

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

The City Council met remotely through electronic connections (Office Suite HD software) on Tuesday, May 19, 2020, at 6 p.m., with the Mayor presiding from the Council Chambers of the Sanford Municipal Center, 225 E. Weatherspoon Street. The following people were connected (“present”) and participated remotely in the meeting:

Mayor T. Chet Mann
Council Member Sam Gaskins
Council Member Charles Taylor
Council Member Rebecca Wyhof Salmon
City Manager Hal Hegwer
City Clerk Bonnie Davis
Management Analyst Holly Marosites

Mayor Pro Tem Byron Buckels
Council Member Jimmy Haire
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 and explained that it was being held electronically due to precautions related to the COVID-19 pandemic. Council Member Williams led the invocation and the Pledge of Allegiance was recited.

PUBLIC COMMENT - (Exhibit A)

There were no requests for public comment. *NOTE: The Notice of Electronic Meeting (attached hereto as Exhibit A) directed that anyone who wanted to make a public comment at this meeting should email or contact Deputy City Clerk Vicki Cannady and the comments would be read aloud during the meeting; however, no requests were received.*

APPROVAL OF AGENDA

Council Member Gaskins made the motion to approve the agenda and was seconded by Council Member Salmon. Mayor Mann conducted a roll call vote and the motion carried unanimously.

CONSENT AGENDA

There were no items on the consent agenda.

SPECIAL AGENDA

There were no items on the special agenda.

CASES FOR PUBLIC HEARING

Public Hearing on Economic Development Project through the Lease of a Newly Constructed Spec Building from CC Enterprise Park – (Exhibit B)

SAGA CEO Michael Smith stated that they have had a lot of great responses from their members and investors during this unprecedented time. They have taken a number of steps to increase their external communication regarding their activities and access to information that they want to share with the public and business community. They have reviewed their organization and operations to get moving when things get back to normal. They are in their final stages of an economic impact analysis that takes into account the significant announcements they have had over the past twelve months. The report will

be used to be a valuable tool in terms of discussion about return of investment for economic development projects. Product Development is working with Duke Energy and their site readiness program to put together a new business park. As a result of this particular study, top site consultants will be in our community in the coming months, and in mid-June, there will be a public presentation of the results of their study; this will help us to be in the position to bring in new jobs and investment to the city. We are beginning to work with public and private sector investors to bring in a new Shell Building #2 at the Central Carolina Enterprise Park. Shell Building #1 sold very quickly and brought over 200 jobs, and \$100 million of new investment. Our investment and construction partners are working on Shell Building #2; ideally, they would like for it to be completed by June 2021. The project will be reviewed at the TRC planning meeting on Thursday, May 28. This will be constructed on Lot #2, which is 10.6 acres at CCEP; it is adjacent and just south of the current Shell Building #1, which is the Audentes facility. This building will be identical to the first Shell Building; 117,000 square feet, 29' ceilings and a finished concrete floor. This will be completed in shell condition just exactly like the first spec building back in February during the Audentes announcement. The city and county did not have to expend any money on the building because the building was sold before completion. Audentes purchased the building for \$7.1 million; this particular building had permit fees of more than \$170,000 and as a side note in terms of revenue for the City and the County, there will also be significant fees for the Kalyani project/Project Forge. Audentes was our showroom model. SAGA is asking for Council's support for the ability to build and market Shell Building #2, exactly as was done with Shell Building #1.

Mayor Mann opened the public hearing. Normally, we would allow the public to come forward and ask questions. Under the new rules, we have opened the floor for emails, questions and we did not receive any. There was plenty of notice to email a question. Mr. Smith stated that we have interest from the first building and it was amazing to see the interest and activity it drew.

Council Member Haire commented that with the previous building, we had two to three groups there at the same time and are any of those groups interested. Mr. Smith replied yes. We have interest from the first building and it is the reason this group is ready to build another building due to the interest and activity it drew. The second building will be more expensive than the first one due to building cost increases. The buildings will not be identical in terms of once they are completed.

