

MONDAY-10:00 A.M.

JANUARY 9, 2013

FINANCE COMMITTEE

The Finance Committee of the City Council of the City of Elizabeth City held its first meeting of the year on the above date and time in the City Council Chambers of the Municipal Administration Building with Chairwoman L. A. Hummer presiding. Members attending were: L. A. Hummer, R. T. Donnelly, L. M. Hill-Lawrence and J. W. Peel. City Staff members attending were: City Manager R. C. Olson, City Clerk D. S. Pierce-Tamplen and Finance Director S. E. Blanchard.

Chairwoman Hummer established a quorum was present and called the meeting to order at 10:00 a.m. She called for a moment of silent reflection after which she led the Pledge of Allegiance to the Flag of the United States of America.

1} AGENDA ADJUSTMENTS AND APPROVAL:

Chairwoman Hummer called for action regarding the prepared agenda.

A motion was made by Councilman R. T. Donnelly, seconded by Councilwoman L. M. Hill-Lawrence to approve the prepared agenda as presented. Those voting in favor of the motion were: Donnelly, Hill-Lawrence, Hummer and Peel. Against: None. Motion carried.

2} BUDGET AMENDMENTS:

Chairwoman Hummer called upon City Manager Olson for comments.

Mr. Olson stated the budget amendments include the recording of the CAMA Waterfront Grant; recording of the purchase of surveillance equipment from forfeiture funds; the reimbursement for officers who worked the Democratic National Convention in Charlotte and to record the transfer of non-grant eligible expenses from Water and Sewer Fund to South Road Street Project.

A motion was made by Mayor J. W. Peel, seconded by Councilwoman L. M. Hill-Lawrence to recommend to City Council to approve the budget amendments as presented. Those voting in favor of the motion were: Peel, Hill-Lawrence, Donnelly and Hummer. Against: None. Motion carried.

3} FINANCING FOR POLICE DEPARTMENT VEHICLES:

Chairwoman Hummer called upon City Manager Olson for comments.

Mr. Olson advised that Council approved the purchase of two police vehicles in this year's budget. They were to be funded by a five-year installment purchase. We sent out proposals and received two back; one from BB&T and one from PNC Bank. BB&T offered the best proposal at 2.93% fixed rate, a \$250.00 fee for a total cost of \$95,496.00.

A motion was made by Councilman R. T. Donnelly, seconded by Councilwoman L. M. Hill-Lawrence to recommend to City Council to approve a resolution authorizing financing for the two police vehicles to BB&T for a total amount of \$95,496.00. Those voting in favor of the motion were: Donnelly, Hill-Lawrence, Hummer and Peel. Against: None. Motion carried.

4} 405 BROAD STREET:

Chairwoman Hummer called upon City Manager Olson for comments.

Mr. Olson stated the City owns a piece of property located at 405 Broad Street. The dimensions of the lot at 405 Broad Street are 29' x 132" and it would be impossible to build a home on the property under the existing UDO rules. An adjacent property owner has inquired about purchasing the lot to increase the size of his lot. Staff is requesting consideration from Council to declare the lot surplus which will allow staff to begin the upset bid process called for in NCGS §45-21.27. The tax value is \$7,500 but due to the existing market conditions the tax value is estimated to be about one-half of the tax value.

A motion was made by R. T. Donnelly, seconded by Councilwoman L. M. Hill-Lawrence to recommend to City Council to declare the property at 405 East Broad Street as surplus and accept offers to purchase it. Those voting in favor of the motion were: Donnelly, Hill-Lawrence, Hummer and Peel. Against: None. Motion carried.

5} LADDER TRUCK #1:

Chairwoman Hummer called upon City Manager Olson for comments.

Mr. Olson stated during the fiscal year 2012-2013 budget preparation the City Council authorized the purchase of a 100 foot aluminum platform ladder truck. The new truck replaces a 1988 ladder truck that was taken out of service because of mechanical and equipment failures. The City purchased the new

truck in August and it was placed in service in November 2012. The City now needs to dispose of the old 1988 ladder truck that has a market value of between \$7500 to \$15,000. It is staff's intent to advertise the truck on Govdeals.com. The advertisement will be "as is-where is".

