

The Washington City Council met in a continued session on Monday, February 28, 2011 at 5:30 pm in the City Council Chambers at the Municipal Building. Present were: Archie Jennings, Mayor; Bobby Roberson, Mayor Pro tem; Doug Mercer, Councilman; Edward Moultrie, Councilman; Gil Davis, Councilman; Pete Connet, Interim City Manager; and Reatha B. Johnson, Assistant City Clerk.

Councilman Pitt was absent and excused from the meeting.

Also present were: Matt Rauschenbach, Chief Financial Officer; Robbie Rose, Fire Chief; Mick Reed, Police Chief; Allen Lewis, Public Works Director; Keith Hardt, Electric Director; John Rodman, Planning Director; Philip Mobley, Parks and Recreation Director; Susan Hodges, Human Resource Director; Gloria Moore, Library Director; Mike Voss, of the Washington Daily News and Delma Blinson, of the Beaufort Observer.

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

#### **APPROVAL/AMENDMENTS TO AGENDA**

Mayor Jennings requested adding closed session under § NCGS 143-318.11(a)(6) Personnel as item # 1.

By motion of Councilman Mercer, seconded by Councilman Moultrie, Council approved the agenda as amended.

#### **CLOSED SESSION – UNDER § NCGS 143-318.11(a)(6) PERSONNEL**

By motion of Councilman Mercer, seconded by Councilman Moultrie, Council agreed to enter closed session under § NCGS 143-318.11(a)(6) Personnel @ 5:35 pm.

By motion of Councilman Mercer, seconded by Councilman Moultrie, Council agreed to come out of Closed Session at 6:00 pm.

#### **DISCUSS – 15<sup>th</sup> STREET WIDENING**

Public Works Director, Allen Lewis updated Council on the 15<sup>th</sup> Street widening project. Mr. Lewis informed Council that this project was presented to the former Mayor by a land owner regarding the possibility of a turn lane being installed at the old K-mart building. Steps were taken to contact DOT about this possibility and DOT agreed as long as the City would relocate its utilities and pay for any right of way (R/W) acquisition. The City was able to require funding through former Representative Arthur Williams to offset some of the cost. There was \$150,000 for utilities relocation and \$135,000 for R/W and utility easement acquisition. Council has been provided with the latest copy of the municipal agreement that would cover this project.

Mr. Lewis noted the latest agreement states that anything over the \$285,000 is the City's cost. He has researched the property values with the square footage taken from each property for the project and came up with a total figure of approximately \$105,000 for R/W acquisition. There is \$135,000 in the fund. DOT does not feel \$135,000 will be enough once everything has been taken into consideration. Administrative cost and appraisal cost will be coming out of the \$135,000 in the fund.

Mayor Pro tem Roberson had several questions:

1. According to a report being done a couple years ago, Corridor Intersection Optimum Study states one of the problem at this intersection is the south bound approach to local business (at that time K-Mart) the loop detector hardware is obsolete.
2. In checking the Thoroughfare Plan (this document was approved by City Council) he doesn't see anything concerning improvement in this specific location. According to the plan that was adopted, the number one priority according to the TIP was the 17 bypass and second is Highland Drive. Mayor Pro tem Roberson

inquired how those projects bypass the documents that were adopted. Also, we are now considering something that is not in the Thoroughfare Plan plus he has a problem with the cost.

Mr. Lewis inquired when the Thoroughfare Plan was adopted and Mayor Pro tem Roberson stated approximately eight years.

Councilman Mercer stated that Mr. Lewis was correct, this matter originated because of concerns about the length of time of involved at having to stop at the stop light. At the time this originally came before Council, the discussion was that the owner of that property was willing to donate the property. Due to the location of the number of power poles along the R/W, the City received some assistance from the General Assembly and he felt everything was progressing along those lines. Now the offer to donate the property to expand the third lane has been withdrawn and we are looking at potentially a cost that we don't have a figure for. Councilman Mercer expressed he would be very reluctant to agree to anything that he does not have an approximate cost.

Mr. Lewis shared certain criteria that would benefit several of the property owners.

