

**LAW AND FINANCE MEETING**  
**February 11, 2009**

The Law and Finance Committee met on Wednesday, February 11, 2009, at 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 Walter H. McNeil, Jr.	Council Member Charles Taylor
Council Member Steve Brewer	Council Member Linwood Mann
City Manager Hal Hegwer	City Attorney Susan Patterson
City Clerk Bonnie White	
City Staff	

Mayor Cornelia Olive called the meeting to order.

Consider Capital Project Ordinance Amendment - Sewer Capital Project – (Exhibit A)

Public Works Director Vic Czar explained that approximately two years ago, the City undertook a sewer rehabilitation project and to finance the project, the City borrowed \$3 million with some interest income where the City borrowed the money. This is the interest (\$24,241) from the loan and the ordinance budgets the funds for the rehabilitation of sewer lines in various locations throughout the system.

Consider Agreement for Wholesale of Water to Goldston Gulf Sanitary District – (Exhibit B)

Public Works Director Vic Czar explained that staff has been working over a period of time with Goldston because they are interested in purchasing water from the City of Sanford on a wholesale basis. They are trying to secure a grant from the Rural Center to make the interconnection possible. One of the things they need in the final stages of the grant application is an agreement with the City of Sanford that we are willing to sell them water. He said staff has worked through a contract with Goldston where the City agrees to sell them bulk water up to an amount of 250,000 gallons per day for the first year, and then it is renegotiable every year depending on what their needs may be. The rate is \$2.02 per thousand gallons for the operation of the maintenance portion of the rate and a fixed fee for the capital portion – the reservation of the water - in the amount of \$25,000 annually. If they use 250,000 gallons per day, that works out to a price of \$2.29 per thousand gallons, which is the price we sell water to Broadway. The use that Goldston is looking to do is very similar to the Town of Broadway.

Mr. Czar recommended entering into the contract with Goldston to sell them the water contingent on the fact that Goldston gets their grant. If they do not get the grant, we do not need the agreement. Mayor Olive asked if the grant is to run the lines. Mr. Czar replied yes, from Cunnock Road to the river. They would run a 12-inch line that would belong to the City after it is installed. They would install the meter there and anything beyond that would belong to Goldston. Council Member Williams clarified that the lines on the Chatham County side

belongs to them and everything on the Lee County side would belong to the City. Mr. Czar replied yes.

Council Member Stone asked how long is the contract for. Mr. Czar replied for ten years and then it renews annually. There is a negotiation of the fees every year and the fees are subject to change. Mr. Czar stated that this is the first contract that the City has entered into that is this way with a reservation fee. We have a contract with the Town of Broadway that is \$2.29 per thousand gallons. There is no reservation fee. Mr. Stone said the City just completed a rate study in the fall. He asked how did the rate study affect this price. Mr. Stone said it seems like this price is in line with last year, but the rate study suggested that it should go up. Mr. Czar replied that staff used a portion of the model that Raftelis came up with to come up with this rate. Mr. Czar stated that the rates that Council voted on last year were not wholesale rates. They were retail rates that we sell to our customers. Mr. Stone asked, "How much did the City's wholesale rate go over last year's price?" Mr. Stone said there is a \$70 million water plant our consumers are having to pay for and he would like to know that we are passing that price on to some other individuals as well, versus just doing the volume. Mr. Czar replied that each wholesale contract that the City has is, negotiated separately. We do not have a uniform rate that we sell to everyone because it is contingent on how much water they use. If they use more water, we can sell it to them at a lower per thousand-gallon rate. This is the first time that the City has entered into a contract with Goldston-Gulf. Mr. Czar said that he could not really answer his question because we are not raising the rate on this because it is an initial contract. Mr. Stone asked for clarification, that we raised the rate on consumers last year, but we did not raise the wholesale rates, so the citizens are paying more and the industries got the same price, basically. Mr. Czar replied that when the wholesale contracts get renegotiated, they will have to be looked at separately. Mr. Czar replied that we did not do it as part of the rate increase because it is not set up that way. Mr. Stone said it did not seem fair to the citizens.

Mr. Williams asked if Goldston-Gulf has their own water plant or are they having problems. Mr. Czar replied yes they do; however, he felt they have had some issues. Mr. Williams said he was excited about it. He said the state is pushing regional water and sewer and he felt it was a step in the right direction. City Manager Hegwer added that it will make a positive impact in the water revenues. Mr. Stone expressed that he could not believe that we did a rate study and did not include the wholesale prices. Mr. Czar stated that they did develop a model to do the wholesale rates but it is a separate issue. It is not something that you can just say I'm going to do 5 percent on retail rates or 5 percent on wholesale rates because you have different things that are in the wholesale rate versus the retail rate. You only have to read one meter to sell a larger volume of water and certain things you do not have on the resale side. Raftelis gave us a tool to do it, but he did not address it specifically because you address them as they come along. Mr. Czar informed Council that the City sells the Town of Broadway approximately 100,000 gallons per day; Chatham County approximately 250,000 gallons per day; and Carolina Trace approximately 100,000 gallons per day.

