

**MINUTES OF MEETING OF THE
CITY COUNCIL OF THE CITY OF SANFORD
SANFORD, NORTH CAROLINA**

The City Council met at the Sanford Municipal Center, 225 E. Weatherspoon Street, on Tuesday, February 20, 2018, at 6 p.m., in Council Chambers. The following people were present:

Mayor T. Chet Mann
Council Member Byron Buckels
Council Member Jimmy Haire
Council Member Charles Taylor
City Manager Hal Hegwer
City Clerk Bonnie Davis

Mayor Pro Tem Rebecca Wyhof Salmon
Council Member Sam Gaskins
Council Member Norman Charles Post, III
Council Member James Williams
City Attorney Susan Patterson
Deputy City Clerk Vicki Cannady

CALL TO ORDER

Mayor Mann called the meeting to order. Council Member Williams delivered the invocation and the Pledge of Allegiance was recited. Mayor Mann welcomed Eli Worrell, a Boy Scout with St. Luke United Methodist Church Troop 942 who is working on a merit badge.

PUBLIC COMMENT

No citizens signed up to speak for public comment.

APPROVAL OF AGENDA

Mayor Mann requested that Agenda Item 11-G be amended (a) to include an additional request to lease office space in the Buggy Company Building; and (b) to remove the Closed Session. Mayor Pro Tem Salmon made a motion to approve the agenda as modified; seconded by Council Member Gaskins, the motion was unanimously approved.

CONSENT AGENDA

Council Member Gaskins made a motion to approve the consent agenda (ordinance 2018-04 attached as Exhibit A). Seconded by Council Member Buckels, the motion carried unanimously.

SPECIAL AGENDA

Presentation of Proclamation to Travis Ellis (Exhibit B)

Mayor Mann presented a proclamation to Travis Ellis, a city employee who witnessed and responded to a life or death situation on January 18. Mr. Ellis called 911 and performed CPR until EMS arrived to transport the driver to the hospital, where he went on to survive the medical crisis. The mayor complimented Mr. Ellis for his extraordinary effort and for leading by example.

Presentation by S3 Housing Connect

Jeffrey Rawlings, Chairman of the S3 Housing Connect Task Force (and staff member of Johnston-Lee-Harnett Community Action) recognized fellow task force members and volunteers for their efforts and provided background on formation and evolution of S3. Terry Allebaugh (consultant with the North Carolina Coalition to End Homelessness) reiterated the program's

intent and mission statement: to provide shelter, services and stability, bringing together the needed resources in Sanford and Lee County to create a coordinated and comprehensive approach to ensure that homelessness is prevented whenever possible, and when it does occur, ensure that it is a rare, brief and non-recurring experience. He stressed the importance of having dedicated staff members and affordable housing options. Wayne Eric Chew (Bread of Life Ministries board member) applauded Council's efforts in forming S3 and confirmed that information gathered from the recent "point in time" count taken January 31 would be extrapolated. Rachel Picard, who served as an intern on the project, thanked Council for the opportunity to lead committee meetings, work with various non-profit agencies and with Public Information Officer Kelly Miller to create S3's website. She reviewed the website's features, encouraged everyone to investigate links for donations and volunteering, and thanked S3 task force members and Council for providing her with this life-changing opportunity.

Council Member Charles Taylor expressed how much he has enjoyed working with the group and thanked them for their efforts. He suggested S3 be treated like any other local non-profit group and encouraged their continued input. Mayor Mann urged the County to continue supporting S3 since homelessness is not limited to downtown Sanford. He thanked everyone for their efforts and pointed out that Council cannot focus on economic growth while ignoring the homeless population. He conceded that homelessness cannot be completely eradicated but when it does occur, it should be "brief, rare and non-recurring".

Karen Kennedy, Community Development Manager, announced that the City had received a \$175,000 housing rehabilitation grant from the NC Housing Finance Agency (five homes at \$25,000 each). She also announced that this year's Block Party will be held on Saturday, April 28 in the neighborhood across from W.B. Wicker School. Mayor Mann recognized Bill Hicks (who was not present due to the recent passing of his father) for his work at Bread of Life Ministries and with S3. He also encouraged citizens to visit the S3 website for details on donation and volunteering opportunities.