Economic Development Director Bob Joyce stated that because this is built as a Shell Building, there is no plumbing or electrical. There is no Certificate of Occupancy, which is a normal trigger that a building is complete; so, we get to a point that the building inspections office refers to "substantially complete;" then we begin to market the building. At that point, the Memorandum of Understanding (MOU) uses that substantial completion as the date when the carrying costs would begin. What we worked out before is that the city and county would fund that portion of the costs after the building is substantially complete up to two years, but we do not think it will take two years to sell it. The cost would include the interest payments on the construction loan and the fees of maintaining it such as cutting of the grass, insurance, etc. and that figure amounts to approximately \$325,000 per year. There was consideration by the partners, because costs have gone up to ask for an increase; however, it was decided not to; it will be the same

Mayor Mann commented that the City and County never made the first payment on Shell Building #1 because the developer was able to carry it longer than he said he would and then sold it. We had money left that the City did not expend. When the building is finished, the carrying costs begin, not during the construction phase.

Attorney Patterson stated for the record that the mechanism through which we will be entering into the economic development incentive, is not through the carrying costs, but through a lease of the building. The lease of the building would be in the amount \$13,541.67 per month, for up to 24 months for a total of \$325,000. The company plans to build this 100,000 square-foot spec building worth at least or approximately \$4 million. We would use that spec building to entice new businesses to come to Lee County, relocate or expand in Lee County, for site visits and events to market Sanford/Lee County as a whole, until it is sold to an end user. If Council agrees to the incentive agreement, the project will increase the tax base, stimulate the local economy, create jobs, encourage business and industry to locate in the City, and will promote business in the City. Attorney Patterson advised that there is a resolution authorizing the economic development project and a memorandum of understanding and authorizing lease for Council's consideration.

Mayor Mann clarified that at the end of the 24-month period, does it revert back to the owner/developer to carry the costs. Attorney Patterson replied yes, it does as far as the lease would end unless we enter into another lease.

With no one requesting to speak, Mayor Mann closed the public hearing.

- Consider Approval of Resolution Authorizing Economic Development Project for CC Enterprise Park, LLC – (Exhibit C)
Mayor Pro Tem Buckels made a motion to approve the Resolution Authorizing Economic Development Project for CC Enterprise Park, LLC. Seconded by Council Member Gaskins, Mayor Mann conducted a roll call vote and the motion carried unanimously.
- Consider Approval of Memorandum of Understanding and Authorizing Lease – (Exhibit D)
Council Member Gaskins made a motion to approve the Memorandum of Understanding and Authorizing Lease. Council Member Taylor seconded the motion. Mayor Mann conducted a roll call vote and the motion carried unanimously.

DECISIONS ON PUBLIC HEARINGS

There were no decisions on public hearings.

REGULAR AGENDA

There were no items on the regular agenda.

NEW BUSINESS

Closed Session

City Attorney Susan Patterson read a motion to go into closed session in accordance with N.C.G.S. 143-318.(11)(a)(4) to discuss matters relating to the location or expansion of industries or other businesses in the area served by the public body. So moved by Mayor Pro Tem Buckels, and seconded by Council Member Salmon, the motion carried unanimously by a roll call vote.

RETURN TO REGULAR SESSION

Update from SAGA

Economic Development Director Bob Joyce gave an update on economic development and activity that has been fairly good during the global pandemic and travel restrictions. They worked 43 projects last year and 30 projects this year consisting of fourteen manufacturing projects; seven food and

beverage projects; five life science projects; and three projects considering the airport as a location. Recently, they have seen more food and beverage projects coming back to the United States. So far in 2020, we have had five visits and, in this environment (pandemic), we consider it a very good year so far. A trend they have seen this year is they are getting larger projects. They have had six projects that are over 450 jobs and have had two projects over 1,000 jobs. We have had three projects that are over \$500 million in investment, so the total for all 30 projects that they have worked this year would be 7,625 jobs and a total of investment would be \$2.6 billion. They do not expect to land all these projects. This shows there is strong activity and a lot of companies looking beyond this time when everybody will go back to work. Another trend for us is 18 of the 30 projects have come to SAGA since March 27, 2020, which was the first stay-at-home order. We feel good about what is coming.

