

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

Tuesday, February 14, 2017

The Honorable Council of the Town of Morehead City met in Regular Session on Tuesday, February 14, 2017, at 5:30 p.m., in the Municipal Chambers located at 202 South 8th Street, Morehead City, North Carolina. Those in attendance were:

MAYOR: Gerald A. Jones, Jr.
MAYOR PRO-TEM: William F. Taylor
COUNCIL: George W. Ballou
Demus L. Thompson
Harvey N. Walker, Jr.
Diane C. Warrender
CITY MANAGER: David S. Whitlow
CITY CLERK: Jeanne M. Giblin and Cathy Campbell, Clerk
Trainee

CITY ATTORNEY'S OFFICE: Derek Taylor, Michael Thomas

OTHERS: Planning and Inspections Director Linda Staab; Finance Director Jewel Lasater; Assistant Public Services Director Dale Price; Police Lt. Gene Guthrie; James Goodman and Linda Murdock of RSM US, LLP; Charles and Sidney Poppe; Lisa Rueh and Liz Hinson of Downtown Morehead City Revitalization Association; Anna Harvey, The Carteret News Times; Dan Snow, Holly Fletcher, Steve Miller, David Green, Brienne Taitaque, John Steele, Tom Kies, and Chuck and Jane Sewell.

Regular Meeting Call to Order, Invocation and Pledge of Allegiance

Mayor Jones opened the meeting at 5:30 p.m., Councilman Demus Thompson gave the invocation and Mayor Jones led all in The Pledge of Allegiance.

Mayor Jones advised that Public Hearing item 4B, rezoning request for Tax Parcel #638718412133000, was withdrawn at the applicant's request and stricken from the regular agenda. In accordance with City ordinance, the applicant must wait six (6) months to reapply.

Presentation of the Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016 – James Goodman, RSM US, LLP

James Goodman, a representative of RSM US, LLP, presented the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016 stating that the City was awarded an unmodified or clean opinion, which is the best possible rating and offers the highest level of assurance for a municipality.

He advised that new audit standards, specifically Statement #73, stipulates that Law Enforcement Officers' Special Separation Allowance Fund does not fall within the scope of General Accounting Standards Board (GASB) guidelines for trust accounts. Therefore, accounting adjustments were made increasing the net position for the governmental activities and beginning fund balance for the General Fund by \$128,884 and decreasing the pension trust fund's net position by \$128,884.

The overall financial position of the City improved in 2016 as evidenced by an increase in total net position of \$2.2 million from both governmental (\$.8 million) and business-type (\$1.4 million). The increase for the government activities was due to increased property and sales and other state shared taxes as well as increased revenue from permits for construction and conservative spending by Staff, and the restatement of the trust fund account. The increase for business-type activities was primarily the result of charges for services and conservative spending of the business-type departments.

The Balance Sheet reflects the City's General Fund unassigned year-end balance at approximately \$4.1 million, which represents about 50% of the current year's General Fund expenditures of \$8.1 million.

The Statement of Revenue, Expenditures and Changes in Fund Balance - General Fund Budget to Actual Basis (Non-GAAP) shows that the Original Budget did not change

significantly from the Actual Budget. In addition, the City experienced revenues over expenditures of \$3.8 million, and after other financing sources and uses, revenue still were in excess of expenditures by \$1.1 million.

The offering income from the Enterprise Fund for business like services was excellent for FY 2015-2016. Mr. Goodman reported that the City, under the guidance of the Town Council, is in excellent condition. Calling attention to the Post Audit Communication Letter, he stated that there were no disagreements with management, no significant findings, no uncorrected mistakes, and no audit adjustments.

Councilwoman Warrender expressed concern with placing the police officer's special funds under the General Fund, and what steps need to be taken to correct the issue. Linda Murdock, also a representative of RSM US, LLP, came forward to explain that most municipalities considered these accounts as separate funds and designated them as trusts; however, it has been determined based on the new accounting standards that they do not meet GASB's criteria for trusts and it is a better practice to show them under the General Fund. No other actions are needed regarding this matter. She assured Council that an actuarial study is conducted annually to determine the liability for law enforcement officers' separation allowance to be paid out. This accounting change does not place the employees at any greater risk.

