

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

Tuesday, January 12, 2016

The Honorable Council of the Town of Morehead City met in Regular Session on Tuesday, January 12, 2016, at 5:30 p.m., in the Municipal Chambers located at 202 South 8th Street, Morehead City, North Carolina. Those in attendance were:

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| MAYOR: | Gerald A. Jones, Jr. |
| MAYOR PRO-TEM: | William F. Taylor |
| COUNCIL: | George W. Ballou |
| | Demus L. Thompson |
| | Harvey N. Walker, Jr. [Absent] |
| | Diane C. Warrender |
| CITY MANAGER: | David S. Whitlow |
| CITY CLERK: | Jeanne M. Giblin |
| CITY ATTORNEY'S OFFICE: | Derek Taylor, Michael W. Thomas |
| OTHERS: | Finance Director Jewel Lasater; Linda Murphy; |

Gary Ridgeway; Tom Kies; Chuck Sewell; Jane Sewell; Public Services Director Daniel Williams; Assistant Public Services Director Graham Strother; CARTERET NEWS TIMES Reporter Anna Harvey; Deputy Police Chief Bryan Dixon; Keri McCann and several others

1. Regular Meeting Call to Order, Invocation and Pledge of Allegiance

Mayor Jones called the meeting to order at 5:30 p.m., Councilman Thompson gave the invocation and all joined in The Pledge of Allegiance.

2. Presentation of the Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2015 – Gary Ridgeway and Linda Murphy from McGladrey, LLP

Gary Ridgeway made a presentation on the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015. He stated that Morehead City had a good fiscal year and was issued an unmodified clean opinion on their financial statements. He explained that a new government audit standard was introduced this year in which there is full accrual accounting for the Local Government Employee Retirement System [LGERS] whereupon these liabilities are now on all books as a net asset. He drew attention to Page 12 of the Comprehensive Annual Financial Report which highlights Morehead City and how it progressed financially through the year. The overall financial position of Morehead City improved as evidenced by an increase in total net position of \$7.0 million. This increase was from both governmental [\$2.7 million] and business-type [\$4.3] activities.

Mr. Ridgeway continued that the City ended the fiscal year with \$6.9 million of fund balance of which \$4.2 is available for undesignated appropriation. The City is in a good financial position. The General Fund increased by \$1 million this year; 47 percent in undesignated Fund Balance. The operating income from the Enterprise Fund was excellent. The City under the guidance of the Council is in excellent condition. There is full compliance for federal and state grants with no internal controls to report this year. Both the Council and staff are to be commended on this achievement.

Mayor Jones thanked Finance Director Jewel Lasater and the Finance Department in conjunction with all the other Departments who make this excellent report possible.

Councilman Thompson MOVED, seconded by Councilman Ballou, and carried unanimously [Councilman Walker absent] to accept the Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2015, as presented.

3. Adoption of the CONSENT AGENDA

3.A. Approval of the Minutes of Tuesday, December 8, 2015, Regular Meeting

Approved the minutes of Tuesday, December 8, 2015, Regular Meeting and dispensed with the reading.

3.B. Approve the Requests for Release of Overpayment of Ad Valorem Taxes for December 2015, in the amount of \$3,217.34; and Accept the Tax Collector and Finance Director Reports for December 2015

Approved the requests for release of overpayment of ad valorem taxes for December 2015, in the amount of \$3,217.34; and accepted the Tax Collector and Finance Director Reports for December 2015. [The Financial Reports are attached to and made a part of these minutes herein by reference.] ✓

3.C. Adopt Ordinance 2016-01 to Repeal Chapter 8, Article 1, Division 2, Levy of Annual Privilege License Tax, Sections 8-3 through 8-35 in its Entirety from the Code of Ordinances of the Town of Morehead City

On May 28, 2014, Governor Pat McCrory signed House Bill 1050 into law eliminating any city's authority to levy privilege license taxes effective July 1, 2015. In an effort to comply with HB 1050, Chapter 8, Article 1, Division 2, Levy of Annual Privilege License Tax, Sections 803 through 8-35 be removed in its entirety from the Town of Morehead City Code of Ordinances.