Mr. Smith stated that SAGA is looking at new technology to market this community. With the Chamber zoom calls and events, staff realized that we need to show our community to economic development clients and consultants in new ways during this time of limited personal travel. They are reviewing and adjusting SAGA's program of work. SAGA has a strong team on the Chamber side and SAGA side and thanked Council for their support.

Consider Ordinance to Amend Chapter 32, "Streets and Sidewalks", of the City of Sanford Code of Ordinances – (Exhibit E)

Downtown Sanford Executive Director Kelli Laudate explained from last week's City Council workshop, DSI has been researching a road closure for Steele Street to support its three Downtown restaurants that do not have the option of outdoor seating. This is all pending the governor's announcement to move the state into Phase II. DSI is trying to be proactive to give the restaurants the opportunity to meet at 100 percent capacity. Today, Major Jamie Thomas, Agent Perez with ALE, the three restaurant owners – which are Local Joes, Coopers, and Smoke and Barrel and she met to see what their protocol is going to be for the required full service of each restaurant, pending Council's approval of this road closure tonight. If Council approves to move forward with the next three items, each week the restaurant will have to request the road closure by 5 PM on Wednesday. There will be a general liability and liquor liability policy to include the City of Sanford, as co-insured, in their certificate of insurance. The restaurants are extending their premise from each side of their restaurant from the left and the right; basically, drawing a line across Steele Street to extend their premise to reach 100 percent capacity. It is their understanding that the governor will allow six top tables and six feet must be measured out from each table to meet social distant requirements. They do feel this is the best way to offer support to them.

Attorney Patterson stated that Items B, C, and D (this item and the next two on the agenda) are related to addressing this request to expansion into the street activity.

Attorney Patterson advised that this ordinance allows, when the streets have been closed to vehicular traffic for a special event, function, festival or celebration for which a special event permit has been issued, retail stores and restaurants which front the street, may extend their premises into the street and conduct retail or restaurant activity therein, in accordance with the provisions in this ordinance as listed on Exhibit D. There was some question as to what would happen if retail activity on one side of the street and the restaurant on the other side of the street wanted to use the street. The ordinance does not specifically address this issue but each have to provide a sketch where they request where their premises would be extended and staff assigned would decide whether it would go to the center of the street or all the way across the street. The operation of the business is supposed to be incidental to the associated restaurant or business that it is associated with and would be such that 100 percent of the

interior seating capacity or load of the business or restaurant would be allowed when counting both interior and exterior patrons. If a restaurant had 84 percent capacity, it is just an extension of 84 people inside and outside. As a caveat to that, if the governor in opening Phase II says a restaurant can only address 50 percent capacity, and does not address outside seating or says outside seating is not allowed like he did in Phase I, then they would only be allowed 50 percent both inside and outside. Attorney Patterson read and explained the Ordinance to Amend Chapter 32, "Streets and Sidewalks", of the City of Sanford Code of Ordinances, Resolution to Temporarily Close a Portion of S. Steele Street to Allow for Street Retail and Restaurant Activities and the Ordinance to Enact Section 36-117 of the City of Sanford Code of Ordinances, Chapter 36- Traffic, Establishing Temporary Handicapped Parking Spaces on Wicker Street, in detail. She added that each ordinance and resolution will need to be voted upon separately.

