

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

Tuesday, March 12, 2019

The Honorable Council of the Town of Morehead City met in Regular Session on Tuesday, March 12, 2019, 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 Ballou, Keri V. McCann, William F. Taylor, Harvey N. Walker, Jr. and Diane C. Warrender.

STAFF PRESENT: City Manager Ryan Eggleston; City Attorneys Derek Taylor and Mike Thomas; Public Services Director Daniel Williams; Planning Director Sandi Watkins; Finance Director Jewel Lasater; Deputy Police Chief Bryan Dixon; and City Clerk Cathy Campbell.

OTHERS: Elise Clouser of the Carteret News Times; Gene McLendon of Hope Mission; David Horton of Spacey Projects Too LLC; Jordan Maroules of Triple J Holdings LLC; Ron Cullipher of The Cullipher Group PA; Kristen Kirby of McGuireWoods LLP; Frank Braxton of Coastal Land Design; Board of Adjustment Member Lucine Beauchard, as well as Chase and Jessica Templeton.

Mayor Jones called the regular meeting of the Morehead City Town Council to order at 5:30 p.m. with a quorum present. Councilmember Ballou asked for a moment of silence in honor of Chief Snyder before giving the invocation. Mayor Jones then led all in the Pledge of Allegiance.

Mayor Jones took a moment to honor Atlantic Beach Fire Chief Adam Snyder. His passing is a great loss for the whole county and he will be sorely missed.

RECOGNITIONS/PRESENTATIONS

Presentation by Executive Director Gene McLendon of Hope Mission

Executive Director Gene McLendon appeared before the Town Council to provide an update on Hope Mission's vision and current activities. Mr. McLendon shared that Hope Mission Ministries encompasses many ministry arms such as the Hope Mission Thrift Store, Hope Recovery Homes, and Hope Mission Soup Kitchen. In addition, they partner with Meals on Wheels, Store House Pantry, Trillium Health Services, NC Peer Support Specialists and Carteret Counseling Services to help many others. They also provide emergency financial assistance to qualifying individuals to pay electric, gas and water bills.

In 2018, Hope Mission served 38,000 meals at the Soup Kitchen, delivered 40 homebound meals through Meals on Wheels; and housed 15 men and 6 women in the Recovery Homes. Residents of the Recovery Homes not only have their primary needs met through meals and berthing, but also receive substance abuse counseling and life skills training to prepare them for long-term success. Hope Mission recently purchased a new building at 1205 Arendell Street that will house their thrift store systems.

All of this is accomplished with tremendous help from the community. Last year, 2,100 individuals volunteered across all the service outlets, and additional volunteers are always welcome. Financial support is provided by associations and businesses such as the NC Community Foundation and Carteret-Craven Electric Cooperative, plus federal and state grants.

Presentation of Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2018

Robbie Bittner, senior manager of RSM US, LLP appeared before the Council to present the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. 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.

The following items were noted; however, they were determined not to be significant deficiencies or material weaknesses:

- 1) Cash Management Compliance Requirement – Clean Water State Revolving Fund: Payment was made in accordance to normal payment procedures for scheduled invoice payments rather than noting that it fell under special payment requirements in regards to Grant compliance.
- 2) Inaccurate Reporting of Powell Bill Expenditures – Due to short staffing and increased workload from software conversion, staff was unable to process all incoming invoices prior to NCDOT 2018 Powell Bill deadline. NCDOT was notified and adjustments will be made through next year’s Powell Bill report.

Mr. Bittner reported that there were no disagreements with management over the application of significant accounting principles, the basis for management’s judgements on any significant matters, the scope of the audit, or significant disclosures to be included in the consolidated financial statements.

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. Bittner thanked Finance Director Jewel Lasater and her staff for their cooperation.

AGENDA AMENDMENT

At this time Mayor Jones addressed the request from Frank Braxton of Coastal Land Design to table the rezoning consideration of 4021 Arendell Street for one (1) month to give him time to personally address adjacent neighbors' concerns.