Adopted Ordinance 2016-01 to Repeal Chapter 8, Article 1, Division 2, Levy of Annual Privilege License Tax, Sections 8-3 through 8-35 in its entirety from the Code of Ordinances of the Town of Morehead City. [Ordinance 2016-01 is attached to Ordinance Book #7 in the vault.] ✓

3.D. Adopt Ordinance 2016-02 Amending the Code of Ordinances of the Town of Morehead City, Chapter 16, Water and Sewers, Section 16-52 [c][k], User Bill Complaints and Adjustments

When updating The Fee Schedule for the Town of Morehead City it was discovered there was a discrepancy in the Code of Ordinances Chapter 16, Water and Sewers, in the section outlining the procedures for user bill complaints and adjustments. In both sections [c] and [k] of the ordinance the incorrect amount of 4,000 gallons was listed. The adoption of Ordinance 2015-02 will correctly adjust to the correct amount of 2,000 gallons.

Adopted Ordinance 2016-02 Amending the Code of Ordinances of the Town of Morehead City, Chapter 16, Water and Sewers, Section 16-52 [c][k], User Bill Complaints and Adjustments. [Ordinance 2016-02 is attached to Ordinance Book #7 in the vault.] ✓

3.E. Adopt Resolution 2016-01 in Support for Connect NC Bond Referendum Act

The Town of Morehead City, along with other municipal entities in Carteret County, was requested to adopt a resolution in support for the Connect NC Bond Referendum Act which will be decided by voters during the Primary Election on March 15, 2016. The \$2 billion package would be allocated for new construction and repairs to existing facilities on the 17 campuses of the University of North Carolina System as well as the 58 campuses of the North Carolina Community College System; for infrastructure improvements to state and local parks and the North Carolina Zoo; on various water improvements and agricultural projects; and on repairs and improvements to National Guard and public safety facilities within North Carolina.

Adopted Resolution 2016-01 in Support for the Connect NC Bond Referendum Act. [Resolution 2016-01 is attached to and made a part of these minutes herein by reference.] ✓

3.F. Award of Friends of Spooner's Creek Dredging Grant Bids to the Lowest Bidder, George A. Brown in the amount of \$35,000

At the August 11, 2015 Council Meeting Public Services Director Williams reported that the City was approached by the Friends of Spooner's Creek to sponsor a Shallow Draft Dredging Grant application. The project consists of dredging the access channel to Spooners Creek from the ICW [Intercoastal waterway] to the mouth of the creek. Planning Director Linda Staab completed the application for a North Carolina Water Resources Development Project Grant Program grant application for the Spooner's Creek Shallow Dredging Project. The amount requested was \$25,000 with the Friends of Spooner's Creek providing an equivalent local match. The City only acts as a sponsor and is not liable for

the expenditure of any funding for the project. The Morehead City Public Services Department would be responsible only for management of the funds and the contract work; and also would ensure that the project is compliant with applicable laws. The Council adopted Resolution 2015-34 to sponsor this grant.

One [1] bid was received at the bid opening on Thursday, January 7, 2016, which was from George A. Brown in the amount of \$35,000.

On a question from Councilwoman Warrender, Assistant Public Services Director Graham Strother explained that George A. Brown was a bona fide contractor able to do this project.

Mayor Jones explained that the Town of Morehead City is just acting as the broker for the Friends of Spooner's Creek, the City will award the bid and oversee the project. A governmental entity was required to submit the application and oversee the project for the grant to be awarded.

The Council awarded the bid for the shallow draft dredging of Spooner's Creek to the low bidder, George A. Brown in the amount of \$35,000.

3.G. Adopt Budget Ordinance Amendment 2016-03

The purpose of Budget Ordinance Amendment is to update the budget as follows:

General Fund: To increase Miscellaneous Revenue for donations in the amount of \$1,700 and increase Restricted Intergovernmental Revenue by \$1,806 for final funds received for the Teen Court Program and to decrease Contingency by \$10,000 in the Building Maintenance Expenditures; and to increase the Police Department Budget by \$13,506.

Fire/EMS Fund: To increase revenue from donations and fundraisers in the amount of \$8,570 and to increase the Fire/EMS Department Expenditures by the same amount.

The Finance and Administration Committee of the Council reviewed Budget Ordinance Amendment 2016-03 and recommended adoption.

Adopted Budget Ordinance Amendment 2016-03 to update the budget in the General Fund and Fire/EMS Fund. [Budget Ordinance Amendment 2016-03 is attached to Ordinance Book #7 in the vault.] ✓

Councilman Taylor MOVED, seconded by Councilwoman Warrender, and carried unanimously [Councilman Walker absent] to adopt the CONSENT AGENDA in one [1] motion.

