

**LAW AND FINANCE MEETING**  
**April 30, 2008**

The Law and Finance Committee met on Wednesday, April 30, 2008, 1:00 P.M., in the Council Chambers at City Hall. The following people were present:

Present:

Law and Finance Committee:

Mayor Cornelia P. Olive	Council Member Mike Stone
Mayor Pro Tem Joseph E. Martin	Council Member James G. Williams
Council Member Charles Taylor	Council Member Walter H. McNeil, Jr.
Council Member Steve Brewer	Council Member Linwood S. Mann, Sr.
City Manager Hal Hegwer	City Clerk Bonnie D. White
City Attorney Susan C. Patterson	City Staff

Consider Presentation by Edith Edmond from the Employment Security Commission

Edith Edmond gave a presentation on the employment rate and economy of the surrounding counties. She said that the current unemployment rate for Lee County is 5.6 percent down from 6.1 percent in February of 2008. Chatham County's unemployment rate is down from 4.3 percent to 4.2 percent; Harnett County's rate is down from 5.4 percent in February to 5.2 percent in March of 2008. The state's rate is down from 5.4 percent in February to 5.2 percent in March. The national rate remains steady at 5.2 percent.

She said that twelve of the top twenty-five employers in Lee County are manufacturers. Five have downsized in the last six-month period and some have closed. The second largest employer in Lee County has downsized by five percent. Four of the largest employers in Lee County are governmental agencies. Ms. Edmond stated that in 2002 and prior, North Carolina lost 52,000 manufacturing jobs in a nine-month period.

Ms. Edmond advised that the average American that works for a living is only about three paychecks away from homelessness which puts an extreme burden on all other public resources and services in the community. The average weekly wage in Lee County is \$672 which is 92.5 percent of the state average of \$719. Each day people commute from surrounding counties to Lee County to work. Almost 5,000 workers drive from Harnett County to Lee County to work; almost 1,500 workers come from Moore and Chatham Counties; almost 1,200 workers from Wake County, and over 700 from Cumberland County.

She said it is very difficult to place a person that does not have a high-school education or GED into a job. She encourages individuals to stay in school and seek higher education. Ms. Edmond stated that BRAC will have a major impact on our community, and there will be a great demand for skilled-trade workers such as brick masons, carpenters, plumbers, etc.

Consider Ordinance Amending the Annual Operating Budget of the City of Sanford FY 2007-2008 – (Exhibit A)

Police Major Kevin Gray explained that the ordinance appropriates federal revenue received in the amount of \$22,438 for the 2007 JAG Grant No. 2007-DJ-BX-1240. The grant was applied for through the U. S. Department of Justice.

Consider Ordinance Amending the Annual Operating Budget of the City of Sanford FY 2007-2008– (Exhibit B)

Financial Services Director Melissa Cardinali explained that this ordinance amends the annual operating budget to appropriate funds to different departments as listed due to cover the increase in fuel cost.

Consider Approval of 2008 Urgent Repair Program Policies – (Exhibit C)

- Assistance Policy
- Procurement and Disbursement Policies
- Local Match of \$2,000
- Authorization for City Manager to sign Post-Approval Documentation

Planner II Karen Kennedy explained that this is the grant where \$5,000 can be spent per home for urgent repairs.

Mrs. Kennedy advised that the Assistance Policy defines all the requirements of the project, the income levels, and what can be done throughout the project at each home. Each homeowner that is a part of this project receives this information as they go into the project with the City.

Mrs. Kennedy stated that the Procurement and Disbursement Policies is part of the financial section. Any item within the grant that we procure and for the disbursement has to go through these policy steps and contractors that participate in this program must sign this policy before they begin so they understand how it works.

Mrs. Kennedy explained that the local match that the City agreed to as part of this grant is \$2,000. The Post Approval Documentation is a document for the City Manager to sign for her to turn in with the rest of the policies. It addresses the local match, the approval of the policies, the fidelity and insurance coverage and the additional agreements and certifications that are needed as part of the process. They hope to do urgent repair on nineteen homes. Homes repaired will be decided by the severity of the need and the income levels. The lowest of low incomes have to come first.