Council Member Linwood Mann said it is wonderful that the City of Sanford is in a position to help our neighbors. Most of the people that we sell water to shop in Sanford everyday; they spend money here and a large majority of them work here.

Consider Amendments to Sanford Code of Ordinances, Chapter 4, Animals, Regarding Chickens Proposed by a Citizen – (Exhibit C)

City Attorney Susan Patterson advised that she placed a copy of the current animal control ordinances labeled Chapter 4 at their seats for Council Members to review and know what the existing code is now. Attorney Patterson said that a code enforcement officer cited a gentleman who has over twenty chickens for violating the code. He appealed the citation to the Housing Board of Appeals, which is the board that hears nuisance appeals. The Housing Board of Appeals upheld the ruling of the code enforcement officer and found that he did violate the rule as it was written; but he requested extra time to provide, through a friend, proposed amendments or changes to the code for the Council to consider. The Housing Board of Appeals gave him until March 14 to get rid of his chickens. Attorney Patterson advised that his friend, Mr. Womack, came and met with her and Assistant Community Development Director Marshall Downey and provided a copy of his proposed changes to the ordinance. She discussed it with different staff members. Attorney Patterson said he attempted to take the current ordinance and incorporate some changes in it highlighted in red. He addressed many things other than just chickens and she did not know if staff members would go along with or recommend any of these changes. She asked Council to take the opportunity to look at these changes and determine whether there is any need for any changes to city ordinances at all regarding chickens. If so, Council will need to direct staff as to how they would like for the ordinances to be changed. Attorney Patterson went over the changes Mr. Womack submitted on behalf of his friend.

Attorney Patterson said that staff has researched several towns and nobody does it the same way. There are many different ways to approach the issue if you want to have an agricultural use within an urban center. If you think agriculture is allowed and compatible with urban life, then you go at it from the standpoint of how to handle it. She added that some towns do not allow it. Mr. Womack met with Mr. Brewer previously, and he asked if there was not a circumstance in the City of Sanford where somebody has a couple of chickens in their backyard that would not be acceptable. Mr. Brewer replied to Mr. Womack that there are certain circumstances where it would be appropriate and there are circumstances where it would never be appropriate.

Council Member Williams said that only one person spoke to him in favor of having chickens in the City, but everybody else that spoke with him was against it. Mayor Pro Tem Martin suggested Council Members read through the ordinances and tell Attorney Patterson whether they think Council should move on with it. Council Member McNeil said if you go down this road with chickens you will have someone else wanting goats, pigs, ducks, etc.

Mayor Olive stated that this issue will be brought up at the next Law and Finance Committee meeting.

Consider Bond Counsel Services – (Exhibit D)

Financial Services Director Melissa Cardinali explained that one of the largest projects on the table for the City is the upcoming expansion and upgrade of the wastewater treatment plant. Staff has undertaken the first steps in building a team that is going to guide this City through this process. Given the uncertain economic times around us today, it is imperative that the City establish a qualified team as soon as possible. This team will consist of a bond counsel,

financial advisers, as well as an underwriter, and underwriter's counsel. The first team members - the bond counsel and the financial advisors - are critical to our ability to react quickly to changing revenue sources. At this time, we are expecting that we could issue bonds for the wastewater treatment plant, use stimulus funding, take advantage of possibly new installment purchase rules or use state revolving funds or what is more likely a combination of any of these sources. We need the expertise on board as soon as possible so that we do not lose any opportunity with any of these funding sources.

Mrs. Cardinali advised that the first part of being prepared is to hire a bond counsel. The purpose of the bond counsel in general is to provide legal opinion attesting to the validity of the securities. This is required by the market place where our debt will be sold. The market also demands that the bond counsel have experience in local government debt issuance and be knowledgeable in that area of the law. The debt issuance has been made extremely complex by a complicated internal revenue code and anti-fraud provisions of federal securities' law. The bond counsel is going to assure that all necessary statutory steps have been taken by the City; they will prepare our bond documents, and they will supervise the steps in the process of authorizing and issuing our bonds.