4. Citizen Requests/Comments: [2 Minute Time Limit] - None

5. City Manager's Report:

5.A. Approval of a Release Agreement between the Town of Morehead City and Police Officer Jeff Covington on the Retirement of Canine Djessy and Approval of a Release Agreement between the Town of Morehead City and Police Officer Franklin Rice on the Retirement of Canine Diesel

City Manager David Whitlow reported that the Morehead City Police Department had two [2] canines that are being retired from service. One served as a drug dog and the other as an explosives dog. In each instance, the handler requested permission to retain the dog as a pet. The City Attorney drafted releases for these animals in order that the responsibility and any potential liability were removed from the City to the "new" owner. The Council was requested to approve the transfers by way of the release agreements. The Finance and Administration Committee of the Council and the Public Safety Committee of the Council reviewed the agreements at their last meeting and recommended approval.

Councilwoman Warrender questioned the release of the drug dog to Officer Franklin

Rice.

City Manager Whitlow reported that this drug dog was injured about a year ago and has aged out. He currently was no longer being used in the drug functions of the Police Department. At the present time, Morehead City has one [1] drug dog on active duty.

Councilman Taylor MOVED, seconded by Councilman Ballou, and carried unanimously [Councilman Walker absent] to approve the Release Agreement between the Town of Morehead City and Police Officer Jeff Covington on the Retirement of Canine Djessy and approve the Release Agreement between the Town of Morehead City and Police Officer Franklin Rice on the Retirement of Canine Diesel. [The Canine Release Agreements are attached to and made a part of these minutes herein by reference.] ✓

5.B. Set the Date of the Council Retreat Meeting

City Manager David Whitlow explained that three [3] dates are offered for a Council Retreat in the Council Chambers from 9:30 a.m. to 3:30 p.m. with a break for lunch on the following dates:

Friday, January 22
Friday, February 5
Friday, February 12

The focus of the retreat will be on long range goal setting with Department Heads as a resource to the extent that their departments will be utilized to implement the various projects that the Council will identify and prioritize.

The Council unanimously [Councilman Walker absent] set the date of Friday, February 5, 2016 for the Council Retreat from 9:30 a.m. to 3:30 p.m., in the Council Chambers located at 202 South 8th Street, Morehead City, N.C.

6. Council Requests/Comments:

Councilwoman Warrender questioned if the Ethics Training for Municipal Officials given by the Eastern Carolina Council on Wednesday, February 10, 2016 at 6 p.m. to 8 p.m. was still being held. City Clerk Giblin will check and report back to Council

Upon a question from Councilwoman Warrender regarding the skating rink at Katherine Davis Park over the holidays, City Manager Whitlow reported that all went well and that the week between Christmas and New Years was very busy.

Councilman Taylor said he looked forward to a good year.

Mayor Jones announced that Councilman Thompson's sister-in-law passed away yesterday. Condolences were given to Councilman Thompson by the Council.

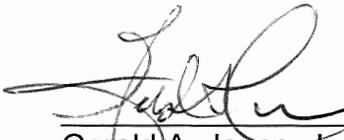
Mayor Jones reported that the Crab Pot Drop Event held on New Year's Eve was excellent.

7. CLOSED SESSION AS PER G.S. 143.318.11[A][3][5] TO REVIEW AND APPROVE THE CLOSED SESSION MINUTES OF NOVEMBER 10, 2015; TO CONSULT WITH THE CITY ATTORNEY AND TO DISCUSS POTENTIAL PROPERTY ACQUISITION

Councilman Ballou MOVED, seconded by Councilwoman Warrender, and carried unanimously [Councilman Walker absent] to enter into CLOSED SESSION.

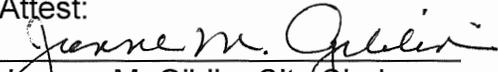
Councilman Taylor MOVED, seconded by Councilwoman Warrender, and carried unanimously [Councilman Walker absent] to return to OPEN SESSION.

Councilman Taylor MOVED, seconded by Councilman Ballou, and carried unanimously [Councilman Walker absent] to approve and release the CLOSED SESSION Minutes of Tuesday, November 10, 2015.



Gerald A. Jones, Jr., Mayor

Attest:



Jeanne M. Giblin, City Clerk

