

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

**Tuesday, June 9, 2020**

The Honorable Council of the Town of Morehead City met in Regular Session on Tuesday, June 9, 2020, in the Municipal Chambers located at 202 South 8<sup>th</sup> Street, Morehead City, North Carolina. Those in attendance were:

This meeting was partially conducted utilizing Zoom Video Communication Inc. software due to the COVID-19 crisis and Governor Cooper's Executive Order 141 prohibiting the gathering of more than 10 people in a single indoor space. Those in attendance were:

**COUNCIL PRESENT:** Mayor Gerald A. Jones, Jr.; Councilmembers George Ballou, David Horton, Keri V. McCann, William F. Taylor, and Diane C. Warrender.

**STAFF PRESENT:** City Manager Ryan Eggleston; City Attorney Derek Taylor Finance Director Jewel Lasater, Fire Chief Jamie Fulk, Parks and Recreation Director Jerry Riggs, Planning Director Sandi Watkins, Public Services Director Daniel Williams, and City Clerk Cathy Campbell.

**OTHERS PRESENT:** Elise Clouser of the Carteret News Times.

**STAFF PARTICIPATING VIA ZOOM:** City Attorney Mike Thomas, Police Chief Bernette Morris, Communications Director Alize Proisy, Human Resources Director Susan Nixon, and Assistant Finance Director Leann Vinson.

**OTHERS PARTICIPATING VIA ZOOM:** Lee Hinson and Lisa Rueh of Downtown Morehead City Inc., Sandy Bell, Christine Buckle, Gary Goldstein, Gloria McCarther, Curtis and Melissa Oden, Lisa Peletier, James Swann, and Fred Tootle.

Mayor Jones called the regular meeting of the Morehead City Town Council to order at 5:40 p.m. with a quorum present. Councilmember Ballou gave the invocation and Mayor Jones led all in the Pledge of Allegiance.

**CONSENT AGENDA**

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

Included within the Consent Agenda were the following approvals:

- A. Approve the Minutes of the April 28, 2020 Special Town Council Meeting.

- B. Approval of the Minutes of the May 5, 2020 Town Council Workshop Meeting. *A correction was made to Page 9, Item 6 of the minutes stating that they should show Elm Street rather than Pond Street.*
- C. Approve the Minutes of the May 12, 2020 Regular Town Council Meeting.
- D. Accept the Finance Director and Tax Collector Reports
- E. Accept Notice of Ad Valorem Tax Overpayments in the amount of \$2,681.66 for the month of May 2020.
- F. Approve the Requests for Refunds of Overpayment of Ad Valorem Taxes in the amount of \$6,311.19 for May 2020.
- G. Adopt Resolution 2020-R-30 Endorsing the Carteret Community College Spanish Mackerel and Dolphin Fishing Tournament and Authorizing Action Necessary for the Event to be Held July 12, 2020 with a Rain Date of July 19, 2020.
- H. Adopt Resolution 2020-R-31 Endorsing the North Carolina Ducks Unlimited Billfish Tournament and Authorizing Action Necessary for the Event to be Held July 22-25, 2020 at Ottis Landing, 705-707 Shepard Street, on the Morehead City Waterfront.
- I. Adopt Resolution 2020-R-32 Designating the City's Agent for Disaster Number FEMA-4465DR-NC (Hurricane Dorian).
- J. Adopt budget Ordinance Amendment 2020-10 for Purchase of School Signs in Relation to School Safety Equipment Grant Pass Thru from Carteret County Board of Education.

*All above noted resolutions are attached to and made a part of these minutes herein by reference. Budget Ordinance 2020-10 is filed in Ordinance Book #8.*

## **PUBLIC HEARING**

### **Consider Adoption of FY2020/2021 Budget Ordinance 2020-11.1, 2020-11.2, 2020-11.3, 2020-11.4, 2020-11.5 and 2020-11.6, and FY2020/2021 Fee Schedule As Presented**

City Manager Ryan Eggleston appeared before the Town Council to present FY2020/2021 Budget Ordinance 2020-11.1 as well as the supporting Budget Ordinances 2020-11.2, 2020-11.3, 2020-11.4, 2020-11.5 and 2020-11.6. He outlined the following changes made in response to Council's prior requests:

- Library is funded at \$130,000, \$50,000 for salaries and \$80,000 for operations. This is expected to support the library at an acceptable level with the use of a combination of paid part-time and volunteer staff. Uncertain of Carteret County’s contribution, it was not included in the budget. Funds to support this change came from a keying error in reference to the Docks (\$36,000) and Contingency (\$62,310).
- An additional \$292,500 was added to the Capital Project Fund for replacement of police vehicles for a total of \$402,000. This is expected to replace ten (10) of the eighteen (18) Condition IV vehicles with all necessary equipment at the cost of about \$40,200 per vehicle. It was proposed that these funds be taken from the General Fund Balance, but staff will analyze the feasibility of financing. After FEMA funds are received, Council may consider the possibly of purchasing the remaining eight (8) vehicles later in the fiscal year after December.