Councilmember Walker made a motion **to table the request to rezone 4021 Arendell Street until Tuesday, April 9, 2019 at 5:30 p.m., or as soon thereafter as the matter can be heard.** Councilmember Taylor seconded and the motion carried unanimously. (5-0)

CONSENT AGENDA

Mayor Jones reviewed the Consent Agenda. Councilmember Ballou made a motion **to approve the Consent Agenda as presented.** Councilmember McCann seconded and the motion carried unanimously. (5-0)

Included within the Consent Agenda were the following approvals:

- A. Approve the Minutes of the February 12, 2019 Regular Town Council Meeting.
- B. Approve the Minutes of the February 26, 2019 Special Town Council Meeting.
- C. Accept the Finance Director Reports, Tax Collector Reports, and Notice of Ad Valorem Tax Overpayments in the amount of \$5,877.02 for the month of February 2019 as Recommended by the Finance and Administration Committee.
- D. Approve the Requests for Refunds of Overpayment of Ad Valorem Taxes in the amount of \$0.00 for February 2019 as Recommended by the Finance and Administration Committee. (*Zero is the correct amount but still entered as record of Council being advised.*)
- E. Adopt Resolution 2019-R-16 Endorsing The Lunchbox Promises Foundation 2019 Feeding Frenzy Half Marathon, 5K and 1 Mile Road Race and Authorizing Action Necessary for the Event to Be Held Saturday, November 16, 2019, in Morehead City as Recommended by the Public Works Committee.
- F. Adopt Resolution 2019-R-17 Endorsing the 12th Annual Crystal Coast Boat Show and Authorizing Action Necessary for the Event to be held May 17, 18 & 19, 2019 as Recommended by the Public Works Committee.
- G. Adopt Resolution 2019-R-18 Endorsing the Annual Reelin' for Research, Inc. Fishing Tournament and Authorizing Action Necessary for the Event to be Held Saturday, May 4, in Downtown Morehead City as Recommended by the Public Works Committee.

- H. Adopt Resolution 2019-R-19 Accepting the March 1, 2019 Municipal General Records Retention and Disposition Schedule for Local Government Agencies, and the Agency Policy options for specified items within Standard 5: Building Inspection Records; Standard 9: Law Enforcement Records; and Standard 13: Planning and Zoning Records as presented in accordance with the provisions of Chapters 121 and 132 of the General Statutes of North Carolina.
- I. Adopt Resolution 2019-R-21 Expressing Intent to Request State Loan and or Grant Assistance in Support of a Fixed Type Automatic Meter Reading Water System Project.
- J. Adopt Budget Ordinance Amendment 2019-10 as Recommended by the Finance and Administration Committee.
- K. Adopt Budget Ordinance Amendment 2019-11 as Recommended by the Finance and Administration Committee.
- L. Approve NC Division of Emergency Management Designation of Applicant Agent as Required for FEMA Funds Reimbursement for Hurricane Florence as Recommended by the Finance and Administration Committee.
- M. Approve NC Division of Emergency Management State Applicant Disaster Assistance Agreement as Required for FEMA Funds Reimbursement for Hurricane Florence as Recommended by the Finance and Administration Committee.

All above noted resolutions are attached to and made a part of these minutes herein by reference. Budget Ordinance Amendments 2019-10 and 2019-11 are filed in Ordinance Book #8.

PUBLIC HEARING

Consider Amending Preliminary Approval of Issuance of Multifamily Housing Revenue Bonds

City Manager Ryan Eggleston appeared before the Town Council presenting the Eastern Carolina Community Development Inc. (ECCDI) request to adopt Resolution 2019-R-12, amending the preliminary approval of the issuance of Multifamily Housing Revenue Bonds by increasing the volume cap from \$14,000,000 up to \$16,000,000.

In accordance with NCGS 160A-31, notice of this public hearing was published in The Carteret News Times once, Friday, February 22, 2019, as well as being posted on the bulletin boards in City Hall and the Municipal Building.

At this time, Mayor Jones opened the public hearing inviting anyone who would like to speak in favor of or in opposition to the proposed amendment to come forward.