Consider Grant Project Ordinance – North Carolina Housing Finance Agency – Urgent Repair Program (URP08) – (Exhibit D)

Planner II Karen Kennedy explained that this grant project ordinance is for the Urgent Repair Program in the amount of \$75,000 received from the grant and the \$2,000 received from the City's local match.

Consider Ordinance Amending the Annual Operating Budget of the City of Sanford FY 2007-2008 (URP08) - (Exhibit E)

Planner II Karen Kennedy explained this ordinance amends the annual operating budget to appropriate the \$2,000 local match for the Urgent Repair Program.

Consider Capital Project Ordinance Amendment – Community Development Land Disposition Project – (Exhibit F)

Planner II Karen Kennedy explained that over the last twenty years through different grant projects, the City bought urban redevelopment land. It sat there a long time until we got the infill housing projects going and people buying the lots in those areas. As part of the paperwork for that, staff set aside a separate fund where any proceeds received from the sale of the land or loan paybacks from the few grant projects that we had where people paid us a portion of their deferred loan process back (a nominal cost, \$10 to \$40 per month), would go into this fund. The requirements for that fund is that these monies must go back into programs that benefit low and moderate income individuals, whether it is a housing project, grant, or local match. Mrs. Kennedy stated that we have been spending the money and the money needs to be transferred from the revenue account to the expenditure side.

Discussion Regarding Special Events and Festivals

City Manager Hal Hegwer advised that he would like to clear up some confusion about special events and festivals. Currently, we have an ordinance in place for itinerant merchants, peddlers, and vendors that operate within the City. To obtain an itinerant merchant's license, it cost \$100; you have to have proper zoning; permission from the property owner; and the UDO addresses the time constraints that they are able to stay at that premise.

Mr. Hegwer stated that special events or festivals need to be addressed. We need language added to the special events and permitting section of our ordinance to cover as an umbrella. For example, the bike race that was held last weekend. Those vendors would fall under the \$50 umbrella permit fee. Currently, if an event is held and vendors set up, you may or may not be licensed in the city. Council Member Brewer asked for clarification that all the vendors would fall under the \$50 umbrella permit fee. Mr. Hegwer replied yes. Mr. Hegwer stated that we encourage special events and festivals.

Council Member Stone said you would be allowing people to come into our community, make money, and leave with our taxpayers money, and it is not right for them to not pay a privilege tax when you have businesses here everyday that pay a privilege tax. He stated that he knew this would come up because he has read the privilege tax from front to back. Mr. Stone said his gut instinct tells him that this is the way we are going to eliminate all the people that is involved with potters, the arts community, which is fine, and I support them. He added that this is part of the privilege tax he did not like. We are going to start exempting people and we are going to find ways to do it. The taxpayers here that work and own a business are going to have to work hard everyday and you are going to allow people to come into our community and not pay taxes.

Mr. Hegwer stated that you can make that fee at anything you want. He continued that the point is if you are going to have a festival and invite people in, you have to have a way to

handle this under an umbrella. Council Member Brewer felt that it is a fair way to handle a one-day event because they are not going to make \$500,000. Mayor Pro Tem Martin said he felt it is equitable because after attending the bike race, we would not have had the vendor set up if they had to pay \$50 because some of them did not make \$50. He felt the umbrella fee would enhance some of the festivals. Mr. Hegwer said if you have someone Downtown that is setting something up within their business, it would not apply to the festival; it would be for individuals coming from outside or other locations. Mr. Hegwer said the point is to have some discussion on this issue and see how council felt.

Mayor Pro Tem Martin said we need to keep looking at peddlers from out of town that are paying a nominal charge to sell products; this is hurting the people who are based here. Council Member Brewer suggested doing away with itinerant merchants. City Attorney Susan Patterson advised that they have looked into whether the City would have to allow itinerant merchants based on the fact that there is a State Statute that deals with what the charge can be for itinerant merchants and have determined that we do not have to allow roadside sales by these itinerant merchants. Attorney Patterson advised that she has to look further because she felt there is a cap on what you can charge itinerant merchants.

Council Member Stone stated that you have to be careful because you may have someone with the permission from the owner to sell something and you are interfering with their rights as to what you can do with their land. He added that if he owns land inside the City and gives someone rights to sell there, then he should have that right. Mr. Hegwer advised that the landowner may be charging the merchant for being on that property. All festivals being held in the City up to June 30, 2008, there is no fee for those. Attorney Patterson advised that we are looking at changing the special events section of the ordinance, not the itinerant merchant's section.