Councilmember Horton asked for a projection of what the budget surplus may be at the end of FY2019/2020. Mr. Eggleston stated that he hopes to present the figures at the July meeting.

FY2020/2021 Budget request includes the following:

2020-11.1 Annual Budget Ordinance Total of \$24,616,371 and a Tax Levy of \$0.38 per \$100 valuation, which reflects no increase over the current year and no utility fee increases.

General Fund	\$ 15,574,746
Water & Sewer Fund	\$ 7,815,625
Solid Waste Fund	\$ 1,066,000
Stormwater Fund	\$ 160,000
<b>TOTAL</b>	<b>\$ 24,616,371</b>

2020-11.2 Establishment of a Stormwater Enterprise Fund Ordinance

2020-11.3 Governmental Capital Project Fund Ordinance Amendment (\$1,153,500)

2020-11.4 Water & Sewer Capital Project Fund Ordinance Amendment (\$105,000)

2020-11.5 Solid Waste Capital Project Fund Ordinance Amendment (\$12,266)

2020-11.6 Stormwater Capital Project Fund Establishment & Ordinance (\$160,000)

In accordance with North Carolina General Statute 159-12(a) and Section 4.27 of Session Law 2020-3, the proposed budget for the fiscal year beginning July 1, 2020, was made available

for public inspection on the City's website [www.moreheadcitync.org](http://www.moreheadcitync.org). Notice of this Public Hearing was published in The Carteret News-Times on May 27, 2020 and posted on the front doors of 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 budget to indicate that they would like to be heard. Mr. Eggleston gave instructions to those attending electronically of how to indicate a desire to speak.

## PUBLIC COMMENTS

**Sandy Bell, President of Friends of the Library and former library director:** Ms. Bell read a statement on behalf of Friends of the Library, library patrons, and the 8,000 people who signed the petition to keep the library open. She thanked Council for funding the library and requested that the library be opened for limited service. Such will require paid staff as well as volunteers, and she urged the Council to direct the manager and Human Resources to begin the hiring process immediately. Meanwhile, with a waiver of liability, Friends of the Library would like to open the library for curbside service as soon as possible using a volunteer staff.

Councilmember Warrender expressed thanks to Ms. Bell and asked that those who wrote letters to the city board to now redirect their comments and requests to the Carteret County Board of Commissioners in order to encourage them to provide the same level of support as in the past. Ms. Bell assured her that effort is already underway.

**James Swann, former library director:** Mr. Swann thanked Council, Mayor Jones and Mr. Eggleston for reinstating the library budget and for their continued support.

Hearing, nor seeing, any indication of further interest to be heard, Mayor Jones closed the hearing.

## COUNCIL COMMENTS

Councilmember Horton read a statement, which he requested be added to the record in its entirety.

*I cannot in good faith support this proposed budget for 2020-2021 for the following reasons:*

*Revenue Projections – Based on Morehead historical tax collection records, I am confident that the assumed collection rate of 94% this year is extremely pessimistic. Even during the great recession of a few years ago, our collection rate was always in the 99%. If people don't pay their taxes, banks do. This rate implies that one out of 17 properties will not pay any taxes in 2020-2021. This pessimistic assumption causes estimated collected tax revenues to be underestimated by approximately \$500,000. This comes off the top revenue line and makes it seem like we need an 8% tax increase when in reality we do not.*

*Water and Sewer Capital – Last year we took over 3 million dollars from the water and sewer fund reserve to pay for the huge cost overruns of the new City Hall. This leaves the reserves extremely low. Our head of Water and Sewer has requested Capital needs for the year of \$1.78 million. This proposed budget only funds \$105,000 or 6% of the requested need. Further, this fund is again raided to fund a Stormwater study for \$160,000. There are no plans to pay the Water and Sewer System back for any of it.*

*Water and Sewer systems need to be maintained every year. Kicking the can down the road just increases cost over time and makes matters much worse for the future. We can do better than this.*