PUBLIC COMMENTS

Christine Kirby, of McGuireWoods LLP: Ms. Kirby advised that McGuireWoods is serving as bond counsel to the Town in connection with the multifamily housing revenue bonds for Elijah's Landing. She reported that ECCCI had experienced delays in the project during which time construction cost had risen considerably. She advised that the bonds will continue to be administered in the same manner as reported to Council on April 10, 2018. The bonds will provide partial financing for the overall project with the remaining being provided through a Federal Housing Administration mortgage loan insured by HUD and other sources. The City is asked to issue bonds in a principal amount not to exceed \$16,000,000. The Bonds will be outstanding only during construction of the project after which the HUD loan becomes the permanent financing. The City simply acts a conduit for the bonds to ensure the tax-exempt status. The City has no responsibility or liability for the payment of the bonds, and all attorney fees and other expenses incurred by the Town in connection with the issuance of the bonds will be paid by the borrower.

COUNCIL COMMENTS

There were none.

Councilmember Taylor made a motion **to adopt Resolution 2019-R-12 amending preliminary approval of the issuance of Multifamily Housing Revenue Bonds by increasing the volume cap from \$14,000,000 to up to \$16,000,000.** Councilmember Warrender seconded and the motion carried unanimously. (5-0)

Consider Request to Rezone 167 Little Nine Road

Mayor Jones advised that the public hearing to consider adoption of Ordinance 2019-O-02 amending the Unified Development Ordinance of the Town of Morehead City to rezone tax parcel #635611663018000 located at 167 Little Nine Road from CH (Highway Commercial) District to I-CU (Industrial Conditional-Use) District, and Resolution 2019-R-13 of plan consistency in accordance with NCGS 160A-383 for map amendment would be held as a quasi-judicial hearing due to the conditional-use provision.

Mayor Jones opened the public hearing and called witnesses forward to be sworn. Ron Cullipher of the Cullipher Group PA, Jordan Maroules of Triple J Holdings LLC, and Planning Director Sandi Watkins came forward to be sworn as those who would give evidentiary testimony. City Attorney Derek Taylor then asked the following questions to qualify the Council members:

- 1) Have any of the members spoken with anyone regarding this case prior to tonight's meeting. All responded no.
- 2) Is there anything that would cause you difficulty in making a decision about this case, such as preconceived ideas? All responded no.
- 3) Do any of the members have a personal interest in the outcome of this case; would you or a close family member or friend benefit financially from the outcome? All

responded no.

City Attorney Derek Taylor then instructed Council to approach the decision as a judge would. Council's primary objective is to obtain enough testimony to determine whether or not the proposed industrial use is an appropriate use for this particular piece of property. Once sufficient testimony is gathered; Council should provide a decision statement identifying that the plan is approved or denied based on why this business is appropriate, or not, for this location.

Planning Director Sandi Watkins introduced the case stating that the request is to rezone the 3.2 acre tract located at 167 Little Nine Road from CH (Commercial Highway) District to I-CU (Industrial Conditional-Use) District. The property is located in the extraterritorial jurisdiction and is currently vacant. Surrounding zoning includes CH to the south, east, and west, and I [Industrial District] to the north. Surrounding land use includes Bally Refrigerated Boxes to the north, vacant property and a cell tower to the south, Walmart to the east, and vacant property to the west. The applicant proposes to locate a contractor's plant/storage yard on the subject parcel which would include an office, maintenance building for vehicles and containers, storage areas for roll-off containers and front end dumpsters, and vehicle parking area. The rear portion of the property, past the guidewires, is proposed to remain undisturbed. "Contractor's plant/storage yard" is listed as a permitted use in the Industrial district.

The development meets the requirements for setbacks, parking and landscaping. Maximum lot coverage in the district is 40%, and the applicant proposes 5% coverage under roof. This is a conditional-use rezoning, which means site specific conditions may be included as part of the rezoning request. In this case, the applicant has agreed to the condition that Little Nine Road be paved across the frontage of the property, which is indicated on the plan provided.

During the Planning Board meeting, held on February 19, 2019, three individuals expressed concerns regarding drainage issues within the vicinity of Little Nine Road. Two of these individuals further expressed concerns regarding the potential for increased drainage issues with commercial development. The Planning Board unanimously recommended approval of the request.

Property owners within 300 feet of the property were notified of this hearing in writing and the property was posted.

