

The Washington City Council met in a continued session on Monday, May 24, 2010 at 4:30pm in the City Council Chambers at the Municipal Building. Present were: Archie Jennings, Mayor; Doug Mercer, Councilman; Ed Moultrie, Councilman; William Pitt, Councilman; Gil Davis, Councilman; Bobby Roberson, Mayor Pro tem; Jim Smith, City Manager; Cynthia Bennett, City Clerk and Franz Holscher, City Attorney.

Also present were: Matt Rauschenbach, Chief Financial Officer; Robbie Rose, Fire Chief; Allen Lewis, Public Works Director; John Rodman, Planning Director; Keith Hardt, Electric Director; Ray Midgett, Information Technology 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

The following amendments were made to the order of the agenda:

- (1) WHDA – Umbrellas on Market Street
- (2) Public Works Budget (Water/Sewer/Stormwater/Solid Waste/Cemetery Funds)
- (3) Recovery Zone Economic Development Bonds
- (4) Revenue Neutral Tax Rate
- (5) Public Hearing: Budget
- (6) Public Hearing: Adoption of a temporary moratorium on electronic gaming operations (internet sweepstakes cafes)
- (7) Health Insurance – 401k – 457
- (8) Approve – Load Management Switch Purchase

By motion of Mayor Pro tem Roberson, seconded by Councilman Pitt, Council approved the agenda as amended.

WHDA - UMBRELLAS ON MARKET STREET

Ross Hammory stated the Downtown Merchants representative; Bob Henkel is requesting permission to install exterior umbrellas on each park bench on Main and Market Streets. The merchants would install an umbrella behind each park bench and would be responsible for maintaining and removing them. The umbrellas would be lime green, turquoise, rust and yellow. Installation by Bob Henkel would be free of charge and there would be a total of 20 umbrellas. An additional five umbrellas would be purchased for replacement purposes.

Mayor Pro tem Roberson and Councilman Mercer stated the request should go before the Historic Preservation Commission.

By motion of Councilman Mercer, seconded by Councilman Pitt, Council sent the request for the installation of umbrellas behind each park bench on Main and Market Street to the Historic Preservation Commission.

Dee Congelton, Washington Area Historic Foundation commended Council for taking the correct steps with the request regarding the installation of umbrellas. The request should have gone before the Historic Preservation Commission and not the City Council.

John Rodman, Planning Director noted to Council the request would be heard by the HPC and would not need to come back before the Council.

STORMWATER

Allen Lewis, Public Works Director stated all salaries and benefits have been removed from the Stormwater Budget. The only thing left in this budget is materials and things of that nature that would be paid for with Stormwater fees. This amounted to approximately \$300,000 that is now under the General Fund. Mr. Lewis discussed removing the culverts at Charlotte Street once the Brown Street bridge project is completed. An automated bar screen was also included in the budget for the pumps located at Park Drive. Discussion was held regarding

storm water development and possible funding by Recovery Zone Economic Development Bonds.

A motion was made by Mayor Pro tem Roberson, seconded by Councilman Davis to pursue a \$4 million allocation of Recovery Zone Economic Development Bonds. Such bonds would be earmarked for use in the storm water funds, serviced by the cash flow in the storm water fund as well as include the fire station repairs using the fire station as collateral for those repairs. The motion passed 4-1 with Councilman Mercer voting against the motion.

Mr. Lewis updated Council on the status of the Brown Street bridge project, stating we have received grant funding from NCDOT 80%-20% match from the City. The bridge should be complete by late spring 2011.

WATER FUND

Mr. Lewis stated the Water Fund is doing relatively well. The debt service will drop substantially next year. Mr. Lewis discussed the possibility of principal forgiveness loans as well as 0% interest loans for capital projects such as installation of a parallel line from the water plant and the installation of a pump station at Main and Respass Street. Neither of the items are in the budget but we can apply for these grants if Council approves with 50% principal forgiveness loans and 50% - 0% interest loans. Costs for the projects are: water line installation \$800,000 and pump station installation \$600,000.

By motion of Councilman Davis, seconded by Councilman Moultrie, Council approved the Public Works Director and City Manager to move forward with applying for funding for the parallel water line installation and Main/Respass pump station installation projects and allocated \$20,000 to be used for the application process.

SEWER FUND

Mr. Lewis stated the Sewer Fund is doing well and all of the capital projects in the budget are in the Capital Improvement Plan. Debt service is dropping off in this fund as well.

AIRPOT FUND

Jim Smith, City Manager discussed the current agreement with Tradewind and said we asked them to submit a new proposal as the agreement was set to expire soon. We haven't received a proposal from them yet. The discussion has been to maintain the current procedure with them operating the airport on a day to day basis. Mr. Smith suggested entering a one year extension with Tradewind. Mayor Jennings discussed the new airport advisory board and that we are still seeking applicants for that board.