A motion was made by Mayor J. W. Peel, seconded by Councilman R. T. Donnelly to recommend to the City Council to authorize the City Manager to surplus the 1988 ladder truck and advertise the truck on Govdeals.com; and further, that the City Manager be authorized to sell the truck to the highest bidder.

6} PRIVILEGE LICENSE FEE FOR INTERNET SWEEPSTAKES CAFÉS:

Chairwoman Hummer recognized City Manager Olson for comments.

Mr. Olson advised on December 14, 2012, the North Carolina Supreme Court determined that internet sweepstakes cafés violated NCGS §14-306.4 in its ruling on the Hest Technologies case. The Supreme Court ruling took effect on January 3, 2013 at which time the City of Elizabeth City Police Department ordered all cafés to be closed. Staff has begun the process of revoking the Conditional Use Permits required to operate those businesses. We have been approached by operators of the cafés requesting a rebate or prorated refund of the privilege license fees they paid this fiscal year. Past Times Sweepstakes located at 1419 W. Ehringhaus Street has not paid the amount billed by the City after numerous attempts by staff to collect the amount owed. The City has never refunded privilege license fees to a business. However, the City only charges one half of the required fee if the business starts operations after January 1st of the year. During preparation of the 2012-2013 budget, staff included \$74,550 in anticipated revenue from these businesses in the budget. If the Council decides to refund or rebate a part of the privilege license fee to the internet cafés operators, a corresponding amount of cuts will need to be made to the General Fund. These businesses knew there was a possibility that the Supreme Court could rule against them prior to paying their 2012-2013 privilege fees and chose to take that risk. Refunding or rebating a part of the fee would establish a precedent for other businesses to request a refund or rebate.

Mayor Peel stated he felt that these operators took a gamble and they lost like to customers that frequent their businesses. The customers take a gamble and most of them lose. The operators didn't offer to refund some of their customer's funds for the lost they suffered. To him this is no different.

Councilman Donnelly stated he feels that Council should refund or rebate part of the licensing fee to these operators.

Mayor Peel asked to add a friendly amendment to the motion. If the internet sweepstake cafés are able to reopen in the calendar year, there would not be an additional charge.

A motion was made by Councilwoman L. M. Hill-Lawrence, seconded by Mayor J. W. Peel to recommend to the City Council to deny the request from the Internet Sweepstake Cafés operators to refund any part of their 2012-2013 privilege license fee; and further if the Supreme Court allows internet sweepstake cafés to operate again in North Carolina, there would be no additional charges to the 2012-2013 privilege license fees already paid. Those voting in favor of the motion were: Hill-Lawrence, Peel and Hummer. Against: Donnelly. Motion carried.

7} ENGINEERING CONTRACT FOR SOUTH ROAD STREET PROJECT:

Chairwoman Hummer called upon City Manager Olson for comments.

Mr. Olson advised on September 11, 2012 the City received notice from CI that our application for CDBG infrastructure funding for the South Road Street project had been funded. The original engineering work was done by Gannett Fleming in 2004 for this project. However, due to a lack of funding, the project was not constructed. Since that time, Phase II of the Roanoke Avenue Drainage project has been constructed and some utility work associated with the project has changed the original design. The City needs to hire an engineering firm to make the needed changes and secure all the appropriate permits. In anticipation of receiving the grant, we sent out a request for proposals for engineering services. We received two responses; one from Hyman and Robey and the other from McGill and Associates. An evaluation team comprised of Paul Fredette, Larnetta Brothers, June Brooks, Maurice Brothers and he reviewed the proposals and completed an evaluation matrix. CDBG guidelines prohibit the City from using cost as a factor in the evaluation proposals. Once a firm has been chosen and negotiations are taking place we can use cost as a factor to disqualify a firm and go to the next bidder.

A motion was made by Councilwoman L. M. Hill-Lawrence, seconded by Councilman R. T. Donnelly to recommend to City Council to authorize the City Manager to execute the Agreement for Professional Engineering and Survey Services to Hyman and Robey for \$39,000.00 for design and permitting phase and \$65,000.00 for bid documents, construction administration and inspection. Those voting in favor of the motion were: Hill-Lawrence, Donnelly, Hummer and Peel. Against: None. Motion carried.

