

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

Tuesday, March 13, 2018

The Honorable Council of the Town of Morehead City met in Regular Session on Tuesday, March 13, 2018, in the Municipal Chambers located at 202 South 8th Street, Morehead City, North Carolina. Those in attendance were:

COUNCIL PRESENT: Mayor Gerald A. Jones, Jr.; Councilmembers George W. Ballou, Keri V. McCann, William F. Taylor, Harvey N. Walker, Jr. and Diane C. Warrender.

STAFF PRESENT: Interim City Manager Ralph A. Clark; City Attorneys Derek Taylor and Mike Thomas; Interim Planning Director Robert Davis; Senior Planner Sandi Watkins; Finance Director Jewel Lasater; Public Services Director Daniel Williams; Deputy Police Chief Bryan Dixon; Library Assistant Jordan Salter; and City Clerk Cathy Campbell.

OTHERS: Elise Clouser of The Carteret News Times; Bobby, Linda and Jacqueline Staab, Janet Hill, Clarence Oglesby, Lou Cannon of RSM US LLP, Keith Edwards of East Carolina Community Development Inc.; Holly Fletcher, Ruth Jones, Tom Kies, Jeff McCann, John McIntrye, Libby and Morgan O'Malley, Chuck & Jane Sewell, Mike Thomas and Boy Scout Troop 130: Connor Marsh, Sam Suggs, Sasha Primin-Kane, Wade and Jeffrey McCallum, Owen Timbrook, Michael McNeill, Damian Kearns, and Jackson Sproul.

Mayor Jones called the regular meeting of the Morehead City Town Council to order at 5:32 p.m., on Tuesday, March 13, 2018 in the Municipal Building Council Chambers with a quorum present. Councilman Ballou gave the invocation and members of Scout Troop 130 led all in the Pledge of Allegiance.

RECOGNITIONS/PRESENTATIONS

Presentation of Resolution 2018-R-12 in Honor of Janet Hill Upon Her Retirement

Mayor Jones presented Resolution 2018-R-12 to Janet Hill in recognition of her dedicated service to the Town of Morehead City. Janet's huge smile, positive attitude, and ability to make everyone feel valued and welcome will be hard to match.

Janet expressed thanks to the Council and co-workers for many happy years. She stated that above all, she will miss her customers.

Presentation of Resolution 2018-R-13 in Honor of Linda Staab Upon Her Retirement

Mayor Jones presented Resolution 2018-R-13 to Linda Staab in recognition of her dedicated service to the Town of Morehead City. Linda's love for the Town of Morehead City and its residents is evidenced by her "pay it forward" attitude. She is known for her quality contributions helping many organizations to grow and prosper.

Linda acknowledged that no one works in a vacuum and credited a great team for her success. She thanked her co-workers, the Council and fellow directors.

Presentation of the Comprehensive Annual Financial Report

Lou Cannon, a partner in RSM US, LLP, appeared before the Council to present the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017. He stated that the City is evaluated on four (4) audit requirements; Generally Accepted Auditing Standards, Government Auditing Standards, Compliance with Federal Grants Single Audit Act, and Compliance with State Single Audit Implementation Act for North Carolina Grants. The Town of Morehead City received an Unmodified or "Clean" opinion which is the highest level of assurance offered.

Items noted and properly adjusted during the audit were:

1. Financial statement related findings

Material Weaknesses

Finding 2017-001: Year-end accrual for debt proceeds

Finding 2017-002: Year-end accrual for ambulance fees

Finding 2017-003: Year-end accrual for accounts receivable

Significant Deficiency

Finding 2017-004: Proper recording of asset transfer

2. Compliance findings – Federal grants

No findings, no questioned costs

3. Compliance findings – State grants

No findings, no questioned costs

A written copy of the SAS 114 Report was provided to Council summarizing certain management matters required by professional standards, which is intended solely for the information and use of the Town Council and management.

In closing, Mr. Cannon thanked Finance Director Jewel Lasater and her staff for their cooperation.

Councilmember Ballou made a motion **to accept the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017 as presented.** Councilmember Walker seconded and the motion carried unanimously. (5-0)

CONSENT AGENDA

Mayor Jones reviewed the Consent Agenda as presented to the Town Council for review and approval.

