has had on trying to get information from the staff. Mayor Pro tem Mercer stated he asked for information and only receives part of it or none at all. He asked about talking with staff and is told no don't talk to staff. Mayor Pro tem Mercer apologized for not being as articulate as he needs to be, but he just gets upset when Council has given specific instructions and they have been ignored. Mr. Smith said he has to respectfully suggest that is not true and Mayor Jennette agreed. Mayor Jennette stated Mr. Gurganus had already been offered the position the day before we met. Mayor

Pro tem Mercer said he was offered the position on Sunday and Mayor Jennette stated she made a mistake it was the week before because Mr. Lewis called her the next day to see if he could call the applicant. Councilman Jennings suggested that out of respect for this Council, the Manager, the staff employees, and this process, he request that Mayor Jennette call for decorum to be restored to this body. Councilman Jennings stated a point has been made and has been made forcefully, in consideration of this process that we all are a part of, we need to get back to doing business in the way we agreed to do business with dignity, compassion, concern, and for each other and for the City of Washington. Councilman Brooks commented to add to that point and address what is before Council now, the position need to be filled and Council can receive any requested information later.

Councilman Woolard asked Mr. Smith if he was ok with filling of position since he did not see his signature at the bottom of the Council Action Form. Ms. Radcliffe explained that Mr. Smith was on vacation the day she received the resignation from this employee on his current position due to a promotion within the City but she emailed him about it and Mr. Smith concurred. Mayor Pro tem Mercer stated this position had been properly brought before this Council and he will vote for it.

On motion of Councilman Woolard, seconded by Councilman Brooks, Council unanimously authorized the filling of the vacant Customer Service Field Representative position in the Finance Department.

At this point, Councilman Jennings inquired where we stood on the City Clerk position. Ms. Hodges asked Council for direction in filling vacant positions before going into the Clerk position. Can she advertise for those positions? The hiring freeze is in effect until August 15, 2008 and we have some departments that would like to go ahead and advertise for the positions and they would not be filled until August 15. Mayor Pro tem Mercer asked how many vacancies we currently have and Ms. Hodges stated about five or six. The list is in her office. Mr. Smith asked Council if there was any value in continuing to go through positions, the City is only filling positions that need to be filled. He said some positions had been reduced, consolidated two positions in Public Works. Councilman Jennings said he thought that was what the freeze was intended to do (creativity) to shape things like the Police Department and Councilman Woolard agreed. Mayor Pro tem Mercer stated when we had a vacancy in Public Works, those employees worked and found a way not to fill the vacancy and did not bring it to Council. Mayor Pro tem Mercer suggested this is the reason he would like for the hiring freeze to continue. Councilman Jennings asked if there was a better way to impose that creativity other than a hiring freeze. Councilman Jennings stated he would want the department to have the staff they need to do the job. If there is another way, he feels Council needs to be thinking about that and stated he was speaking with Councilman Davis inquiring if Council needed to be saying "OK" you can go out and hire a field service rep. Mr. Smith reiterated

that all positions are evaluated and we try to be very conservative. Councilman Woolard said with the economic downturn they expect the Department Heads will do this to the best of their ability and hate to put up walls by saying to continuing with the hiring freeze. After time we have got to let them out of the box and do their job. Councilman Brooks agreed and stated Council doesn't want to tie their hands because it doesn't give the supervisors a chance to look at ways of doing things better. Council agreed that Ms. Hodges could advertise. Ms. Hodges said she would now like to address Councilman Jennings question and stated they had received 79 resumes and she had narrowed it down to approximately 25 and hopefully will have narrowed it to 20 by the time the sub-committee meets. Councilman Jennings recalled the sub-committee would get the applicants down to around five and bring back to the Council at large.

On motion of Councilman Davis, seconded by Councilman Woolard, Council unanimously agreed for Human Resources to advertise for the vacant positions that were budgeted for.

ADOPT – MAPS GROUP REPORT RECOMMENDATION AND ASSIGNMENT OF CLASSES TO GRADES AND RANGES

Mr. Smith stated over the years in order to maintain objectivity in the pay plan, the City has used an independent evaluation group in order to evaluate the positions. They are compared to what similar people earned in similar size municipalities. Mr. Smith said the group that does it widely here in North Carolina is The MAPS Group out of Cary. Mr. Smith stated we are in what should be the second year of implementing a new MAPS study. We have not had the money for the study.