Mrs. Laudate shared that Greater Downtown New Bern is moving forward with this endeavor. She explained that our restaurants have not completed and submitted their final application for their extension of premise. What is happening in Downtown New Bern is that the guests can dine outside on the particular streets that are participating restaurants. Alcohol, beer and wine only can be served outside as packaged goods; this means sealed and opened by the guest, not by the employee, and they must stay within the established vicinity of the serving restaurant. If Council gives these three restaurants the opportunity to extend their premise outside their restaurant to meet 100 percent capacity. In the meantime while they are waiting to get their extension of premise from the ABC Commission, they can still serve the alcohol, but the consumer has to go inside the restaurant, purchase the alcohol themselves and it will be closed; they can bring it back to their table outside and consume the beverage outside only because you are allowing the streets to be closed.

Council Member Gaskins made a motion to approve the Ordinance to Amend Chapter 32, "Streets and Sidewalks", of the City of Sanford Code of Ordinances. Council Member Salmon seconded the motion. Attorney Patterson clarified a comment by Mrs. Laudate, it is for beer and fortified wine only, liquor cannot be on the streets; the ordinance currently requires the liquor liability coverage in the event they get the ABC permit; if what Mrs. Laudate explained happens, it would be in the City's best interest to have a liquor liability coverage of insurance for that alcohol consumed on the City's property because the City owns the streets. Mayor Mann conducted a roll call vote and the motion carried unanimously.

Council Member Gaskins amended his motion to approve the Ordinance to Amend Chapter 32, "Streets and Sidewalks", of the City of Sanford Code of Ordinances and include the necessary certificate of liquor liability coverage. Council Member Salmon amended her second; the vote was unanimous by roll call vote.

Consider Resolution to Temporarily Close a Portion of S. Steele Street to Allow for Street Retail and Restaurant Activities (Exhibit F)

Attorney Patterson explained that this resolution temporarily closes a portion of S. Steele Street between Carthage Street and Wicker Street to allow the street activity to occur (as explained in the ordinances and resolution).

Council Member Gaskins made a motion to approve the Resolution to Temporarily Close a Portion of S. Steele Street to Allow for Street Retail and Restaurant Activities. Seconded by Council Member Salmon, Mayor Mann conducted a roll call vote, and the motion carried unanimously.

Consider Ordinance to Enact Section 36-117 of the City of Sanford Code of Ordinances, Chapter 36-Traffic, Establishing Temporary Handicapped Parking Spaces on Wicker Street- (Exhibit G)

City Attorney Patterson explained that this ordinance addresses the need for the handicap parking spaces to be relocated over to the corner of Wicker Street and Steele Street, in order to accommodate the activity to occur when the street is closed for the event.

Council Member Gaskins made a motion to approve Ordinance to Enact Section 36-117 of the City of Sanford Code of Ordinances, Chapter 36- Traffic, Establishing Temporary Handicapped Parking Spaces on Wicker Street. Seconded by Mayor Pro Tem Buckels, Mayor Mann conducted a roll call vote, and the motion carried unanimously.

Mayor Mann stated that for the record that if another restaurant who wants to do this and has their own private parking property outside of Steele Street, they could do a similar action. Mrs. Laudate replied yes.

Update from Downtown Sanford, Inc., re: Paycheck Protection Program

Downtown Executive Director Kelli Laudate gave an update on the Paycheck Protection Program (PPP). Mrs. Laudate said that it was recommended to her that since DSI is a 501 (C)(3) non-profit, they are eligible to apply for the PPP. While she knows that the City funds her salary and their police officers; she understands that it is left up to their discretion how they handle the salary money – that it does not have to be used for salary; it can be used elsewhere. It has been in the previous past, that the board has chosen to use the funds provided by the City for the executive director's salary. So, she applied for the PPP and receive \$22,641. She is working with Ashley Whitaker and Shay Benton to make sure that they do not incur any portion of that to be a loan. There is a calculator process that they are going through right now and as our businesses open back up with normal business hours, it may be that they would like to have the police officers back at 55 hours per week again in the next coming weeks. She wanted to make Council aware of this and hope that Council will support the decision they are making is that we will obviously use what needs to be used from the PPP and return what could possibly turn into a loan and only use the grant portion of the money that was given to DSI. Then, move out the money Council assigned and given to DSI for salary, but to put towards marketing efforts into Downtown Sanford. She just wrapped up a proposal with WRAL and she has a call this week with their organization committee, which Bob Joyce is a part of. They will be meeting on Thursday on how to move forward with their proceedings with commercials with WRAL to have air time. They would like to reappropriate that money because they are replacing it with PPP money, so they feel like they are using their money given to them by the federal government but also being good stewards of what the City has given them to promote their businesses since they are not doing events in Downtown this year.

