

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, June 1, 2004, at 7:00 P.M. The following people were present:

Mayor Winston C. Hester	Council Member Linwood S. Mann, Sr.
Mayor Pro Tem Joseph E. Martin	Council Member James G. Williams
Council Member Clawson Ellis	Council Member Walter H. McNeil, Jr.
Council Member Cornelia P. Olive	Council Member Philip E. Dusenbury
City Manager Leonard Barefoot	City Attorney Susan C. Patterson
City Clerk Bonnie D. White	

Mayor Hester called the meeting to order. Council Member Cornelia Olive delivered the invocation.

APPROVAL OF AGENDA

On motion of Council Member James Williams, seconded by Council Member Walter McNeil, the agenda was approved.

CONSENT AGENDA

Approval of May 18, 2004, City Council Minutes (Retreat) – (Filed in Minute Book 61)

Approval of Resolution Authorizing the City of Sanford to Exchange Personal Property with Smith Turf, Inc. – (Exhibit A)

Resolution was approved authorizing the City to exchange personal property with Smith Turf, Inc. The City will exchange one used Toro Reelmaster mower valued at \$3,300 and one used Jacobsen Blitzer mower valued at \$2,900 for (3) eleven blade reels and three roller assemblies with center point adjustment (all new) with a value of \$6,278.47 from Smith Turf, Inc.

Approval of Resolution Supporting and Authorizing the Submittal of a 2004 Enhancement Grant Application to the North Carolina Department of Transportation – (Exhibit B)

Resolution was approved authorizing the submittal of a 2004 Enhancement Grant to the NC Department of Transportation. It is a two-year grant that the Department of Transportation offers every two years. Downtown Sanford Inc. will apply for these funds with the City being the sponsor of the project. The proposed activities being applied for are acquisition of the Train Depot and property from the Sanford Board of Realtors. If the acquisition does not occur, DSI will use the funds for several fallback activities which include streetscape projects. The grant requires a 20 percent local match.

Approval of Ordinance to Erect Stop Signs Within the City of Sanford Chapter 36, Traffic Code of Ordinances – (Exhibit C)

Ordinance was approved to erect stop signs within the Heritage Pointe Subdivision located off of Cool Springs Road.

Approval of Endor Iron Furnace Grant Agreement – (Exhibit D)

The City was given approval to administer the Endor Iron Furnace Grant Agreement. The application was submitted to the North Carolina Department of Cultural Resources by Paul Barringer from the Railroad Museum for an archeological survey on the Endor Iron Works located along the river. The North Carolina Department of Cultural Resources notified the Railroad Museum that it was an excellent project; however, they were not eligible under the guidelines of the grant as it has to be a governmental entity. Since the Community Development Department represents the City and the County, staff felt it could administer the grant. The matching funds (approximately \$3,350) will be provided by the Railroad House Historical Association. The grant agreement requires Council to certify that the matching funds are in hand, and it will be contingent on the Railroad House Historical Association submitting the funds to the City. A budget amendment will be necessary to appropriate the funds for that purpose. It is a reimbursement grant wherein the City will have to front the money and be reimbursed from the grant.

The consent agenda items were approved upon motion of Council Member Walter McNeil, Jr. Seconded by Council Member Phil Dusenbury, the motion carried unanimously.

CASES FOR PUBLIC HEARING

Conduct Public Hearing for FY 2002 CDBG Revitalization Strategies Program Closeout and Authorize Mayor's Signature for Closeout Documents – (Exhibit E)

Community Development Director Bob Bridwell advised that the closeout is for Year 1 for the demolition of four classrooms behind W. B. Wicker School. Mayor Hester opened the public hearing. No one spoke in favor or in opposition. The public hearing was closed.

- Consider Authorization for Mayor to Execute Closeout Documents
Mayor Pro Tem Joseph Martin made the motion to authorize the mayor to execute the closeout documents. Seconded by Council Member Cornelia Olive, the motion carried unanimously.