#### Consider Downtown Railroad Crossing Enhancements – (Exhibit G)

Community Development Director Bob Bridwell stated that a few months ago, Atlantic and Western Railroad (A&W) contacted Mayor Olive when A&W needed a signature on something and the Mayor was able to say we need something in return. They were fortunate to have two meetings with the railroad officials (one meeting at the railroad and the other in his office) about some work staff wanted to do in the Downtown area particularly around the railroad crossing. In that discussion, staff was at the point and time with our redevelopment grant downtown where we had leftover funds and we were trying to find an expeditious way to expend those funds and this project was a very viable alternative in that process.

A&W made a proposal in light of those discussions and although we were unable to get the state to approve that as an option in using those remaining funds, we thought the proposal was important for council to see and them to consider what impact it would have on our efforts Downtown and with our crossings.

Mr. Bridwell went over the proposal with Council. The estimated cost to install one concrete crossing and remove one crossing (removal of ATW track and straight rail two switches and relocate switch) for Wicker Street crossing is \$68,709. They would remove and upgrade the ATW main through Wicker Street and Carthage Street with concrete panels and remove and

upgrade the sidewalk areas on ATW main with concrete panels. To install an 80-foot crossing and removal of side track in crossing and retiring two switches at the Carthage Street crossing is \$59,007. Mayor Olive asked what did the state offer to underwrite. Mr. Bridwell replied that the state was looking at underwriting the cost of the pavement that would cost to connect to those concrete underlayments; although they never got a phone call back from them. He said the State's participation was contingent upon the railroad crossing closing at Chisholm Street. Mr. Bridwell advised that the City just spent \$1 million with the redevelopment program in this area.

Council Member Steve Brewer expressed concerns about concrete crossings. Mr. Brewer stated that concrete crossings tend to deteriorate. He referred to the concrete crossing near Taco Bell that already has several places busted and wallowed out. Mr. Brewer said there are three of them in Cheraw that he goes through on a weekly basis that are deteriorating and falling apart, and they tend to patch them with asphalt. He stated that from what he could see, they are going back to what CSX put up which was the crossties and pavement because of the wear and tear. He said he would like to know when the railroad decided to change its policy and allow sidewalks. Mr. Brewer said he was glad they did because they fought for years at Depot Park as they would not let them do anything, but they finally allowed them to put asphalt across it. He continued that if they will allow us to put sidewalks across it, he would be in favor of leaving crossties because the maintenance is better; they do not bust up and deteriorate. He said for \$130,000, the city could put up four parks in neighborhoods.

Mayor Olive asked Mr. Bridwell if he knew how much the railroad has spent to move their switching. She said that was one of her big issues she had because they would block both streets during lunch hour. She said one of the switching positions has been changed to curtail this. Mr. Bridwell did not know. He said that A&W is talking with staff now. Mr. Bridwell advised that CSX was at the meeting as well but they were not offering any proposals.

Mayor Pro Tem Martin said that maybe we should use the asphalt route because that is where the state said they would be willing to participate. Mr. Brewer commented that if they will do the tracks, let the City pay for the asphalt up to it. Mr. Hegwer said that the original intent of the grant was to get sidewalks across it. Mayor Olive said that is something that is badly needed. Mr. Bridwell suggested to allow staff to have continued dialogue and let the engineers be more involved and come back to council with a proposal. Mayor Pro Tem Martin explained that there are a tremendous amount of people that go across those crossings everyday from west to East Sanford.

#### Discussion of Amendment to the CDBG Grant – (Exhibit H)

Community Development Director Bob Bridwell explained that as a consequence of our request to the Division of Community Assistance on closing out this grant for Downtown redevelopment, staff proposed an amendment to them to demolish the old Rescue Squad and removal of that debris and prepare it for a parking lot. He said that parking is always the issue for Downtown. This grant is for slum and blight removal, and removing this building is in line with what they would like to see done. We are also talking about removing the adjacent building as well which is where the old upholstery shop was and clear that area for parking. The additional parking will enhance the redevelopment of all the buildings including the former

Captain Rod Sullivan Building. Mr. Bridwell displayed a picture of what the area looks like now with the old building on it, and what it can look like in the future upon demolition and removal of the two buildings.