Included within the Consent Agenda were the following approvals:

- A. Approve the Minutes of the February 13, 2018 Regular Town Council Meeting.
- B. Approve the Minutes of the February 20, 2018 Special Town Council Meeting.
- C. Accept the Finance Director and Tax Collector Reports for February 2018; and Approve the Requests for Release of Overpayment of Ad Valorem Taxes for February 2018 in the amount of \$5,825.31.

These reports are attached and made a part of these minutes herein by reference.

- D. Adopt Resolution 2018-R-12 in Honor of Janet Hill Upon Her Retirement.
- E. Adopt Resolution 2018-R-13 in Honor of Linda Staab Upon Her Retirement.
- F. Adopt Resolution 2018-R-14 Endorsing the Alive at Five Events and Authorizing Action Necessary for the Event to be Held June 1, June 15, July 6, July 20, August 3, and August 17, 2018.
- G. Adopt Resolution 2018-R-15 Endorsing the Alive at Five Connect Carteret Event and Authorizing Action Necessary for the Event to be Held May 25, 2018.
- H. Adopt Resolution 2018-R-16 Endorsing the 11th Annual Crystal Coast Boat Show and Authorizing Action Necessary for the Event to be Held May 18, 19 & 20, 2018.
- I. Adopt Resolution 2018-R-17 Endorsing Ducks Unlimited Billfish Tournament and Authorizing Action Necessary for the Event to be Held July 19-21, 2018.
- J. Adopt Resolution 2018-R-18, Endorsing Cape Lookout Rotary Road Race and Authorizing Action Necessary for the Event to be Held April 28, 2018.
- K. Adopt Resolution 2018-R-19, Endorsing Raleigh Salt Water Fishing Tournament and Authorizing Action Necessary for the Event to be Held July 27-28, 2018.
- L. Adopt Resolution 2018-R-22, Endorsing Reelin' for Research Fishing Tournament and Authorizing Action Necessary for the Event to be Held April 28, 2018

All above Resolutions are attached to and made a part of these minutes herein by reference

Councilmember Walker made a motion **to accept the consent agenda as presented.** Councilmember Ballou seconded and the motion carried unanimously. (5-0)

PUBLIC HEARINGS

Consider Clarence P. Oglesby Contiguous Annexation Request

Senior Planner Sandi Watkins appeared before the Town Council to present Clarence P. Oglesby's contiguous annexation request. Mr. Oglesby request is to annex into the city limits 1.49 acres zoned R15 (Single-Family Residential District) identified as Parcels 638610453133000 and 638610454138000. The site is not part of a subdivision, and therefore will not fragment a subdivision.

The current tax value of the property is \$255,793. Based on a 35-cent tax rate, \$895.28 in tax revenues would be generated. Water and sewer will be accessed from Oglesby Road. All costs associated with extending the water/sewer to the newly annexed property will be the responsibility of the owner.

This public hearing was advertised once in the Carteret News Times as required on February 25, 2018.

PUBLIC COMMENTS

At this time, Mayor Jones open the public hearing inviting anyone who would like to speak in favor of or in opposition to the proposed annexation to step forward. There were no comments; therefore, Mayor Jones closed the public hearing.

COUNCIL COMMENTS

There were no comments or questions.

Councilmember Taylor made a motion to **adopt Ordinance 2018-O-01 accepting the Clarence P. Oglesby contiguous annexation request and extending the corporate limits of the Town of Morehead City as specified therein.** Councilmember Walker seconded and the motion carried unanimously (5-0)

Consider UDO Amendment to Allow Distilleries

Senior Planner Sandi Watkins asked the Town Council to approve the City-Initiated request to amend Article 2-2 of the UDO (Unified Development Ordinance) to define "distillery" and to amend Subsection 11-1 Table of Permissible Uses to adjust the "Microbrewery" use to "Microbrewery/Distillery".

The Unified Development Ordinance allows microbreweries as a special use in the Downtown Business (DB) District and a permitted use in the Industrial (I) District. Based on an

inquiry from one of the local microbreweries about distilling liquor, Staff conducted research and found that the same equipment is used for both processes and from a land use impact, both uses are very similar. Both microbreweries and distilleries are subject to Alcohol Law Enforcement (ALE) laws as well as any applicable building code requirements.