CASES FOR PUBLIC HEARING

Public Hearing – Economic Development Incentives – "Project Wolfpack"

Bob Joyce, SAGA Economic Development Executive Director, explained that this project is a potential expansion of an industry already located in Sanford and they have two other locations in the US with similar capabilities. If chosen, the project would add state-of-the art machinery; increase production efficiency; help the company maintain a competitive edge for products they manufacture; allow them to meet increased customer demand; and maintain their existing work force here. The total investment in machinery is \$36 million over three years and the real property investment (primarily building renovation to accommodate this new equipment) is \$5 million over five years. Eighteen jobs would be added with an average annual wage of \$27,300. Expansion would begin in the second quarter of this year and take place over a three-year period. The company, which has had no major safety or environmental citations, pays a portion of employee health coverage and provides additional benefits which are competitive in the marketplace. This investment would add value to the local facility and make it more likely that we would receive future investment. There is internal competition for this project and a decision will be made by the company in early March. The company is asking for state assistance and a building renovation grant and match may be involved but that would come from a portion of the incentive. No community college training grant is currently proposed. The local

incentive grant from the city would total \$540,360 over the five-year project and the total estimated tax payments, based on investment information provided to Mr. Joyce, would be \$743,640, resulting in a net gain of approximately \$203,280 to the City.

Mayor Mann opened the public hearing. With no one speaking in favor or opposition, Mayor Mann closed the public hearing.

- Adoption of Resolution Authorizing the Expenditure of Funds for an Economic Development Project and Approving an Agreement between the City of Sanford and Project Wolfpack (Exhibit C)

Council Member Williams made a motion to adopt the Resolution Authorizing the Expenditure of Funds for an Economic Development Project and Approving an Agreement between the City of Sanford and Project Wolfpack. The motion was seconded by Council Member Gaskins. City Attorney Susan Patterson noted that the project name (“Wolfpack”) will be replaced with the actual company name prior to signing the agreement. The vote on the motion to adopt the resolution and agreement passed by a vote of six to one, with Council Member Taylor casting the dissenting vote.

Public Hearing – Economic Development Incentives – “Project Eagle”

Bob Joyce, SAGA Economic Development Executive Director, explained that this project is also an expansion of an existing industry and they have five other locations in the US with similar capability. If chosen, the project would add logistics space and production machinery to increase production efficiency; help the company maintain a competitive edge for products sold worldwide; allow the company to meet increased customer demand; and maintain their existing work force at the local plant. Total investment in machinery over three years is \$24.5 million and the investment in real property (mainly building renovations to accommodate equipment) would be \$5 million over five years. This project would add 40 jobs with an average annual wage of approximately \$41,000. If chosen, expansion would begin in the second quarter of 2018 and take place over three years. The company, which has had no major safety or environmental citations, pays a portion of health coverage and provides additional benefits. Their investment would significantly add value to the local facility and there is internal competition for this project. A decision is anticipated to be made in early March. The company has also requested state assistance in the form of a building renovation grant, possibly requiring a five percent local match, but no community college training has been proposed to date. The local incentive for this project would total \$311,241 and the total taxes paid over the five-year life of the project would be \$499,860, resulting in a net increase in tax revenue to the City of approximately \$188,619. Mr. Joyce noted that he and the City Attorney have discussed the fact that this project is quite fluid and any changes will be presented to Council for approval.

Mayor Mann opened the public hearing. With no one speaking in favor or in opposition, Mayor Mann closed the public hearing.

- Adoption of Resolution Authorizing the Expenditure of Funds for an Economic Development Project and Approving an Agreement between the City of Sanford and Project Eagle (Exhibit D)

Council Member Buckels made a motion to adopt the Resolution Authorizing the Expenditure of Funds for an Economic Development Project and Approving an

Agreement between the City of Sanford and Project Eagle. The motion was seconded by Council Member Gaskins. City Attorney Susan Patterson noted that the project name (“Eagle”) will be replaced with the actual company name prior to signing the agreement. The vote on the motion to adopt the resolution and agreement passed by a vote of six to one, with Council Member Taylor casting the dissenting vote.

Public Hearing – Economic Development Incentives – “Project Temperature”

Bob Joyce, SAGA Economic Development Executive Director, stated that this project is the potential new location of a foreign company, which has one other US location with similar capability, to Central Carolina Enterprise Park. If chosen, this project would begin with a small office and warehouse to sell and service their product, which is now made overseas. In the project’s fourth year, the company would construct a facility to manufacture their product, allowing the company to expand its customer base in the eastern US. The total investment in real property and machinery over the seven-year project is \$22.5 million. This project would add 109 jobs at an average annual wage of \$34,950; five of these jobs would be experienced foreign managers who would locate with the company. If chosen, expansion would begin in 2021. The company, which has no major safety or environmental citations at its other US location, pays a portion of health coverage along with additional benefits. The investment would add tax base and payroll to our local economy and there is internal competition for this project. A decision is anticipated by mid-March. They have requested state assistance but no local match would be required. A community college training grant has also been requested and proposed by the State. Our local incentive would be \$231,426 and if the company makes the investment as proposed, total tax payments over the seven-year life of the project would be \$462,852, for a net increase in tax revenue to the City of approximately \$231,426. Mr. Joyce noted that names are normally disclosed at this stage of the process but we are still on the front-end so company names and exact plans on all three projects will be disclosed when agreements are ready for signing.