Ron Cullipher of The Cullipher Group PA, representing the developer, stated that the request was submitted as a conditional-use to limit the use to what would otherwise be allowed in an industrial zone. Waste Removal is a business currently operating in Carteret County off of Highway 101. Waste Removal's trucks haul containers filled with construction debris from around the county. This is benign use as it is not used for waste or garbage storage. Waste will be taken from a site to appropriate disposal areas. This location will be used to store vehicles and storage containers until ready to be used. The traffic will be very minimal; limited to only two employees in the office and drivers coming in and out throughout the work week. The road deteriorates as you pass by Bally. As one of the conditions, the developer agreed to extend Little Nine Road southward to the terminus of our southern property line. This is conditional-use from a land planning standpoint; therefore, drainage issues will be dealt with as part of the state

permitting process. The project is low density so there will not be a stormwater pond proposed and there is not one shown on the map. We further restricted any activities from that easement that is hashed on the property line (actually the guidewire to the tower just to the south of our property) because we do not envision the need for that space. If we were to continue to grow and expand beyond that, we would have to come back and ask the City for that permission. The activities we are proposing, west of that powerline easement, is a fairly benign, quiet operation. A contractor's storage yard is the closest definition to what this use actually is, and the property to the north is industrial as well. This is not a spot zoning type of thing. The conditional-use defines what we are proposing to do specifically.

Councilmember Warrender asked the following questions:

- Is the location where the radio station used to be? Mr. Cullipher responded affirmatively.
- Is there is a requirement for stormwater runoff for this project. Mr. Cullipher stated that there is not because it is low density.
- How many trucks and containers do they have? Mr. Cullipher responded saying that they have five (5) trucks. He explained that the number of containers will vary. The goal is to keep the containers on someone else's property so they will be on site as short a period of time as possible

Noting that Little Nine Road has had some rough ware next to Arendell Street from the Bally trucks, Councilmember Taylor asked Mr. Cullipher what he anticipated the impact to be from these five (5) additional trucks and what are the size of these trucks. Mr. Cullipher deferred to Jordan Maroules regarding the size of the truck, who stated that they are two (2) ton, roll-off trucks.

Jordan Maroules of Triple J Holdings LLC, stated that they are rated to carry 75,000 pounds, but that the trucks themselves are about 20,000 pound trucks; I'm not really sure of their exact weight. The five (5) trucks include 2 – two (2) ton trucks; 2- front-end trucks, and a regular Ford style truck that carries cans around. Based on the volume of trucks and anticipated number of trips, Mr. Cullipher stated that the impact would be minor. Trucks will typically leave in the morning and return in the afternoon so there will not be continuous traffic throughout the day. There may be containers on the trucks at the end of the day, but the containers will be empty.

There being no additional questions or witnesses to speak, Mayor Jones closed hearing.

Councilmember Walker recommended approval as it is consistent with the land use plan, would not cause any damage to City or surrounding properties, and the proposed use will serve to benefit the community.

Councilmember Walker made a motion **to adopt Ordinance 2019-O-02 amending the Unified Development Ordinance of the Town of Morehead City to rezone tax parcel #635611663018000 located at 167 Little Nine Road from CH (Highway Commercial)**

District to I-CU (Industrial Conditional-Use) District, and Resolution 2019-R-13 of plan consistency in accordance with NCGS 160A-383 for map amendment. Councilmember Taylor seconded and the motion carried unanimously. (5-0)

Consider Request to Rezone 5025 Business Drive and Lot 4A of Spacey Projects Too

Next, Planning Director Sandi Watkins presented request from David Horton, on behalf of Happy Gardens, LLC. to rezone two parcels totaling approximately 1.4 acres (0.989 acre, 0.394 acre) located on the south side of Business Drive from R15M (Single-Family Residential/Manufactured Home) District to CH (Highway Commercial) District. Both parcels are currently undeveloped with the exception of a storage building which is located on the easternmost lot. The property is in the extraterritorial jurisdiction and part of Neighborhood 8 of the CAMA Land Use Plan, and is classified as General Industrial.

Surrounding land use consists of single-family residential to the east and west of each lot, a variety of commercial uses across Business Drive to the north, and undeveloped land to the south. Surrounding zoning consists of R15M, CH, and Industrial (I).