- Long ditch in front of the property will all be piped
- Property in the northeast quadrant of Pierce & 15<sup>th</sup> Street where there is a vacant field will benefit from the turn lane

Also, Mr. Lewis mentioned the development (Alderbrook subdivision) that will be going back approximately 600 ft. off of 15<sup>th</sup> Street off the end of North Pierce and site plan should be brought to Council on the 14th. NCDOT has indicated that a turn lane may be required as part of the development. Mr. Lewis feels what is being proposed now would meet that requirement because that would be an added cost to that developer or property owner if this project isn't build as well. Councilman Mercer shared he was at the presentation for that subdivision. Councilman Mercer suggested that at this time, if the State is saying you are going in there to build the multi-family housing with 64 units that is being proposed and the traffic associated with those 64 units warrants a turn lane then he feels the developer should pay for the turn lane.

Mayor Pro tem Roberson expressed his concern with developers having to pick up the cost of several issues:

- Right turn only out of that development
- Sewer line
- Dedicating the acceleration lane

Mayor Pro tem Roberson suggested the developer has been dealing with this project for approximately seven months. He requested to make sure we are on the same page as all the other DOT officials.

Mayor Jennings stated these are good points and maybe we should come back at a subsequent Committee of the Whole meeting and have conversation from DOT. Mayor Jennings suggested if the developer or property owner offered R/W as part of the project being done are they no longer willing to do that and Mr. Lewis stated this was his understanding but he was not privy to that conversation.

Council directed Mr. Lewis to explore all issues related to this project and report back at the next meeting.

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**M E M O R A N D U M**

(begin memo) SUBJECT: Municipal Agreement with NCDOT for Project W-5008 – Widening 15<sup>th</sup> Street.

This is in reference to the above subject and previous discussions regarding the same, most recently at the August 9, 2010 Council meeting.

As a refresher, the referenced agreement is for the widening of 15<sup>th</sup> Street to provide for a center turn lane from approximately 400 linear feet west of Washington Street to approximately 400 linear feet east of Pierce Street. Some key features for consideration in approving this agreement are that the City shall be responsible for right of way acquisition costs which exceed \$135,000 and utility relocation costs that exceed \$150,000.

While staff is fairly confident that the \$150,000 for utility relocation costs should be sufficient, right of way (R/W) acquisition could be different story. Staff has taken the area to be taken in R/W provided by NCDOT and used the current property tax value of the land only for each of the effected property owners to try to get an idea for how much the R/W acquisition may cost. As you can tell from the attached spreadsheet, this figure totals almost \$105,000. NCDOT officials feel that this estimate is “way low” in that it does not take into account:

1. Damages to the residual property.
2. Possible court verdicts if condemnation is required.
3. Costs of appraisals.
4. Title opinions.
5. Overhead for negotiations, etc.

They also noted that while the current tax values are based on a very recent revaluation, they may not represent fair market value. They will not do formal appraisals until after the attached agreement is executed but *estimate* the R/W for this project could run \$150,000 - \$170,000.

This is brought to you for discussion and direction at this time. NCDOT would like this approved as soon as possible as they hope to bid the project in September of this year. (end memo)

**DISCUSS – CIP REVIEW**

Interim City Manager, Pete Connet noted the CIP is only a plan until it is put in the current year’s budget for consideration and funding. Mr. Connet stated this was an updated version of the CIP – it is changed by trying to spread some of the capital improvements out by reestablishing prioritizing or eliminating totally. Council will find those changes highlighted in yellow.

Chief Financial Officer, Matt Rauschenbach summarized the spreadsheets that had been provided for Council. The 1st schedule is just a recap of totals by fund, 2<sup>nd</sup> schedule is a detail listing by project by fund and the last schedule demonstrates our outstanding debt service history. There are six years worth of history included and current year debt service and five years of forecast. This is existing debt the City has which includes Recovery Zone debt for this year and the \$1.2 million of installment purchases that are budgeted for this year.