This request is consistent with the CAMA Land Use Plan Vision Statement, City land use plans and development policies, was found to be in the public interest and does not appear to conflict with other City Plans. Therefore, based on these findings, and since the distinction between a microbrewery and a distillery are negligible, Staff is recommending approval of the UDO amendment as presented.

At the February 20, 2018 Planning Board meeting, Sally Lumpkin made motion, seconded by Andrea Smith, to recommend approval of the ordinance amendment request as specified in Planning Board Resolution 2018-0001. The motion carried unanimously.

This Public Hearing was advertised in the Carteret News Times as required on February 16, March 2, and March 9, 2018.

PUBLIC COMMENTS

Mayor Jones open the public hearing inviting anyone who would like to speak in favor of or in opposition to the proposed to the proposed UDO amendments to step forward. Hearing no comments, Mayor Jones closed the public hearing.

COUNCIL COMMENTS

Councilmember Warrender asked if a specific location was interested in the changes. Ms. Watkins advised that several inquiries have been made by downtown microbreweries, but the request is not made on behalf of a specific downtown business.

Councilmember Taylor made a **motion to adopt Ordinance 2018-O-03 and Resolution 2018-R-21, city-initiated request to amend Article 2-2 of the UDO (Unified Development Ordinance) to define “Distillery” and to amend Subsection 11-1 Table of Permissible Uses to adjust the “Microbrewery” use to “Microbrewery/Distillery”.** Councilmember Warrender seconded and the motion carried unanimously. (5-0)

Consider UDO Amendment to Allow Multifamily Dwellings

Next, Senior Planner Sandi Watkins presented the City-Initiated request to amend Article 12-2 and Article 13-1 of the UDO (Unified Development Ordinance) to increase the allowable height in the CD (Commercial Downtown) District; to amend Article 11-1 Table of Permissible Uses to allow multifamily dwellings as a Special Use in the Downtown Business (DB) District and Office and Professional (OP) District and as a permitted use in the Commercial Downtown (CD) District.

In 2017, the Downtown Morehead City Inc. (DMC Inc.) organization drafted text amendments with the hopes of increasing affordable housing options in the downtown area. A work session was held on February 8, 2018 with the Morehead City Planning Board and representatives of DMC Inc. during which the draft regulations were reviewed and discussed.

The draft was then reviewed by the Planning Board on February 20, 2018 at which time Frank Eastman made motion, seconded by Sally Lumpkin, to adopted Planning Resolution 2018-0003, recommending approval of the request to allow an increase in height to 70' in the CD District, with opportunity for increased height subject to issuance of a conditional-use permit by Council, and to allow "Dwelling, multifamily" as a Special Use in the DB, CD, and OP Districts. Amendments related to accessory dwellings units were tabled by the Planning Board until such time as additional research can be conducted and a subcommittee can meet to discuss the information.

Ms. Watkins noted that a Building Residence is a building that contains a business and a residence, and a Multifamily is a residence that houses three (3) or more families with the most important distinction being that the living quarters of a Building Residence must be in the back or on the upper level of the building. The requested height amendment is to increase the allowable height in the CD District to mirror that of the DB District.

This Public Hearing was advertised in the Carteret News Times as required on February 16, March 2, and March 9, 2018.

PUBLIC COMMENTS

Mayor Jones open the public hearing inviting anyone who would like to speak in favor of or in opposition to the proposed multifamily dwellings provisions to step forward. Hearing no comments, Mayor Jones closed the public hearing.

COUNCIL COMMENTS

Councilmember Ballou asked Councilmember and Planning Board Chair Bill Taylor for his thoughts regarding the proposed height increase. Councilmember Taylor stated that it was the Committee's intent to work with property owners and to provide other housing options in the downtown area.