*School Resource Officers (SRO) – We do not know what percent of students that attend our public schools actually live in Morehead City. I assume it is about 33%. Schools are totally County institutions and not generally funded by Cities. This budget funds SRO's at Bridges Alternative (a special county school), Camp Glenn, West Carteret, Morehead Primary and Morehead Middle. If we receive hoped for grants from the State and County, it will cost us \$200,000. If Grants aren't forthcoming, it might be much more.*

*These positions are County positions and the County does not want to fund them more than a bare minimum. They do not believe we need SRO's in Camp Glenn and Morehead Primary. They have significantly invested in hardening the schools. I do not know if they are actually needed or not. We have not done studies or consulted with experts. We have not asked surrounding municipalities like Atlantic Beach, Pine Knoll Shores, and Newport to help partially fund these positions since they have residents attending these County schools like we do. I think before we spend these significant tax dollars, we should have a much more cohesive clear understanding of why we are doing it and develop support from other municipalities and the County.*

*Tax Increase – Our published revenue neutral rate (the rate that keeps taxes the same give the new property revaluation) is 35 cents. Instead of doing, the revenue neutral rate Morehead is increasing taxes by 3 cents above that to 38 cents or an increase of 8%. That is a total increase over 16% in the last two years. Many residents are just now recovering from hurricanes and this year struggling with the COVID virus. For our residents on fixed incomes and unemployed this will be one more added hardship. At a time when we are estimating that 6% of our property owners will not be able to pay their taxes, we are raising taxes anyway. I think we've all learned that economies do much better when governmental taxes are held to a minimum. Our City rate is higher than the county rate and they have a school system to support.*

*Last year with our tax increase, we funded a \$950,000 Splash pad/park, with \$500,000 of it unbudgeted, as well as a \$300,000 loan program for area businesses.*

*This year while funding those items we also released 10 Morehead employees due to the Coronavirus; some with many years of loyal service to the town.*

*We did not need the 8% tax increase this current tax year and as I've shown do not need another 8% increase this year.*

*For these reason plus others, I cannot support this current proposed budget.*

*David Horton  
Morehead City Council Member*

Councilmember McCann stated that the City is not raising taxes.

Councilmember McCann made a motion to **Adopt FY2020/2021 Budget Ordinances 2020-11.1, 2020-11.2, 2020-11.3, 2020-11.4, 2020-11.5, and 2020-11.6, and FY2020/2021 Fee Schedule as presented.** Councilmember Taylor seconded. The motion passed by majority vote. (4-1; Horton was opposed)

*Budget Ordinances 2020-11.1, 2020-11.2, 2020-11.3, 2020-11.4, 2020-11.5, and 2020-11.6 are filed in Ordinance Book #8.*

**NEW BUSINESS:**

**Consider Awarding Debris Removal Contract**

Public Services Director Daniel Williams presented the 2020 Disaster Debris Removal bid information stating that this two-year contract is based upon a storm slightly bigger than Hurricane Florence. Six (6) bids were submitted with TFR Enterprises being the lowest.

TFR Enterprises	\$1,608,000.00
Custom Tree Care	\$1,675,500.00
Santee	\$1,717,500.00
SDR	\$1,953,000.00
DRC	\$2,076,300.00
Ceres	\$2,231,100.00

Mr. Williams asked Council to award the bid to TFR Enterprises with Custom Tree Care as an alternative. Funds are only expended if service is rendered. Awarding an alternate prevents the need to secure a contract mid-term should something prevent TFR Enterprises from fulfilling the contact.

Councilmember Taylor made a motion to **award the debris removal contract to TFR Enterprises and Custom Tree Care as the alternative.** Councilmember Horton seconded and the motion carried unanimously. (5-0)

**Consider Authorizing City Attorney to Draft Town Resolution Establishing a Parks and**

## **Recreation Advisory Board**

Councilmember Taylor requested that Council authorize a resolution to establish a Parks and Recreation Advisory Board as recommended by the Ad Hoc Committee. This draft resolution will be provided to the Ad Hoc Committee and the Concerned Citizens of Morehead City for review before being presented to Council for consideration.

Councilmember Horton made a motion to **authorize City Attorney Derek Taylor to draft a resolution establishing a Parks and Recreation Advisory Board for the Town of Morehead City.** Councilmember Taylor seconded and the motion carried unanimously. (5-0)

## **Sale of 706 Arendell Street (City Hall)**

City Manager Ryan Eggleston shared that the high bid received for the property identified as 706 Arendell Street (City Hall) was from AJK Acquisitions, LLC in the amount of \$350,000. This bid was not upset during the last bid term.