Mr. Rauschenbach suggested starting with the detail overview. Mayor Pro tem Roberson questioned the outstanding debt on the debt service - it changes in the debt service and if Mr. Rauschenbach would highlight those from the general fund and the total. Mr. Rauschenbach complied and stated the changes in debt service as compares to the previous year, how it changed, in the general fund for this year our debt service will be \$31,000 less than it was last fiscal year. Next year the debt service will drop

\$289,904. The majority of the changes are due to installment purchases that are timing out (approximately \$1.0 million). Mayor Pro tem Roberson was more interested in the electric fund and Mr. Rauschenbach explained that it is leveling out around \$800,000. Councilman Mercer inquired if that change would anticipate no additional debt. Mr. Rauschenbach confirmed but noted other than the installment purchases.

Mayor Jennings cautioned to remember “just because it’s in the CIP doesn’t mean it gets into the budget.” Also, Mayor Jennings noted what was agreed on a few years ago “if it isn’t in the CIP it can’t go in the budget.” There may some items in the CIP that council would like to break out and discuss individually. Mayor Jennings requested one to be clear on would be the police facility and would like to set a date for that discussion (everyone should know the all end cost and agrees to that cost). If possible, he would like staff from the PD and if needed the architect to attend the meeting.

Councilman Mercer raised concerns about the \$3.88 million project cost listed in the CIP, citing the amount was higher than what was approved by the City Council. In June 2010, Council voted to pursue a \$3 million loan to help pay for the facility. \$1 million has been set aside in the public-safety capital reserve fund to help pay for the project, would borrow \$1 million and find \$1 million in grants. Councilman Mercer inquired if the City was going to revisit the commitment of \$3 million approved by Council. He questioned if we would go to an unknown number or will we push to go back the \$3 million as close as we can. Mayor Jennings explained this is the thought process he is hoping will come out of the special meeting. This is the largest item and the CIP and warrants it own discussion.

Chief Reed explained that this is a step by step process and the way the architect explained it to him the exterior building design would come before Council in which a tentative building foot print did. Council would in turn authorize them to go before the Board of Adjustment. They have only been working internally with some ideas as far as what would go where (nothing formal). Chief Reed suggested they were only looking for guidance with the geotechnical data, FAA land release and other steps. Mayor Pro tem Roberson stated the City does not need to make a mistake with the geotechnical data – if there is a soil issue there we need to know up front. Chief Reed mentioned the time frame contingent on the USDA and other components to get the project done and Council wanted to be respectful to any time line but wants to make sure everything is correct up front. Several concerns:

1. Soil
2. Site work
3. Appraisal
4. Preliminary design on the project
5. Grants
6. Additional cost

By motion of Councilman Davis, seconded by Councilman Moultrie, Council agreed to have a special meeting on the Police Station on Tuesday, March 8<sup>th</sup> at 8:00 am in the Council Chamber with staff providing as much information as possible.

Mr. Rauschenbach noted that a column had been added for Maintenance, professional services and would be indicated with an (\*) things which are maintenance and not necessarily capital items but with a magnitude of being over \$25,000. Example would be painting the Library and repairing some wood, AMR meter replacements, valve inspections, etc.

Mayor Jennings had suggested an exercise to Mr. Connet by taking \$1.0 million each year and pushing it out to the next year so that nothing that really needed to be in the CIP would wait longer than a year. This method would allow you to create a \$1.0 million deferral for the next 5-6 years. Mr. Rauschenbach noted that they took this into consideration when going back over the CIP last week (several of Mr. Hardt’s projects

were pushed out a few years) Rail to Trails was move out and the water line was split over a couple of years. They were only able to push it out one more year but a lot of the projects moved out over a couple of years. Mayor Jennings noted that the exercise he had given to Mr. Connet was if we didn't have the money we would have to defer it a year and push that out. This would take the pressure off the next 2-3 years and maybe the economy will pick up by then. Mr. Connet stated Mr. Rauschenbach had taken it out 2 more years from where we originally started with the new date being out to 2017-18. Councilman Mercer observed that those were only two items out to 2017-18 and they were in the electric fund for circuit rebuild. Mr. Connet shared that Mr. Hardt was the only one during the meeting that had looked at doing his long range planning but all other departments will look at pushing theirs out.