8} BUILDING REUSE GRANT APPLICATION:

Chairwoman Hummer called upon City Manager Olson for comments.

Mr. Olson advised the City has received a request from Mr. Wayne Chin and his parents to sponsor a Building Reuse and Restoration Grant Application to renovate the former Marina Restaurant. The restaurant's new name will be Water Edge Grill. The scope of work includes the purchase of new restaurant equipment. Renovations include a new fire suppression hood in the kitchen, bathroom renovations and leveling the dining room floor. The Chin's plan is to employ 14 fulltime positions which would make them eligible for a \$70,000 grant from the Rural Center.

A motion was made by Mayor J. W. Peel, seconded by Councilman R. T. Donnelly to recommend to the City Council to authorize the submission of a grant application to the NC Rural Center for a Building Reuse and Restoration Grant in the amount of \$70,000.00 for Waters Edge Grill. Those voting in favor of the motion were: Peel, Donnelly, Hill-Lawrence and Hummer. Against: None. Motion carried.

9} FIRE BOAT GRANT:

Chairwoman Hummer called upon City Manager Olson for comments.

Mr. Olson stated that the Elizabeth City Fire Department was awarded a grant from Firehouse Subs Public Safety Foundation. The fully funded grant in the amount of \$18,556.00 is for the purchase of a water rescue boat to serve the needs of our area. The Foundation is an organization dedicated to improving the life-saving capabilities of first responders in communities served by Firehouse Subs.

Assistant Fire Chief M. Cartwright described the boat in question and briefly explained the use of the boat by the Fire Department.

A motion was made by Mayor J. W. Peel, seconded by Councilman R. T. Donnelly to recommend to the City Council to accept the Firehouse Foundation Grant that has been awarded to the Elizabeth City Fire Department. Those voting in favor of the motion were: Peel, Donnelly, Hill-Lawrence and Hummer. Against: None. Motion carried.

10} MISCELLANEOUS:

City Manager Olson told the Committee members that the Local Government Commission has approved the financing for the Second Delivery station.

11} CLOSED SESSION:

Chairwoman Hummer called for a motion to retire into Closed Session.

A motion was made by Councilwoman L. M. Hill-Lawrence seconded by Councilman R. T. Donnelly to retire into Closed Session for discussion of acquisition of property as per NCGS 143-318.11 (a) (5); and, consideration of Closed Session Minutes as per NCGS 143-318.10 (e). Those voting in favor of the motion were: Hill-Lawrence, Donnelly, Hummer and Peel. Against: None. Motion carried.

Chairwoman Hummer declared the meeting into Closed Session.

12} RETURN TO REGULAR SESSION:

A motion was made by Councilwoman L. M. Hill-Lawrence, seconded by Councilman R. T. Donnelly to return to regular session. Those voting in favor of the motion were: Hill-Lawrence, Donnelly, Hummer and Peel. Against: None. Motion carried.

Chairwoman Hummer declared the meeting back into regular session.

13} ITEMS FROM CLOSED SESSION:

a} Acquisition of Property:

A motion was made by Councilwoman L. M. Hill-Lawrence, seconded by Councilman R. T. Donnelly to recommend to City Council to purchase the property as discussed in Closed Session. Those voting in favor of the motion were: Hill-Lawrence, Donnelly, Hummer and Peel. Against: None. Motion carried.

b} CLOSED SESSION MINUTES:

A motion was made by Councilwoman L. M. Hill-Lawrence, seconded by Councilman R. T. Donnelly to approve the Closed Session minutes as presented. Those voting in favor of the motion were: Hill-Lawrence, Donnelly, Hummer and Peel. Against: None. Motion carried.

14} ADJOURNMENT:

There being no further business to come before the Finance Committee at this time, Chairwoman Hummer entertained a motion for adjournment.

A motion was made by Mayor J. W. Peel, seconded by Councilwoman L. M. Hill-Lawrence to adjourn. Those voting in favor of the motion were: Peel, Hill-Lawrence, Donnelly and Hummer. Against: None. Motion carried.

Chairwoman Hummer adjourned the meeting at 11:04 a.m.

Dianne S. Pierce-Tamplen, MMC
City Clerk

Joseph W. Peel
Mayor