The Council concurred with the findings of the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016.

CONSENT AGENDA

A. Approve the Minutes of Tuesday, January 10, 2017 at 10 a.m., Special Meeting/Council Work Session and Tuesday, January 10, 2017 Regular Meeting

Approved the Minutes of Tuesday, January 10, 2017 at 10 a.m., Special Meeting/Council Work Session and Tuesday, January 20, 2017, Regular Meeting and dispensed with the reading.

B. Approve the Requests for Release of Overpayment of Ad Valorem Taxes for January 2017, in the amount of \$794.24; and Accept the Tax Collector and Finance Director Reports for January 2017

Approved the requests for release of overpayment of ad valorem taxes for January 2017, in the amount of \$794.24; and accepted the Tax Collector and Finance Director Reports for January 2017. [The financial reports are attached to and made a part of these minutes herein by reference.]

C. Adopt Resolution 2017-05 Endorsing Military Appreciation Day [MAD] and Authorizing Action Necessary for the Event to be held Friday, June 2 and Saturday, June 3, 2017, in Downtown Morehead City

The first Military Appreciation Day [MAD] started in a downtown restaurant on May 21, 2006, and has grown to the large event it is today. This event is dedicated to a day of fishing, food and live entertainment for active duty military, guard and reserve members and their families. The Public Works Committee of the Council reviewed the request and recommended approval.

Adopted Resolution 2017-05 Endorsing Military Appreciation Day [MAD] and authorized action necessary for the event to be held Friday, June 2 and Saturday, June 3, 2017, in Downtown Morehead City. [Resolution 2017-05 is attached to and made a part of these minutes herein by reference.]

D. Adopt Resolution 2017-04 Approving a Qualified Source for Obtaining the Ethics Training Required by North Carolina General Statute 160A-87

North Carolina General Statute 160A-87 requires Council Members/Commissioners to receive a minimum of two [2] hours of ethics education within 12 months after initial election or appointment and again within 12 months of each subsequent election or

appointment to office. The Eastern Carolina Council is offering this course on Wednesday, February 15th through the law offices of Sumrell, Sugg, Carmichael, Hicks & Hart, P.A. The adoption of this resolution confirmed that this firm is a qualified source of the mandated education.

Adopted Resolution 2016-03 approving the Law Firm of Sumrell, Sugg, Carmichael, Hicks & Hart, P.A. as a qualified source for obtaining the ethics training required by N.C.G.S. 160A-87. [Resolution 2016-03 is attached to and made a part of these minutes herein by reference.]

E. Submittal of 2016 Delinquent Real Estate and Personal Property Tax Lists as per G.S. 105-369[a] including Interest Due and Authorize Tax Collector to Post and Advertise the 2016 Delinquent Tax List

Approved the submittal of 2016 Delinquent Real Estate and Personal Property Tax lists as per G.S. 105-369[a] including interest due and authorize the Tax Collector to post and advertise the 2016 Delinquent Tax List. [The Delinquent Real Estate and Personal Property Tax reports are attached to and made a part of these minutes herein by reference.]

F. Award Contract #96 – Public Works Building to the Low Bidder, Primus Contracting, Inc., in the amount of \$347,095.00

The following bids were received on January 24, 2017, for the construction of a Public Works Building:

Primus Contracting, Inc.	\$344,345.00
Briun Builders, LLC	\$350,045.00
Thomas Simpson Construction Company	\$376,528.00
L.A. Downey & Sons, Inc.	\$425,527.00
S.F. Ballou, Inc.	\$428,392.00

City staff recommended the awarding of the bid to Primus Contracting, Inc., in the amount of \$347,095.00 which includes Alternate Bid Item 2A [\$2,750.00] which pertains to the electrical construction. The Public Works Committee of the Council recommended the bid award as presented.