During the public meeting held on February 19, 2019, no one spoke for or against the request and the Planning Board unanimously recommended approval.

In accordance with NCGS 160A-31, notice of this public hearing was published three times in The Carteret News Times (Friday, February 15, 2019, March 1 and 8, 2019). The notice was also posted at the property site as well as on the bulletin boards in City Hall and the Municipal Building. Property owners within 300 feet of the property were notified in writing.

At this time, Mayor Jones opened the public hearing inviting anyone who would like to speak in favor of or in opposition to the rezoning request to come forward.

PUBLIC COMMENTS

David Horton, 401 Maple Lane, Morehead City: Mr. Horton advised that the property was previously farm land, and the majority of the property has been rezoned for commercial/industrial use. It is well known that this is the industrial area of the city. The request considered tonight is a continuation of that process.

COUNCIL COMMENTS

Councilmember Warrender asked if the adjoining properties had been rezoned. Ms. Watkins responded saying that over the last couple of years several properties in the vicinity have been rezoned to Highway Commercial including those adjacent to these properties.

There being no other comments, Mayor Jones closed the public hearing.

Councilmember Ballou made a motion **to adopt Ordinance 2019-O-03 amending the Unified Development Ordinance of the Town of Morehead City to rezone tax parcel**

#636601283153000 and #636601280281000 located on the south side of Business Drive (5025 Business Drive and Lot 4A Spacey Projects Too) from R15M (Single-Family Residential/Manufactured Home) District to CH (Highway Commercial) District, and Resolution 2019-R-14 of plan consistency in accordance with NCGS 160A-383 for map amendment. Councilmember Taylor seconded and the motion carried unanimously. (5-0)

Consider Request to Rezone 4021 Arendell Street

This item was tabled, as noted above, until Tuesday, April 9, 2019 at 5:30, or as soon thereafter as the matter can be heard.

NEW BUSINESS:

Consider Adopting an Amended Ordinance to Correct Ordinance 2019-O-01

City Manager Ryan Eggleston asked Council to consider adopting an amended ordinance, as presented, to correct a clerical error in Ordinance 2019-O-01. An incorrect effective date of February 29, 2019 was entered under Section 2 on the adopted ordinance. The correct effective date should be February 28, 2019.

Councilmember Warrender made a motion **to adopt amended Ordinance 2019-O-01 with the effective date of February 28, 2019.** Councilmember Walker seconded and the motion carried unanimously. (5-0)

Consider Adoption of Resolution 2019-R-20 Supporting the Current ABC Control System

In response to House Bill 91 and Senate Bill 87 legislation to privatize liquor distribution in the state, City Manager Ryan Eggleston presented and sought Council's consideration of Resolution 2019-R-20 in support of the current ABC control system for the sale of liquor. He stated that the City receives significant revenue through the current system and therefore, he is in favor of keeping the system in place.

Councilmember McCann made a motion to **adopt Resolution 2019-R-20 in support of the current ABC control system for the sale of liquor.** Councilmember Walker seconded and the motion carried unanimously. (5-0)

Consider Authorization of a Public Works Committee Resolution in Support of a New Post Office Facility

City Manager Ryan Eggleston advised that the Public Works Committee, at their February 28, 2019 meeting, discussed a letter received outlining traffic and parking concerns at the current post office facility. Based on subsequent discussion, the Committee was in favor of drafting a letter or resolution in support of a new post office facility for the Town of Morehead City; that, if approved, will be sent to the Post Office General and North Carolina senators. Mayor Jones stated that traffic has increased and will probably continue to grow so, on the side of safety, he would support a resolution of support.

In light of the upcoming Bridges Street Extension that could increase traffic by as much as 1,400 vehicles at that intersection, Councilmember Taylor made a motion to **authorize the Public Works Committee to draft a resolution in support of a new post office facility for the Town of Morehead City.** Councilmember Ballou seconded and the motion carried unanimously. (5-0)

Consider Authorizing Waller Todd & Sadler Architect to Proceed

Public Services Director Daniel Williams appeared before the Town Council to report on the status of the Charles Wallace Municipal Campus Project, and to request Council to authorize Waller Todd & Sadler Architects to proceed with preparing full architectural design for the new city hall building and site at a cost not to exceed \$500,000. He advised that demolition of the current building is underway.

