

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 Wednesday, June 25, 2008, at 1:00 P.M. The following people were present:

|                               |                                      |
|-------------------------------|--------------------------------------|
| Mayor Cornelia P. Olive       | Council Member Linwood S. Mann, Sr.  |
| Mayor Pro Tem Joseph Martin   | Council Member James G. Williams     |
| Council Member Charles Taylor | Council Member Walter H. McNeil, Jr. |
| Council Member Steve Brewer   |                                      |
| City Manager Hal Hegwer       |                                      |
| City Clerk Bonnie D. White    |                                      |

Absent:

Council Member Mike Stone  
City Attorney Susan C. Patterson

Mayor Olive called the meeting to order and delivered the invocation.

**APPROVAL OF AGENDA**

City Manager Hal Hegwer requested to add a resolution under the Special Agenda. On motion of Council Member Charles Taylor, seconded by Mayor Pro Tem Joseph Martin, the agenda was approved.

**SPECIAL AGENDA – (Exhibit A)**

Mayor Cornelia Olive stated that this is a resolution to recognize Public Works Director Larry Thomas as he will be retiring on June 30, 2008. Mr. Thomas came forward to stand behind the council members while she read the resolution recognizing the many accomplishments while he was Public Works Director. Mr. Thomas was hired on July 23, 1973, as the Public Works Director.

Mayor Olive told Mr. Thomas that his legacy would show up for years in this community because of the wisdom he has shown in his selection of employees. She said Mr. Thomas was very conscientious of who he hired and trained.

Mr. Thomas stated that Sanford was a wonderful place to work. There were two goals he had that he is the most proud of it. The first goal was that no employee was seriously injured or killed while he was Public Works Director. The second was that the services would be improved to the citizens of Sanford and they would be more professional each year.

City Manager Hal Hegwer informed the public that Mr. Thomas was awarded the Samuel A. Greeley Local Government Service Award. This award is very unique because it recognizes individuals who have honorably and efficiently served a single, local public government agency in an official standing continuously for thirty or more years and was a member in good standing

with the American Public Works Association for fifteen years or more. Mr. Thomas has helped a lot of students at North Carolina A&T, UNC Charlotte, and NC State University for scholarships and worked many years to achieve this program.

Council Member Linwood Mann made the motion to adopt the Resolution of the Sanford City Council Honoring Larry B. Thomas for His Years of Public Service. Seconded by Council Member Walter McNeil, Jr., the motion carried unanimously.

### **DECISIONS ON PUBLIC HEARINGS**

#### **Consider an Amendment to Update Section 5.34.2.4 to Allow Special Events of a Religious, Charitable or Civic Nature as a Temporary Use in Residential Zoning Districts Wherein Such Lots are Developed as Existing Religious Complexes and/or Other Non-Residential Use – (Exhibit B)**

Assistant Community Development Director Marshall Downey explained that the current language for temporary uses does not allow temporary religious events in residential zoning districts, while permanent church facilities may be permitted in residential zoning districts (either by right for small churches or with a special use permit with larger churches). This amendment updates this section to permit temporary religious events to occur in residential districts provided that the events occur on parcels already developed as a religious complex or other non-residential use. Single-family dwelling lots or vacant tracts in residentially zoned areas could not be utilized.

The Planning Board considered this item two weeks ago and recommended unanimously for City Council to adopt this amendment. Mayor Olive asked Mr. Downey to explain what would happen if they had dinner on the grounds or a picnic. Mr. Downey replied that it will be to some degree, staff's interpretation. He explained this amendment is a record-keeping tool; it is for events a church might hold that are community-wide or they try to bring in a carnival type event, which would be larger than what you would have with the existing patrons. It is for larger events and is mainly for signage.

- **Consider Ordinance Amending the City of Sanford Unified Development Ordinance – (Exhibit C)**

Council Member Steve Brewer made the motion to adopt this amendment. Seconded by Council Member Walter McNeil, Jr., the motion carried unanimously.

#### **Consider an Amendment to Article 5 in Order to Add Regulations and Design Standards for Freestanding Ice Vending Machines**

Assistant Community Development Director Marshall Downey explained that this is an amendment to add new language that would regulate ice vending units; this is something new in North Carolina. The Joint Planning Commission discussed this and they recommended pretty heavy standards for these units in an attempt to make sure these units look attractive along the corridors. These standards mirror what the City requires for permanent structures along the corridors. The Planning Board discussed this, and they supported these recommendations unanimously.