Awarded Contract #96 – Public Works Building to the Low Bidder, Primus Contracting, Inc., in the amount of \$347,095.00.

G. Award of 4th Street and Highway #70 Sidewalk Extension to the Low Bidder, Eastern Earthscapes and Construction in the amount of \$17,112.00

The project consists of installing a concrete sidewalk and removing and relocation of a chain link fence along Highway #70 and 4th Street. The following bids were received on January 17, 2017:

Eastern Earthscapes & Construction	\$17,112.00
J & E Concrete Construction	\$24,600.00
S.F. Ballou Construction	\$28,401.00
Charles W. Hughes Construction, Inc.	\$29,029.00
Sunland Builders, Inc.	\$34,957.00
WSCl	\$61,200.00

City staff recommended the awarding of the bid to Eastern Earthscapes & Construction in the amount of \$17, 112.00. The Public Works Committee of the Council recommended the bid award as presented.

Awarded the 4th Street and Highway #70 Sidewalk Extension to the low bidder, Eastern Earthscapes and Construction in the amount of \$17,112.00

H. Adopt Resolution 2017-06 Endorsing the “Alive at Five” Concert Series and Authorizing Action necessary for the Events to be held May 26, June 2, June 16, July 7, July 21, August 4, August 18, and September 1, 2017, on the Morehead City Waterfront.

The Downtown Morehead City Revitalization Association [DMCRA], with the support of several downtown businesses, in an effort to attract more people to downtown Morehead City, proposed the continuation of the “Alive at Five” concert series in Jaycee Park. The concerts are to provide family entertainment and to sell beverages in a defined area in accordance with all state, county and municipal laws with the proceeds used to fund the event. The DMCRA will be solely responsible for any state permits required. This is the ninth year for the concert series which has been very successful. The DMCRA is requesting the use of Jaycee Park, the closure of Shepard Street from 8th to 9th Streets during the concerts and ancillary services. The Public Works Committee of the Council reviewed the request and recommended adoption.

Adopted Resolution 2017-06 Endorsing the “Alive at Five” Concert Series and authorized action necessary for the events to be held May 26, June 2, June 16, July 7, July 21, August 4, August 18, and September 1, 2017, on the Morehead City Waterfront. [Resolution 2017-06 is attached to and made a part of these minutes herein by reference.]

I. Adopt Resolution of Sympathy 2017-08 In Memory of Former Councilman Samuel H. Guthrie

Samuel Guthrie was an honored and respected member of our community He served as a member of the Morehead City Council beginning in November 1993, and was a member of many community organizations in addition to being a respected local businessman. The City would like to memorialize his passing on January 28, 2017, with the adoption of a Resolution of Sympathy.

Adopted Resolution of Sympathy 2017-08 in Remembrance of Samuel Guthrie who passed on January 28, 2017. [Resolution 2017-08 is attached to and made a part of these minutes herein by reference.]

J. Adopt Resolution 2017-07 Endorsing the Annual Crystal Coast Boat Show and Authorizing Action necessary for the Event to be held May 19-21, 2017 in Morehead City

The Downtown Morehead City Revitalization Association [DMCRA] requested the use of Jaycee Park and the adjacent riparian area and docks, Katherine Davis Park, the 6th Street riparian area day docks, the Train Depot, the Municipal Building parking lot at 202 South 8th Street and other ancillary areas and services to hold the Ninth Annual Crystal Coast Boat Show on May 19, 20, 21, 2017. The event includes an in-water and land boat and yacht show, family oriented educational programs, an antique car show, an art show and associated gala events. The show promotes Morehead City and raises money in support of downtown revitalization efforts and worthwhile community projects within the township.

The Public Works Committee recommended the adoption of the resolution regarding the Boat Show without the inclusion of the day slips at Ottis’ Landing. In subsequent discussions with Lisa Rueh, City Manager Whitlow found that DMCRA had already committed to renting the slips to boat vendors. It is his recommendation that the Council honor this commitment for the 2017 year only. All other provisions of the resolution would remain the same.