Councilmember Walker made a motion to **Authorize Waller Todd & Sadler Architects to proceed with preparing full architectural design for the new city hall building and site at a cost not to exceed \$500,000.** Councilmember Ballou seconded and the motion carried unanimously. (5-0)

Consider Adoption of Capital Budget Ordinances 2019-12 and 2019-13

Next Mayor Jones asked Council to consider adoption of Budget Ordinances 2019-12 and 2019-13 in support of the new city hall building.

Councilmember Taylor made a motion to **adopt Budget Ordinances 2019-12 and 2019-13 related to the new city hall building.** Councilmember Warrender seconded and the motion carried unanimously. (5-0)

CITY MANAGER'S REPORT:

City Manager Ryan Eggleston reported that the 6th Street waterfront docks have been completed, and are ready to go for the upcoming fishing season. The construction at the 10th street docks has been completed, and after some minor dredging, it should be open later this week. Staff is working in coordination with owner of the beached sailboat at 10th street and hopes to have it removed by next week as well.

Katherine Davis Park is moving forward. Public Works staff, this week, poured a new sidewalk coming in from Arendell Street and a platform around the flagpole.

Mr. Eggleston extended special thanks to Planning Director Sandi Watkins, her team and Dr. C.V. Purushothaman who facilitated efforts leading to a demo permit for Morehead Motor Inn.

CITIZEN REQUESTS/COMMENTS (2 Minute Time Limit)

There were none.

COUNCIL REQUESTS/COMMENTS

Councilmember McCann asked everyone to keep Chief Adam Snyder's family in their thoughts and prayers. He was an exceptional person that will be greatly missed.

Councilmember Ballou asked, in response to requests from others living on the street, that Council authorize the City Manager to look at the condition of Oglesby Road due to increased activity and to investigate the possibility of adding a walking or bike path along the road, and possibly along North 20th Street down to Blair Farms. He stated that a North Carolina Department of Transportation (NCDOT) paving project has been approved for these streets and it is possible that the City may be able to work with NCDOT Division II Engineer Preston Hunter to add a bike path to the project. Mayor suggested contacting the local NCDOT Representative Gus Tillis to discuss possible funding support for sidewalks leading to Blair Farms. Council agreed by consensus that a resolution should be prepared in support of sidewalks.

Councilmember Taylor commended Jewel Lasater and Finance Dept. staff whose level of excellence resulted in unqualified audit rating. Ms. Lasater confirmed that the City has received an unqualified rating every year.

Councilmember Warrender also commended Finance Director Jewel Lasater and the Finance staff.

Mayor Jones requested that the Public Works Department add built-in benches to the Newport River fishing pier to improve safety and convenience.

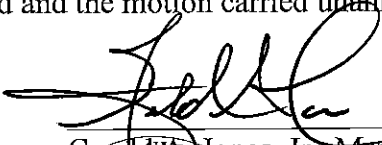
CLOSED SESSION PER NCGS 143.318.11(a)(5) TO DISCUSS REAL ESTATE AND 143-318.11(a)(6) PERSONNEL MATTER

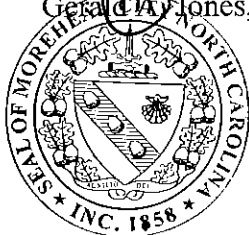
Councilmember Taylor made a motion to enter into Closed Session at 6:45 p.m. per NCGS 143.318.11(a)(5) to discuss real estate and 143-318.11(a)(6) a personnel matter. Councilmember Walker seconded and the motion carried unanimously (5-0).

Councilmember McCann moved to return to OPEN SESSION at 8:35 p.m. Councilmember Ballou seconded and the motion carried unanimously. (5-0)

ADJOURNMENT

There being no other business to discuss, Councilmember McCann moved to adjourn the meeting. Councilmember Ballou seconded and the motion carried unanimously. (5-0)
The meeting adjourned at 8:36 p.m.


Gerald A. Jones, Jr., Mayor



Attest: Cathy Campbell
Cathy Campbell, City Clerk