- Consider Ordinance Amending the City of Sanford Unified Development Ordinance – (Exhibit D)

Mayor Pro Tem Martin made the motion to adopt the Ordinance Amending the City of Sanford Unified Development Ordinance. Seconded by Council Member Walter McNeil, the motion carried unanimously.

Consider an Amendment to Table 4.6-1 in Order to Permit (Residential) Accessory Dwellings in the R-6, R-10, R-12, and MF-12 Zoning Districts with the Issuance of a Special Use Permit

Mr. Downey explained that it was discussed at the last public hearing meeting, about the possibility of allowing accessory dwellings; where you have an existing single-family home and you have a garage or a separate dwelling and the owner would like to make it another dwelling unit on the property. The Renfers spoke in favor at the public hearing, as they have a property in Sanford they would like to do this on.

Mr. Downey advised that the Joint Planning Commission and the Planning Board recommended unanimously allowing these dwelling units only with the issuance of a Special Use Permit. It would go through a public hearing process. The neighborhood would be reviewed to see if there are existing duplexes or triplexes in that area because the zoning allows this, and it may be appropriate to allow the second dwelling unit because the pattern may already be established in those neighborhoods. If you have a situation where there are only single-family dwellings in a neighborhood and even though it meets the R-6, R-10, R-12 and MF-12 zoning district requirements, you may not want to allow them there because this has not been established in that area. This would go through a Special Use Permit process and it would be regulated on a case-by-case basis.

Council Member Mann asked what the meaning of off-street parking was and how many cars would be allowed. Mr. Downey replied that on the case-by-case situations, each would stand on its own merit. If you have a situation where a single-family dwelling is located on a small lot and an accessory dwelling is being requested to be added, this would be part of the staff analysis that would be presented to the Board of Adjustment. Mr. Mann said that many of the houses already have six to eight cars parked and if you add more in the backyard for a little building, we are opening the door for a lot of trouble. He added that there are four to five families living in the homes. Mayor Olive stated that maybe we should look at a parking ordinance; she thought Raleigh has an ordinance that regulates how many vehicles can be visible from the street.

Council Member Williams felt that R-6 zoning is too small to have two living quarters on it. Mayor Pro Tem Martin stated that when Reggie Scales was employed with the City, an ordinance was passed to prohibit multi-family dwellings around the Summit Drive area because a lot of that area was R-6 zoning. Mr. Martin said a lot of realtors would buy the property to rent out the home and the back building. Mr. Mann said it would also put more children in the schools. Mayor Olive said that when grass is removed from repeated parking, it would end up being a stormwater problem. She asked if staff could look into a draft of a parking ordinance. Mr. Williams said he is not in favor of a Special Use Permit unless there may be a family that has a parent or someone to live in their backyard. The Renfers are in the business of rental

property, and they will rent to anyone that can afford to pay. Mr. Martin said he did not have a problem if someone has a parent that would like to live behind them, but it is a gray area. Mr. Brewer said if he lived in an R-12 zoning district and had a detached garage that he made into an apartment with a family member living in it, would he have to get a Special Use Permit or is it just part of his dwelling. Mr. Downey replied under the current ordinance, you cannot have two detached dwellings as residences under these districts. You would have to apply for a Special Use Permit if this is passed. Staff does not have the authority to regulate who lives in the detached dwelling. Mayor Olive added that once the property is sold, it could be two rental properties. Mr. Brewer said he did not have a problem with R-12 zoning, but R-6 is very small area. Mr. Mann said this is a major issue and who is considered family. He did not feel it was a good idea.

- Consider Ordinance Amending the City of Sanford Unified Development Ordinance – (Exhibit E)  
Council Member Steve Brewer made the motion to table this item until further research has been done. Seconded by Council Member Linwood Mann, the motion carried unanimously.

Consider an Amendment to Section 4.12.12 in Order to Clarify When the Decision of the Historic Preservation Commission is Formally Determined

Assistant Community Development Director Marshall Downey explained that this is more of a corrective item. Attorney Patterson and Downtown Executive Director David Montgomery discussed this item, and it was recognized that the current ordinance was weak in regards to determining the formal date in which a decision was final from the Historic Preservation Commission. The amendment to the ordinance clarifies this issue.

- Consider Ordinance Amending the City of Sanford Unified Development Ordinance – (Exhibit F)  
Council Member James Williams made the motion to adopt the Ordinance Amending the City of Sanford Unified Development Ordinance. Seconded by Council Member Charles Taylor, the motion carried unanimously.

**REGULAR AGENDA**

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

Financial Services Director Melissa Cardinali explained that the ordinance amends the annual operating budget to transfer \$14,000 from Contingency in the General Fund to Public Works Administration to appropriate funds required for repair of a vehicle (transmission) and retirement of an employee. The ordinance transfers \$15,000 from the Contingency Fund to Water Construction and Maintenance to budget additional funds required for increase in asphalt and concrete prices for curb cuts.