Due to organizational changes and/or substantial change in duties, the following positions were submitted to The Maps Group for classification and pay analysis:

- Accounting Manager
- Accounting Technician
- Payroll Technician
- Tourism Development Director
- Chief of Fire/Rescue/EMS/Inspections
- Police Division Commander
- Administrative Support Specialist to the City Manager/City Clerk
- Recreation Program Supervision
- Aquatics and Fitness Supervisor
- Parks & Recreation Senior Center
- Three of the positions in Parks & Recreation are still pending

Mayor Pro tem Mercer asked the Manager if he had told these employees that they would receive a promotion and have not asked this Council to adjust the

pay scale. Mr. Smith said “no” this came before Council back in November and they went through the reorganization and told them they would hold off on salary adjustments until the end of the budget. Mayor Pro tem Mercer recommended that Council sit on this because the City is getting ready to hire a new Finance Officer and he is assuming we will have someone within the next sixty to ninety days. Mayor Pro tem Mercer said that will be a new set of eyes looking at our operation and when that person comes in, they may see something they feel needs to go in a different direction. Mayor Pro tem would like to give this person sixty to ninety days to become familiar with our organization and see if they would make changes in the way they feel appropriate. Mr. Smith said it takes a year for a person to really learn what is going on in an organization and these employees have already been doing this job for eight months. All employees agreed to do the work without any pay increases and assume higher levels of responsibilities and feels that the City owes them. We all agree we need fewer, smarter, better paid people and this is part of the process of keeping good faith with our employees. Mayor Pro tem Mercer said he would like to know what this will cost. Mr. Smith said one level grade increases \$1,800 and two level grade increases \$3,600 and the seven level grade increases to \$6,900. Mayor Pro tem Mercer asked if one person pay would jump to \$7,000 and Mr. Smith said “yes” \$6,900. Mayor Pro tem Mercer felt that wasn’t in accordance with the Personnel Policy and Mr. Smith said it was that the first step is 5% and then 2.5% for each additional level grade. Mayor Pro tem Mercer said the Personnel Policy states if you get a promotion, you will be promoted to the lowest salary of the new position or 5% whichever is greater. Mr. Smith explained that was the 5% and then you had to look at each level grade. For instance a person that has been here seven or eight years are two-thirds up their present level grade and they don’t get to stay two-thirds up the new level grade, they will get 5% and only 2.5% of each additional level grade. Ms. Hodges said the policy states at least 5% or to the minimum of the grade and that is the reason for this recommendation of 5% for one pay grade and then recommended 2.5% for each additional level after that. This will still push the employee down a little bit in their range. Councilman Jennings asked what was the net total and Mr. Smith stated it was \$11,380 for three people. Councilman Davis inquired about the other positions that were talked about in the budget that were supposed to be studied by MAPS and felt all should be done at one time. Ms. Hodges said those positions are currently under review and according to Personnel Policy the Manager can make minor changes and her thoughts were these was pretty significant changes and the Manager can implement them once they come back from The MAPS Group without them having to come back to Council. Mayor Pro tem Mercer asked Ms. Hodges if these positions were being called reclassifications and Ms. Hodges stated “yes”. Unless, there was a revision to his page 10 (Mayor Pro tem Mercer read from page 10) he is assuming it is 5% or the minimum for the new job classification. Ms. Hodges asked what the policy stated for a promotion and Mayor Pro tem Mercer said this is reclassification. Ms. Hodges said correct but with a promotion they would actually be on probation and they would be eligible for an additional percent. Councilman

Jennings asked Ms. Hodges if it were her interpretation of what we are proposing tonight is consistent with the HR Policy. Councilman Woolard added, “within the guidelines” and Ms. Hodges said “yes”, she felt it was within the guidelines.

After discussion, on motion of Councilman Jennings, seconded by Councilman Woolard, Council adopted the City of Washington Assignment of Classes to Grades and Ranges including changes recommended by the City Manager effective July 7, 2008 for the positions in the Finance Department only. Mayor Pro tem Mercer voted no. *Motion carried by majority vote.

Councilman Jennings added the point made tonight was possibly the best point made all night. In his organization there is a limit as to how far up someone can move internally; so you are forced not to allow internal reclassification to take place and have to go out of the organization to hire someone at a higher rate. Councilman Brooks added he also felt it was a plus.

Mr. Smith stated that MAPS recommendation is based on what other Cities are doing. He suggested the IT Department not be located in Finance. This will become a two person Department but IT will serve all City Departments. There would be a Department Head and he/she would attend all staff meeting. Mr. Smith stated at the same time the City Clerk is a one person department and recommending that not be a Department Head. Councilman Jennings said, so for instance, our net car allowance will not increase.