Consider Public Hearing on Annual Budget for Fiscal Year 2004 – 2005

City Manager Leonard Barefoot stated that on Wednesday, May 26, at the Law and Finance Committee meeting, he presented the City's proposed annual operating budget. He added that he has not scheduled a vote on the budget tonight. An appropriate time to vote on the budget would be on June 15, at Council's next scheduled meeting. Once the budget is adopted, staff has a lot of work that will have to be done to initiate the changes on July 1.

Mr. Barefoot gave a brief overview of the proposed budget. The budget includes a \$.03 tax adjustment to the ad valorem tax rate and some minor adjustments to the water and sewer rates. The sewer rate adjustment is 3 percent across-the-board and the increase in the water rate does not affect any customer who uses below 1,000 cubic feet of water per month. Revenues

within the Utility Fund have failed to keep pace with expenditures caused by unfunded state and federal mandates, increases in operating costs, plant closings, and also expenditures caused by moving utilities due to major highway projects such as the 421 Bypass. For this reason, water and sewer rates will be increased. The Utility Fund is operated as an enterprise fund. Most cities are going to increase their ad valorem tax rate and water and sewer rates, because all cities are service providers. To provide those services, and take into account inflationary costs, you have to have fairly substantial growth. There is a lag curve for that growth partly due to the General Assembly's decision to accelerate the depreciation of personal property for business and industry, particularly the textile industry. This decision has worked against the City as we have lost several million dollars in base. The tax collection rate for the current year is 95.14 percent, resulting in a lost of approximately \$182,000 when compared to a 97 percent collection rate. The City can only budget an amount equal to the collection rate for the previous year.

Mr. Barefoot added that funds are included to add to the Code Enforcement staff and explore the possibility of the City implementing its own animal control program. Funds are included to establish a public access television station.

Mr. Barefoot explained that the proposed budget includes a 2 percent cost-of-living increase and an additional 1.25 percent of total salaries to reinstate the merit-based pay plan.

Council Member Clawson Ellis asked Mr. Barefoot to take another look at the implementation of a public access television station. With a proposed increase in taxes, he felt it might be wise to delete this expenditure. Mr. Ellis commented that he had seen merit pay raises backfire in the past, and he is not in favor of merit pay raises. He had seen people give interviews for merit pay raises, and he did not like them. Mayor Pro Tem Joseph Martin stated that he wanted to piggyback on Mr. Ellis' remarks, and he has some problems with it. He would like to see an across the board adjustment and possibly try to look into the merit pay for one more year and see if there can be some good guidelines set forth that Council feels comfortable with. Council Member Cornelia Olive commented that if we did institute the merit pay plan anytime soon, look at the people who are making under \$30,000 a year and make them a priority. Council Member Ellis added that if Council does initiate a merit pay raise, he felt it should be from \$40,000 downward because when these employees leave, they are the hardest to replace. Mayor Hester asked if an across the board raise is cheaper. Mr. Barefoot replied, yes – long term. If you take the same money that is appropriated for that purpose, and do an across the board raise as opposed to implementing the cola and merit pay raise, you spend exactly the same money in this year's budget but you start next year's budget at a cent and a quarter overall less salaries to deal with. This is because the people who would receive the merit raise next year would have received a total salary adjustment this year of 4.5 percent. If you do it across the board, then all employees would be adjusted at 3.25 percent. Mr. Barefoot noted that Council can make a decision tonight; however, he is not asking them to.

Mr. Barefoot addressed the issue of looking at employees making below \$30,000 to \$40,000 as opposed to the wage of all employees. He stated that it is hard to recruit employees such as GIS Coordinator Don Kovasckitz, MIS Director John Clayton, Financial Services Director Melissa Cardinali and other employees. You have to be careful because you start

stagnating your whole pay structure if you do not consider every position. This is the reason we bring in a professional who measures the market and looks at the pay rates for those positions. A consultant was brought in several years ago. Mayor Hester added that when the last adjustment was made, the City was below scale in a lot of areas. There are some jobs that individuals can afford to drive to Raleigh because those jobs pay more than the City. Mr. Barefoot stated that a pay classification plan is designed to measure the worth relative to the internal and external market and to give a way to recruit and retain competent employees. Mayor Pro Tem Joseph Martin felt that Council should not take any action tonight on the merit pay because there may be some questions and concerns that they can call staff about in the next couple of weeks. Council was in agreement with Mr. Martin.