Adopted Resolution 2017-07 Endorsing the Annual Crystal Coast Boat Show and Authorized Action necessary for the Event to be held May 19-21, 2017 in Morehead City. [Resolution 2017-07 is attached to and made a part of these minutes herein by reference.]

K. Adopt Budget Ordinance Amendment #2017-08 for Miscellaneous Revenues and Expenses in the General Fund and to Increase Contract Services in the Sanitation Fund for Debris Removal

GENERAL FUND

The purpose of this amendment is to update the budget as follows:

The following three descriptions make up the \$27,168 Amendment to Miscellaneous revenue:

- To increase Miscellaneous revenue by \$250 to recognize donation from St. Egbert Catholic School for the Lemonade Stand and to increase the Police Department by the same.
- To increase Miscellaneous revenue by \$3,535 to recognize the sale of surplus (three police vehicles) and to increase the Police Department by the same.
- To increase Miscellaneous Revenue for \$23,383 for the insurance monies received for the repair of the damage to the concession stand and to decrease Contingency for \$1,500 for the deductible associated with these repairs and to increase Parks Department by \$24,883.
- To increase Restricted Intergovernmental revenue by \$45,000 for the funds received from the Partnership with the Carteret County Public School System for the School Resource Officer at the Bridges Alternative School and to increase Contingency by the same.
- To increase Permits & Fees by \$20,000 for Sidewalk Extension fees collected and to increase Transportation by the same for the construction of sidewalks at Hwy 70 & 4th Street.
- To increase Parks by \$1,900 for a playground assessment of Shevans Park and to decrease Recreation by the same.
- To increase Central Services by \$2,000 for a wall relocation and to decrease Contingency by the same.

SANITATION FUND

The purpose of this amendment is to update the budget as follows:

- To increase Contracted Services by \$4,040 due to debris removal associated with Hurricane Matthew and to decrease Contingency by the same. There is no change to the Sanitation Budget.

The Finance and Administration Committee reviewed this ordinance at their last meeting and recommended adoption.

Adopted Budget Ordinance Amendment #2017-08 for Miscellaneous Revenues and Expenses in the General Fund and to increase Contract Services in the Sanitation Fund for Debris Removal. [Budget Ordinance Amendment #2017-08 is attached to Ordinance Book #8 in the vault.]

L. Adopt Resolution 2017-02 Endorsing the Ninth Annual Reelin' for Research, Inc. Fishing Tournament and Authorizing Action Necessary for the Event to be held Saturday, April 29, 2017, in Downtown Morehead City

Reelin' for Research, Inc., Fishing Tournament is an annual event that raises money for the North Carolina Children's Promise, a statewide initiative, which is a year round campaign to promote the North Carolina Children's Hospital. The tournament events will be held on Saturday, April 29, 2017, at Jack's Waterfront Bar and the 6th Street boat day docks on the Morehead City waterfront. The Public Works Committee reviewed the resolution.

Adopted Resolution 2017-02 Endorsing the Ninth Annual Reelin' for Research, Inc. Fishing Tournament and Authorized Action Necessary for the Event to be held on Saturday, April 29, 2017, on the Morehead City Waterfront pending receipt of boat captain consent letter. [Resolution 2017-02 is attached to and made a part of these minutes herein by reference.]

Councilman Ballou MOVED to adopt the CONSENT AGENDA items as presented. Councilman Taylor seconded, and motion carried unanimously.

Public Hearing: Request Submitted by Charles Walker Poppe, Jr., to Amend Subsection 11-1 Table of Permissible Uses of the Unified Development Ordinance to Add “Microbrewery” as a Permitted Use in the Industrial [I] District – Adopt Resolution 2017-03 and Ordinance 2017-06

Planning Director Staab reported that a request was submitted by Mr. Poppe to amend Article 11-1 that would allow “Microbrewery” as a permitted use in the Industrial District. A microbrewery is a small facility for the brewing of beer that produces less than fifteen thousand (15,000) barrels per year. It may often include a tasting room and retail space to sell the beer to patrons on the site and may be affiliated with an attached restaurant.