Council Member Steve Brewer made the motion to adopt the Ordinance Amending the Annual Operating Budget of the City of Sanford FY 2007-2008. Seconded by Council Member Walter McNeil, Jr., the motion carried unanimously.

Consider Resolution Repealing Discounts Applicable to Ad Valorem Taxes – (Exhibit H)

City Manager Hal Hegwer advised that staff was recently contacted by the North Carolina Department of Revenue regarding a resolution that was adopted in April 1984 concerning a schedule of discounts to be offered for the ad valorem tax collection and has asked us to decide how the City would like to handle this in the future. The City discontinued that practice many years ago in conjunction with Lee County. This resolution repeals that existing resolution of 1984.

Council Member Walter McNeil, Jr., made the motion to adopt the Resolution Repealing Discounts Applicable to Ad Valorem Taxes. Seconded by Council Member Linwood Mann, the motion carried unanimously.

Consider Contract for Inmate Labor with the North Carolina Department of Corrections – (Exhibit I)

Operations Manager Tim Shaw explained that this contract is for Fiscal Year 2008-2009 for inmate labor. The contract is modified from previous years in that we are adding three additional inmates. We will have eight inmates compared to five in previous years. Instead of paying \$1,300 each year, the City will pay \$2,080 per year. Council Member Taylor asked if we would have the ability to amend and add more inmates later if need be. Mr. Shaw replied that this contract will run through June 30, 2009, and at that time, we could possibly talk about adding more inmates at that time. City Manager Hegwer explained that we have added three additional inmates this coming fiscal year along with the necessary equipment needed to utilize the inmates. We can add three more inmates without any additional staff on the city's part because of the supervisory issues that we have and all the rules and regulations the city must abide by.

Council Member Steve Brewer made the motion to approve the contract. Seconded by Mayor Pro Tem Joseph Martin, the motion carried unanimously.

Consider Preliminary Review of Water and Sewer Rate Study – (Exhibit J)

Public Work Director Larry Thomas stated that last fall, the water and sewer rate study was awarded to Raftelis. Before it was awarded, a committee consisting of City Manager Hal Hegwer, Financial Services Director Melissa Cardinali, Assistant Financial Services Director Beth Kelly, City Engineer Vic Czar, and he met to provide information and give direction to Raftelis on how we need to proceed at various points. The reason the study is being done is because there are several major water and sewer capital projects that need to be undertaken to keep Sanford ahead of the curve. Mr. Thomas explained that we continually have new regulations or unfunded mandates that we have to abide by that increases our cost. The governor has called for cities across the state to develop conservation rates to encourage people to conserve water, where the declining block rate – the more you use the cheaper it is – is a movement across the state to make that where it is uniform, if not inclining. There was some interest in moving to review the district rates to make them closer to our outside rates. It has been over fifteen years since we did the last study. Staff wants to develop a model that we could use to review impacts of capital projects and rates over the next few years where we can do it in-house and to ensure that the rates are equitable.

Mr. Thomas said that one major part of this study is the expansion of the wastewater plant. He stated that we need to expand our wastewater plant and we have a chance to expand it to 12 mgd. Currently, our capacity is 6.8 mgd and we have allocated 5.3 mgd out now, leaving 1.5 million gallons to expand for growth. The state has regulations that say once you reach 80 percent of your capacity, you must start designing your plant expansion and Sanford is at 78 percent. At 90 percent, you must be under construction to expand your plant because they know that the time for construction and planning takes a lot of time; that is the reason for the percentages. Mr. Thomas added that the city has been given a window of opportunity by the state to expand our wastewater treatment plant to 12 mgd. Mr. Thomas added that we need to take advantage of this opportunity. The plant expansion, if we proceed as planned, would be on line and operating by 2012. That gives us eighteen years to reach this capacity. If we expand to 9 mgd, we would reach that capacity in ten years. The biggest part of the expansion cost is to upgrade the existing plant. The equipment is getting old and is in a corrosive environment. The electrical and all kinds of network there are corroding, and we do not need a breakdown because it would be catastrophic. To upgrade the plant, it would take \$28 million; to expand to 9 mgd, it would cost another \$20 million, but the best deal is to expand it to 12 mgd, which would cost another \$18; total estimated cost to expand the existing plant to 12 mgd would be \$66 million. If we expanded to 9 mgd and completed the plant expansion in 2012, six years later you would have to start expansion again. It would not be reasonable to expand in small increments as it would be more expensive to expand in increments. It simplifies financing and keeps you out of being in a constant state of construction, but most importantly, it keeps this window of opportunity of being able to expand to 12 mgd.