Mayor Mann opened the public hearing. With no one speaking in favor or opposition, the Mayor closed the public hearing.

- Adoption of Resolution Authorizing the Expenditure of Funds for an Economic Development Project and Approving an Agreement between the City of Sanford and Project Temperature (Exhibit E)

Council Member Gaskins made a motion to adopt the Resolution Authorizing the Expenditure of Funds for an Economic Development Project and Approving an Agreement between the City of Sanford and Project Temperature, with the company name replacing the project name prior to signing the agreement. The motion was seconded by Mayor Pro Tem Salmon. The motion passed by a vote of six to one, with Council Member Taylor casting the dissenting vote.

Mayor Mann noted that the three proposed economic development projects include a total of approximately 170 job opportunities and an investment of approximately \$192 million.

REGULAR AGENDA

Motion to Take from the Table an Ordinance Designating the Buggy Building, 115 Chatham Street, as a Local Landmark (tabled at December 19, 2017, City Council Meeting) – (Exhibit F)

Mayor Pro Tem Salmon made a motion to remove the Ordinance Designating the Buggy Building, 115 Chatham Street, as a Local Landmark from the table. Seconded by Council Member Taylor, the motion carried unanimously.

Council Member Gaskins made a motion to adopt the ordinance designating the Buggy Building, 115 Chatham Street, as a local landmark. The motion was seconded by Council Member Buckels and passed by a vote of six to one: Council Member Williams cast the dissenting vote.

NEW BUSINESS

Ordinance Amending the Annual Operating Budget of the City of Sanford FY 17-18 – Public Building (Exhibit G)

Financial Services Director Beth Kelly explained that this ordinance appropriates funds for costs related to the recent fire in the Police Department that damaged both levels of City Hall. The city will be reimbursed for most of the expenses through insurance proceeds but these funds are needed to pay invoices for work done immediately after the fire (electrical, heating/venting/air conditioning and alarm system work). Cleaning costs will be handled directly through the insurance company.

Council Member Taylor made a motion to approve the Ordinance Amending the Annual Operating Budget – Public Building; seconded by Council Member Gaskins, the motion carried unanimously.

Ordinance Amending the Annual Operating Budget of the City of Sanford FY 17-18 – Public Building (Exhibit H)

Financial Services Director Beth Kelly explained that this ordinance appropriates funds to the Code Enforcement Department for demolitions and grass mowing.

Council Member Buckels made a motion to approve the Ordinance Amending the Annual Operating Budget – Public Building; seconded by Council Member Gaskins, the motion carried unanimously.

Reimbursement Resolution – Leaf Vac Truck (Exhibit I)

Financial Services Director Beth Kelly explained that this resolution authorizes reimbursement from installment purchase proceeds for the leaf vac truck (the final piece of rolling stock/equipment approved for purchase in the 2017-2018 fiscal year budget).

Mayor Pro Tem Salmon made a motion to approve the Reimbursement Resolution – Street Resurfacing; seconded by Council Member Gaskins, the motion carried unanimously.

Proposal to Advise the City on the Feasibility of Developer’s Proposal for the Redevelopment of 513 Wicker Street (Exhibit J)

City Manager Hal Hegwer explained that Downtown Sanford, Inc. (“DSI”) staff has been actively working with the owner of this property (known as the “Tobacco Warehouse”) and a potential developer who proposes to construct 41 market-rate loft apartments at an investment of more than \$9 million. This type of development typically relies heavily on state and federal tax credits, along with local participation (such as landmark status or other types of incentives) to some degree. Council approval is requested to enter into an agreement with the UNC School of

Government's Department of Finance Initiative ("DFI"). He noted that the County approved this item at their meeting last night.