Consider Linden Avenue Neighborhood Improvements Project Subrecipient Agreement – (Exhibit H)

Community Development Manager Karen Kennedy explained the sub-recipient agreement with the Sanford Housing Authority (SHA) for the Linden Avenue project. We have to have a sub-recipient when the City is a pass through to give money to another entity and in this case, the Sanford Housing Authority will receive \$350,000 of the original project for the rehabilitation of a portion of the 226 Linden Avenue project for five units for homeless families. The SHA also received funds from the Housing Finance Agency. As part of the sub-recipient agreement, on page 51 of the agenda packet and in the agreement, there is a statement of work, which is the agreement that says what the SHA has to provide the City as we continue to move through the project, which is reporting to the state, invoices, and how we will handle the different construction component of the project. On page 52 is a copy of the project budget. It is a huge document and a lot of it is the federal language that has to be a part of the

Community Development Block Grant. The SHA also has placed some information they placed into this document. Council Member Haire clarified that this is the property which was previously owned by the Ivan Nicholson's Children Center and then became Head Start. Mrs. Kennedy replied yes; then it was owned by Lee County and Lee County sold it to the Housing Authority. They have hired an architect and will redesign the building and make it into five units.

Council Member Gaskins pointed there were some minor typographical errors on Page 30, Section 7 of the document.

Mayor Pro Tem Buckels made a motion to approve the Subrecipient agreement with correction of typos on Page 30, Section 7. Council Member Gaskins seconded the motion. Mayor Mann conducted a roll call vote and the motion carried unanimously.

Consider Municipal Mowing Agreement between the N.C. Department of Transportation and City of Sanford – (Exhibit I)

Public Works Manager Fedd Walker stated it is an annual renewal mowing agreement between the City of Sanford and the North Carolina Department of Transportation (NCDOT). Fundamentally, this is an agreement that allows the City to be considered a contractor with more control over the frequency or service level of mowing on DOT rights-of-way that are located within the City limits. This year, the NCDOT will provide two reimbursements for mowing cycles and not the typical reimbursements of five mowings. Per the DOT, this decrease is due to budget constraints compounded by COVID-19. Typically, we average more than five cycles mowing DOT rights-of-way due to weather, special requests and high traffic areas. This is based off a prior agreement with NCDOT executed in 2013. It used to be a five-year contract but in 2013, it changed over to a one-year contract and fuel adjustments can be made monthly.

City Manager Hal Hegwer explained that this will be part of the budget process. The NCDOT normally would pay the City for five cycles and not two cycles. It will be problematic. The mowing is for the rights-of-way and all the DOT streets within the City and we try to mow it to a higher level. Two cycles are not going to be what Council will be comfortable with and they will reimburse the City for mowing two times a year and DOT will not start mowing their rights-of-way until June. The City will be stuck with the additional work/mowing of the state's rights-of-way.

Mr. Hegwer read a letter from the NC League of Municipalities. It an update on a legislature bulletin the League sends out. NCDOT Chief Operating Officer Bobby Lewis said the preliminary estimate the NCDOT will lose due to COVID-19 crisis is \$670 million. People are not driving and the gas tax is down. Mr. Lewis said that the agency would likely propose across the board cuts in its budget range from 15 to 25 percent, including Powell Bill funds, which is state-shared revenue that helps us in our budget for paving, patching, and all different type of road repairs. It also helps pay some of the salaries and the operation of our employees. We take in approximately \$800,000 of Powell Bill funds; and we are looking at approximately \$120,000 to \$200,000 in cuts for next budget year. NCDOT is furloughing some of their employees in an attempt to try and mitigate some of these impacts. He wanted Council to be prepared for this impact.