Councilmember McCann made a motion **to adopt Ordinance 2018-O-02 and Resolution 2018-R-20, City-Initiated request to amend Article 12-2 and Article 13-1 of the UDO (Unified Development Ordinance) to increase the allowable height in the CD (Commercial Downtown) District; to amend Article 11-1 Table of Permissible Uses to allow multifamily dwellings as a Special Use in the Downtown Business (DB) District and Office and Professional (OP) District and as a Permitted Use in the Commercial Downtown (CD) District.** Councilmember Walker seconded and the motion carried unanimously. (5-0)

NEW BUSINESS

Consider Architect Firm Recommendation for the Charles Wallace Municipal Campus Project

Public Services Director Daniel Williams appeared before the Town Council to review the Request For Qualifications (RFQ) and the scoring process used in selecting an architect firm for the Charles Wallace Municipal Campus Project. Following independent scoring, both Public Services Director Daniel Williams and Interim City Manager Ralph Clark found Waller, Todd & Sadler Architects to be the highest scoring firm.

The eight (8) RFQ's were rated on predetermined criteria. Waller, Todd & Sadler Architects stood out because they brought all of the specialized consultants that previously provided opinions on the Charles Wallace Building onto their team, and they are the only firm that agreed to provide two proposals, one for renovation and one for replacement.

The scoring recommendation was presented to the Public Works Committee on February 22, 2018 at which time the Committee concurred and further recommended that Waller, Todd & Sadler Architects be presented to the Town Council as the architect firm of choice for the Charles Wallace Municipal Campus Project.

Councilmember Taylor asked that the three (3) recommendations made previously be considered once again; 1) confirm if the two (2) 10x12 spaces for IT is adequate, 2) determine if the number of proposed conference rooms can be reduced, and 3) confirm if filing cabinet space equaling 10% of the total space is necessary. Mr. Williams reported that items 1 and 2 have already been addressed and that he would ask the architects to reevaluated item 3.

Councilmember Walker made a motion **to approve Waller, Todd & Sadler Architects as the architect firm for the Charles Wallace Municipal Campus Project.** Councilmember Ballou seconded and the motion carried unanimously. (5-0)

Reaffirm Commitment to Affordable Housing Development (Elijah's Landing)

Keith Walker of East Carolina Community Development Inc. (ECCDI) appeared before the Council seeking to affirm Council's commitment to Elijah's Landing. Council was reminded of action taken on September 13, 2016 to adopt Resolution 2016-38, giving preliminary approval for the City to be the conduit issuer of multifamily housing revenue bonds in an amount not to exceed \$14,000,000, and to finance the acquisition, construction and equipping of ECCDI's affordable housing development (Elijah's Landing). Following Council's action, the project was slowed due to changes in the financial markets. Such has since been resolved and ECCDI is ready to move forward.

Mr. Walker shared that Elijah's Landing is a 168-unit proposed multi-family 4% bond development located in the central business corridor of Morehead City. The proposed site is located at 3200 Bridges Street, a secondary arterial road feeding to the northern points of the city, and north of the major road, Highway 70/Arendell Street. Elijah's Landing will have 7 three (3)-story buildings, consisting of 30 one (1)-bedroom units, 78 two (2)-bedroom units, and 60 three (3)-bedroom units. A separate community building will host a leasing office with

professional onsite management, a resident computer center, multi-purpose room, kitchenette, fitness center, coin operated laundry facility and mailbox area. All units are reserved for tenants at or below 60% of the area median income. The elevations and floor plans are similar to other successful ECCDI garden-style apartment developments. All units will be finished with solid surface flooring throughout the unit except for the bedrooms where we will utilize modern multi-surface techniques to minimize ambient sound penetration and wear and tear to carpeted surfaces. Unit amenities will include energy star appliances, washer and dryer hook-ups, ample storage space, and a balcony or patio with outside storage. Other community amenities include both a playground and tot-lot, picnic pavilion with tables and grill, gazebo, fenced dog walking area with benches and outdoor seating areas. The addition of 168 new units in the Bridges Street neighborhood would bring much needed, high quality, affordable work force housing to Morehead City. Rents will be \$450 – \$700 per month depending on the resident’s income.

ECCDI now has an equity investor and the wetlands Jurisdictional Determination has been issued by Army Corps of Engineers. It is expected that the application packet can be completed and submitted to the State of North Carolina within 120 days from today and that the full project will be completed by October 2019.

ECCDI is now asking Council to hold a public hearing on April 10, 2018 and subsequently adopt a resolution “approving in principle” the issuance of the Bonds to move the project forward. Bonds are not applied to City’s bond cap and the City will have no responsibility in managing the bonds.