Mayor Pro tem Roberson suggested he was concerned with the projection end and looking at the totals (Mayor Jennings noted most of that was in the water fund). Mr. Lewis explained the two projects that involved the \$6.0 million. One project \$6.0 million water line running down Slatestone road to Spring Road to help better loop our system but it's just there (place holder) so it doesn't appear all of a sudden and Council suggests it has never been in the CIP. The other one a little over \$5.0 million is to improve Jack's Creek carrying drainage improvements up so many blocks (place holder). Mayor Pro tem Roberson expressed concerns about Airport T-hangars and Mr. Lewis stated T-hangars are built for rent and are built in groups of five. Also, Mayor Pro tem Roberson had a question on the amount in the Vision-100 grant in which Mr. Lewis explained they need it there because of the Division of Aviation has a TIP. It is there in case the Division of Aviation ever questions if it is in the CIP.

Councilman Mercer inquired about the \$1.2 million for Simmons Street improvements because it had not been in the CIP before and Council should have had some warning about it. Mr. Lewis noted this was part of the storm drainage system but probably will not get done but the pipe has been in the ground for more than 40 years. Mr. Rauschenbach shared another large one is City Hall rehab but it is just out there where something may need to be done over time. Councilman Mercer questioned valve insertions for the next five years and that they are highlighted as being a maintenance item. They have not been in the book at all and Mr. Lewis agreed. Mr. Lewis shared there is a lot of debt service falling off of the water fund and they are catching up on maintenance issues. Mr. Lewis mentioned the incident where a fire hydrant was hit at the intersection of 5<sup>th</sup> and Respass and they had to shut-off water approximately a 3 block ratios because the valve at the hydrant would not shut the water off and this is what they are trying to eliminate. Mr. Mercer feels that when a meter fails it should be a maintenance problem. Councilman Mercer addressed several other concerns with Mr. Lewis namely: AMR meters, sanitation vehicle replacement per year in which Mr. Lewis explained.

Mr. Rauschenbach mentioned there was an item today they were made aware of that wasn't in the CIP. The EPA mandates on admissions of our generators (5) that work will be required at \$25,000 next year and six more the following year. The CIP will need to be amended for \$125,000 next year (11-12) and \$150,000 the following year (12-13). This work much be completed by March of 2013. Mr. Hardt explained it was just 11 of the largest units that falls under this mandate. They just learned of this the first of the year and just received budget numbers today.

By motion of Mayor Pro tem Roberson, seconded by Councilman Davis, Council agreed to extend the meeting until 7:30 pm.

Mr. Lewis pointed out that under sewer the S-S-10 Main & Respass Lift Station the \$600,000 shown in FY 2011-12 staff applied for a principle forgiveness for 50% and 0% interest loan for the other 50%. Staff was contacted last week about the possibility of a low interest loan for the \$600,000 project and this funding source is looking very good. Mayor Jennings inquired as to how much the debt service would be on the \$600,000 and Mr. Lewis stated less than \$40,000 a year with a 20 yr. note. This would be through the

state revolving loan fund. Mayor Jennings noted this may be a good opportunity and if Mr. Lewis would make it a part of the budget proposal and he responded 'yes'.

Councilman Mercer cautioned everyone to start paying attention to maintenance as part of the ongoing budget.

Mr. Connet shared that at a recent managers meeting he attended a session on capital budgeting a question was raised – how are you seeing construction prices now (better or worse than they were 3-4 yrs. ago)? Point was you are seeing the lowest prices you can get right now and interest rates are down. If you have some major capital projects that you will need to borrow from now is the time to get them done. Councilman Mercer requested the manager to share some of this info he has from this meeting with the Council.

**ADJOURN – UNTIL TUESDAY, MARCH 8, 2011 AT 8:00 AM IN THE COUNCIL CHAMBERS AT THE MUNICIPAL BUILDING**

By motion of Councilman Davis, seconded by Councilman Moultrie, Council adjourned the meeting @ 7:10 pm until March 8, 2011 at 8:00 am in the Council Chambers at the Municipal Building.

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**Reatha B. Johnson**  
**Assistant City Clerk**