Mr. Bridwell advised that the grant amendment would take funds that were not expended - \$98,585 in addition to the \$33,000 we previously had for demolition; the total amendment would be \$98,585. The amendment will have to be advertised for a public hearing and go through the standard procedure for grant amendments. Mayor Olive asked if we had purchased those buildings. Mr. Bridwell replied that staff is still in the process of negotiations and will probably have to be done in closed session. Mayor Olive asked if he anticipated that this amount would cover the purchase of both buildings, demolition, and paving. Mr. Bridwell replied he is not sure.

City Manager Hal Hegwer made it clear that the reason there is money left in this grant is because there were some activities that were not performed.

Consider Deed of Subordination for Progressive Development, LLC – (Exhibit I)

Community Development Director Bob Bridwell explained that Attorney Patterson received a letter asking for release of the Deed of Subordination to the buildings which is essentially where Renaults Restaurant is located. We put about \$15,200 into that building; \$20,000 plus in the Montessori building, and over \$400,000 in the old Buggy Factory building. The long-term plan in lending the money to Progressive Development for these projects, was that eventually when they start producing rent-income after six years and Progressive starts repaying the City, it is to be paid in full. Mr. Hegwer clarified that when Mr. Bridwell said we, it is grant money from the state. Mr. Bridwell added that it is federal money that the state manages for us, but it is money that we get that we can use in perpetuity for other products downtown. This is part of the private partnership that we are involved in.

Mayor Pro Tem Martin clarified that the federal grant that the City was able to achieve was because of the work Progressive had already done. Mr. Bridwell added that we would not have gotten the grant without Progressive's participation; the whole grant was predicated on that public/private partnership.

Mr. Bridwell said that part of the process is that the City has a note and Deed of Trust on this particular set of buildings. In all the redevelopment efforts, the developer then borrows the money for renovations. When the developer goes to the banker, the banker says the project looks good and we are going to grant the loan, but you have got to give us first position on the loan. They go to the City and asked that the City's note be subordinated to the bank's note. Mr. Bridwell said there is only a small note on it totaling \$15,200. They are asking the City to subordinate that debt which means the City is in second position to whatever bank loan Progressive gets so they can secure the bank loan. Mr. Bridwell advised that this is normal practice.

Mr. Bridwell stated that if Progressive defaults on the loan, the bank gets their money first and the City gets their money second. Mayor Olive stated that she would like to look at this item and understand it fully.

Council Member Brewer stated that there seems to be a problem when you are renovating a building Downtown and you run into a problem and it takes thirty days for the Historic Commission to give a ruling. For example last week when tearing the façade off of a building Downtown, they found a hole in front of a building and wanted to brick it or glass block it and the way the rules are written, it will take thirty days before they can continue work on that building. It is not a very realistic plan. Mr. Montgomery advised that there is staff review of some activities. They are divided up into three categories, routine maintenance, minor works and major works. Routine maintenance is typically replacement of what exists exactly there; the Commission has defined what is considered a minor or major work. Mr. Montgomery explained that for big cases, it is essential for the Historic Commission to make major decisions. Mr. Brewer expressed concern about the time frame for decisions to be made when contractors have to abandon a project and come back after thirty days. Mr. Montgomery stated that it is like zoning issues; it requires a public hearing, and a public notice of ten days. Mr. Brewer felt that there may be some things they need to change in the rules. Mr. Bridwell said he understands the concern and let them look at how they administratively review and find some efficiencies that seem to make sense and protect the integrity of the historic preservation process.

Consider Award of Urban Forestry Grant Rosemount McIver Historic District – (Exhibit J)

Planner II Elizabeth Whitmore stated that they sent out proposals to fifteen different companies and only three responded to the request. Treefull Communities submitted the lowest proposal of \$7,843 for the Urban Forestry Grant scope of work. Staff recommended that Council accept the lowest bid of Treefull Communities and authorize the contract award of Urban Forestry Grant for the Rosemount McIver Historic District.