Councilmember Ballou made a motion **to affirm the City’s commitment to Affordable Housing Development (Elijah’s Landing) and to schedule a Public Hearing for Tuesday, April 10, 2018 at 5:30 p.m., or a soon thereafter as the matter can be heard.** Councilmember Taylor, seconded and the motion carried unanimously. (5-0)

CITY MANAGER’S REPORT:

Katherine Davis Park – Mr. Clark advised that he is gathering comments and incorporating such into a new park plan that will meet the requirements of the PARTF Grant while addressing the concerns of other stakeholders. The plan will be completed in advance of the grant submission deadline.

Therapy Dog – A local citizen has volunteered to train a dog adopted from the local shelter to serve as a therapy dog. Her rate is very reasonable and will be covered by donations.

City Leases – Several city leases have reached or will soon reach their maturity date. Leases with the Marlins Baseball, Red Fish Grill and Morehead City Ferry Service will be presented next month for approval.

Naming Request - Jeff McCann submitted request to name the tennis courts at Shevans Park, “The Calico Jack Tennis Center” in memory of his father. He will donate 51% of the fencing cost and the request meets the established naming policy criteria. As a provision of the policy, Council is asked to place this item on the April meeting agenda to receive public comments.

Councilmember Walker made a motion **to accept the fence donation as a gift, with naming rights to be discussed at the April 10, 2018 Town Council meeting.** Councilmember Ballou seconded and the motion carried unanimously. (5-0)

Leadership Change - Mr. Clark announced that his last day of employment with the Town of Morehead City would be Thursday, April 19, 2018, and that Ryan Eggleston is scheduled to begin on May 1, 2018.

CITIZEN REQUESTS/COMMENTS (2 Minute Time Limit)

Ruth Jones, 707 Fisher Street – Mrs. Jones appeared before the Council to express concern over the excess fill being added to a neighboring property located in the 700 Block of Bay Street, and how such is affecting stormwater runoff to neighboring properties. She requested that the City develop an ordinance and set standards for raising lot elevations in established neighborhoods, and that such be done in a timely manner. Planning Staff was directed to look at this matter and report on findings at the April Town Council meeting. Mr. Clark suggested that Public Works Staff be brought into the process as it is addressing stormwater concerns.

COUNCIL REQUESTS/COMMENTS

Councilmember Warrender had nothing to report.

Councilmember Taylor thanked everyone in attendance for coming and stated that he looks forward to finding a solution for the lot elevation issue.

Councilmember Walker also thanked everyone for coming to the meeting.

Councilmember Ballou stated that it was good to see a large group present at the meeting tonight, and nice to have the scouts participate.

Councilmember McCann commended the Finance Department on a job well done.

Mayor Jones expressed appreciation to Ralph Clark for his service to the City.

CLOSED SESSION PER NCGS 143.318.11(a)(3) TO CONSULT WITH ATTORNEY

Councilmember Ballou made a motion **to enter into Closed Session at 7:04 p.m. per NCGS 143.318.11(a)(3) to consult with Town Attorney regarding the Closed Session Minutes.** Councilmember McCann seconded and the motion carried unanimously (5-0).

Councilmember Taylor moved **to return to OPEN SESSION at 7:06 p.m.** Councilmember Warrender seconded and the motion carried unanimously (5-0).

APPROVE CLOSED SESSION MINUTES

City Clerk Cathy Campbell presented the minutes of the December 11 and 29, 2017; January 9, 17 and 30, 2018; as well as February 7 and 20, 2018 Closed Sessions for review and approval. After a review of the minutes, Councilmember Ballou **moved to Approve and Seal the minutes of the December 11 and 29, 2017 Closed Session meetings as presented.** Councilmember Taylor seconded and the motion carried unanimously (5-0).

Next, Councilmember Taylor **moved to Approve and Release the minutes of the January 9, 17 and 30, 2018; as well as February 7 and 20, 2018 Closed Session meetings as presented.** Councilmember Warrender seconded and the motion carried unanimously (5-0).

ADJOURNMENT

There being no other business to discuss, Mayor Jones adjourned the meeting 7:10 p.m.

Gerald A. Jones, Jr., Mayor

Attest:

Cathy Campbell, City Clerk