On motion of Councilman Woolard, seconded by Councilman Brooks, Council adopted the City of Washington Assignment of Classes to Grades and Ranges of the balance on the Council Action Form including changes recommended by the City manager effective July 7, 2008. Councilman Davis voted no. *Motion carried by majority vote.

CLOSED SESSION – UNDER G.S. 143-318.11(a)(3) ATTORNEY/CLIENT PRIVILEGE

On motion of Councilman Woolard, seconded by Councilman Brooks, Council unanimously agreed to go into closed session under G.S. 143-318.11(a)(3) Attorney/Client Privilege.

On motion of Councilman Woolard, seconded by Councilman Davis, Council unanimously agreed to come out of closed session.

On motion of Councilman Davis, seconded by Councilman Woolard, Council unanimously approved and authorized the City Manager to sign the affidavit regarding responsibilities and compliance of the Preliminary Proposed Brownfields Agreement to be submitted by the City’s Brownfields Property application for a portion of the Hamilton Beach Impression Property.

On motion of Councilman Davis, seconded by Councilman Jennings, Council unanimously adopted a budget ordinance in the amount \$5,500 for fees required by the North Carolina Brownfields program.

(Copy attached)

DISCUSSION – MAYOR PRO TEM MERCER

Mayor Pro tem Mercer addressed the following concerns and reports he would like to see:

1. Information only items are placed at the back of the agenda book or Councilman Jennings stated to note Council can receive information upon request. (Mr. Smith suggested if six months later, Council did not receive certain information, please remember the request).
2. Report on a monthly travel schedule and also see if travel can be coordinated if you have multiple people attending the same day or next day.
3. Unscheduled travel that comes up, would like to see a summary.
4. Policy regarding car allowance and who gets it and what positions they hold.
5. Policy on vehicles driven home and who drives it.

Mayor Jennette asked Ms. Radcliffe if it would be possible to have all this information by next month and Ms. Radcliffe said it is possible but as far as a policy on item #4 and #5 the City does not have a policy. Mayor Jennette asked Ms. Radcliffe to get as much information as possible. Mr. Smith added the only employees that receive a car allowance are Department Heads with the exception of the Police Chief; he does not receive a car allowance.

UPDATE – WORK GROUP

Councilman Jennings updated Council on what they are calling the work group which at this point they doesn't have a name. This is the group that was originally charged to do the Water Street Study. Councilman Jennings stated the group decided they did not need another study since they had the benefit of the Renaissance Plan and the Dixon Plan and the consensus was to take those two plans and find out what's good and what's not working. The work group decided where they had gone wrong in the past is squabbling over authority and this group does not want any authority. The work group just wants to act as a citizen's board that will shape guidance and provide opportunity for this group to make decisions. The work group is seeking Council endorsement both in purpose and in make-up.

Group includes:

David Emmerling
Tourism (unnamed at this point)
Dee Congleton (Historic Preservation)
Tom Ritcher (Committee of 100)
Joe Taylor (Parks & Recreation)
Mike Sloan (Merchant)
Dot Moate (Planning Board)
Judy Martin (Washington Garden Club)
Ross Hamory (DWOV)
Chris Furlough (Renaissance Plan & Chamber of Commerce)
Maynard Hamblin (Dixon Plan)
Steve Moler (At-large Planning Board)
Arts Council (unnamed at this point)
Turnage Theatre (unnamed at this point)
Archie Jennings (ex-officio)
Bobby Roberson (staff & ex-officio)
John Rodman (staff & ex-officio)

On motion of Councilman Jennings, seconded by Councilman Davis, Council unanimously agreed to endorse the work group.

REMINDER and UPDATE

Mayor Jennette reminded Council that she had given them the evaluation form for the City Manager and requested Council have it turned in and completed by August 11, 2008 so the review can be done at the committee of the whole (August 25, 2008). Mayor Jennette shared with Council that the meeting with the Veterans Group went very well and she will be meeting with the two groups that weren't there. She feels the Veterans Group will come forward with funding for the memorial. Councilman Jennings asked as a point of clarification having been approached by several people, will the funding be for all fallen veterans and Mayor Jennette said "yes".

On motion of Councilman Woolard, seconded by Councilman Brooks, Council unanimously adjourned the meeting at 10:05 pm, until Monday, August 11, 2008 at 4:30 p.m. in the Council Chambers at the Municipal Building.

**Reatha B. Johnson
Acting City Clerk**

(Subject to the Approval of the City Council)