Discussion on Caroline Drive Drainage Issue – (Hal Hegwer)

Council Member Mike Stone advised that for the last several months he has spoken with several of the residents on Caroline Drive, several council members, mayor and staff. From his understanding from the neighbors, they have been dealing with a water issue for the past five years plus. On the backside of this neighborhood, a large community has been developed and there is a lot of pavement and no where for this watershed to go but through this neighborhood. He asked Mr. Czar about the City's policy for water runoff and if the City has a standard ordinance for large developments. Mr. Czar advised that they look at post development. There is a state law about not diverting water; you need to take it to the same place that it left the development after the development. He said we do look at storm drainage as it crosses under our roads to make sure the culverts and things are the appropriate size that people propose to put in. Some communities have a pre-and-post development quantity type development in place. He explained that this is an ordinance that for given rainfall the runoff that occurs after the development is in place does not exceed the volume that was there prior to the development taking place. We are not in that business right now. We are not in the EPA Phase II Stormwater Rules at this point; however, it is coming and it is more of a water quality issue from developments. Runoff from paved areas has different pollutants than non-development areas.

Mr. Stone advised that in a conversation earlier this week, he realized that the state made a comment that we do not have a policy. By the state having one, a number of developers are looking at redoing their plats. By us not having one, we have somewhat put some fault on

these neighborhoods. All we are trying to do is to aid and assist like we do all citizens in this particular situation. These people's front yards was covered in water, water running across the road, and one neighbor said there was water coming through the sewer pipe. He said the point is that we need to move forward and get those ditches put in and remove some of those waters to make this neighborhood a better living environment.

Mr. Hegwer stated that these are two separate issues. The first issue is runoff and most communities that have these types of controls in place are state-mandated for water runoff such as stormwater ponds, sedimentation traps, etc. This can be put in place, but it is a fee-based system; sometimes it is called a rain tax and this tax is imposed on the property owners. Caroline Drive is a separate issue. We have a policy in place where everyone is treated fair and equitably; however, if Council is interested in changing the policy, a thorough analysis will have to be done and brought back to Council. Staff has met with these citizens on Caroline Drive and conveyed to them the same logic, rules and regulations; staff deals with these situations on a daily basis. Council Member Brewer clarified that the City will dig the ditches and lay the driveway pipe and the citizen pays only for the cost of the pipe. Mr. Hegwer replied yes. Mr. Brewer said he did not feel this is a bad policy. If a citizen has a problem with paying for the pipe, maybe the City can work with them on how they pay. He has had the same instance to happen in his ward and sometimes it went well and sometimes it did not. Mr. Brewer said you cannot pick where you want to give. Mr. Stone said the problem did not start until the city got involved and that it would only cost \$1,000 to remove the problem and help the community.

Mr. Hegwer advised that the drainage laws of North Carolina dictate that the downstream property owners have to accept the drainage from the upstream property owners. As far as controls, we do not have a methodology and fee structure in place to pay for that. Mr. Hegwer advised that anything that is built in the state or city, permits are required from the State of North Carolina and the Division of Environmental Management and Water Quality.

Mr. Hegwer said the solution is to dig the ditch line and we have a policy in place that the property owners pay for the pipe; however, Council can dictate from this policy.

City Attorney Susan Patterson stated that there a couple of points Council needs to acknowledge. When cities and towns take on stormwater issues, they take on liability for that system. In the City of Sanford, stormwater control is usually handled by the developer of the land; they put in a system to meet state regulations. City Engineer Vic Czar explained that if the developer builds a road the City is to maintain, the City has standards that the developer must meet such as the size of ditches and pipes. Mrs. Patterson explained that the City does not have a system that we are in charge of stormwater. If the City were to take this on as a function, we would have to hire a stormwater control manager. It would be under EPA Phase II Stormwater Regulations. We would have to have a system where you put out notices to the public, educate the public and fees and charges would be added to everyone's bills.

Consider Discussion Prohibiting Indoor Furniture Outdoors – (Exhibit K)

Consider Fiscal Year 2008-2009 Health Benefit Renewal

Consider Property Tax Discussion

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

**Other Business**

**Adjournment**

Having no further business to come before the Law and Finance Committee, the meeting was adjourned upon the motion of Council Member; seconded by Council Member, the motion carried unanimously.

Respectfully submitted,

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Cornelia P. Olive, Mayor

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Bonnie D. White, City Clerk