SOLID WASTE FUND

Mr. Lewis proposed adding one position to this fund, which is actually a reallocation of a position from another fund. Mayor Pro tem Roberson voiced concern over adding a position. Mr. Smith reiterated that an additional position is not added, one position is being eliminated from the garage and the position reallocated to the solid waste fund. This fund is totally self-supporting.

CEMETERY FUND

Mr. Lewis noted revenues this past year in the cemetery were down, due to the number of lots sold as well as grave openings. There is a transfer of funds from the General Fund to the Cemetery Fund as workers from the cemetery do additional work at other city locations. Councilman Mercer stated if these locations need additional workers, we may need to hire part time people to assist the departments instead of pulling the cemetery workers to do the work. Mr. Lewis stated with the current cemetery rates we can't cover expenses, but if we raise the rates we will put ourselves out of business. Our rates are comparable to the other cemetery in town. If the City hadn't stopped collecting perpetual care fees many years ago, we would be in better shape than we are now. Mr. Lewis stated the cemetery was under the General Fund up until this past year.

REVNEUE NEUTRAL TAX RATE

Mr. Rauschenbach discussed the revenue neutral tax rate and noted the airport needs to be removed from the gross numbers since it was de-annexed. This item will be discussed during the next budget session on June 1st. The revenue neutral rate would be \$0.485 to be revised with the airport being removed from the numbers.

Council convened for a break at 5:55pm and reconvened at 6:00pm for the budget public hearing.

PUBLIC HEARING – BUDGET

Mayor Jennings opened the public hearing.

Mark Wesley, Public Works Department has worked with the City almost 31 years, addressed the Council regarding budget cuts and the effects it has on employees and the equipment they use. Mr. Wesley further voiced concern over aging and failing equipment and the need to have such equipment replaced. He remarked Council should be spending funds on keeping the equipment safe and up to date instead of spending money on another park downtown. Mr. Wesley also discussed the concerns with health insurance, funding for required licenses, continuing education and training.

Shane Lewis, Electric Utilities Department has worked with the City for 10 years, addressed the Council regarding job maturity, merit raises and the MAPPS salary study from 2003. Mr. Lewis stated "Service is what we sell". It was requested to keep the job maturity and merit raises in the budget to keep our salaries in line with other communities and not to implement a onetime 1 1/2% bonus. Mr. Lewis stated, "We work with our hats on; don't throw a tip in it." Mr. Lewis wants people to know when they see him in his uniform; he is a friend and not an enemy and is proud to work for the City.

There being no further comments, the public hearing was closed.

Councilman Moultrie stated he feels the employee's pain and agony and hopes Council takes heed to the very strong message the employees have delivered.

Councilman Mercer inquired about the license that Mr. Wesley holds. Mr. Allen Lewis stated the City pays for the training, but the employee holds the license in their name and are held responsible for it. Mr. Smith stated some employees were concerned that training would be cut. Councilman Mercer stated if a license is legally required, the City is responsible for paying for the training.

Mayor Pro tem Roberson stated he is not trying to eliminate employees. He further challenged staff to further reduce overtime expenditures. Mr. Smith stated overtime has been cut about 50% over the past few years.

Mayor Jennings stated we value all employees and we have not had a reduction in force and we are proud of that. We draw a safety circle around our employees and try to find reductions in other places.

Councilman Pitt asked the employees to be patient with the Council. It is Council's intention not to do any harm to the employees or to take their money.

PUBLIC HEARING: ADOPTION OF A TEMPORARY MORATORIUM ON ELECTRONIC GAMING OPERATIONS (INTERNET SWEEPSTAKES CAFES)

Mayor Jennings opened the public hearing at 6:25pm.

John Rodman, Planning Director stated the Planning Board has recommended that Council implement a 90 day moratorium on electronic gaming operations/internet sweepstakes cafes. The moratorium would allow the Planning Board time to review these operations to determine where they would be best suited in the City's Land Use Plan.

Robert Salinger, owner of Pamlico Internet Café stated he is not opposed or against the moratorium. He is here to offer his assistance as a resource to the City in helping to figure out the concerns they may have regarding internet sweepstakes cafés.

There being no further comments, the public hearing was closed.

By motion of Mayor Pro tem Roberson, seconded by Councilman Moultrie, Council accepted the recommendation of the Planning Board and adopted an Ordinance placing a temporary moratorium on the use of electronic gaming operations (internet sweepstakes cafés) in the City of Washington's jurisdiction for a period of ninety (90) days.