Mr. Thomas introduced Lex Warmath with Raftelis Financial Consultants to explain the water and sewer rate study. He said they were hired to help the city evaluate some rate alternatives and to develop a financial planning model to help the city going forward. He said any errors in the report are his issues not Mr. Thomas's.

Mr. Warmath said that in the process, they started out working with City staff to evaluate the rate and pricing objectives for the City of Sanford. One overriding issue is emphasis on conservation as requested by the governor. Sanford has capital needs--wastewater treatment plant and other on-going programs which are becoming more expensive. It is important for the rates to be equitable. They studied the current rate structure which indicates a declining block structure whereby people who use a lot of water get it at a lower price per thousand gallons. Since this type of rate is not conservation-oriented, most areas are moving away from it. They assessed the advantages and disadvantages of several different rate structure alternatives. Whenever you change a rate structure, you are trying to make sure you generate adequate revenue, and you are shifting how those revenues are recovered. Their recommendation was, for the most part, to leave the rate structure intact and focus energies on the challenge of addressing revenue requirements for the money needed in the capital campaign. Some minor adjustments are being made to address conservation.

Mr. Warmath reviewed and detailed the information contained in Exhibit J. Exhibit J outlines the rate study process; the rate study objectives and assumptions; the recommended program of rate adjustments which targets a larger increase in annual revenues for the first year

and reduces the total increase over a five-year planning period; typical first-year customer impacts, typical customer five-year impacts; regional rate comparison; customer affordability; capital recovery fees; and the advantages and disadvantages of capital recovery fees. Exhibit J contains additional details.

Most of the general factors were left intact such as charging more for customers outside the city limits, but did move toward the conservation rate structure by not giving the high volume customers quite as low a price. Surrounding communities will be increasing their rates, as well.

Council Member Williams asked about a comparison with Lillington which was not included in this study. He said he would like to prepare a more targeted study, but this information was readily available.

Mayor Olive commented that people on social security (fixed income) will be hurt by rate increases. Mr. Warmath said that the minimum usage rate (the first 3,000 gallons) has not been recommended for change.

Council Member Taylor asked if any action is to be taken on this today. City Manager Hegwer responded that no action is to be taken today; that it is really for informational purposes. He said we would take subsequent action because the sooner we get this in place, the sooner the revenue stream starts to evolve. Mr. Taylor said there were some numbers to crunch and other things to look at. He requested data on Chatham and Harnett Counties. Mayor Olive said that Harnett County was receiving federal money to fix their water systems. Mayor Olive asked what the date of implementation would be on the rate changes. Mr. Warmath said he thought it would be September 1, 2008, but that Mr. Hegwer would talk about that. Mr. Hegwer said it would be an intense process to get through in order to have the understanding of everyone. Mayor Olive said she was glad there would be more comparisons because this is not an insubstantial status that we are compared to the other communities, particularly Durham who's paying half of what we are. Mr. Hegwer cautioned that the City of Sanford is unique. Mayor Pro Tem Martin said the information would help him know which surrounding communities had impact fees.

Based on his analysis and rate adjustments, Council Member Williams asked where that would put us financially in terms of construction on the new sewer plant. Public Works Director Thomas responded that this incorporates the plant in it, and we would be able to start construction next fall. Mr. Warmath said that the way the financial planning model works is that we assume a loan to borrow the entire amount of money for that plant because City has a very positive reserve balance, but it is not \$66 million, and we don't want to bring that reserve down. Straightforward assumptions were made about bond financing and pushing some of the debt service payment out a couple of years by capitalizing interest so it comes on incrementally; that's why we're raising the rates in the fashion we have is so that when the debt service is all in place, the rates are high enough to support that. Mayor Olive inquired if there is any money available in grants. Mr. Warmath said there was some money out there, but it is hard to get and you would not be able to get the whole amount. A lot of times the grants are based on the

affordability index, and Sanford has low rates relative to that index which means we would be less likely to qualify for significant grant money.