Council Member Taylor questioned whether there was a policy or a precedent for funding this type of study. Manager Hegwer responded that there is no formal policy but this proposed project is similar to the Buggy Building project, which was fairly complex. This developer has made a proposal and there is a complicated pro forma (standard document) involving various tax credits and participation levels. Similar projects have been done in other areas of the state and are described in Exhibit H. Projects on older historic buildings are difficult since the infrastructure is also old. Communities seeking to redevelop often seek this type of guidance from DFI staff who have expertise and have advised other municipalities on similar projects, so staff is seeking their input and guidance on how this project could rank with other projects across the state, what it would look like and what our level of commitment and participation might be. Mayor Mann added that the market has found Sanford and suggested that Council has a choice to make, whether we want to leave these old tobacco warehouses empty or go a step further and determine whether we can make something happen with them. Other cities, including Thomasville, Statesville, Wilson and Salisbury, have done similar projects. These types of projects are not happening without help from local government and some type of public/private partnership. He also noted that he does not anticipate a flurry of businesses seeking tax breaks through landmark status designations because the process is so laborious.

Mr. Taylor questioned whether the property owner has been involved and agreed to the developer's proposal and whether the City should fund a study to determine whether the property is suitable for the project. Mayor Mann stated that issue is not to determine suitability but to determine whether the developer's proposal was valid. Steve Brewer, DSI board member, explained that they have been working with the family and developer and an option to purchase the property has been granted to the developer. The company has done similar projects across the state and its principal is an advisor on the Main Street Community board of directors. Mr. Brewer stated that the goal is to gather as much information as possible on the proposal so that information would be available for another developer (DSI has been contacted by several on this project) in case this developer elects not to pursue the project. He explained that DSI considers this location a key area, with the upcoming redevelopment of Wicker Street and the W.B. Wicker School project, and suggested that a project like this could be a "game changer" for Sanford. The mayor stressed the importance of providing residential housing options in redeveloped areas. City Manager Hegwer advised Council that any project proposed for revitalizing the Kendale Shopping Center would likely involve a similar type of analysis.

Council Member Gaskins made a motion to approve the Feasibility of Developer's Proposal for Redevelopment of 513 Wicker Street. Seconded by Council Member Williams, the motion carried by a vote of six to one, with Council Member Taylor casting the dissenting vote.

Ordinance Amending the Annual Operating Budget for the City of Sanford for Fiscal Year 2017-2018 – DFI- 513 Wicker Street (Exhibit K)

Financial Services Director Beth Kelly explained that this budget amendment appropriates funds to cover the cost of the contract with DFI approved in the previous item.

Council Member Gaskins made a motion to approve the Ordinance Amending the Annual Operating Budget – Public Building; seconded by Buckels, the motion carried by a vote of six to one with Council Member Taylor casting the dissenting vote.

Ordinance Amending the Annual Operating Budget for the City of Sanford for Fiscal Year 2017-2018 – Environmental Study- 513 Wicker Street (Exhibit L)

Financial Services Director Beth Kelly explained that this item appropriates funds for the city's contribution to DSI for the environmental study on the project described in the previous item. She informed Council that the County approved this item at its meeting last night.

Council Member Gaskins made a motion to approve the Ordinance Amending the Annual Operating Budget – Public Building; seconded by Council Member Buckels, the motion carried by a vote of six to one, with Council Member Taylor casting the dissenting vote.

Lease of Office D in Suite 304 in the Sanford Buggy Company Building (Exhibit M-1)

Lease of Office A and C in Suite 303 in the Sanford Buggy Company Building (Exhibit M-2)

City Attorney Susan Patterson reminded Council that under the lease for the Buggy Company Building, the City and County reserved the right to approve tenants. Joni Martin, with Progressive Contracting Company, explained that two tenants would like to lease space: Tim Saumier of TYGES Associates (a staffing company for manufacturing and health care services) wants to lease Office D in Suite 304, and One Digital Health and Benefits (a health care benefits company) wants to lease Offices A and C in Suite 303.

Council Member Gaskins made a motion to approve the lease of Office D in Suite 304 and Offices A and C in Suite 303 of the Sanford Buggy Company Building. Seconded by Mayor Pro Tem Salmon, the motion carried unanimously.

Preliminary Assessment Resolution for Frazier Drive Sewer Extension (Exhibit N)

City Engineer Paul Weeks updated Council on the five sewer extension projects:

- Hawkins Avenue: Contracts have been bid and are in house. Staff expects the contractor to begin in March and finish in early summer.
- Charlotte Avenue: Design is complete and bid opening is scheduled for this week; however, there is currently only one contractor, so it will likely be re-bid.
- Nash Street: Design is underway and bids are expected in about two months.
- Botany Woods: The project is under design, survey work is complete, and staff expects bidding in June.