Mrs. Cardinali explained that we formed a team within the City and it is composed of the city manager, city attorney, public works director, assistant finance director, and herself. She said they sent ten requests for proposals out to bond counsels and received seven responses. She stated that it was important to note that the whole team was comfortable that all seven responding are able to do the job. However, they interviewed their top three picks and felt the firm of Parker Poe was the firm that has the best fit with our City. She referred to Parker Poe's engagement letter in the packet. Fees for their compensation are paid from the bond proceeds as part of the cost of issuing debt. The fees will vary depending on the complexity of the debt issuance. After approval of bond counsel, staff will work with the bond attorneys quickly to bring a recommendation to Council for financial advisors. We will then have our team in place so we are able to act quickly on the best financing opportunities for the City.

She said staff's recommendation is to engage Parker Poe as bond counsel for the City to begin this process.

#### Discussion of 911 and Dispatch Operations – (Exhibit E)

City Manager Hal Hegwer said he wanted to clear some confusion on some information involving communications and the City of Sanford's dispatch center. One point he made was that we do have a current Sanford/Lee County communications' committee. The committee was formed back in January 2005 by request of the Lee County Fire Chiefs' Association. The goal of that committee was to promote technological advances and communication use throughout the various agencies dispatched by our communications center and discuss solutions to irregularities in the current communications system to work toward a common goal.

Mr. Hegwer said the membership consisted of the Sanford Communications Supervisor, Sanford Fire Chief, Lee County Emergency Management Director, Lee County Fire Marshall, Central Carolina Advanced Life Support Director, Lee County Fire Department (2 chiefs), Lee County Sheriff's Department, and the Sanford Police Department. They meet quarterly to work

through solutions and problems that may exist. Mr. Hegwer said we have minutes from all the meetings available.

Mr. Hegwer advised there is a grievance procedure that is currently in place. If there is any member of a dispatch agency who has a complaint such as the rural fire department or EMS department, a complaint is filled out. The complaint depends on how the complaint originates. If it is from a rural fire department, it would go through the rural fire department chief, and the chief would in turn forward it to the Fire Marshall who would forward it on to the communications supervisor and ending at the City Manager. Each complaint is investigated and we have records of all complaints. There have been four official complaints in two years. We have dispatched over 88,350 calls in the last two years to the police, rural fire, Sanford Fire Department, and Emergency Medical Services. We have a tremendous job that entails a lot of work every day.

Mr. Hegwer said we have an administrative line in the current dispatch center. There was some concern expressed that we are taking non-emergency calls. We get many 911 calls that we find out that are not 911 calls. We may have someone call in who asks for directions or may have someone who calls in on the 911 line and those are completely separate from the administrative line that comes in through the center. We get many calls on the administrative line that appears to be non-911 calls that turn out to be 911 calls. Mr. Hegwer said we do utilize that emergency line for problems and water main breaks and things that happen on the weekends and nights after hours. It is critical to have this because if a water line breaks in the county at night, it could wash away a road and cause multiple problems in health, safety, and welfare. We have six lines that come into the 911 center that are devoted solely to a 911 call; then those actually roll over into other phone lines if those become busy.

Mr. Hegwer said we roughly have around 43,000 dispatch calls each year, but as far as calls for that center, it is many, many more than that. The County is only billed for dispatch calls that come out of that center that are forwarded to either EMS or rural fire. The four complaints received were on dispatch service and not the 911 calls.

Council Member Brewer said he listened to the County Commissioner's meeting the other night and he felt it would be a great idea to invite the county commissioners to our communications center because it is clear that there is some miscommunication or some knowledge that is not being passed on. We need to show the commissioners how we are taking care of the citizens of Sanford and Lee County. To think that we would not respond to a citizen in the County as good as we would in the City, there is no truth in that. Mr. Brewer said something else that was confusing that was said at the Commissioner's meeting was that the County has continually talked about the ten months that the City never responded to the contract they sent to the manager. Mr. Brewer said he personally had several conversations with the County Manager saying when are you going to get together and talk about 911, and Mr. Crumpton wanted to wait until after the election because he might possibly have some new commissioners on the board and he wanted them involved. Mr. Brewer said he could understand that, but to say that Mr. Hegwer was sitting down and not trying to address an issue for ten months, there is no truth in that.

Council Member Mike Stone said that Mayor Pro Tem Martin and he have been meeting with two members of the county commissioners on the 911 issue and he felt they have had tremendous cooperation. The two commissioners have been fair and open-minded. He said as city representatives they wanted to extend their hand to welcome them and asked the commissioners what can we do better because until you asked who you are contracting for what you can do better, you do not know. There may be some issues that we can do better and we need to do it. Regardless of all the negativity that is out there between the boards, when Mr. Martin and he sat down with Commissioners Doc Oldham and Chairman Richard Hayes, it was very positive and it was comforting to know we can move forward. The exciting thing about all this is the fact that I know there are other bigger issues that we are going to work on even more.