Public Works Director Thomas explained that there used to be a lot of grant money available for this kind of thing, but the federal government has gotten away from that. The same is true for state government; they are going more toward low-interest loans—certainly an option. Council Member Williams summarized that we need to adjust the rates to show that we have the income to support the loan. Mr. Warmath agreed. Mr. Williams asked Mr. Hegwer about money coming from the federal government to help with infrastructure. Mr. Hegwer said we would be aggressive in pursuing any available funding. Mr. Brewer said we needed some big water and sewer users—industry to come in and use about a million gallons a day; that would impact us better than 300 houses. Mr. Williams asked if we had improved any on the flushing. Mr. Thomas said it was being reduced slightly as more customers come on line in the county. Mr. Williams said he had thought the rates would be higher than those recommended. Mayor Olive said we would be encouraging people to use less water, but to pay more. Council Member Brewer said that he looked forward to the information that would be coming in on this because it is important to know what others are doing. Mr. Martin asked if we were trying to get one rate that would fit everybody regardless where they are. Mr. Hegwer said that it would not be one rate, but the rate structure would look similar; there will be inside rates, district rates, and outside rates, but those rates have had the same percentage rate change with some equalizing factors.

Regarding connection fees for new customers, Mayor Olive asked if an existing customer who moved within the City would have to pay a new customer fee. Mr. Warmath replied no. Council Member Taylor asked if Council could get comparable data on capital recovery fees if they are impacted in those areas. He would also like to see some data as it relates to different types of users and what the proposed revenue stream will be on those respective users—how our customer base breaks down. He is concerned about the aging citizens and is interested in seeing if we can shift from one area to help another area.

Council Member McNeil said he thought the whole question is moot about whether we want to build a new plant and increase fees; if we hadn't done this thirty years ago, we'd be in the same shape that the counties around us are in. Nobody wants to pay higher water fees, but our people appreciated what we did several years ago when the areas around us were coming to Sanford to buy water during the drought. Rate studies are good, but the data from all these other cities won't mean anything to us; we need to go on and do what we have to do. You can study anything to death. Council Member Mann agreed with Mr. McNeil. He said that our city employees are producing water as cheap as they can by cutting costs and treating sewage as cheap as they can do it. That's what determines the rate. Council Member Brewer said he didn't think there was any dispute about having to increase the rates; what they are looking at may be the minimum charge. We will have to make the move now, but we haven't seen the rate structure and how they want to break it down.

Mr. Hegwer said there would be more presentations and information presented. Council Member Williams said he is on board with doing what we have to do to make Sanford a better place to live and to stay ahead of the curve. Mr. Williams said that we are in the water business and sewer business and during the drought, Chatham County came to us wanting to buy water

and we wanted to sell water, but they compared our rates to Harnett County's rates. He said if other areas wanted to share in the new plant's capacity and were willing to share in the expense, he did not think that should be overlooked. He said that you may not need to focus on your competition all the time, but you do need to know what they are doing. Mayor Pro Tem Martin agreed with him. He said he is on board with it, but he does want to collect the information. We would be better businessmen because of it. Mr. Williams also pointed out that if we have that information, we can better answer the citizens' questions about why our rates may be higher. Mr. Mann explained that running a line costs us more than it does Harnett County because of the soil. He did not see how we could do any better. "As long as we keep striving to provide it as cheaply as we can, that's the best we can do."

Development Report – (Exhibit K)

Community Development Director Bob Bridwell gave an update on development requests as listed on Exhibit K. He also noted that Tractor Supply Company will occupy a portion of the former Wal-Mart building. Mayor Pro Tem Martin noted that the renovations and improvements at the shopping center (particularly to Food Lion) after Wal-Mart moved out have improved the appearance greatly. Mr. Bridwell reported that the city has received the \$75,000 capacity building grant for Brick Capital from the Division of Community Assistance. This will allow Brick Capital to have additional staff.

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

**OTHER BUSINESS**

Council Member Walter McNeil reported that Mayor Olive, City Manager Hegwer, Planner II Karen Kennedy, police officers, and he went out to Pineland and Martin Monday night and met with the community. They had a very successful meeting about the pocket park; the community seemed to be very excited about getting it completed. It is hoped that it can be ready by the National Night Out event. He also reported a lot on McIntosh Street that needed to be cut.

Council Member Taylor thanked Operations Manager Tim Shaw for response to concerns in his ward. He thanked retiring Public Works Director Larry Thomas for his years of service to the community and staff and for what he has done for public works and for the position he has left the city from a public works perspective; he thanked him for his level of service. Mayor Olive echoed that sentiment.

City Manager Hegwer reminded everyone that there will be a neighborhood meeting at 6:30 P.M. on Monday at the Third Street Park. There will not be a scheduled council meeting on July 1.

**PUBLIC COMMENT**

No one signed up to speak.

**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 Steve Brewer, the motion carried unanimously.

Respectfully submitted,

---

CORNELIA P. OLIVE, MAYOR

ATTEST:

---

BONNIE D. WHITE, CITY CLERK