**Ordinance Establishing a Ninety Day Moratorium on Expansion of Electronic Gaming Operations
(aka Internet Sweepstakes Operations)**

Within the City of Washington Jurisdiction

WHEREAS, the City of Washington (hereafter "the City") is a municipal corporation organized under the laws of North Carolina, invested with the powers enumerated in Chapter 160A of the North Carolina General Statutes; and

WHEREAS, the City is authorized by North Carolina General Statutes Chapter 160A, Article 19 to plan and regulate development and the uses of buildings, structures and land within its corporate limits, and pursuant to North Carolina General Statutes Chapter 160A-381(e), the City is authorized, under certain circumstances, to impose a development moratorium; and

WHEREAS, pursuant to North Carolina General Statutes Chapter 160A, Article 8, the City is given authority to prohibit, regulate and abate acts, omissions, or conditions detrimental to the health, safety or welfare of its citizens; and

WHEREAS, an "internet café," "cybercafé," "electronic gaming operations," "internet sweepstakes" or similar activity, by whatever name it might be known, (hereinafter "internet sweepstakes operations") in a place where a patron can use a computer with internet access, usually for a fee based on time of usage, to participate in games of chance or sweepstakes; and

WHEREAS, internet sweepstakes operations are not specifically listed as a permitted use in the City's zoning ordinance nor is it naturally incident or accessory to any other permitted use; and

WHEREAS, the State Legislature is scheduled to address internet sweepstakes operations during its upcoming short session in May 2010 and may be able to offer some guidance as to the legality of these operations.

WHEREAS, the City needs to consider how internet sweepstakes operations should be classified under current City code and what protections should be associated with these activities including but not limited to spacing requirements, parking requirements, regulations relating to hours of operation, and advertising and marketing regulations.

WHEREAS, the City would like the opportunity to amend its current zoning ordinance to address these issues before additional internet sweepstakes operations begin operation or the current ones expand.

THEREFORE, BE IT RESOLVED:

1. THAT a ninety (90) day moratorium is adopted immediately on the establishment, creation, opening or expansion of an internet sweepstakes operation, or similar activity, whether independent or incidental to or accessory to any other permitted use;
2. THAT this ninety (90) day moratorium shall apply throughout the City's Jurisdiction;
3. THAT this ordinance shall become effective immediately upon its adoption.

Adopted on May 24, 2010

ATTEST:

s/Cynthia S. Bennett,
City Clerk

s/ N. Archie Jennings III,
Mayor

HEALTH INSURANCE – 401K – 457

Mr. Smith stated we are facing a major increase in our health care premiums for the employees, approximately \$470,000. We have worked with our consultants to come up with an alternative plan to mitigate the impact on the employees. We are suggesting that employees can take \$40 of the \$50 that goes into their 401k and place those funds in a health spending account or part of that \$40 to be placed in a 457 retirement account. This is for all non-law enforcement employees. This item will be discussed fully during the June 1st budget meeting. Benefits meetings will be held next week to review the plans with employees.

By motion of Mayor Pro tem Roberson, seconded by Councilman Davis, Council adopted a resolution to establish the North Carolina Employee Deferred Compensation Plan, also known as “NC Deferred Comp: for City of Washington employees effective July 1, 2010.

RESOLUTION

Whereas, the City of Washington wishes to provide a qualified defined contribution plan to the employees of the City of Washington, and;

Whereas, the State of North Carolina has established the North Carolina Public Employee Deferred Compensation Plan, a qualified governmental Deferred Compensation Plan under the Internal Revenue Code § 457 (b) for public employees of North Carolina.

Therefore, be it resolved that the City of Washington has adopted the North Carolina Public Employee Deferred Compensation Plan also known as “NC Deferred Comp” under the terms of the Plan Document and the Third Party Administrator Agreement. All employees shall become eligible to defer compensation effective July 1, 2010.

Signed this the 24th day of May 2010.

s/N. Archie Jennings, III
Mayor

APPROVE – LOAD MANAGEMENT SWITCH PURCHASE

Council appropriated \$300,000 for the first phase of the system wide load management initiative. Purchases are to be approved by Council. Councilman Mercer inquired where the other \$200,000 was from the total \$300,000 that was allotted for load management switches being we only purchased 1500 switches at a cost of \$98,800. Mr. Smith stated we do not have the exact numbers for the installation of the meters and the inspections, thus we did not spend all the money for purchases of switches. The bid we received was substantially less than the ones we received in the past. Ed Pruden, Electric Department stated we have put out bids for the installation of the switches. We may be able to purchase more switches if the bid comes in less than we expect, due to the reduced cost of the switches. The 1500 quantity produces a lower purchase price and the price remains in effect until the end of 2010.

By motion of Councilman Pitt, seconded by Mayor Pro tem Roberson, Council approved the purchase of 1,500 load management switches and 2 field test units from Comverge for \$98,800.

Mr. Pruden stated we need to remove the term in our marketing that load management is “mandatory”. We need to use less harsh wording and suggest using terms such as energy management credit instead of load management.

ADJOURN

By motion of Mayor Pro tem Roberson, seconded by Councilman Davis, Council adjourned the meeting at 7:00pm until June 1, 2010 at 4:30pm at the Municipal Building.

Cynthia S. Bennett
City Clerk