#### Other Business

Council Member Mike Stone presented Council Members with a letter (Exhibit F) from a lady living in East Sanford regarding the barbed-wire fencing issue. He said that by bringing up one subject, we are actually able to get to the heart of some real problems. He felt there is a tremendous amount of work to be done in East Sanford, and there are people who are scared to garden in their own yard and a man that can't go to the Pantry after 5 P.M. for milk because he is scared his house will be broken into. More importantly, there are citizens that are scared to call. He felt it is Council's job to restore that communication and make East Sanford better. He said we need to apply the money and use the resources and do whatever it takes to fix East Sanford. Mr. Stone said we need to find a solution that is measurable.

Council Member Brewer said he wanted to piggyback on Mike's issue regarding barbed-wire fence. Mr. Brewer stated that all this came about because he has been working hard to address fencing issues throughout the city. Attorney Patterson has rewritten ordinances to treat it as a nuisance so you can make them take it down within a certain amount of time. He said he has had several conversations with residents of East Sanford; some nice and some not so nice. He said there are two separate issues and agreed there is a lot of work to be done in East Sanford to make the people feel like they have a neighborhood that is safe and that goes for all over the city. Putting the safety issue aside, until they feel safe you cannot address a fencing issue in that area of the city. Mr. Brewer said it does not stop Ward 1 that he has been trying to look after and make some changes to and the only way to do this is the overlay district that they spoke about. It seems to be the way to attack the problem and West Sanford and Ward 1 would be the easiest place to start, because we have so many neighborhoods that already have restrictive covenants and many have expired and do not know it. This is the way to start the ball rolling; to walk into it slowly and pick an area to work and fine tune it. Then, as Council Members see their ward or areas in their ward are ready for that step, they can slowly implement it in that area. He said he would like Council's support in starting this process with the aesthetic part.

Mr. Brewer said he has had several people call him on non-tethering of dogs. He would like for us to look into something like Durham has on non-tethering of dogs. They spent a lot of time and effort on their ordinance and it would be easy to look at theirs and adopt it in Sanford.

Mr. Brewer asked for a consensus on getting a National League of Cities' booth in Dallas, Texas. Mrs. White has the requirements for it. They have about 150 applicants each

year and they decide in August who can go. It takes a unique, successful program. He felt our National Night Out is a unique, successful program that everybody would benefit from who comes by and speaks to us about it. We need a consensus to go forward with this because it will take work from staff to get ready for the application process. One person has to man the booth during the day for a certain amount of time. City Council Member Mike Stone commented that there are a lot of things coming up, but he felt that this is something that National Night Out should be doing. This booth would tell everybody what we are doing right. He said he has 3,000 people looking for a job in the City and he is going to come back to this board to say I need money to tell other folks what to do right. He said we need someone else to provide us with information. He said how many committees are we going to do next year in travel. We have not seen next year's budget yet. He said National Night Out needs to show its own program.

Mayor Olive mentioned that Council talked about the All America Cities to take a look at what they are doing. We have several things on the burner that we have not decided on what to do and we need to narrow that down.

City Manager Hegwer pointed out that it is a bleak picture for next year. The League has met with the governor and the speaker of the house and the message that is being conveyed is we want you to share some of our pain. We need to be conscious going into next year financially, and he plans to give Council an update on where the City is financially and an update on all the projects we have, large or small, to get some feedback about priorities.

Mr. Hegwer said the Department of Transportation is looking for input on transportation reform. The governor has changed the way the North Carolina Department of Transportation's board operates. It is a completely different process now. She is requiring the D.O.T. to implement a professional approval process for highway projects.

Mr. Hegwer said the League wants everyone to be aware that there is a very likelihood of federal collective bargaining laws going into place that would affect fire, police, and emergency services personnel. They feel that collective bargaining has run its course in industrial sectors of this country and now they are looking for a new avenue and a new avenue to position themselves. Labor unions in the car industry are a dying issue and they are making a move to the public sector.

#### Closed Session

City Attorney Susan Patterson entertained a motion to go into closed session in accordance with North Carolina General Statute 143-318.11(a)(1) and (3) to prevent the disclosure of information that is privileged or confidential and in order to preserve the attorney-client privilege. Council Member Stone made the motion to go into closed session; seconded by Council Member Williams, the motion passed unanimously.

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

Adjournment

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

Respectfully submitted,

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Cornelia P. Olive, Mayor

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Bonnie D. White, City Clerk