Mayor Hester asked Council if they wanted to wait until June 15 to discuss the increase in water rates. Council was in agreement.

Mayor Hester opened the public hearing. No one spoke in favor or in opposition. The public hearing was closed.

REGULAR AGENDA

Consider Proposal for Lockbox Service and Outsource Bill Printing

City Manager Leonard Barefoot advised that at Council's last meeting on June 1, 2004, Financial Services Director Melissa Cardinali made a presentation on the City's desire to outsource bill printing and develop a lockbox system that would change the way we bill customers. It would save money because an employee recently retired, and this position would not be filled along with another position being eliminated. There were some questions and a desire by some Council Members to study the matter further.

Council Member Cornelia Olive asked Mrs. Cardinali to explain the cost savings again and how much it would cost to implement it. Mrs. Cardinali stated that the outsourcing for the printing would cost an additional \$34,200 which includes changing the bill size to 8 1/2 x 11" along with a return envelope inside, and someone would print and mail the bills to the utility customers. Incorporated with that is a savings of \$11,000 because second notices would be eliminated. Ms. Olive asked how much it cost the City in the past for this service. Mrs. Cardinali replied it cost \$46,600 and this does not include the second notice. Ms. Cardinali explained that it amounts to approximately \$80,000 for the outsourcing. Ms. Olive asked about the cost of the two positions that will not be filled. Ms. Cardinali replied that those positions amount to approximately \$119,000, and we would continue to use part-time employees to fill in the gap.

Council Member Olive asked what the other cost would be? Ms. Cardinali replied that the lockbox service with the bank is \$3,600 each year.

Council Member Phil Dusenbury made the motion to approve the proposal for Lockbox Service and Outsource Bill Printing. Council Member Linwood Mann seconded the motion. Mayor Pro Tem Martin stated that this is another cost-saving tool and Council can eliminate this service if it does not work. Council Member Ellis stated that there are pluses and minuses to both sides of the issue. His main objection was that it should have been presented to Council

earlier since there was a time element involved. Council Member Olive echoed Mr. Ellis's comment. A vote was taken, and the motion carried unanimously.

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

OTHER BUSINESS

Council Member McNeil stated that if the City gives the County a chance to improve its animal control program, he did not want to let it continue if there is no improvement.

Council Member Olive expressed thanks to Code Enforcement Officer Carlin Anglin for getting some abandoned cars removed off of Jenkins Street. She stated that he did it diplomatically and efficiently.

City Manager Leonard Barefoot stated that Town Hall Day is scheduled for Wednesday, June 9, and asked Council what they wanted to do about rescheduling the Law and Finance Committee meeting. It was the consensus of Council to cancel Law and Finance if there are not enough items to hold the meeting. If there are enough items to hold the meeting, the Law and Finance Committee meeting will be held on Tuesday, June 8, at 1:00 P.M., in the West End Conference Room. Mr. Barefoot cancelled the Law and Finance Committee meeting scheduled for Wednesday, June 8 at 1:00 P.M.

City Manager Barefoot reminded Council that when the budget is adopted, Council needs to decide what they would like to do with the funds if they choose to eliminate the public access television station and merit pay plan. They could be used to reduce the fund balance appropriation.

ADJOURNMENT

With no further business to come before the council, the meeting was adjourned on motion of Council Member Linwood Mann; seconded by Council Member James Williams, the motion carried unanimously.

Respectfully submitted,

WINSTON C. HESTER, MAYOR

ATTEST:

BONNIE D. WHITE, CITY CLERK