Article 11-1 Table of Permissible Uses:

Use/District	(definition)	R5	R5S	R7	R10	R15	R15M	R15S	R20	RMF	O&P	PD	MA	CD	CM	DB	CN	CH	I	PM	FP	IC
Microbrewery	Yes															S			P			

A map depicting the extent of the areas zoned Industrial (I) where the proposed amendment would be applicable was included in the meeting packet.



The Planning Board voted unanimously to approve the Planning Board Resolution 2017-0002 at their meeting on January 17, 2017.

Mayor Jones opened the public hearing. No one spoke for or against the request. Mayor Jones closed the public meeting.

Council presented no further comments or questions regarding this matter.

Councilman Taylor moved to adopt Resolution 2017-03 and Ordinance 2017-06 granting the request submitted by Charles Walker Poppe, Jr., to amend Subsection 11-1 Table of Permissible Uses of the Unified Development Ordinance to Add “Microbrewery” as a Permitted Use in the Industrial [I] District requiring. Councilman Walker seconded and the motion carried unanimously. [Ordinance Amendment #2017-06 is attached to Ordinance Book #8 in the vault.]

Citizen Requests/Comments (2 Minute Time Limit)

Ms. Keri McCann thanked Councilman Taylor for his assistance in having the encroachment agreement placed on tonight’s agenda, and thanked the Council for considering the request.

City Manager’s Report: Approval of Submitted Encroachment Agreement

City Manager David Whitlow presented the submitted encroachment agreement for the existing cross alley in the 700 Block of Arendell Street in order to develop a miniature golf course. Owners, Jeff and Kari McCann, hold title to parcels on both the north and south side of the alley.

The Public Works Committee reviewed this request and determined that it would be acceptable, dependent upon review by the Town Attorney and development of an appropriate agreement. The staff worked with the Town Attorney to develop an encroachment agreement which was made available to the Council for review prior to the meeting. Subsequently, Staff has reviewed the agreement and recommended approval.

Mr. Whitlow outlined the primary contents of the agreement as:

- No permanent construction can occur within the alley
- All encroachments must be approved in writing by the Town
- The Town reserves the right to use the encroachment for any public purposes
- The Town can request the removal of any encroachment with a thirty (30) day notice
- The Licensee cannot transfer the agreement without written permission from the Town
- The Licensee shall acquire insurance to the Town's limit with the Town being an additional insured

Councilman Taylor moved to approve encroachment agreement submitted by Jeff and Kari McCann of existing cross alley in the 700 Block of Arendell Street to develop a miniature golf course as presented. Councilman George seconded and the motion carried unanimously.

Council Requests/Comments

Councilwoman Warrender wished everyone a happy Valentine's Day.

Councilman Taylor thanked everyone for coming to tonight's meeting.

Councilman Walker wished everyone a happy and safe Valentine's Day.

Councilman Ballou apologized for being a bit late to the meeting. He too wished everyone a happy Valentine's Day.

Councilman Thompson expressed pleasure over plans for a mini golf course.

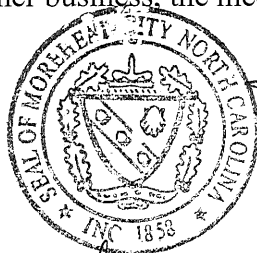
Mayor Jones thanked Staff for their hard work in securing an unqualified audit report and for being good stewards of the citizen's tax dollars.

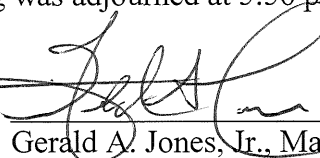
Approve and Seal January 10, 2017 Closed Session Minutes.

Councilman Ballou moved to approve and seal the Closed Session Minutes of Tuesday, January 10, 2017 as presented in writing to the Council. Councilman Thompson seconded and the motion carried unanimously.


Adjournment:

There being no further business, the meeting was adjourned at 5:56 p.m.




Gerald A. Jones, Jr., Mayor

Attest:


Cathy Campbell, City Clerk Trainee