Mr. Gaskins stated that we have the request for the federal stimulus fund in the care package to extra cost we are sustaining from COVID 19 and asked if there is any chance, we can apply for some replacements funds such as mowing. Mr. Hegwer replied no; it has to be a direct COVID related; revenue replacement is not eligible at this time. Financial Services Director Beth Kelly stated that as it

stands now, there is discussion of future packages that may be approved to hopefully include some loss in revenue but not in what has been approved thus far.

Mayor Mann added that it does not seem like Council has a choice and we have to have an agreement. We have no ability to negotiate with the NCDOT. Mr. Hegwer replied that is correct and we need to approve the agreement because we have some of this mitigated in the budget; however, he wanted Council to start seeing some of the examples of things that the City will face. Mayor Mann wanted the public to know that one of the consequences of COVID-19 crisis, is going to be that citizens are going to notice potholes, patching, traffic signal maintenance, terribly high grass and weeds in rights-of-way and it will be more common until budgets are replaced and be projected. He is asking the public, staff and council to understand we may not be able to accommodate your wishes. If the state is going to pass this onto the cities and will not get the Powell Bill funding they normally get, there is very little ability we have to take care of potholes and grass when we will have far other needs that directly impact people more. It will impact the services.

Council Member Gaskins made a motion to approve Municipal Mowing Agreement between the N.C. Department of Transportation and City of Sanford. Seconded by Mayor Pro Tem Buckels. Mayor Mann conducted a roll call vote and the motion carried unanimously.

Consider Presentation of Quarterly Financial Report for January through March, 2020 – (Exhibit J)
Financial Services Director Beth Kelly presented highlights on the City's Quarterly Financial Report for January through March 2020 as shown on Exhibit I.

Consider Presentation of Annual Operating Budget for Fiscal Year 2020-2021 – (Exhibit K) –
Mayor Mann stated that this has been a hard time to prepare a budget and we may need to hold a budget workshop next Tuesday or another day next week. City Manager Hal Hegwer explained that if another date works better for Council to let him know as Tuesday falls after Memorial Day. Staff has planned a public hearing on June 2 if we hold an in-person meeting. Mr. Taylor asked if we could hold the workshop in the Assembly Room of the Service Center and have tables separated apart if feasible. It is a large room and would be a great opportunity to get together and have live discussion. Mr. Hegwer replied yes; we are waiting on the Governor's message.

Mr. Hegwer stated that the guiding principles for the budget are general operations; day-to-day operations; your visioning priorities, and bond/debt requirements. He feels staff has prepared a good budget and Council may delay several items until the economy changes. The total proposed budget is estimated at \$70,701,585. He spoke regarding the general fund challenges during the pandemic. Staff is trying to move some large purchases until later, as we are unsure what the revenues will be due to the pandemic. The League of Municipalities predicts a 21.6 percent loss from revenues.

It was consensus of Council to schedule a virtual workshop, unless they can meet next Tuesday in the Assembly Room of the Public Works Service Center.

OTHER BUSINESS

Mayor Mann noted the County Commissioners voted last night four to three to put the multi-sports complex on the ballot this fall.

ADJOURNMENT

Mayor Pro Tem Buckels made the motion to adjourn the meeting; seconded by Council Member Gaskins, the motion carried with six votes in favor by a roll call vote (Council Member Taylor left the meeting at approximately 8:20 p.m. and did not vote).

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

Respectfully Submitted,



T. CHET MANN, MAYOR

ATTEST:



BONNIE D. DAVIS, CITY CLERK