Frazier Drive, the fifth project and subject of the current request, involves 32 parcels between Academy and Cemetery Streets. The estimated construction cost is \$162,600; estimated cost to the property owner is \$1,270 per lot; property owners also pay to reroute sewer laterals and to decommission their septic tank. Currently, 59 percent of property owners, who own 62 percent of the acreage, have agreed to the petition. This preliminary assessment resolution, the first step in the process, sets the public hearing on this project for March 20, 2018.

Mr. Weeks stated that this project has been somewhat challenging for staff due to the language barrier (there is a large Hispanic population in this area). Oscar Baca, who works in the City's Human Resources department, is fluent in Spanish and has provided considerable

assistance, and letters were written in both Spanish and English. Council Member Taylor commented on the high number of renters in this area but Mr. Weeks pointed out that only property owners can elect to participate. Mayor Pro Tem Salmon suggested that a translator be provided for the public hearing on March 20.

Council Member Gaskins made a motion to approve the Preliminary Assessment Resolution for Frazier Drive Sewer Extension. Seconded by Mayor Pro Tem Salmon, the motion carried unanimously.

Encroachment Agreement with Norfolk Southern Railway for the Moncure Sewer Extension (Exhibit O)

City Engineer Paul Weeks explained that the exhibit map shows the Moncure Sewer Extension project area and the location covered by this agreement is near the blue pentagon, representing the Little Buffalo Creek lift station, where the sewer line would go under the railroad. The agreement calls for a one-time payment of \$21,300 which was included in the budget and is available.

Council Member Gaskins made a motion to approve the Encroachment Agreement with Norfolk Southern Railway for the Moncure Sewer Extension. Seconded by Mayor Pro Tem Salmon, the motion carried unanimously.

Renewal of Deer Urban Archery Season (Exhibit P)

Management Analyst Holly Marosites explained that staff has received the renewal form for the 2019 Urban Archery season (January 12 through February 17) and questioned whether Council wanted to renew the program. She also stated that the County Commissioners approved a request asking the North Carolina Wildlife Commission to move Lee County's zoning assignment, which would increase the deer hunting gun season by approximately three weeks.

Council Member Taylor made a motion to approve renewal of the deer urban archery season; seconded by Council Member Buckels, the motion carried unanimously.

Refund Request for Solid Waste Fees (Exhibit Q)

City Attorney Susan Patterson explained that Steve Brewer has requested a refund of solid waste fees erroneously charged to a commercial property at 305 South Steele Street since 2006; however, this fee should be charged only to residential properties. State statute allows for refunding taxes imposed through clerical error but limits the time frame for which an owner can request refund to five years. Since this was a fee included on a tax bill, Council can enact a refund policy as it deems fit, but it has been the practice of the City to apply the five year limitation. Mr. Brewer paid a total of \$1,725 for the fee over eleven years; a refund for five years would be \$975.

Council Member Taylor made a motion to refund \$975 (for five years of the fee) and the motion was seconded by Council Member Buckels.

Mr. Taylor questioned whether an audit has been done to determine whether this fee had been erroneously charged to other commercial properties. City Manager Hegwer confirmed that

staff has done audits but this particular property was missed. Attorney Patterson confirmed that none of the fees had been paid to the solid waste collection company.

A vote was taken on the motion and it carried unanimously.

OTHER BUSINESS

Council Member Buckels provided an update on the Sanford Housing Authority by stating that a tax credit for the Gilmore/Matthew Court area garden had been requested and received.

Council Member Taylor reminded the City Manager that street closure resolutions would be needed for the upcoming Arts and Vine festival. Mr. Hegwer confirmed that they were in process.

Mayor Mann thanked everyone for the “can do, will do” spirit being displayed in the city and reminded everyone of the Council Retreat Work Sessions scheduled for March 8 and 9.

City Manager Hegwer applauded work done by Rachel Picard in her position as an intern on the S3 Task Force and thanked Council for supporting intern positions. Council Member Taylor, who has been an advocate of using interns, suggested that we pursue qualified applicants early in the season (typically summer college breaks).

CLOSED SESSION (removed from agenda)

ADJOURNMENT

Council Member Buckels made the motion to adjourn the meeting; seconded by Council Member Taylor, the motion carried unanimously.

ALL EXHIBITS CONTAINED HEREIN ARE HEREBY INCORPORATED BY REFERENCE AND MADE A PART OF THESE MINUTES.

Respectfully Submitted,



T. CHET MANN, MAYOR

ATTEST:



BONNIE DAVIS, CITY CLERK