Since then, a written offer of \$375,000 has been received. Staff recommends that Council reject all prior bids and re-advertise with a baseline bid of \$375,000. Should this bid be upset within the ten (10) day bid term, the sale would be re-advertised with a new baseline. If not upset, the bid would be presented to Council for consideration at the July 14, 2020 meeting.

Councilmember Taylor made a **motion to reject all prior bids and re-advertise with a baseline bid of \$375,000.** Councilmember Warrender seconded and the motion carried by majority vote. (4-1; Horton opposed)

## **CITY MANAGER'S REPORT:**

Small Business Loan Update – After completing two (2) application rounds, fifteen (15) loans have been approved for a total amount of \$51,000. Thirteen (13) loans valuing \$42,000 have been distributed. The thirteen (13) businesses combined employ seventy-five (75) employees. All applicants were qualified. Two (2) applicants subsequently declined after receiving Small Business Administration loans. One (1) applicant received an SBA loan after closing and is now planning to repay the City early. Mr. Eggleston recommended that the program be closed, and thanked Finance Director Jewel Lasater, Assistant Finance Director Leann Vinson, Downtown Morehead City Inc. Executive Director Lisa Rueh, and Carteret County Chamber of Commerce President Tom Kies for their help in developing and administering the program.

Utility Payment Update – Governor Cooper extended the utility payment plan deadline through July 31, 2020.

Sugarloaf Island Update – Staff has been working with Niels Lindquist at the UNC Institute of Marine Sciences to implement a trial living shoreline on the eastern end of the island. Mr. Lindquist is also seeking partnerships with conservation groups for the project. A CAMA minor permit has been secured.

Presentation on Outdoor Dining – As discussed at the June Workshop meeting, Planning Director Sandi Watkins was invited to make a presentation on outdoor dining as it pertains to the City’s Code of Ordinances.

Ms. Watkins began by saying that they have not received many inquiries for this type of accommodation. One (1) downtown restaurant setup outdoor seating in its parking area, and another is looking to add the same on an adjacent privately owned property. The City Code addresses bars/cocktail lounges, restaurants and sidewalk cafes. Sidewalk cafes must be classified as a restaurant by the Health Department. Bars/cocktail lounges must also be classified as restaurants in order to qualify for outdoor seating. Each request must be reviewed individually based on the location of the proposed seating.

The key takeaways from her review are:

- Restaurants are currently the only permitted use that allows for a sidewalk cafe to be located on the sidewalk.
- Bars are allowed to have an outdoor patio on private property as long as any live entertainment occurs inside, a special use permit is obtained in the CD (Downtown Commercial) and DB (Downtown Business) district, and that separation and any other requirements for bars are met. Bars are not permitted to have a sidewalk café.
- Certain aspects of the Town’s ordinance are subject to other regulations, including ADA - Americans with Disabilities Act (minimum 5-foot wide pedestrian path), state outdoor dining laws, health regulations, and ALE (Alcohol Law Enforcement) regulations.
- The Town’s Code of Ordinances prohibit alcohol consumption in areas owned and occupied by the city “including, without limitation, any public street, highway, sidewalk, or alley, any town wharf, park, fire station, police station, cemetery or town hall.”

Any interested business should contact the Planning Department for a review of their request.

### **CITIZEN REQUESTS/COMMENTS (2 Minute Time Limit)**

There was none.

### **COUNCIL REQUESTS/COMMENTS**

Councilmember McCann said she is excited to see people out and about again.

Councilmember Warrender stated that she was glad to see the downtown area and waterfront being used for the Big Rock/Blue Marlin Tournament, and was thankful for Michael Jordan’s participation.

Councilmember Taylor expressed appreciation to all the Big Rock Tournament volunteers and participants. He thanked fellow councilmembers for their frankness regarding the budget and advised residents that a mid-year review would be held in December when adjustment may be made if deemed appropriate.

Councilmember Horton stated that good things can come from adversity, and the library support is an example of this. He said he hopes volunteerism will continue. He thanked staff for their help in working through the budget process, and the Big Rock organization for moving forward with the tournament.

Mayor Jones expressed thanks to Mr. Eggleston and staff for their hard work in preparing the budget. In closing, he announced another marlin has been boated and is due in tonight!

**ADJOURNMENT**

There being no other business to discuss, Mayor Jones adjourned the meeting 6:49 p.m.

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Gerald A. Jones, Jr., Mayor

Attest:

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Cathy Campbell, City Clerk